

Australian business chiefs lay out austerity agenda

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1 August 2013

The Business Council of Australia (BCA), comprising the CEOs of the country's top 100 companies, issued a report yesterday calling for deepening attacks on jobs, wages, social services and working conditions. It wants to see its agenda implemented, not just by the next government that takes office after the forthcoming federal election, but into the indefinite future.

The report, entitled *Economic Action Plan for Enduring Prosperity*, makes clear that, notwithstanding references to the need to maintain living standards and continual invocations of the needs of "the nation," the "prosperity" to which it refers concerns the profits of the major corporations.

Pride of place in the report is given to the demand for "root and branch" tax "reform," including a reduction in corporate tax rates from 30 percent to 25 percent. The BCA proposed that this handout to business should be paid for by an increase in the regressive goods and services tax (GST), as well as the introduction of a land tax on homeowners.

Joining the chorus of demands from corporate think tanks for a reduction in the government's budget deficit, involving major cuts in social spending, the BCA said the most urgent task was to regain a sense of long-term "fiscal discipline."

The report warned that the China-driven rise in the Australian terms of trade and the mining investment boom had masked "emerging cracks" in Australia's long-term economic position that now had to be addressed.

The BCA left no doubt as to what it considered to be the major problem.

"We think that a lack of focus on the long-term national interests is making it harder to take the tough, structural reform decisions that will support growth.

Politicians are reacting to the community's expectations that government will provide more and more, and with the growing pressures of an ageing population."

The report identified the two areas in which those "tough" decisions should be taken: social spending, and wages and working conditions.

It proposed a comprehensive audit of government spending programs and a review of the overlap between federal and state services. In addition, it called for the Council of Australian Governments (the body that oversees federal-state financial relations) to establish "competition-style productivity payments to drive reforms across the nation. This should give priority to reducing the regulatory burden [on businesses] and duplication, and the next wave of health reforms."

Under this proposal, national productivity payments to the states would be tied to eradicating "inefficient" state taxes and reducing regulation on businesses.

In what would be a major shift in federal-state financial relations, leading to severe cuts in social facilities in poorer regions, the BCA called for GST proceeds, which are collected by the federal government, to be distributed to the states on a per capita basis. This would end the present system where poorer states are subsidised to some extent from the revenue raised in the wealthier ones.

Setting out its demands for so-called workplace "reform," the BCA said the federal treasurer should set up a Productivity Commission inquiry into the "impact of the workplace relations system on productivity and competitiveness."

The first item requiring examination was "the extent to which the high minimum wage prevents new labour market entrants from gaining initial experience."

Other areas to be scrutinised would include "the

impact of penalty rates on business competitiveness and employment growth,” the take-up of “innovative practices,” making “fuller use of workers’ skills and expertise” and “individual agreements and their influence on productivity at the firm level.”

BCA president Tony Shepherd’s own track record gives the sharpest indication of what is really meant by this kind of corporate management speak, with its emphasis on “innovation” and “expertise.”

The *Australian Financial Review* reported yesterday: “Tony Shepherd has plenty of personal experience when it comes to Australian businesses becoming more focused on productivity and the need to ruthlessly cut costs. He points out that Transfield Services, which he chairs, has fired 600 middle managers out of a workforce of 3,000 in the past 18 months.”

The BCA report called for an increase in labour productivity growth to between 1.5 percent and 2.0 percent on average. This echoes the theme expounded by other corporate think tanks and economic policy advisers that the boost to productivity and profits provided to businesses in the 1980s and 1990s, via the economic “restructuring” carried out under the Hawke and Keating Labor governments, must now be repeated.

Commenting on the report, an *Australian Financial Review* editorial said the incoming government needed “the mandate and authority to implement the sort of economic program set out by the new Business Council policy blueprint, which sits squarely with the tradition of the Australian reform era of the 1980s and ’90s.”

The Hawke-Keating program, which was enforced by the trade union bureaucracy through the prices and incomes accord, resulted in a major redistribution of wealth from wages to profits, and the destruction of all rank-and-file organisations in factories and workplaces.

Today’s corporate agenda requires even deeper attacks. The rolling back of the entire post-war social services system is one of the central goals.

While the BCA made reference in its published comments to the need for governments to “redistribute the benefits of growth” by ensuring that the community gets the services and infrastructure it needs, the real content of the corporate agenda has been spelled out elsewhere.

In a comment published last Thursday in the *Australian Financial Review*, Greg Lindsay, the executive director of the Centre for Independent

Studies, a right-wing think tank, emphasised the need to resolve the “productivity problem.” This led him to what he called “the heart of a big question”—the role of government to ensure international competitiveness in the twenty-first century economy.

Government spending on entitlements, he wrote, had increased “enormously” in the past 40 years, with the cost of health, education and social services rising from 25 percent of total government spending in the early 1970s, to 60 percent today.

This meant the funding that might have been used to build road, rail and port infrastructure—thereby cutting costs and increasing business profits—had been “consumed instead by ever-rising entitlement spending.”

In other words, “social spending” is, in the final analysis, a drain on profits that must be savagely cut back in a situation of sharply intensifying international competition. This, together with the never-ending drive for greater productivity, is the underlying agenda of the BCA blueprint.



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