

Australian economic summit to plan new attacks on wages and social conditions

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The economic summit being convened on August 26, organised by two leading Australian newspapers, reflects growing frustration in financial and business circles that the Abbott Liberal government is not moving far enough or fast enough with measures to deepen the assault on the working class in the name of “reform” of the Australian economy.

Organised by the Fairfax-owned *Australian Financial Review* and the Murdoch-owned *Australian*, the National Reform Summit will involve the Business Council of Australia (BCA), the Australian Council of Trade Unions (ACTU), the Australian Council of Social Service (ACOSS) and two organisations covering pensioners and the elderly.

Editorials in both newspapers announcing the summit made clear its central agenda and recalled the national economic summit of 1983 convened by the incoming Hawke Labor government. That meeting led to the prices and incomes accord and the opening of the continuous assault on wages and working conditions which proceeded throughout the 13 years of the Hawke-Keating Labor governments.

In its comment, the *Australian Financial Review* noted that, while Australia had escaped the worst effects of the global financial crisis, it was now being hit by the end of a “resource development wave, falling export prices, an uncompetitive cost structure, entrenched budget deficits and sluggish productivity growth.”

It called for genuine “root-and-branch” tax reform to raise more revenue from consumption and less from income, “including corporate profits.”

The summit, the newspaper explained, would echo that convened by the Hawke government which “formalised business and community support for the prices and incomes accord between the ALP

[Australian Labor Party] and the ACTU, that, in turn, engineered a cut in real wages to stimulate an economic recovery.”

The claim that the accord enjoyed “community support” is a fiction. It was forcibly imposed by the trade union bureaucracy through the illegalisation of all independent trade union activity, the smashing up of shop stewards’ committees and other forms of rank-and-file organisation and, in 1989, the bringing in of troops to break an airline pilots’ strike in support of wages outside the accord’s restrictions.

An editorial in the *Australian* echoed that of the *Australian Financial Review* and then pointed to the contemporary motivations for the summit. The first priority, it insisted, was “fiscal sustainability,” bewailing the “clumsy” efforts of the Abbott government in securing support for the “relatively modest spending cuts” in its 2014 budget because of “unbridled opposition” from the Labor Party and crossbenchers in the Senate.

The frustration of big business chiefs with the Abbott government was voiced by the head of the government’s Audit Commission, former BCA chief, Tony Shepherd. He told the *Australian Financial Review* that the tendency to rule out tax and other budget reform before the next election meant there was the prospect of no changes either in this or the next term of government.

“We have an election next year. We need to get the community on board to accept the need for general reforms across the whole of the economy,” he said.

Talk of getting “community” support is a smokescreen for the real agenda. The “community” expressed its position in a wave of opposition to the Abbott government’s first budget because of its deep attacks on the poor and low-income earners and its

promotion of even greater social inequality. What Shepherd means by “getting the community on board” is ensuring that the trade union bureaucracy, as well as social welfare organisations such as ACOSS, are lined up behind the agenda of the corporate and financial elites and are ready to impose it.

The trade union apparatus has left no doubt where it stands. ACTU secretary Dave Oliver said it was essential that the unions and business work together to prioritise investment and tackle the changes in the nature of work resulting from the digitisation of the economy.

“This is the high road unions want to walk with business and government to grow our economy, provide decent secure jobs and improve the living standards of all Australians, instead of the low road of cutting penalty rates and the minimum wage,” he said.

However, as the recent exposure of the activities of the Australian Workers Union (AWU), one of the country’s oldest and largest unions, has made clear, the unions have worked to trade off conditions and cut wages and penalty rates in a series of deals with major employers that have saved them hundreds of millions of dollars. Likewise, another major union, the SDA, covering shop and retail workers, has also signed agreements cutting penalty rates. The full extent of these practices has yet to be revealed but they go well beyond the AWU and the SDA.

Oliver’s claim that the ACTU is taking the “high road” to prosperity will bring to the mind of older workers the rhetoric that accompanied the prices and incomes accord. The suppression of wages, it was claimed, was needed to enhance the “social wage” and involve workers through their unions in a partnership in determining the direction of the Australian economy. The result was the driving down of wages as a proportion of national income and the transfer of wealth and income to the upper echelons of society.

Unlike the Hawke government’s summit, next month’s one-day meeting will not involve members of parliament, apart from opening addresses delivered by Prime Minister Abbott and Labor opposition leader Bill Shorten.

But the Labor Party has seized on the summit to promote its appeal to business circles to back it as a far more reliable means of enforcing their agenda than the Abbott government.

Labor employment spokesman Brendan O’Connor said the summit was needed “in the absence of Abbott government’s focus on economic reform.”

“The summit is a clear repudiation of the government’s approach to reform, a vote of no confidence from the representatives of all sectors of the economy in the Abbott government’s willingness and ability to tackle Australia’s future challenges,” he said.

O’Connor’s remarks are in line with a consistent theme developed by the Labor Party leadership over the past months as concerns grow in business circles over the Abbott government’s economic agenda. Last January, Labor shadow treasurer Chris Bowen, underscored Labor’s commitment to budget-cutting measures, saying the days of “Santa Claus” economics were over.

Two months ago, on the eve of the Abbott government’s second budget, Bowen solidarised himself with a BCA call for a 10-year plan to restore fiscal stability—that is, continuous cuts in government spending—saying it was in line with Labor’s approach.

In his budget reply speech a few days later, Labor leader Bill Shorten emphasised his commitment to bipartisanship—a commitment which has been honoured in the increasing collaboration of Labor in passing previously blocked austerity measures from the 2014 budget.

This collaboration is certain to intensify in the period ahead as Labor aligns itself ever more openly with the agenda of the corporate and financial elites.



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