

Big business in Australia lays out its agenda

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4 March 2015

Like any political crisis, the significance of the political turmoil in the ruling Liberal Party surrounding the leadership of Prime Minister Tony Abbott cannot be accurately gauged by simply focusing on the immediate forms it assumes.

The plots and counter-plots, leaks, counter-leaks and opinion polls that dominate the headlines play a role, but its real meaning is to be found in more profound developments.

The crisis erupted over mass opposition to the government's May budget measures that found expression in the leadership spill vote last month which saw 40 percent of Liberal MPs moving to oust Abbott. Key government measures remain blocked in the Senate because opposition parties fear a backlash from voters hostile to the budget's targeting of the lower-income families.

The government's failure to secure passage of its measures was accompanied by a series of commentaries in the media that the crisis involved much more than the Abbott government. Rather, it was insisted that the crisis reflected the inability of the present political order to deliver meaningful "economic reform"—the code phrase for the sweeping austerity measures being demanded by the corporate and financial elites in conditions of the deepening global economic crisis which now has Australia firmly in its grip.

The broad outlines of this program are set out in the 2015–2016 budget submission by the Business Council of Australia earlier this week. The BCA, which covers Australia's 100 leading corporations, is demanding nothing less than a continuing offensive against the social position of the working class in order to make Australia "internationally competitive."

The BCA is not calling for further major cuts in the budget now being prepared—it says instead that the government should simply hold the line on expenditure. Its perspective is more far-reaching. It insists there must be a 10-year plan for a "fundamental reset of fiscal strategy and the budget process" to deliver "sustainable"

outcomes.

According to the submission, these outcomes will not be achieved through increased taxation or economic growth. "Above all, spending policy redesign must be considered, credible and sustainable" and there has to be a "sensible discussion" about the "inevitable trade-offs that government spending involves."

This "sensible discussion," involving the restructuring of government spending, above all on social services and benefits for families, must be carried out on a bipartisan basis. The fall in Australia's terms of trade—the largest drop in more than 50 years following the end of the mining boom—and the ageing of the population are "weakening the economy's capacity to pay" for public spending. "This is the reality confronting any government of any political persuasion. Full acceptance of the need for a new approach is a bipartisan imperative."

As with all such submissions, the BCA agenda is couched in terms of the interests of the nation and seeks to present the economic crisis as if it were some kind of natural event, like the bad weather, rather than the outcome of the contradictions of a definite socio-economic order, the profit system.

However, the essential class interests it expresses are clearly revealed. The first of what it calls "four primary goals" is: "Preserving Australia's AAA credit rating to consolidate the government's financial credibility, retaining financial capacity and investor confidence."

In other words, "budget sustainability" is integral to the maintenance of profitable conditions for the major corporate and financial interests in conditions of deepening global economic turmoil.

This point is re-enforced in the second primary goal which states that restoring the budget to surplus is necessary "to build resilience and flexibility for dealing with economic shocks and volatility, and for underpinning business confidence and investment."

The BCA is concerned that in the event of another financial crisis—all the conditions for which are being created globally—continuing budget deficits will mean that

the government will not have the resources to bail out the banks and other financial institutions.

The money for this must be made available in two ways: by cutting social services and other government spending and by improved productivity, that is, the introduction of so-called reforms that increase profitability.

There is an obligatory reference to the need to maintain essential “priority services” which are “integral to community living standards and the functioning of society” but the real agenda is also revealed here as well in the reference to the provision of “an adequate safety net.” In other words, government services should not be developed in order to advance living standards but must be directed to providing only the bare minimum.

The BCA identifies its targets. “Large and fast-growing programs such as health and other aged-related programs should top the list. No area of expenditure should be preemptively quarantined.” Spending “redesign” must include “greater self-reliance.”

The BCA is hostile to any proposals to increase tax rates for corporations and high income earners. In fact, it wants them reduced to make Australian capitalism more internationally competitive. But there is one area in which it is in favour of an increase—taxation that falls most heavily on the working class and poorer sections of society. Any tax “reform” must include “broadening the GST base and increasing the rate.”

In seeking to explain the origins of the growing budgetary problems, the BCA criticises the way in which the massive boost to revenue as a result of the minerals boom was treated as if it were permanent. However, it conveniently passes over in silence how that revenue was utilised.

It has been estimated that, taking into account the cuts in the corporate and higher marginal tax rates, many of them initiated under the Hawke-Keating Labor governments, together with the concessions available through the superannuation system that reduces the tax rate for the rich to just 15 percent, the upper levels of society are in receipt of concessions totalling over \$110 billion a year, more than enough to cover the present budget deficit.

Central to the BCA’s agenda is the demand for increased productivity, that is, a boost to profitability via so-called labour market restructuring. The BCA calls for “reshaping our workplace relations system so it is fit-for-purpose for a modern economy.”

The essential themes of the BCA submission also found expression in a major speech last Friday by the newly-

appointed treasury secretary John Fraser.

Fraser pointed to a changed situation resulting from the end of the mining boom and the challenging global economic environment in which the quantitative easing policies of major central banks had failed to boost investment and household spending. He then said that Australian economic growth was expected to remain below trend. Australia, he claimed, had “spent its way to a structural budgetary problem” that now had to be addressed.

On the question of corporate taxation, he was even more explicit than the BCA insisting that company tax rates were high by international standards and, in the context of far more mobile global capital, high rates were dampening investment and productivity.

He also pointed to the push in corporate circles for a reduction in wage rates and cast an envious eye at the “remarkable flexibility of labour in the United States,” echoing the views of the Abbott government’s chief business advisor Maurice Newman who has noted that the minimum wage rate in Australia is double that in the US.

Fraser insisted it was necessary to “modernise the workplace relations system” and then indicated what that would mean. “It is especially important,” he said, “that workplace laws are not impeding workplace transformation.” In other words, all present legal impediments to increased profits must be removed.

The real content of every political crisis is disclosed by what emerges from it, and so it is in the case of the upheavals surrounding the Abbott government.

Whatever the immediate political outcome, the working class is being confronted with a major offensive by the corporate and financial elites for which it must prepare through the development of its own independent perspective based on a socialist program to put an end to the bankrupt profit system.



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