

# Business leaders look to Labor Party after by-elections shake Australian government

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3 August 2018

The Australian political establishment is in turmoil after last Saturday's five by-elections across the country revealed deep hostility to the Liberal-National government's big business program.

In the first instance, the outcomes have sent shockwaves through the government, particularly because of the collapse of its vote to less than 30 percent in the seat of Longman, just north of Brisbane, the Queensland state capital.

If the result in Longman, a predominantly outer-suburban working class electorate, were replicated elsewhere at the next federal election, due before May, the government would suffer a landslide defeat.

Public rifts have erupted in the already faction-riddled Coalition government, with some MPs insisting it must drop its signature economic policy—Donald Trump-style tax cuts to hand billions of dollars to the largest banks and corporations operating in the country.

But the by-elections were not just a shock for the government. The substantial votes for populist “third parties” and independents at the expense of the Coalition, the Labor Party and the Greens provided another indicator of the underlying political disaffection with the parliamentary elite.

This is driven by soaring living costs, falling wages, increasingly insecure jobs, inadequate infrastructure and worsening health, education and other essential social services, coming on top of decades of corporate enrichment at the expense of the working class.

Fairfax Media political editor Peter Hartcher warned on Monday of a “great fracturing” and a “subterranean upheaval across Australia's political landscape.”

Confronted by this social and political unrest, corporate executives are clearly preparing to pursue their interests via a Labor government, even though Labor's own vote nationally rose only marginally and

remains at near-record lows.

The *Australian Financial Review* reported on Tuesday that the Labor Party has been swamped with bookings for a two-day business summit next week. Companies will pay thousands of dollars a head for “exclusive access to Labor leader Bill Shorten and his senior economic team.”

Because the Turnbull government set the by-elections for July 28, Labor postponed its triennial national conference, which was scheduled for last weekend. But Labor's leaders made sure that the business briefings, a key feature of party conferences since the 1980s, went ahead.

Party officials are boasting that so many CEOs and other senior executives have registered to attend—more than 100 so far—that a larger venue had to be booked. All the meetings, lunches and dinners will be held behind closed doors, permitting Shorten and his shadow ministers to make their promises to big business without any scrutiny by the working class.

The capitalist elite has become increasingly frustrated by the evident inability of Prime Minister Malcolm Turnbull's government to fully impose its required agenda of slashing taxes on the wealthiest layers of society, gutting social programs and boosting military spending in preparation for war.

Labor was able to cling onto the four seats it previously held, but only by demagogically denouncing the government for favouring “the banks and multinationals.” This rhetoric allowed the Labor leaders to divert attention away from their own pro-business agenda, which includes lucrative tax write-offs, and cuts to health and education funding.

The cynicism of Labor's campaign was underscored by the fact that both Shorten and shadow treasurer Chris Bowen, who were senior ministers in the last

Labor government of 2007 to 2013, have previously advocated similar company tax cuts. Moreover, the Hawke and Keating Labor governments of the 1980s and 1990s cut the company tax rate from 49 to 33 percent—the greatest reduction in history.

The Turnbull government’s proposed multi-billion dollar company tax handout was the centrepiece of its supposed “jobs and growth” economic program, falsely claiming the bonanza would “trickle down” to mean increased jobs and wages. In reality, as seen in the US, tax handouts to corporations will be used to enrich shareholders and executives, particularly via higher stock prices and share buy-back schemes.

Turnbull and his leading ministers depicted the by-elections as a referendum on the tax cut plan. They have been unable to get it through the Senate, because Labor, the Greens and various right-wing populist senators regard it as electoral suicide to vote for the legislation.

Now, according to the *Australian Financial Review*, “the Turnbull government is splintering” over the tax cuts. Treasurer Scott Morrison and Finance Minister Mathias Cormann still maintain that cutting company taxes from 30 to 25 percent remains government policy. However, Turnbull has apparently backtracked, only committing last Sunday to attempting to secure “a competitive company tax rate” rather than to the specifics of the government’s legislation.

Among those publicly suggesting that the government must abandon or water down the plan for the sake of political survival are ex-Prime Minister Tony Abbott, Home Affairs Minister Peter Dutton, whose electorate borders Longman, and Resources Minister Matt Canavan, a leader of the rural-based National Party.

This wavering triggered a vehement editorial in yesterday’s *Australian*, under the headline: “PM can’t surrender core strategy.” Rupert Murdoch’s national flagship warned the government against changing course after the by-election debacle, saying that would shred its economic and political credibility.

“Having foolishly raised expectations and campaigned timidly, some Liberals are talking about raising a white flag on their signature company tax cut plan. This is precisely the opposite response to what is required...If the Prime Minister were to abandon the central pillar of his plan to boost investment and employment he would be seen to be as opportunistic

and cynical as Bill Shorten. It would ruin his authority and undercut his blueprint...What could be said of their conviction on the merits of company tax reductions? Who would believe them again?”

The editorial insisted that the government must go on the offensive by engaging in “brutal day-to-day advocacy” of its economic agenda. However, the large turnout for Labor’s business summit indicates ruling class preparations to again rely on Labor and its trade union partners to stifle and suppress working class resistance as they did under Hawke and Keating, and the last Labor governments of Rudd and Gillard.

Labor’s intimate briefings for business chiefs are not new. At the party’s 2015 national conference more than 100 banking and other corporate executives paid \$10,000 a head to lobby and consult with Labor and trade union leaders, netting the ALP’s coffers about \$1 million.

Similar events are held at the state level. At Labor’s 2016 Queensland conference, Premier Anastacia Palaszczuk and her ministers were joined by Shorten and Labor’s federal transport spokesman Anthony Albanese for 144 cash-for-access meetings with 56 companies, including banks, property developers and coal miners. Executives and lobbyists paid at least \$5,000 each, tipping more than \$280,000 into the party’s coffers.

During the campaign for last Saturday’s by-elections, Shorten declared the choice for voters was between a party of big business and a “party of everyday Australians.”

Nothing could be further from the truth. The Labor Party is not only a thoroughly corporate entity, beholden to the ruling elite. It is fully committed to the US military alliance and Washington’s insistence that Australia must be on the frontline of conflict with China, and to the suppression of anti-war dissent, as demonstrated by its support for the anti-democratic “foreign interference” laws pushed through parliament at the end of June.



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