

Australia: Murdoch-sponsored conference outlines “new agenda” for Rudd government

Patrick O'Connor
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A two-day conference sponsored by the Murdoch-owned *Australian* newspaper, held in Melbourne last week and titled “New Agenda for Prosperity”, outlined the vicious economic and social measures being prepared against the working class by the new Labor government. The discussion—involving senior Labor and Liberal politicians, big business representatives, and various academics and members of right-wing think-tanks—provided considerable detail regarding the policies being embraced by Prime Minister Kevin Rudd. In the interests of maintaining Australia’s “international competitiveness”, wages are to be suppressed, the last vestiges of the welfare state effectively destroyed, and “free market” relations extended to social infrastructure, health, and education.

The conference, co-sponsored by the University of Melbourne’s Melbourne Institute, has been held annually since 2002. In previous years the event largely focussed on the perceived failure of the former Howard government to take advantage of the world minerals and commodities boom and advance a sufficiently far reaching right-wing reform agenda. The tone of the 2008 conference was markedly different, due to the Labor Party’s election victory last November. As the Melbourne Institute’s promotional material explained: “The election of the Rudd Labor Government offers the prospect of a reinvigorated economic reform program targeted at promoting prosperity and opportunity for all Australians”.

Rudd delivered the keynote speech to the conference on Thursday. His appearance, contrasting with Howard’s failure to attend previous conferences, underscored the Labor government’s determination to implement the “free market” program long promoted by the Murdoch press. Other senior Labor ministers were there as well, including Treasurer Wayne Swan, finance minister Lindsay Tanner, Nicola Roxon (health), Jenny Macklin (indigenous affairs), Anthony Albanese (infrastructure), Stephen Conroy (communications), and Kim Carr (industry and science). Opposition leader Brendan Nelson and shadow treasurer Malcolm Turnbull also addressed the meeting.

The spectre of the unfolding crisis on US financial markets and the threat of a 1930s-style depression hung over the proceedings, although there was a concerted attempt to play down the extent of the danger posed to the Australian economy. During the first plenary session, Chris Richardson of Access Economics declared that “Australia is fine as long as China is fine, and in 2008 China is fine”. Other economists made similar statements, sharing Richardson’s wishful thinking and his impressionist and ahistorical perspective. None of the speakers dealt with the potentially explosive geo-political consequences of a US recession and the further erosion of American hegemony.

Nevertheless, for the conference organisers, the increasingly

uncertain world economic outlook provided an additional impetus for domestic reform.

Opening proceedings, Rudd stressed that “Australia is not immune from events abroad” and “we can take nothing for granted”. In words applauded by the *Australian*’s editorial last Friday, the prime minister emphasised that he would not respond to the financial crisis by “turning inwards” and moving to erect new trade barriers or financial regulations, but would instead lead one of those governments that “choose to hold firm, keep their nerve, and stay the course on policies that will promote stability for the present and continue to reform the economy for the future”.

Rudd pledged to advance a “productivity revolution” by implementing a “national program of action on productivity growth” aimed at boosting productivity growth rates above those of the US and other advanced economies. He explained that the Labor government’s strategy was based on the “three Ps”: productivity, workforce participation, and population growth. “The central organising principle underpinning this national agenda of economic reform is boosting Australia’s long-term global competitiveness,” Rudd concluded. “Nobody owes Australia its future. Our responsibility is to build Australia’s future. And that is the new government’s policy resolve.”

Discussion in the subsequent seminars revealed the agenda underlying Rudd’s rhetoric, which included obligatory references to “working families” and bringing prosperity to all Australians. In reality, his measures will lead to an enormous escalation of social inequality through a deliberate and calculated assault on the social position of the working class.

Much of the conference proceeded in code. “Workforce participation”, for example, while occasionally presented as a positive means of boosting people’s income, is actually aimed at resolving the growing problem of labour shortages that has caused unwelcome wage demands for sections of business. The preferred solution is to dragoon hundreds of thousands of long-term unemployed, disabled, and single parents into low-paid and menial work. A significant portion of the conference was devoted to discussing how to convert the estimated one million people who are either underemployed or out of the workforce into an exploitable pool of cheap labour.

The debate in two plenary sessions, “Is Australia Advancing Fairly?” and “From Welfare to Work”, was dominated by Peter Saunders of the free market think-tank, the Centre for Independent Studies. Saunders insisted that eligibility criteria for the disability support pension should be drastically tightened—and applied to those currently disabled as well as to new applicants—and that young people should be barred from claiming unemployment benefits. He said that

training and educating the low-skilled and poorly qualified was a waste of money and the government should instead aim to create more menial jobs by slashing the minimum wage by 20 percent or more.

Representatives of the Brotherhood of Saint Laurence and the Australian Council of Social Services balked at some of Saunders's conclusions but stressed their general agreement with the discussion. Tony Nicholson, executive director of the Brotherhood of Saint Laurence, said the government must "bite the political bullet" and choose which of the most disadvantaged sectors of society to assist, as existing resources shouldn't be spread too thinly. He added that he felt the welfare state model developed after World War II was now inadequate and made clear he did not agree with raising the level of social security payments to welfare recipients.

Plenary sessions and seminars were invariably dominated by the most right-wing and reactionary voices. In the session on tax reform, for example, Melbourne Business School Professor Paul Kerin acknowledged that tax cuts were really aimed at cutting social spending, and that the goal should be to reduce this spending by at least \$150 billion, or half the existing level. There was general agreement that the Labor government's planned cuts of at least \$13 billion in its first budget, due to be handed down in May, should mark merely the first step.

Discussion on "boosting productivity" focussed on raising skills and education levels as well as on infrastructure. The Howard government was widely condemned for failing to adequately invest in projects boosting the ability of Australian mining corporations to keep up with rising world demand driven by the "China boom". Specific demands were raised for improving port facilities, rail networks, road links between major cities, as well as for urban infrastructure, including electricity, water, and transport.

Two themes were repeatedly raised. One was that ordinary people will soon face far higher living costs—including for water, electricity, petrol and inner-city "congestion charges". The other was that none of the projects being demanded will be developed without private investment—i.e., Public-Private Partnerships (PPPs). Long-term planning and public investment in social infrastructure is now regarded as incompatible with the agenda of slashing government spending and opening up every area of social and economic life to the market.

Gary Bowditch, of Infrastructure Partnerships Australia, raised the example of the Sydney Harbour Bridge, which opened in 1932 and was designed to sustain projected traffic demand for decades into the future. Bowditch admitted that the Harbour Bridge proposal, with its initial "excess capacity", would today be labelled "mad, wasteful, and inappropriate". He went on to express his concern that the public was yet to be convinced about the value of PPPs and did not understand why business should be able to profit from social infrastructure investment.

Labor's infrastructure minister Anthony Albanese enthusiastically promoted the prospects for a massive increase in private investment. The Labor "left" insisted that people needed to "move beyond the old ideological framework" and the assumption that "private investment is bad". Albanese stressed that the Labor government wanted to mobilise private capital and open up opportunities for Australian business, as well as for major international investors who would be able to compete for contracts.

Underlying much of the "New Agenda for Prosperity" conference was a general concern that while, on the one hand, the 2007 election delivered a Labor government willing to advance the measures long

demanded by big business, it also reflected a political shift to the left among broad layers of the population, making the implementation of such an agenda highly problematic.

In the concluding address to the meeting, the *Australian's* editor-at-large Paul Kelly demonstrated the acute consciousness of this dilemma within the ruling elite. "The Rudd government has generated a lot of energy, and the interesting thing is that the prime minister came to Melbourne via Damascus," Kelly declared. "He basically signed up to the agenda that we've been talking about all these previous conferences. And it's most interesting; I've never seen a prime minister before talking about productivity the way Kevin Rudd talked about productivity... This is not a new framework; it is a framework which has been developed in Canberra for quite a period of time. We haven't had a prime minister commit to this framework in such a specific way before. I think that's particularly important and particularly interesting."

Kelly then got to the nub of the problem by referring to the "perennial question about winners and losers" in the economic reform process. "I remind you that John Howard won the 1996 election by promising that there would be no losers," he told the delegates. "And he lost the 2007 election when he allowed an industrial relations policy to go forward that permitted losers. The Labor Party won the 2007 election very much upon a platform in which it was campaigning against the principle of government tolerating losers in terms of the reform process. So there are very, very important issues which arise for an economic reform agenda in the coming years. That is, the extent to which the price mechanism and the market will be used for reform, [and] if they are, the extent to which there will be losers, what will be the compensation arrangements for losers, how governments will present this to electorates, and the extent to which compensation arrangements will be comprehensive. I think this is a very big issue coming off the back of the 2007 election."

Many of the Rudd government's first actions in government—including the ratification of the Kyoto Protocol and the parliamentary apology to the Aboriginal stolen generation—have been aimed at providing a "progressive" colouration to its fundamentally reactionary economic and social program. Rudd's forthcoming "Australia 2020" summit, to be convened in Canberra in mid-April, is being organised for precisely the same reason. Involving 1,000 of the country's "best and brightest brains"—including various celebrities such as Cate Blanchett—the summit is being touted as the means for specialists across-the-board to "help shape a long term strategy for the nation's future". In reality, its essential purpose is to help augment the Labor government's public relations "spin" on the policies elaborated at Murdoch's "New Agenda for Prosperity" gathering.



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