

# Murdoch's Australian holds conference promoting austerity and pro-business "reform"

Patrick O'Connor  
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The *Australian* newspaper last week co-sponsored a two-day conference with the Melbourne Institute of Applied Economic and Social Research to outline its demands for further pro-business economic restructuring and austerity measures aimed at lowering the living standards of the working class.

The event, held annually since 2002, was this year titled "Securing the Future: How Australia can thrive in a volatile world". Murdoch journalists, academics, Melbourne Institute economists and researchers, Productivity Commission staff, and Labor and Liberal politicians presented various reports centring on the question of how to ensure the continued international competitiveness of Australian capitalism amid continued crises in Europe and the US.

Outgoing Productivity Commission chairman Gary Banks delivered a pointed criticism of the Labor government, effectively accusing it of failing to listen to business demands for an even more draconian industrial relations regime. Banks also demanded that "green energy" subsidies be eliminated, together with public assistance for the car industry and other manufacturers, and that remaining trade tariffs be abolished.

BHP executive Alberto Calderon bluntly insisted that mining workers in Australia were too highly paid. He complained that BHP truck drivers in the Pilbara earned about \$125,000 salaries, whereas their counterparts in the US get \$75,000 and take fewer breaks. Calderon demanded that the Labor government move to cut costs across the mining industry and lift environmental and other regulations to promote further investment.

In an obvious threat, the executive declared that governments around the world needed to understand that

mining was a globally mobile industry, and that unless favourable taxation and regulatory policies were promoted then they would simply shift operations to other countries. Calderon noted that BHP and other mining companies still blacklisted Argentina for investment, because of that country's past record.

Several speakers in two sessions held on the budget outlined the need for major spending cuts to eliminate the so-called structural deficit in the government budget. Nigel Ray of Treasury echoed his department secretary's recent speech, insisting that ordinary people's expectations of government-funded services could no longer be met ("Australian Treasury secretary outlines austerity offensive for Labor government"). Similarly, Labor government advisor and economist Ross Garnaut warned of the need for "shared sacrifice", recalling the blunt warning he issued earlier this month of sharply declining living standards. The conference also featured different sessions detailing the plans to promote privatised, "user pays" models of health, education, and aged care services.

The event underscored the ruling elite's worked out plan for US- and European-style austerity spending cuts that are aimed at eliminating every social concession made to the working class in the course of the last century. At the same time there is acute concern within corporate circles over the overwhelming public opposition towards this agenda.

In March 2008, the last time *World Socialist Web Site* reporters attended the *Australian* conference, there were enthusiastic hopes for progress under the recently elected Labor government. The event was held shortly after Rudd had campaigned as an "economic conservative" and opponent of the Liberal Party's "reckless spending", and before the eruption of the global financial crisis triggered the bank bailouts and stimulus spending measures. The

*Australian's* editor-in-chief Paul Kelly then declared that Rudd had “generated a lot of energy” and “basically signed up to the agenda that we’ve been talking about all these previous conferences.” This year, however, Kelly complained to conference delegates about the “more toxic than usual political environment” and the dominance of “negative campaigning” that made it more difficult to advance the “quest for reform.”

The more pessimistic tone of this year’s event, and the somewhat more guarded discussion about the drive to gut social programs and services, reflected the key change in the international political situation since 2008—the intervention of the working class globally into the political arena. Professor Ian Harper of Deloitte Access Economics displayed a graph from an academic study that traced the historical relationship between the imposition of austerity cuts in Europe and the eruption of “chaos”, namely the sum of annual demonstrations, riots, strikes, assassinations, and attempted revolutions. Harper told the conference: “This is just a short hand way of saying that we ain’t seen nothing yet.”

The Gillard government’s recently released White Paper on the “Asian Century” was widely discussed during the two-day conference. Most of the economists and policy makers expressed their general agreement with the Labor government’s absurd projections of never ending economic growth in Asia and the rise of a vast and wealthy Asian middle class, opening up new vistas for Australian corporations.

Michael Wesley, former Office of National Assessments intelligence official and chief of the Lowy Institute think-tank, was the only speaker to pour cold water on this perspective. He articulated the concerns of an important section of the ruling elite that is deeply concerned over the implications of the Gillard government’s decision to line up with Washington’s provocative drive to maintain its strategic domination of the Asia-Pacific and contain Beijing.

Wesley criticised the White Paper for having a “very narrow and probably wrong outlook on what Asia is going to be like.” He explained that the document “completely ignored the strategic framework within which economics takes place.” Wesley said that it amounted to “a massive one-way bet on Asia’s strategic context in the next 25 years being pretty much the same as Asia’s strategic context in the last 40 [years], a strategic framework of benign development, of minimal strategic rivalry and minimal

tension between increasingly powerful states.” He argued that if this were to eventuate it would be “utterly historically anomalous, that is, it would be the first region in human history in which rapid economic development and empowerment does not lead to increased strategic competition.”

Wesley warned that the intensifying disputes in the South China Sea and elsewhere demonstrated the reality of “bubbling strategic rivalry that will only deepen with time.” Pointing to the strategic dilemma confronting the Australian bourgeoisie, with a contradiction between its military and diplomatic reliance on the US and economic dependence on China, the strategic analyst pointed to the “two basic national interests—prosperity and security—starting to pull away from each other.” Without attempting to provide any solutions, Wesley insisted that a wider discussion was needed of the “possible downsides, some of the complexities involved in dealing with a much more complex region.”

Ross Garnaut replied to Wesley’s remarks by declaring that when he read the Asian Century White Paper he had been “pleased there was little discussion of the strategic context”, because other attempts to raise these matters had “increased the strategic risks over recent years, by talking naively and unstrategically about the prospects of war with great countries in the region ... so less was better as far I was concerned.”

This reply underscores the enormous crisis confronting the Australian ruling elite. Faced with the prospect of a devastating war between its major trading partner and its primary strategic ally, leading analysts and policy makers have adopted the ostrich-like policy of hoping the problem may go away if they don’t talk about it.



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