

# Australian corporate elite calls for tax cuts, austerity at Labor summits

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Tax and jobs summits held last week by the Labor government provided representatives of the Australian ruling elite with forums to demand sweeping tax cuts, the dismantling of social welfare and the further erosion of wages and working conditions.

When the summits were announced, they were ridiculed by media commentators and the conservative opposition alike as pointless “talk-fests.” Labor’s two proposed new taxes—a stripped down tax on mining super-profits and a tax on carbon emissions—were not on the table for discussion. Any increase in the 10 percent Goods and Services Tax to finance income tax cuts had also been ruled out in advance.

Business figures nevertheless took advantage of the tax summit, which was held last Tuesday and Wednesday, to outline their agenda. The first session began with a call by Australian Industry Group head Heather Ridout for the slashing of the corporate tax rate from 30 percent to 25 percent to match the tax regime in most of Asia.

Ridout’s demand for business tax cuts to maintain “international competitiveness” and the respectful manner with which government ministers greeted it, set the tone for the proceedings. The only proposed changes to the tax system that received serious attention were those that would increase corporate profit, not affect the richest sections of society, and slash public spending on basic services for working people.

Among the most revealing episodes at the summit was the reaction to a proposal by businessman Mark Carnegie that the wealthy pay 15 percent more tax in order to provide greater assistance to the poor. Carnegie’s suggestion—modelled on similar calls by US billionaire Warren Buffet—contained one of the few references at the summit to the social inequality that wracks Australian society. He noted that the “economic rents of capitalism are disproportionately cascading towards a smaller and smaller section of the community.”

The conception that the rich pay more tax, however, was rejected out-of-hand by the Labor government and business participants. Assistant Treasurer Bill Shorten bluntly stated: “I don’t know if that particular proposition will advance further.”

Calls by social welfare organisations on the second day of the summit for the ending of tax concessions that primarily benefit the wealthy were also dismissed. Lin Hatfield Dodds of Uniting Care Australia noted that up to \$35 billion in additional tax revenue could be collected if various policies that were exploited by the rich, such as real estate negative gearing, the flat 15 percent tax on so-called “golden handshakes” and tax-free superannuation payouts, were changed.

Anticipating the Labor government’s response, *Business Spectator* commentator Alan Kohler wrote: “Australia’s rich will sleep soundly tonight.” His confidence in the subservience of Labor to the wealthy was proven correct. Treasurer Wayne Swan declared that “loop-holes” were not Labor’s priority. The sole tax change that Swan announced was the lifting of the tax-free income threshold to \$21,000 sometime in the future—a step that will not increase the taxes on the wealthy, but lower them.

The main focus at the summit was not on raising revenue through taxation, but cutting government spending, particularly on social welfare and retirement pensions. Economist Greg Smith, who took part in the review of the tax system carried out by former Treasury chief Ken Henry, told the forum that the issue for the next “10 to 15 years” would be how to “stop the welfare system.”

Smith said that unless welfare payments were controlled, personal income tax would have to be raised to 60 percent to meet rising claims due to an ageing population and more families becoming entitled to benefits due to the low wages that increasingly dominated

the labour market.

The Labor government has already initiated an assault on social welfare, raising the retirement age to 67 for both men and women and tightening eligibility for unemployment payments, disability pensions and single parent benefits in order to force large numbers of people into poorly-paid work.

Swan endorsed Smith's stance. He told the summit that Australian-based corporations "compete in a region" where many of the welfare measures available in Australia were not provided. "There is not some magic pudding out there that means we can fund every enhancement to our social security system," he declared.

Swan categorically rejected appeals by social welfare advocates for the raising of the unemployment benefit and other welfare payments. An adult unemployed person is forced to live on just \$34 per day.

The underlying theme of the tax summit was that the profitability and wealth of the corporate elite must be protected at the expense of the majority of the population. Repeated references to Asian benchmarks of tax and welfare made clear that the perspective of the ruling class and their servants in the Labor government is to lower living standards in Australia to those forced on workers across the region.

The same theme pervaded the one-day, closed-door Future Jobs Forum held last Thursday, which was called primarily in response to the competitive crisis facing Australian-based manufacturing industries as a result of the rise in the value of the Australian currency.

More than 50,000 manufacturing jobs have been eliminated in the past six months as companies scale back production. The concern of the government, business and trade union representatives at the summit, however, was not the tens of thousands of workers being retrenched. The very day the forum convened, the unions pushed through their agreement with BlueScope Steel to eliminate 1,400 jobs at its plants in Wollongong and Hastings, near Melbourne, and slash wages and conditions for the remaining workforce.

The jobs forum discussion centred on calls for protectionist measures and state assistance to Australian manufacturers, combined with the acceleration of efforts to put downward pressure on wages by forcing more people into the workforce through cut backs to welfare eligibility.

The keynote speaker at the event, Andrew Liveris, the Australian-born Dow Chemical CEO and advisor to the Obama administration, called for the establishment of a

"piggybank" of funds that could be used to subsidise high-tech manufacturing. Liveris denounced using tax revenues from the proposed mining and carbon taxes to maintain the existing social welfare system as "hurting productivity."

For the trade unions, the forum was a platform to promote their value to the business elite. The unions are corporatist apparatuses committed to the never-ending restructuring demanded to maintain the international competitiveness of Australian-based companies. Since the 1980s, they have worked with the employers and governments to block any struggle by workers against the continuous lowering of working conditions, the suppression of wages and the elimination of entire industries deemed unprofitable. As a new wave of restructuring takes place across industry, they are playing the same role.

Trade union officials used the summit to promote anti-immigrant chauvinism and calls for protectionism, not oppose the destruction of jobs. Union leaders railed against the numbers of skilled workers being allowed into Australia to work on mining and natural gas projects. Australian Workers Union secretary Paul Howes, fresh from overseeing the job destruction at BlueScope, demanded that companies use greater "local content," rather than Chinese and other Asian products. Howes lauded as a great gain the Gillard government's announcement that companies accepting public contracts worth more than \$20 million would have to reveal what Australian-based suppliers they were giving work.

The unions' demagogy will not, and is not intended, to defend a single job or condition. It is aimed solely at trying to divert growing social and class tensions into divisive nationalism against workers in Asia and elsewhere. The reality is that workers in every country are facing stepped-up attacks on their jobs, wages and working conditions as the global capitalist system slides into its greatest crisis since the 1930s Depression. The tax and jobs summits represented the commitment of the Labor government and the unions to do everything possible to impose savage cutbacks to living standards on behalf of the Australian corporate elite.



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