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Queensland's Budget Austerity and Its Impact on Social Welfare: Is the Cure Worse than the Disease?

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While considerable attention has been paid to the austerity experiments in Europe, much less attention has been paid to austerity case studies from other parts of the world. This paper examines the case of Queensland, Australia, where the government has pursued austerity measures, while making dire warnings that unless public debt was slashed and the public service sector downsized, Queensland risked becoming the Spain of Australia. The comparison is incomprehensible, given the very different economic situation in Queensland compared with Spain. This comparison constructed a sense of crisis that helped to mask standard neoliberal economic reform. While pursuing neoliberal economic policies, the Queensland Government has also been introducing draconian laws that limit civil liberties and political freedoms for ordinary citizens. This mix of authoritarianism and austerity has met considerable resistance, and this dynamic is discussed in the paper, along with the predictable and unequal impact that austerity measures have had on the general population and social services.

Key words: Australia, Queensland, austerity, public service sector, economic policies, neoliberal

In July 2012 the Premier of Queensland, Campbell Newman, declared that "Queensland risked becoming the Spain of Australia" ("Newman Makes," 2012, para. 1). The context for this statement was the lead up to a Council of Australian Governments (COAG) meeting of all State and Territory Premiers and the Prime Minister of Australia to discuss a whole of government commitment to a new Commonwealth-State funded social insurance scheme for people living with a disability. The Queensland Premier made the comment as a justification for why Queensland would not be putting any money

on the table towards a trial of the new policy. He claimed he had inherited too much public debt from the previous Labor government. In another media interview the same month he said, "Queensland has been bankrupted—is on the way to being bankrupted—by poor and reckless financial management" ("Queensland on Verge," 2012, para. 5). Crying poor has long been the rallying cry of state premiers when negotiating with the national government over funding for health, education and welfare. However, comparing Queensland to Spain came as a surprise to even seasoned political commentators, given the absurd nature of the argument. In mid-2012 when the comparison was made, for example, Spain's official unemployment rate was 24.5% compared with Queensland's 5.5%; the bank bailout in Spain was \$125 billion alone, and economic growth was - 0.3%, while in Queensland growth was running at 1.4% in 2012.

We could read the sensational comments by the Premier as a case of political theater, using Spain as a symbol of fear to construct an apparent crisis and reminding Queenslanders about the social and economic upheaval that can happen if governments are not prepared to reign in expenditure through "tough measures," such as job cuts and cuts to the welfare state. But perhaps we should read it analytically as a sign of the hegemony of austerity, a term that can be deployed as a miracle economic cure regardless of whether we are talking about Spain or Australia, the past or the present, and regardless of all the evidence which shows that in the vast majority of cases austerity simply doesn't work (Blyth, 2013). Austerity might make for good politics, particularly for conservative governments seeking to shore up electoral support for pro-market reform, but it doesn't make for good policy, as the growing evidence from Europe's failed austerity experiments demonstrates (Blyth, 2013; Clarke & Newman, 2012; Krugman, 2012). At the heart of austerity is a belief that strategies of fiscal constraint can, counter-intuitively, produce expansionary effects in national economies, increase private consumption and investment and produce growth in gross domestic product (Clarke & Newman, 2012).

In many cases, the effects of fiscal consolidation are contraction, not expansion. While there has been much discussion in the media and academic literature about the European cases

of austerity, particularly the Mediterranean countries of Spain, Italy and Greece, much less is known about how the discourse and politics of austerity has played out in the Australian context. Australia makes an interesting case study of the contrast between a Keynesian-inspired response to the recent global financial crisis and its effects, which was applauded by many international economists at the time, and a case of neo-liberal austerity and authoritarianism as practiced by the state of Queensland over the last two years. Such a contrasting case study is possible to examine because of Australia's federal political system where there is a national level of government and eight state and territory governments and where it is not uncommon to have a government of one political persuasion in power at the national level and another party of a different political persuasion at the state and territory level.

The first part of this paper will sketch some of these political differences and contrasting policy responses by way of providing context, before taking a more detailed examination of Queensland's austerity measures and their impact on social welfare and the public sector. Here the discussion will focus on how the problem was framed, the policy measures that followed and the link between restrictions on civil and political rights and the erosion of social protection and social services. The third and final part of the paper will briefly reflect on what sort of alternative politics might be possible in light of the austerity critique.

Australia and the Aftermath of the Global Financial Crisis

Australia was in a strong economic position at the time of the GFC; it had one the highest rates of economic growth in the developed world, largely based on a mining boom fueled by China's growth and its demand for Australia's commodity exports. Australia had a relatively low rate of unemployment, at around 5%, and a favorable exchange rate. The Australian financial system was also markedly more resilient, with a much lower proportion of sub-prime mortgage exposure compared to the U.S. Moreover, during the crisis the Australian banks continued to be profitable and did not require any capital injections from the national government. The health

of the Australian banking system also facilitated the effectiveness of the monetary and fiscal response to the fiscal crisis, particularly by allowing much of the large easing in monetary policy to be passed through to interest rates on loans to households and businesses, in stark contrast to the outcome in other developed economies (ABS, 2013). Australia's resilience was also reflective of less documented institutional features, such as strong corporate governance and oversight, transparent legal structures and banking history (Ferran, Moloney, Hill, & Coffee, 2012). Government guarantees to commercial banks to safeguard against a possible banking collapse were also critical in maintaining confidence in the market and among citizens whose savings were being held by the banks. These institutional features and economic position were important, but so were the social policy initiatives pursued during the financial crisis, not just in terms of scale, but also in terms of type.

The government's fiscal stimulus package, alongside the quick response by the Reserve Bank to cut the official interest rate, was a decisive factor. In 2009 the national government, led by the then Labor Prime Minister Kevin Rudd, approved \$42 billion worth of spending. This was only the first phase. The various phases of fiscal stimulus added up to about \$95 billion over two years. These comprise the \$10.4 billion in cash payments that were announced in October 2008; \$15 billion in extra funding for the states (November 2008); a \$4.8 billion infrastructure plan (December 2008); the \$42.5 billion package (February 2009); and another \$22 billion in infrastructure spending (in the May 2009 budget). The Treasury told the Senate economics committee in September 2009 that the stimulus had added one percentage point to GDP growth in 2008-2009 and would add 1.6 points in 2009-2010. "This translates into a level of GDP that is 2.75 per cent higher in 2009-10 than without the stimulus," it said in a submission. More to the point for thousands of workers, the Treasury added this: "The peak unemployment rate was estimated to be 1.5 per cent lower as a result of the fiscal stimulus" (Federal Treasury, cited in Crowe, 2013, p. 1).

There has since been debate about whether the national government in Australia kept the stimulus going for longer than was necessary, which then added to the budget deficit. Whether this is the case is difficult to know. Regardless of the

narrative that is used to explain Australia's resilience, what is indisputable is that Australia fared better than most advanced economies during and in the years since the crisis began in 2008. This observation has not been lost on some of the world's notable economists, particularly those that are not opposed to demand-side economic management and an interventionist state. Nobel Prize laureate and Professor at New York's Columbia University Joseph Stiglitz (2010, p. 1) said in a 2010 visit to Australia that, "You were lucky to have, probably, the best designed stimulus package of any of the countries, advanced industrial countries, both in size and in design, timing and how it was spent."

The evidence shows that most of the stimulus money was spent, rather than saved or used to pay down household debt (Leigh, 2009). Payments, which were paid through the tax system, were not taxable, and were ignored for the purposes of calculating other income support payments. It was also possible for households to receive multiple payments. For example, a husband and wife who each earned \$40,000 and had two school-aged children would each have received a *Tax Bonus* of \$900, plus \$1900 in a *Back to School Bonus*, resulting in an overall non-taxable bonus of \$3700 for the household, or about 4 percent of that household's annual market income (Leigh, 2009). It wasn't all a success story, however. Other parts of the stimulus package were bungled through poor implementation, such as the Homeowners Insulation Scheme, which involved subsidizing households to have insulation installed. A number of the suppliers were involved in fraudulent claims for work that was never completed and other contractors were not complying with workplace health and safety regulations, resulting in house fires and a number of deaths of workers involved in installing the insulation in houses.

Despite these tragedies and implementation problems, the Australian Government's response to the crisis was swift and decisive. For the most part, the state and territory governments around Australia followed suit, borrowing money to spend on infrastructure projects in an effort to pump prime the economy and increase demand to avoid a recession. Certainly this was the path of the Queensland Labor government that was in power in Queensland from 2001 to early 2012. However, in April 2012 the Labor Government lost power in the state

election and was replaced by the conservative Liberal National Party (LNP) Coalition, led by Premier Campbell Newman. It is this change of government and the party's version of austerity that is discussed in the next section.

Queensland's Austerity and Impact on Social Welfare

While the national government implemented a large stimulus package when faced with a global economic crisis, the LNP Queensland Government that came to power in 2012 had a different response to what it perceived to be a major debt crisis. The construction of the public policy problem is important to understand, as the earlier discussed comparison with Spain was part of a plan to establish a sense of crisis. The other components of the problem construction were fairly standard narratives for a conservative government—blaming the previous Labor government for spending beyond its means, and blaming the public service for being driven by self-interest, rather than serving the public.

How much of this narrative is supported by the evidence is another matter. Certainly, the previous state Labor government borrowed, but they did so at a time when Queensland was recovering from the global financial crisis and natural disasters, such as floods that had ravaged parts of the state. The bulk of the borrowings were invested in infrastructure that developed the state's services and economic capacity: roads, bridges, eight new hospitals, more than 200 kindergartens, 90,000 new jobs and economic growth approaching 5% (Remeikis, 2013). As Chris Richardson from Deloitte Access Economics argues, "it is both financially responsible and economically prudent to borrow to build infrastructure, and pay it off over the life of the asset" (Richardson, cited in Riordan, 2013). These nuanced distinctions were lost in the simplistic political messages and policy measures of the newly elected LNP government.

Within months of coming to office, the Queensland Government set up a Commission of Audit to determine the state's finances and make recommendations for what could be done to reduce debt. At the time there was criticism about the choice of the former Australian Treasurer, Peter Costello, to lead the Audit Commission's review, given that he was the Treasurer in the Coalition Government that held office

nationally from 1996-2007. There was even more criticism when the executive summary of the report was released in September 2012 over its methodology for estimating state debt, which was inflated. As Professor of Economics John Quiggin (2013) explains:

The Costello report switched attention from net worth to gross debt. While this makes little economic sense in ordinary terms (if you were buying a company, would you care more about its net value, or its debt level), it might be important if the ratio of debt to net worth had risen a lot. Actually, gross debt was \$24 billion in 1996, and is \$64 billion now. The ratio of gross debt to net worth has actually fallen. (p. 1)

The Audit Commission report also failed to take into account the value of state assets. In short, the Audit Commission report painted a gloomy fiscal future for Queensland. The Audit Commission report claimed that gross debt would reach \$100 billion by 2018-2019 unless urgent action was taken to pay it down. It is against this backdrop of an inflated crisis that the government justified its savings measures, which included cutting 14,000 public service jobs (estimated to save the government \$3.7 billion over four years). At the time, the government claimed nobody would be sacked, the numbers would be reduced through redundancies and not renewing contracts. The government also emphasized that no front-line workers would lose their jobs, a claim which was questioned by the unions. The Premier, when interviewed at the end of his government's first 100 days in office, said: "What we need to do is find new, cutting-edge ways to deliver services and to cut down on waste and inefficiency, in particular in the back office" (Hurst, 2012, p. 1). The state government was also maintaining pressure on the unions by limiting the pay offer to Queensland public servants at less than 2.5%, claiming anything higher would be unaffordable. It was ironic, then, when in the midst of this austerity talk, the government announced that it would be increasing state politician salaries by 9% over two years during 2012-2013. In its defense, the Government claimed the 9% was much less than an earlier cabinet decision which would have seen state politicians receive a 42% pay rise (Remeikis, 2013).

The Queensland Government also looked to make savings outside of their own workforce and they targeted community welfare organizations, many of which are dependent on either Commonwealth or State grants for their operational expenses. It is difficult to get an estimate on how many organizations lost their funding or have had their funding reduced, but the cuts were extensive. It is important to remember that Queensland is a state that has historically been underfunded in terms of social welfare, which reflects the legacy from the 1970s and 1980s, when the conservative government, led by the then Premier Joh Bjelke Petersen, underinvested in education, health and welfare. Given this, there wasn't a lot of fat to cut when the Newman government decided to withdraw funding for tenancy rights services, health services for gay and lesbian people, prisoner's legal services, youth arts programs, women's legal services, and diversionary court programs that were working to break the cycle of recidivism. A representative from the Community Legal Service argued that "Certainly, the government should consider whether it really wants to cause such adverse impacts to the ability of ordinary Queenslanders to have reasonable access to justice and, through that, equality before the law" (Keim, Marsh, & Moran, 2012, p. 1).

The Queensland Council of Social Services (QCOSS) estimated that in total there was a reduction in the amount spent on social welfare, housing and other community services in the 2012-13 state budget from 12.96% of total expenditure in 2011-12 to 10.72% in 2012-13. The Department of Communities reduced funding to non-government community organizations receiving grants and subsidies by approximately \$65 million in 2012-13 (QCOSS, 2012). While these short-term savings may look like they will save the government money, the long-term cost may outweigh any savings. As the accountancy and consulting firm Price Waterhouse Coopers (PWC) pointed out, care is required in making budget cuts, as the short-term financial benefit to government of these cuts will be far outweighed by the longer-term economic impact of a decline in essential community services. For example, the loss of preventative health programs such as public health nutrition, healthy living and chronic disease prevention programs will add further pressure to an already overburdened health system. And while the Government expects to save \$287.7 million from the removal

of the Skilling Queenslanders for Work (SQW) program, this needs to be balanced against the costs incurred through lost productivity and the need to invest in tertiary services due to entrenched and long-term unemployment (PWC, cited in QCOSS, 2012). All of these cuts came at a time when demand for social services, health and housing, has never been higher in Queensland. In terms of impact on social welfare clients, the Queensland Council of Social Service estimated that some 73,000 clients across eight different programs in Queensland would no longer receive support (QCOSS, 2012). Cuts in welfare spending are not borne equally; they impinge directly on the poor, the young, the sick and the disabled (Levitas, 2012). Austerity measures in Queensland are likely to produce new landscapes of inequality. Research shows that cuts to public service jobs and social services disproportionately impact women because public sector employment is predominantly female, and women, on average, are more reliant on public services than men (Theodoropoulou & Watt, 2011).

In addition to cutting services, democracy was also being thinned. For community groups that managed to maintain their funding, the Government installed so-called "gagging clauses" into their funding agreements, which state that:

Where the organization receives 50 per cent or more of its funding from Queensland Health and other Queensland government agencies, the organization must not advocate for state or federal legislative change. The organization must also not include links on their website to other organizations' websites that advocate for state or federal legislative change. (Queensland Law Society, 2012, p. 1)

The Queensland Government's argument is that not-for-profits should be delivering frontline services and not participating in the public domain for government policy changes. The use of gagging clauses follows a similar move by the conservative national government, led by Prime Minister John Howard from 1996-2007. The Prime Minister and his government also believed that the role of non-profit welfare groups in addressing poverty was getting them to return to a 1800s charity model of soup kitchens and poor relief, rather than

systemic advocacy and policy activism (Wright, Marston, & McDonald, 2011). The gagging clauses were removed by the incoming Labor government in 2007. The use of gagging clauses in Queensland has been highly criticized as an attack on basic political freedoms and as undermining the necessary checks and balances that underpin effective policy processes. As the Deputy President of the Queensland Law Society, Annette Bradfield (2012), wrote at the time in *The Australian* newspaper, "By making the restriction of free speech a condition of funding, the government is robbing Queenslanders, and itself, of the ability to use information from frontline providers to consider sensible proposals for legislative reform and identify service efficiencies" (p. 1).

Were these cuts to services and public service jobs necessary? Governments always have choices about how they construct problems, identify possible solutions and justify their actions to the electorate. The government had chosen to put a negative spin on debt to justify savage cuts to public services jobs and social services. The narrative of debt and budget cuts to reduce a budget deficit had become the mantra of the new Queensland government ever since it was elected in April, 2012. Clearly, running budget deficits indefinitely is not in the interests of Queenslanders. But the LNP's cuts to public service spending are not necessarily in the state's best interests either. A shortfall in revenue does not automatically imply the need for austerity. The shortfall could be addressed by raising taxes rather than cutting spending, or by using a mixture of both. But the ideological stance of the Premier and his Liberal National Party government is, of course, biased towards smaller government and lower taxes, so raising taxes (in areas other than household taxes) was never seriously considered (Eltham, 2012).

The austerity cuts have not worked to reduce debt or build growth. Since coming to government in April 2012, state debt is up, economic growth is down, unemployment is up, and the state's credit rating has not improved (Eltham, 2012). In July 2013, the unemployment rate in Queensland was 6.4%, which was the second worst unemployment rate in the country behind Tasmania (ABS, 2013). When austerity measures drain confidence, economic activity declines, and the state's revenue dries up. This is why Queensland's debt situation is getting

worse, not better. However, to believe the narrative of the Premier and his front bench colleagues, it is all the fault of the previous Labor government. Rather than looking to the past for blame, he may be better advised to look at Europe and take note of the simple observation that Mike Smith, CEO of the ANZ bank, made recently on the ABC's *Inside Business* about austerity in Europe: "All this austerity doesn't work. You've got to create some stimulus as well" ("Mike Smith," 2013).

While the government has said it must cut costs to reduce public debt, it has shown that some activities are priorities and others are not. There are multiple examples of this over the last two and half years. One of the first acts of the new Government in Queensland was to scrap the Premier's Literary Awards, worth \$200,000. At the same time, the government went ahead with a promised grant of \$200,000 to help fund the next series of Big Brother reality TV. And, despite the crisis rhetoric in 2012, the government managed to find \$110 million to upgrade the racing industry statewide, including more than \$30 million for the Gold Coast turf club. Clearly not everyone has to pay in an age of austerity. More recently, in late 2013, the government has managed to find \$30 million to implement its "tough new anti-biker laws," which were introduced amidst a moral panic about "out of control bike gangs operating in Queensland" ("New Laws," 2013). By introducing the legislation, the government has curtailed the power of the courts to make sentencing decisions, instead vesting powers in the executive arm of government, a move criticized by many in the community and judiciary for its failure to respect the doctrine of the separation of powers (Agius, 2013). Effectively, the passage of this legislation marries austerity with conservative authoritarianism.

A divisive and authoritarian style of political leadership in the context of austerity can be a dangerous mix. Silencing criticism through "gagging clauses," reducing the right to justice for ordinary citizens, and reducing the discretion of the courts in sentencing goes against the spirit of democratic freedom, the separation of powers doctrine and parliamentary accountability in Queensland. This is where the particularities of the Queensland case come to the fore. Many Queensland citizens have lived through an authoritarian governing style under the conservative government, led by Premier Joh Bjelke Petersen, during the 1970s and 1980s. The dictatorial

style of governance and corruption that characterized that government eventually led to its downfall when a judicial inquiry was set up by Tony Fitzgerald. So while the current Premier of Queensland Campbell Newman seeks to tap into a global narrative about the virtue of austerity, his authoritarian push for achieving his ends may be derailed by another narrative about Queensland with a different moral tale—ignore the political lessons of the past at your own peril. As Tony Fitzgerald said in his criticism of the politics and policies of the Newman Government, “For what it’s worth, my impression is that most Queenslanders don’t want to revisit the dark days of political caprice and corruption” (2013, para. 2).

From Local to Global: Reflections on Austerity and Social Welfare

Queensland is not alone in marrying austerity politics with state authoritarianism. The violent crackdown on street protesters in the UK, Greece, and Spain, reveals the lengths to which governments will go to enforce their austerity policies. A new report published by the International Network of Civil Liberties Organizations has chronicled the global trend by “democratic” states towards an increased tendency to criminalize dissent and utilize excessive legal and physical force against lawful demonstrations against political authority. The research identifies a convergence among countries such as the United States, Israel, Canada, Argentina, Egypt, Hungary, Kenya, South Africa and Britain towards the increasing militarization of policing, justified in the name of fighting terrorism, but predominantly employed against mass domestic protests (Kennedy, 2013). Other research has examined the link between austerity and authoritarianism in Europe and found that while autocracies and democracies show broadly similar responses to budget cuts, countries with more constraints on the executive arm of government are less likely to see social unrest after austerity measures (Ponticelli & Voth, 2011). The state can obviously choose to respond to protests against neo-liberal austerity in a variety of ways.

In this context, it is worth pointing out that Brisbane, the capital of Queensland, will be hosting the G20 summit in 2014. Civil liberty and human rights groups have already raised

concerns about the introduction of the G20 (Safety and Security) Act, which passed the Queensland Parliament in November 2013. The law allows the police commissioner to list people prohibited from entering secure zones in Brisbane and Cairns during the November 2014 summit. Police will also be allowed to detain unauthorized people found inside secure areas. The Police Minister, Jack Dempsey, says legitimate protests will be allowed, but they will act on intelligence from sources including foreign and domestic security services. Protest groups at previous G20 summits included a mix of non-profits, church groups, trade unions, and peace groups. These groups protested against excessive corporate profit, unfair trade deals and militarism.

According to the sociologist Loic Wacquant (2011) these tough law and order responses to social protest against neo-liberal austerity or economic globalization reflect a growing convergence of the logic of prisonfare and workfare in Anglophone welfare states:

The downsizing of public aid, complemented by the shift from the right to welfare to obligation of workfare (that is, forced participation in subpar employment as a condition of support), and the upsizing of the prison are the two sides of the same coin. Together, workfare and prisonfare effect the double regulation of poverty in the age of deepening economic inequality and diffusing social insecurity. (p. 34)

Racialized backlashes are also coming to the fore in countries that have implemented tough austerity measures. Violence against immigrants as a response to domestic economic insecurity is on the rise in a number of European countries, fueled by the propaganda of extreme right wing political parties. The labor market economist Guy Standing (2011) discusses this phenomenon in his book *The Precariat*, where he draws the distinction between a progressive politics of hope in responding to economic insecurity (in which the state implements universal policies to provide a basic measure of economic security) and a politics of inferno, in which immigrants are demonized and constructed as scapegoats.

Given the social, political and economic consequences of

austerity, it is difficult to fathom why governments persist with its implementation. It is not simply a case of no other alternatives, as Mark Blyth (2013) shows in his exhaustive analysis of the origins of austerity. He suggests the answer to this question lies in the power of economic ideas, particularly the variants of liberalism. He is referring to the sensibility within liberalism that sees the state as something to be minimized, avoided, curtailed, and certainly not to be trusted. This view of the state, however, misses Polanyi's (1944) enduring analytical point that there is nothing natural about markets; states make markets as much as markets make states through multiple forms of regulation. Liberal economic thought remains oblivious to these facts, and as a result, contemporary neoliberals who argue for austerity come at the issue with an anti-statist neuralgia that produces "cut the state" as the default answer, regardless of the question asked or its appropriateness (Blyth, 2013, p. 99). And unlike forms of austerity in the past, such as that in post-war Europe which included a powerful nation-building narrative, it is not clear what the benefits of sacrifice of contemporary austerity are, particularly as the financial pain is not being borne equally. Deepening social inequalities have induced both discomfort and discontent, making the popular austerity claim that "we are all in this together" simply implausible (Clarke & Newman, 2012, p. 314).

Nonetheless, it seems we will be faced with repeating the economic mistakes of the past until the parties implementing austerity measures are voted out, or the pressure from collective opposition is sufficient enough challenge to this particular form of path dependency. There are many individuals and groups in the community who are not satisfied with the aim of austerity measures being a case of restoring "business as usual." For these groups, business as usual is no longer socially or ecologically viable. Perhaps one of the lessons from the austerity case of Queensland, as well as in Europe, is to use other political theories to analyze challenge and resistance than those offered by institutional approaches.

A great deal of resistance against austerity happens on the streets and in other public spheres. In the Queensland case, trade unions have continued to provide an indispensable means of defending the basic conditions of workers in the face of public sector job cuts. More recently, new

coalitions of civil liberty groups and lawyers are emerging to challenge the erosion of procedural rights, access to justice, and the abuse of executive power associated with authoritarian austerity. Elsewhere, in countries like the UK, other forms of collective organization are emerging, such as the Social Work Action Network (SWAN), to bring together front-line workers, students, academics and service users to discuss, debate and challenge marketization in social work and the oppression of migrants and asylum seekers (Ferguson & Lavalatte, 2013, p. 107).

These social movements that seek to revive the promise of fairness and solidarity are providing important counterpoints to the faith-based politics and practical failures associated with austerity. Whether these forms of resistance can be effective in convincing governments to change direction remains an open question. A pessimistic reading of the future would suggest that we can look forward to a continuation of the dangerous mix of more austerity and more authoritarianism for some time yet (Clarke & Newman, 2012). A more optimistic reading might suggest that the appeal of austerity and reduced consumption lies in the fact that they carry, at some level, the desire for a different, more solidaristic and convivial way of life—and it is this that we need to imagine, improvise and create (Levitas, 2012, p. 339). Bringing these different possibilities back to the local case of Queensland, we might conclude that the dangerous mix of unequal austerity and authoritarian rule serves to remind Queensland citizens what they fought to overcome in the recent past, and it is this political memory that may help to mobilize effective resistance in the present. Many of the placards and flyers used in street protests in Queensland are making direct links between the new Premier and the notorious conservative state leader from the past, Joh Bjelke-Petersen. For example, one of the recent postcards distributed at a rally outside parliament read “You’ve got to be Joh-king.”

Conclusion

The comparison between the federal and the state government in the beginning of the article highlights that political ideology matters when it comes to responding to crises. For the national Labor government it had a wider range of

ideas laying around to dust off and apply given its intellectual heritage through the post-war nation building years; hence, the revitalized Keynesian-inspired fiscal stimulus response. Whereas the Liberal National Party in Queensland was constrained by its own past, ideas that were formed as a direct reaction against post-war spending. Liberal-conservatives have a view of the state which can be summed up as “can’t live with it, can’t live without it, don’t want to pay for it” (Blyth, 2013, p. 14). But the desire to apply austerity is not just ideological. There are good reasons for wanting to clear the balance sheets of sovereign states and ensuring the banking sector doesn’t collapse. However, bailing-out can lead to further debt, debt leads to deeper crisis, and crisis leads to tough austerity. This sequence can be avoided as there are moments of choice, which the Australian case illustrates. There are also cases within Europe that illustrate the effect of different choices, such as the comparison between Ireland and Iceland, where Iceland let the banks fail and has done well in its recovery phase, while Ireland bailed out the banks and condemned itself to a generation of misery because of it (Blyth, 2013, p. 231).

In the case of Queensland the answer to the question framed in the title of the paper is a simple “yes,” the cure is worse than the disease. The Queensland government, elected in April 2012, has exaggerated the state debt problem, made drastic budget cuts, constrained the voice of community-based advocacy organizations and weakened both civil liberties and the power of the judiciary to act independently. Both democracy and the welfare state are weaker as a result. Predictably, the economy hasn’t responded as promised. Unemployment remains historically high, investment is down, and debt has increased in Queensland. The protests against these reforms are continuing. Queensland trade unions continue to organize rallies and challenge what they perceive as restrictive industrial relations laws and staffing cuts. The legal fraternity and civil liberties groups are banding together to fight draconian laws that restrict political freedoms and fundamental civil rights. Parts of the community welfare sector have been vocal in their opposition to service cuts and they have had some limited success in getting the Federal Government to fund, for a limited time, some of the tenancy services withdrawn by the Queensland Government. In the context of the Queensland

case study of austerity, it is important to note that the advancement of social and economic rights depends on political freedoms and strong parliamentary democracy and transparency in decision making. These issues have particular resonance in Queensland, given its recent political history of corruption and secrecy. In this respect, there are others costs to austerity that are not so easily calculated, such as the crisis of a loss of trust in governments that can result from a carefully constructed crisis, a pre-determined policy response and deepening social inequalities.

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