

Australian “reform summit” highlights economic and political fragility

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Amid sharply worsening economic conditions and an underlying political crisis, about 90 members of Australia’s corporate, media, trade union and NGO elites assembled for a “National Reform Summit” called by the country’s two biggest media conglomerates—Fairfax Media and Murdoch’s News Limited—in Sydney yesterday.

The purpose of the “extraordinary gathering,” as today’s *Australian Financial Review* (AFR) editorial described it, was to use the “urgency” of the deepening global slump to drive through a new wave of attacks on the jobs, living standards and working conditions of the working class.

The participants vented their mounting frustration at the failure of the Abbott Liberal-National government, and the parliamentary establishment as a whole, to impose the burden of the worsening economic crisis globally and in Australia on working people. The meeting issued what the *Australian*, the AFR’s co-sponsor of the event, termed an “ultimatum to the nation’s political leaders, rejecting piecemeal economic reform.”

While claiming to present a “national interest reform agenda,” the hand-picked participants spoke on behalf of the very wealthiest layers of society, not the millions of working people whose livelihoods and lives heavily impacted by more than three decades of “reform.”

A succession of speakers from the financial establishment raised alarm bells about the depth and pace of the reversal confronting Australian capitalism, amid the collapse of the mining boom, the marked downturn in China and the renewed turmoil gripping world share markets.

Martin Parkinson, who was treasury secretary under the previous Labor government, warned that Australia was “sleepwalking into a real mess.” Productivity Commission Peter Harris insisted that falling wages growth would force people to dramatically change their “expectations” about the future.

With the prices of many of Australia’s biggest mining exports having already roughly halved over the past 18 months, the summit’s statement rejected the Abbott

government’s resort to “unrealistic budget assumptions” to paper over the deteriorating situation. High-profile economist Ross Garnaut declared that, on the basis of more realistic economic predictions, Australia could face “ever increasing budget deficits forever.”

Far from annual economic growth soaring to 3.5 percent next year, and for five consecutive years—as Treasurer Joe Hockey’s last budget forecast—the summit’s statement warned of falling national income that could imperil the country’s “fiscal credibility and the AAA credit rating.”

Reported by the *Australian* to be “the product of months of negotiations,” the statement called for “action” on four fronts—“lifting productivity growth,” “tax reform,” “fiscal policy” and “sustainable retirement incomes.”

These are code words for axing working conditions and driving down wage levels; lowering taxes for companies and the rich while hiking up the regressive Goods and Services Tax (GST); slashing social spending; and cutting aged pensions, while forcing people to work longer. On “tax reform,” for example, corporate taxes must be made internationally “competitive”—that is, lowered—and no options must be ruled out “for reasons of political expediency.”

The statement was drafted jointly by the Business Council of Australia (BCA), the Australian Council of Trade Unions (ACTU) and the Australian Council of Social Services (ACOSS), the umbrella group for non-government organisations.

The ACTU and ACOSS heads joined hands with the bankers and business chiefs to commit themselves to endeavor to impose this agenda on the population. “The groups we represent also have a special responsibility to advocate and support economic and social reform,” the statement declared.

Opening the summit, AFR editor-in-chief Michael Stutchbury issued a damning statement on the political impasse produced by the widespread popular hostility toward the austerity measures proposed by the Abbott government, several of which remain blocked in the Senate.

Stutchbury said the gathering was inspired in part by Labor Prime Minister Bob Hawke's 1983 National Economic Summit, at which the union leaders came together with the government and big business, in response to a global recession, to deregulate the Australian economy and open it up to market forces. This entailed a relentless assault on the social position of the working class, policed by the ACTU via a series of "accords" with the Labor government. However, Stutchbury noted, the 2015 summit was different because most of those in the room had "given up" on the politicians' capacity to implement the deeper measures now required.

In another revealing comment, Reserve Bank of Australia governor Glenn Stevens advocated dropping the word "reform," because it had become so discredited in the minds of the public. "The word reform is a word that excites intellectual elites," he said. "But I don't know whether the word reform excites the general public quite so much."

The chief problem that the political and corporate elites at the summit all recognise, but cannot discuss openly, was how to impose the proposed austerity agenda that is antithetical to the interests of the majority of the population and will necessarily provoke popular resistance.

In that context, a central feature of the summit, highlighted on the front page of today's *Australian*, was the pitch made by Labor Party leader Bill Shorten, backed by the trade unions, for business to support the return of a Labor government in order to carry through the required attacks on the working class. Shorten echoed the alarms sounded by the financial elite, declaring that Australia was "wallowing in mediocrity."

Shorten called for "collaboration" between unions and business in the construction industry and on major projects, outlining the planks of an industrial relations package to "boost productivity," should Labor win the next election. "If we live in a class-warfare world waged either by ideological governments, or unions, we fail," he told the summit. "Our focus should be upon bringing interests together."

The only "class warfare" waged over the past 30 years has been by the corporate boardrooms and successive governments, Labor and Liberal-National alike, against the working class, while the unions have systematically suppressed workers' opposition and resistance.

While not mentioning the union that he led from 1998 to 2007, the Australian Workers Union (AWU), Shorten boasted of his record of imposing cuts in wages and conditions on workers. "Over many years, I have worked practically and co-operatively with businesses to generate productivity gains (including) adopting more flexible hours and leave arrangements to turbo-charge productivity on major projects."

As the leader of the AWU, first in Victoria and then nationally, Shorten was responsible for workplace agreements, struck behind the backs of some of the country's poorest-paid workers, including casual cleaners, to strip them of after-hours wage penalty rates and other basic conditions. In return for these deals, which benefited major corporations to the tune of millions of dollars, the AWU was secretly paid cash and given workers' details to inflate its membership numbers, bolstering Shorten's powerbase in the union movement and Labor Party.

Far from being an aberration, this record typifies the role of the trade union movement over the past three decades. Now, under conditions of a new avalanche of destruction of jobs and conditions in the steel, mining, waterfront, car and other industries, Shorten and the ACTU leaders offered his record as a template for their promised stepped-up "collaboration."

ACTU secretary Dave Oliver told the summit that unions wanted to find common ground with business and government. Oliver said the Australian union movement had a long "proud record" of "tripartite" participation with government and business.

In fact, Oliver was among the most strident voices at the summit in invoking the economic breakdown as a means of demanding sacrifice from workers. "As we stare down the abyss of the mining boom and property boom, where is the innovation boom?" he asked. "I don't think we have the luxury of time." In his closing comments, he appealed to the Abbott government: "Please, help us lead in this debate."

Well aware of the intense discontent in the working class, after years of dismantling hard-won conditions in the name of "reform" and "global competitiveness," the Labor and union leaders are offering their services to help enforce an even deeper assault.



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