Labor leader promises Australian corporations “a competitive business environment”

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In a keynote address to the Business Council of Australia (BCA) on February 1, newly appointed Labor leader Kevin Rudd made an unabashed pitch for big business backing at federal elections due later this year.

Promising to “deliver a competitive business environment” and declaring “we need a third wave of reform to bolster our flagging productivity growth”, Rudd made clear to representatives of some of Australia’s leading business entities that Labor was unreservedly dedicated to promoting corporate interests.

The opposition leader attacked Liberal Prime Minister John Howard for failing to make good on a 1997 pledge to deliver a 4 percent economic growth rate over six years. He declared: “What underlies this below-par performance is the slump in productivity growth, which during the 1990s was the backbone of our economic prosperity.”

Rudd’s reference to the 1990s was not wasted on the well-heeled audience, which included Westpac boss David Morgan, Rio Tinto’s Charlie Lenegan, Boral managing director Rod Pearce, ABN Amro’s Angus James and National Australia Bank’s John Stewart. The restructuring undertaken by all these companies prior to and during the 1990s was made possible by the pro-market “reforms” and deregulation carried through by the Hawke-Keating Labor governments from the mid-1980s until Labor lost office in 1996.

Under a series of Accords with the trade unions and in the name of “consensus”, Labor carried out a sustained offensive against the working class, allowing employers to launch an historic assault on jobs, wages and working conditions and to fundamentally reshape relations in the workplace.

Rudd’s so-called “economic prosperity” is a euphemism for the ongoing redirection of national income away from working people into corporate coffers that Labor initiated. His characterisation of the Hawke-Keating governments’ vicious anti-working class program as “government by consensus” was designed to assure the business chiefs that a Rudd Labor government would collaborate with them in imposing further pro-market “reforms”.

During the speech, Rudd slammed the Howard government for stalling on “tough decisions”: “I simply raise this to challenge the conventional wisdom that the prime minister and the treasurer have made tough decisions to build the budget surplus. Riding the tax windfall from a resources boom to budget surplus is easy, not tough.”

Complaining that “budget surpluses have not been built on cutting [government] spending”, Rudd promised to “end cost shifting”, “end duplication” and “end overlap of regulation”. Put plainly, Labor will implement even greater restructuring across the public sector, slashing more jobs and axing social services.

Rudd also signalled further tax cuts for corporations and the wealthy, saying Labor understood the need for “ongoing reform in both personal and business taxation” and pledging his government “would seek to remove barriers to investment and global economic engagement”.

The concept of a progressive income tax system—a means to more fairly distribute the proceeds of production—is rejected as much by Labor as by the Howard government. When in power, Labor slashed the corporate tax rate from 48 percent to 36 percent. By the end of the 1990s, Howard had cut the figure to just 30 percent.

Big business, however, is constantly pressuring for more. The Warburton-Hendy report on Australian taxation released just prior to the 2006 federal budget complained that the Australian corporate sector “bears a relatively high tax burden, in fact the highest corporate tax burden among the ‘OECD-10’ countries used for comparison”. Leading business services firm KPMG wailed that “our corporate tax burden as a percentage of GDP is one of the highest in the developed world”.

While pledging to further slash corporate tax, Rudd promised his government would pump billions of dollars of public money into infrastructure to meet the competitive needs of business. “If infrastructure networks are inadequate, overstretched, rusted or out-of-date, our competitors will gain an advantage and our prosperity will be at risk,” he said. (Again Rudd deliberately tagged the obscene profits made by large corporations, directly at the expense of ordinary working people, as “our prosperity”—as if they somehow benefitted society as a whole!)

In another concession to the corporate world, Rudd announced that Labor would establish a national infrastructure agency to “coordinate, plan and deliver national projects”. This will not be aimed at restoring pubic infrastructure, such as hospitals, schools and facilities in working class suburbs, which have been gutted over the last 15 years by both Liberal and Labor governments. The new agency’s task will be to direct public funding to projects that

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are commercially beneficial to big business.

At the same time, Rudd hinted at lucrative business opportunities, telling his audience "larger projects may include public-private partnerships (PPPs)." PPP schemes, at both federal and state level, have acted as cash cows, placing hundreds of millions of dollars of public funds at the disposal of major corporations, while at the same time placing huge infrastructure assets, like highways, road transit tunnels and even hospitals, in private hands.

While Rudd said he remained committed to junking Howard's draconian WorkChoices industrial relations laws—in particular non-union Australian Workplace Agreements—he made clear that Labor had no differences with the destruction of workers' conditions and rights. He believed this would be best achieved under an IR system that maintains the role of the unions as labour bargaining and policing agencies.

"Experience in Australia and elsewhere," Rudd insisted, "has shown collective enterprise bargaining can achieve higher productivity and wage outcomes than systems based on individual contracts. Collective bargaining gives employers and employees the right incentives—to work together to find ways to lift productivity and share the gains in profits and pay," he said.

Rudd's reference to sharing "gains in profits' is so much twaddle and his business audience knew it. While in office Labor worked with the employers to slash jobs, destroy protective work practices and increase "flexiblity" to boost productivity. At the same time, it acted to ruthlessly drive down real wages.

To further underscore his big business orientation, Rudd announced that Labor would establish a "council of business advisers" composed of "eminent Australian businessmen and women" to be a "source of frank advice, a channel for feedback from the wider business community and an early-warning system to government."

Rudd went on to declare that business would not simply play an advisory role, but would be brought directly into the centre of government: "From time to time, I plan to bring members of the Council of Business Advisers into the cabinet room."

The proposal to set up a business advisory council was first floated by former Labor leader Kim Beazley last year. Rudd has taken the next step by announcing that prominent businessman Sir Rod Eddington will head it.

Rudd praised Eddington—with whom he has a long-standing relationship dating back to the late 1980s, when Eddington was a senior executive of Hong Kong-based airline Cathay Pacific and Rudd was a diplomat in Beijing—as "a man with a distinguished track record in the Australian and international business community". The significance of the glowing endorsement would not have been lost on the BCA gathering.

Eddington became CEO of British Airways (BA) in 2000. In 2002, he implemented a vicious cost-cutting program following a loss by the airline of £200 millon. Despite a decrease in the airline's turnover, Eddington's program delivered a profit of £135 million in 2003. The result was achieved by axing more than a fifth of BA's 58,000-strong workforce and the wholesale slashing of workers' conditions.

Prior to this, in 1997, Eddington was appointed chairman of Ansett Airlines by News Limited, a subsidiary of Rupert Murdoch's News Corp and a major shareholder in the airline at the time. Eddington's brief was to slash costs at Ansett, including $34 million in the maintenance and engineering sections. While the cost-cutting program saved News Limited substantial sums, Ansett nevertheless collapsed owing its staff hundreds of millions of dollars in outstanding entitlements. Eddington left just before the company went under.

Eddington's distinguished credentials include serving on a string of corporate boards, including investment bank J P Morgan, mining giant Rio Tinto and property and shipping company John Swire and Sons. He is a director of Allco Finance, a member of the private equity consortium that is currently involved in an aggressive $A11 billion bid to take over Qantas.

Even more telling is Eddington's long-standing relationship with media mogul Rupert Murdoch, who has been in the forefront of demands for ever more savage industrial relations "reform".

Eddington currently sits on the board of News Corporation and his appointment to Rudd's business advisory council, if not made directly on Murdoch's suggestion, would undoubtedly have met with the billionaire's positive approval.

Over the past 12 months, Murdoch has become increasingly critical of the Howard government, despite its record of attacks on the working class. Murdoch accuses Howard of stalling on "reform" because of political considerations, including catering to electoral concerns in the ranks of his National Party coalition partners.

A scathing editorial in Murdoch's national flagship the *Australian* last July branded Howard "a pragmatist first and foremost", declaring: "Time and again, Mr Howard has disappointed by refusing to take up the reform agenda handed to him by his Labor predecessors".

The editorial's aim was not only to crack a whip across Howard's back, but also to signal that the Murdoch empire was considering Labor as the alternative government. Since Rudd won Labor's top position in a leadership spill last December, Murdoch's media have lavished praise on him, while at the same time insisting that he adopt pro-business policies.

Just last month, for example, an editorial in the *Australian* warned Rudd against "favoring prescriptive solutions," including support for "a rigid 38-hour week, the return to penalty rates" or "a prescriptive set of minimum conditions ".

While Rudd's speech to the BCA was short on policy detail, it sent a clear message that Labor's program would accommodate the demands of the media and corporate elite. Little wonder that when the Sydney Sunday tabloid *Herald Sun* asked Eddington after the meeting if he thought Labor would win the coming federal election, the job-slashing executive replied without hesitation: "I am keeping my fingers crossed."

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