

Australian ex-treasurer spells out corporate elite's agenda

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Joe Hockey, who was Australia's treasurer until Prime Minister Tony Abbott was ousted by Malcolm Turnbull last month, used his valedictory speech in parliament on Wednesday to lay out the economic blueprint that the ruling class is demanding of the Turnbull government.

Hockey has quit his parliamentary seat and is tipped to be soon appointed by Turnbull as the next Australian ambassador to Washington, replacing the retiring ambassador, former Labor Party leader Kim Beazley, in that crucial posting.

The ex-treasurer's departing speech confirmed that Turnbull was installed to carry through not just the brutal austerity measures that Abbott and Hockey failed to deliver over the past two years. Hockey outlined an even more far-reaching dismantling of welfare, health and education, as well as deep cuts to corporate taxes and working-class wages and conditions.

Reiterating his 2012 speech calling for "the end of the age of entitlement," Hockey called for slashing the corporate tax rate from 30 to 20 percent, increasing the rate and coverage of the regressive 10 percent Goods and Services Tax (GST), scrapping wage penalty rates, gutting the welfare system, ending free public education and forcing people to pay to see doctors.

While some media commentators mocked Hockey for urging measures he was unable to impose in office, the underlying message was clear. "Joe Hockey has spelled out the economic policy agenda that Malcolm Turnbull and Scott Morrison [Hockey's successor] need to sell to the Australian people," yesterday's editorial in the *Australian Financial Review* insisted.

Hockey said the Abbott government had begun "ending the age of entitlement in welfare" by abolishing seven different payments and means testing three others, but "there is still a long way to go." He

declared: "It is unconscionable in 2015 to have non-means-tested welfare." Specifically, he called for "co-payments in health, greater cost recovery in education, and universal means testing in welfare."

For the purpose of assisting Turnbull to "sell" his prescriptions, Hockey couched them in terms of making the wealthy pay their own way and ensuring "a sustainable and affordable social safety net for those most vulnerable in the community." Nonetheless, his speech itself made clear the connection between the gutting of welfare and the twin objectives of pushing working people into cheap labour and slashing corporate taxes.

Hockey called for the abolition of wage penalty rates for after-hours working, a step that would cut the pay of many workers by up to 30 percent, and more if they depend heavily on weekend, night-time or public holiday work. "We have a structural imbalance in our workplace relations system," he emphasised. "The current structure of penalty rates is profit murder for small business."

Turning to taxation, Hockey stated that "we must increase and over time broaden the GST" and "lower all income tax" so that high-income recipients and companies "are given more incentive to take risks and receive rewards." As a minimum, he called for "a 40-20-20 rule: 40 percent top personal tax rate at a much higher threshold, 20 percent tax rate for most taxpayers, and 20 percent tax rate for businesses."

A 20 percent company tax rate would reduce federal government revenues by billions of dollars a year, at the cost of social spending. This demand goes well beyond the 25 percent rate already supported by both the Liberal-National Coalition government and the Labor Party opposition. It would match the low rates offered by many governments internationally in what

has become a cut-throat race to attract global capital.

Hockey claimed that his “end of the age of entitlement” address, delivered to a Conservative Party gathering in London in 2012, was the most “influential speech in the last 20 years.” It had “an impact in a number of different countries” and “gave the Labor Party,” then in government, “a leave pass to start to winding back unfair welfare entitlements.”

Hockey’s acknowledgement of Labor’s contribution, which including stripping sole parents of benefits as soon as their youngest child turned six years of age, was part of an appeal for an ongoing bipartisan front. “Of course, the easiest way to achieve these reforms is for bipartisan agreement to be reached and I’m pleased that there is some agreement that is coming through now,” he said.

Labor and the Greens have struck agreements in recent months to back modified versions of pension and family benefit cuts that had been stalled in the Senate since Hockey’s 2014 budget because of intense public opposition to them. That budget also included other blocked measures such as a \$7 upfront fee to see a GP, a six-month wait for unemployment benefits for young people and deregulation of university fees.

To help the Turnbull government and its Labor and Greens partners give the corporate agenda a veneer of “fairness,” Hockey proposed two adjustments to the massive tax handouts enjoyed by the wealthy. “Tax concessions on superannuation should be carefully pared back,” he said, and “negative gearing” of property investment “should be skewed towards new housing.”

In his speech, Hockey referred to the instability and turmoil that has increasingly gripped Australia’s parliamentary order. He said the “revolving door in Australian politics” that produced “four prime ministers and four treasurers in just four years” must be “jammed shut.” The ex-treasurer warned: “That turnover has dramatically weakened the policy hand of whoever occupies the government benches in this chamber.”

Hockey’s remarks point to the underlying crisis confronting the Turnbull government and the entire political and business establishment. For all the efforts of the media and political elite to depict the new prime minister, a multimillionaire former investment banker, as a more “progressive” figure than Abbott, the issue

remains: how to “sell” a program that is inimical to the jobs, livelihoods and basic rights of the vast majority of the population.

On the same day that Hockey spoke, Treasury Secretary John Fraser issued a blunt demand for the cutting of government spending as an “immediate priority.” With world commodity prices still falling, he gave a Senate estimates committee a bleak picture of the global economy. Fraser declared that \$57 trillion of worldwide debt, which had almost doubled since 2007, made it essential to “address Australia’s structural budget problem through greater expenditure restraint.”

Hockey received a standing ovation at the end of his speech. Joining Turnbull in delivering a tribute to the former treasurer, Labor leader Bill Shorten told Hockey that the “spontaneous ovation” should be a cherished memory, marking “the mutual respect of the people who serve here.”

Shorten’s comments were a telling expression of the unequivocal commitment of the Labor Party, and the rest of the parliamentary establishment, to overcoming or suppressing the popular opposition to the dictates of the financial elite amid a rapidly worsening economic situation.



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