

Australian business chiefs hail Turnbull as prime minister

Nick Beams
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Big business organisations have swung behind yesterday's installation of Malcolm Turnbull as Australian prime minister as their media mouthpieces insist that his government press ahead with deepening attacks on the working class.

The headlines in the Fairfax press, which touted the need for a leadership change some months ago, summed up the outlook. "Business warms to Team Turnbull," declared the front page of the *Sydney Morning Herald*. An inside story was headlined: "Leaders bullish on pro-business PM." It reported that "tax reform," an overhaul of superannuation and a "shake-up of industrial relations" were "at the top of the wish list for an excited business community as it contemplates the new and decidedly pro-business prime minister."

Business Council of Australia president Catherine Livingstone made clear that business organisations wanted a resumption of the "reform," based on reduced spending, tax concessions and labour market "flexibility," that they considered the Abbott government largely dropped in the face of the groundswell of opposition to its 2014 budget.

A stronger economy would require "ambitious tax reform" and a "new framework for a modern and competitive workplace relations system, and a pathway to a meaningful budget surplus off the back of redesign of programs to reduce spending growth," Livingstone said.

Another article, headlined, "Business raises a toast to Turnbull," said long-time corporate chief Don Argus was leading a "chorus of applause from the business community over the Liberal Party's leadership change."

"Reform is daunting for politicians but I think they've got the right idea. What they've been missing

is the rhetoric so they can sell these ideas to the Australian people," Argus said.

Argus' remarks tapped into a theme of Turnbull's statement in issuing his challenge to Abbott on Monday—that he could better "explain" the need for far-reaching economic change. According to an editorial in yesterday's *Sydney Morning Herald*, Australians would "accept pain in return for gain if it is explained clearly."

"Explaining" has got nothing to do with "convincing" the broad mass of the population that their living standards must be cut in order to boost the profits of the corporations and financial markets that Turnbull, an ultra-wealthy former merchant banker, personifies. Rather, it is aimed at winning the support of a thin layer of the better-off middle classes, as well as well-heeled pundits and media commentators, for deepening attacks on the working class in the interests of "the nation."

The political establishment looks back fondly to what they regard as the halcyon days of the Hawke-Keating Labor governments when this social layer, working in tandem with the trade union bureaucracy, facilitated the largest redistribution of wealth up the income scale in history and the opening up of the economy to the predatory activities of finance capital, claiming such activities were "modernising" Australia.

The *Sydney Morning Herald* editorial and other commentary set out the agenda being demanded by the major corporations and financial markets—with the resumption of spending cuts and a reduction in the budget deficit front and centre.

According to John Daley, the chief executive of the Grattan Institute, writing in Murdoch's *Australian*, "budget repair" required both spending cuts and tax increases, while the reaction to the 2014 budget showed

this was not possible “unless everyone is seen to be sharing the pain.”

This is so much political spin. The call for tax increases is not directed at the wealthy and corporations, whose taxes have been reduced by large margins over the past three decades, while they also benefited from an expanding array of concessions. It is directed at lifting and broadening the scope of the regressive Goods and Services Tax (GST), which falls most heavily on the poorest sections of the population.

In reality, “sharing the pain” is a double hit against the working class and lower-income recipients. Vital spending on health, education and social services is reduced, or only made available with increased fees and co-payments, while taxes on necessary consumption spending are increased.

Moreover, one of the goals in lifting the GST is to enable a reduction in the corporate tax rate to 25 percent to make Australia “internationally competitive” with investment sites such as Singapore and Hong Kong.

Articulating the long-held big business demand that this agenda be implemented, Rebecca McGrath, a director of JP Morgan, Oz Minerals and CSR, endorsed the shift to Turnbull.

“There is the recognition and a very clear statement that there is too much at stake to be governing by slogans, too many substantive issues have been taken off the table, so achieving significant reform, which is so badly needed particularly in the tax area ... will not be possible unless everything is put on the table,” she said.

Putting “everything on the table” is a code phrase for lifting the GST, which the Abbott government previously ruled out.

Today’s editorial in the *Australian Financial Review* declared that Turnbull’s “core purpose” was to convince the electorate to “embrace a new mindset of economic growth” and to understand that “fixing the nation’s public finances” was the necessary precondition for a “growth dividend.”

In 2012, the newspaper noted, Treasurer Joe Hockey, at that time in opposition, declared the need to end the “age of entitlement” but “Mr Abbott did not have the courage of these convictions: ruling out budget cuts on the eve of an election he was set to win in 2013, taking a political beating when he had to put them in the 2014

budget anyway, and then refusing to revisit them thereafter.”

Turnbull, the editorial concluded, knows what is needed but now has to work out how to deliver the required agenda.

As opposed to all the words about the need to “explain” and change the electorate’s “mindset” and embrace “volatility,” John O’Sullivan, a former adviser to the Thatcher government, provided a far more realistic appraisal of what delivery will involve.

Writing in the *Australian Financial Review*, O’Sullivan said a “persistent myth in moderate conservative circles” was that “big social and economic reforms” could be achieved “without serious social conflict,” via willingness to compromise and a change in “tone.” He declared: “This is self-deception.”

In other words, the installation of Turnbull and the implementation of the measures being demanded of him by the corporate and financial elites will not bring a new era of social and political consensus, but an intensification of class and social conflict.



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