Australian PM calls summit with union and business leaders

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Australian Prime Minister Malcolm Turnbull has called a top level meeting of business, social welfare and trade union organisations for Thursday as he seeks to develop a "consensus" for the sweeping attacks on social and working conditions being demanded by corporate and financial elites under worsening global economic conditions.

The convening of the meeting, which will last for two hours and will be held behind closed doors, came as the International Monetary Fund (IMF) issued a report which said that falling global commodity prices could slice as much as 1 percentage point from the growth rate of commodity-exporting countries such as Australia.

The impetus for the meeting came from a letter sent to Turnbull co-signed by Australian Council of Trade Unions secretary Dave Oliver, Business Council of Australia chief executive officer Jennifer Westacott and Australian Council of Social Service chief executive Cassandra Goldie seeking discussions.

"We believe an election fought on a narrow and divisive set of assertions about the things we are not going to do is a disastrous direction for our country," the letter said.

This echoes the criticisms by big business organisations of the previous Abbott government that, following the hostility to its 2014 budget, it had essentially given up on so-called economic "reforms." These include: increases to the regressive Goods and Services Tax to pay for cuts in the corporate tax rates; the slashing of government spending; and attacks on working conditions through changes to industrial regulations.

Business and financial organisations have made it clear they want to see a return to the "consensus" which prevailed under the Hawke-Keating Labor government's accords with the trade unions which opened the way for a major "restructuring" of the Australian economy during the 1980s and 1990s. The letter underscored the commitment of the Australian Council of Trade Unions (ACTU) to undertake such collaboration with the Turnbull government.

"Leadership is a collective dynamic," it said. "We accept our leadership responsibilities and we stand ready to work alongside governments of all persuasions for the benefit of our country."

The convening of the meeting comes in the wake of last month's National Reform Summit convened by the Fairfax-owned *Australian Financial Review* and the Murdoch-owned *Australian* newspapers. At that gathering, the unions, social welfare groups and business organisations expressed their agreement on the need for a lower company tax rate.

The sticking point on implementing such an agreement has been to devise a mechanism through which the trade union bureaucracy is able to package such a handout to big business, paid for by increased indirect taxes on working class families and those on lower incomes, as being "fair."

As part of the necessary packaging, the unions and the Labor Party are looking for the removal of some of the tax concessions on superannuation, as well as the elimination of other tax avoidance mechanisms. The current tax regime benefits higher-income earners to the tune of tens of billions of dollars by allowing income to be placed in superannuation funds at the tax rate of just 15 percent.

Business organisations appear to have accepted the need for such changes as the price for ensuring union backing for their wider agenda which extends beyond reductions in corporate tax rates to major cuts in government spending and changes to industrial relations.

The letter said the retirement incomes system should be more clearly focused on the goal of securing adequate incomes for retirees and that a "holistic approach" was needed rather than the "piecemeal changes" that have been advanced so far.

The Turnbull government has indicated that it is prepared to fall in behind some tax changes in the knowledge that, while some of the measures may be an inconvenience for high-income earners, they will rapidly be able to devise new tax avoidance measures.

On Monday, Treasurer Scott Morrison indicated that changes to the superannuation tax system, previously ruled out by the Abbott government in the term of the current parliament and the next one, were on the table.

He pointed out that any changes to superannuation were part of the broader agenda. "You have got to get all of the systems lining up," he said. "Your welfare system, tax system, your industrial relations system—they are all got to be lining up to achieve growth."

In another sign of the emerging collaboration within the political, business and social welfare establishment, Labor shadow treasurer Chris Bowen said he welcomed the concession by Morrison on superannuation tax changes.

At the same time, the government made clear it remains committed to the deep spending cuts which the Abbott government put forward but was unable to carry out.

In a major speech last night, Finance Minister Mathias Cormann backed up earlier remarks by Morrison that government finances faced an expenditure not a revenue problem. He noted that there were still $24 billion worth of measures held up by the Senate of which some 80 percent involved spending cuts.

The government has also indicated that it is ready to respond to business criticism that it was too timid on changes to industrial relations, in particular the issue of reducing penalty rates for unsocial hours. On Sunday Resources Minister Josh Frydenberg said that the issue of Sunday penalty rates had to be looked at. The Australian industrial relations system, he said, "cost business" and "cost jobs."

So far the trade union bureaucracy has maintained verbal opposition to changes in this area, with ACTU secretary Dave Oliver declaring that if the government wanted to make the election about working conditions and pay "then we say bring it on" and promising a "fierce campaign."

But this bluster is aimed at covering over the actual practice of the trade union apparatus. Every day the unions work with employers to develop agreements which undermine wages and conditions, as well as carrying through redundancies and job cuts across a growing range of industries and securing "orderly closures," as is the case in the car industry.

Furthermore, the initiation of the summit meeting with Turnbull by the ACTU signifies that the union bureaucracy is out to deepen its collaboration, with both the government and the corporate and financial elites.

This corporatist agenda is being driven by the worsening global economic outlook to which the Australian economy is now fully exposed in the wake of the ending of the mining investment boom and the slowdown in the Chinese economy.

In its latest *World Economic Outlook* report, issued on Monday, the IMF said that the fall in commodity prices and its impact on growth was not just a cyclical phenomenon but had a "structural component as well." In other words, the commodity price drop is not the result of some short-term volatility but the outcome of far-reaching changes in the global economy—the rise of deflationary pressures and the growing tendency to stagnation and even outright recession.

The fall in prices will have a major impact on the Australian government's budget revenue, leading to significant increases in the underlying deficit. A fall in GDP on the scale warned of by the IMF would mean that Australia's growth rate would drop to just 1.8 percent over the next three years, from the level of 2.8 percent experienced from 2012.

Last June, the Australian growth rate was down to 2 percent, compared to 2.5 percent in the first quarter with the investment firm Goldman Sachs predicting it could fail to reach 2 percent for the year, with a one-in-three chance of recession.

It its report, the IMF called for "structural measures" to improve "human capital," increase investment and "unleash higher productivity growth." These are all economic code-words developed in academic and business circles for attacks on wages and working conditions in the name of "reform." They will be at the very centre of the agenda to be developed by the Turnbull government, in collaboration with Labor, the unions and the business and social welfare organisations.