

Australian corporate chief calls for major welfare cuts

James Cogan
26 February 2013

The Australian corporate elite's demands for the government to impose the kind of drastic austerity measures being implemented in Europe and the US were spelt out again on Saturday in a speech by Don Argus, the former chairman of mining conglomerate BHP Billiton and the National Australia Bank. Argus declared that public spending in Australia was "unsustainable" and demanded a "national conversation about our welfare budget and how it could be better calibrated for the challenging period ahead."

Argus, a multi-millionaire who wants for nothing, stated that his view, which means millions of working people will suffer severe cuts to their living standards, was "common sense." Government spending, he asserted, had "outpaced income" and therefore had to be reduced. Feigning concern over rising youth unemployment, Argus called for increases in productivity to create jobs. In reality, "productivity" is the corporate code word for lowering wages and working conditions, and destroying jobs in order to boost profits.

"My conclusion," he said, "is that if we think we can avoid the fall-out from the austerity measures that will be required to stop the economic bleeding in developed economies, then we are viewing the world through rose-coloured glasses." While the public debt owed by Australian governments was relatively low, he warned that the situation could "deteriorate quickly" as it had in countries such as Ireland and Iceland, and action had to be taken.

Argus's "common sense" argument, that governments must "live within their means," conveniently ignored the real reasons for the sharp rise in public debt that is being used internationally to justify the austerity agenda. For decades, corporate and top personal income tax rates have been systematically

lowered, facilitating a staggering growth in social inequality and the concentration of immense fortunes in the hands of a tiny proportion of the population.

With the eruption of the 2008 financial crisis, trillions of dollars were handed over by governments around the world to the banks and corporations whose orgy of speculation had fuelled the crisis. The Australian government spent tens of billions of dollars to prop up activity in the construction industry and provided a credit guarantee to shore up the balance sheets of the major financial institutions.

Governments are not being instructed to slash spending on health, education and welfare because society does not have the necessary resources. Rather, it stems from the insistence by the corporate and financial oligarchy that the profits of the major corporations must be maintained at the expense of the living standards of the working class.

In Australia, the two industries with which Argus is associated, mining and finance, have reaped huge profits amid the global slump. The largest four Australian banks took in profits exceeding a combined \$25 billion in 2012. Since the onset of the 2008 crisis, they have refused to lower their interest rates to match reductions in official rates, compounding the already high costs in housing for working people.

The mining industry, taking advantage of high global commodity prices, has recorded pre-tax operating profits in excess of \$50 billion every year since 2008. Argus's former company, BHP Billiton, amassed a \$23 billion profit in 2010-2011. Even with the end of the so-called "mining boom" and falls in commodity prices, it registered \$15.4 billion profit in 2011-2012. The benefits have flown overwhelmingly to the richest sections of society, exemplified by the increase in the personal wealth of mining magnate Gina Rinehart,

from \$1 billion in 2007 to over \$18 billion by 2012.

Any suggestion that the mining companies pay more tax has been met with fierce opposition. In June 2010, their resistance to a modest tax on mining super-profits was a factor in the anti-democratic ousting of Prime Minister Kevin Rudd via an inner Labor Party coup and his replacement by Julia Gillard.

Argus played a personal role in the subsequent refashioning of the proposed tax. Selected by Gillard to draft the details, Argus ensured that the tax extracted barely any additional revenue from the mining corporations. The Minerals Resource Rent Tax (MRRT) generated only \$126 million in its first six months. Companies such as Fortescue Metals have announced that the various loopholes inserted by Argus ensure they will avoid paying a single cent for up to a decade. Beholden to the mining industry, the Labor government has ruled out any changes.

Argus's assertions that welfare is unaffordable are only the latest comments by various corporate and political figures. Such demands are being stepped up now to pressure both the Labor government and the opposition Liberal-National Party coalition to publicly commit to making deep structural inroads into public spending ahead of the scheduled September 14 election.

The *Australian*, the flagship of Rupert Murdoch's News Limited, amplified the calls for austerity in its editorial on February 23. Like Argus, it declared that government spending was outpacing revenue, while implicitly rejecting any notion of raising taxes on corporations and the wealthy. "Structural fiscal challenges in the decade ahead demand tough decisions," it insisted. "Both parties should be working on plans to cut waste and superfluous programs."

Since the last election in 2010, Labor has already begun such an assault. It has forced tens of thousands of single parents onto below poverty-level unemployment payments, and extended "welfare quarantining"—in which welfare benefits are paid in the form of a store card instead of money—from Aboriginal communities in the Northern Territory to working-class suburbs around the country. Labor has raised the eligibility age for the retirement pension to 67 and is seeking to slash the costs of disability services and pensions through its National Disability Insurance Scheme. Its education and health policies are directly aimed at expanding the role of private, for-profit

schools and hospitals, thus lowering public spending.

Far broader and more draconian attacks, however, are wanted by the corporate elite to enable a further lowering of corporate taxes and business costs. Argus concluded his speech on Saturday by insisting that sweeping "reform" was needed to ensure that Australian corporations "remain competitive" in Asia and internationally.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact