

Australian Labor Party leader vows to cut taxes for the rich

Mike Head**16 October 2018**

In an interview with Rupert Murdoch's *Australian* last weekend, opposition leader Bill Shorten pledged to extend income tax cuts to the wealthiest layers of society once a Labor government had eliminated the budget deficit.

"We would like to do more reform on personal income tax but the budget has to be sustainable," he told the newspaper, in a front-page interview to mark his fifth anniversary as opposition leader since the landslide defeat of the previous Labor government in 2013.

It was the second such announcement in two days. Shorten and shadow treasurer Chris Bowen had called a media conference on Friday to say that Labor would back the Liberal-National Coalition government's move to fast-track multi-billion dollar tax cuts for companies with annual turnovers of up to \$50 million.

At an "Outlook Conference" hosted by the *Australian* last week Shorten also underscored his support for the wealthy. "Quite frankly, I don't mind how rich anyone is. I don't begrudge anyone their financial success," he declared. At the same time, he warned that worsening social inequality was generating acute class tensions. "The number of people resentful about what they regard as unfairness in this country is a continuously growing number," he told the gathering.

The Labor Party leaders, backed by the trade unions and assisted by the corporate media, are seeking big business support for the return of another Labor government.

Shorten's promises were offered under conditions in which the corporate establishment is increasingly frustrated that the Coalition remains wracked by the divisions that led to the August 24 ousting of Prime Minister Malcolm Turnbull, who was replaced by Scott Morrison.

Above all, the capitalist class as a whole is anxiously preparing for the anticipated economic and political shocks to flow from the economic war launched by the US against China, another looming global financial crisis and the potential collapse of the property bubble that has underpinned the economy since 2012.

Saturday's *Australian Financial Review* editorial warned of the implications for Australian capitalism of US President Donald Trump's aggressive tariffs and other moves against China, Australia's largest export market. Under the headline, "Australia exposed to Trump's trade and markets tirade," it said the dangers were heightened by the fact that "the China boom encouraged households to plough cheap borrowed money into a housing price bubble that is now being deflated."

Comments made by Shorten and Bowen at Friday's media conference lay bare the two-faced character of the campaign being conducted by the Labor Party and its affiliated trade unions in the lead up to the next federal election, which is due to be called before May.

On one hand, they are telling working class voters that a Labor government would end what Shorten calls "brutal unfairness and inequality" and reverse cuts to public education and health. On the other, they are assuring business leaders they can be relied upon to stabilise the political system by containing the discontent.

In a parallel interview with the *Australian Financial Review*, Shorten touted his five-year survival as Labor Party leader, in contrast to the toppling of two Liberal Party prime ministers, Turnbull and Tony Abbott, during that period. Shorten boasted: "We're the party of stability and steadiness."

Shorten said this was important, not only for domestic reasons but to strengthen the US alliance as

the tensions intensified with China. “The Americans have now had three Liberal prime ministers in five years,” he said. “If we form a government they’ll have one Labor prime minister.”

For all Labor’s posturing about “fairness,” its embrace of the government’s tax cuts means handing billions to business operators and high-income households at the inevitable expense of social spending, including on schools and health services.

Prime Minister Morrison moved last week to bring forward by five years a company tax cut from 30 percent to 25 percent for “small and medium-sized” businesses, to commence in 2021, at a cost of \$3.2 billion. Within 24 hours, Shorten and Bowen announced that a Labor government would do the same.

By further promising income tax cuts for the wealthy, Shorten indicated Labor’s readiness to also match the government’s seven-year plan, announced in the May budget and pushed through parliament in June. This means cuts of \$8,350 a year by 2024–25 for those with household incomes of up to \$300,000 a year.

Far from opposing “brutal unfairness and inequality,” Labor governments have spearheaded the slashing of corporate and high-income tax rates. It was the Hawke and Keating governments of the 1980s and 1990s, working closely with the unions, that began the restructuring of Australian capitalism to make it “internationally competitive” at the direct expense of the working class.

Those Labor governments reduced the company tax rate more than any other government in Australian history—from 49 to 33 percent—and likewise cut the top marginal tax rate from 60 percent to 49 percent.

In line with that historical record, Shorten and Bowen are seeking to out-bid the Coalition in their commitment to the financial elite. At Friday’s media conference, they said Labor would provide company tax cuts in a “more fiscally responsible way.” Bowen accused the government of “throwing budget responsibility to the winds.” He said Labor would pay for the cuts by delaying the rollout of its promised “Australian investment guarantee” by 12 months.

Labor’s “investment guarantee” would allow all companies, including the banks and other large corporations, to deduct from their tax 20 percent of the cost of new assets worth more than \$20,000. Bowen

said Labor was making “a better tax offering to businesses than the government: the same headline rates ... but the Australian investment guarantee as well.”

These promised handouts to business demonstrate the fraud of Labor’s claims to be tackling inequality. On October 6, Shorten unveiled Labor’s election manifesto—a five-point “fair go action plan” focusing on health, education and the soaring cost of living.

In his speech to the *Australian’s* “Outlook Conference” however, Shorten revealed the fear of an eruption of working class unrest that is behind Labor’s cynical posturing. “Too many Australians are at the wrong end of the prosperity equation,” he warned. “Too many feel that the wealthy and the powerful get the best of the deal, the best healthcare, the best education, in fact, the best of everything... And at the moment people see politics as part of the problem, not the solution.”

The *Australian’s* editor-at-large Paul Kelly commented: “Shorten and Bowen came to the Outlook Conference selling two messages: they are economic reformers and they have a campaign strategy that enshrines fairness.”

In other words, the task of any Labor government and the trade unions would be to contain and suppress the working class while they intensified the decades of “economic reform.” Such reform has already left millions of workers and youth finding it increasingly impossible to live, while enabling the super-rich to amass unprecedented wealth.



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