

Australian Labor MPs push for huge tax cuts for wealthy

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A growing number of Labor members of parliament are reportedly calling for the party to vote for the Liberal-National Coalition government's planned income tax cuts for the rich.

According to the corporate media, this is the next "test" of recently-installed party leader Anthony Albanese's explicit pro-big business program.

Under the government's three-stage tax plan, from July 1, 2024, individuals receiving more than \$180,000 a year would benefit by an estimated \$33 billion over five years. The lion's share—\$26 billion—would go to those on more than \$200,000. Households on combined incomes of up to \$300,000 would benefit by some \$8,350 a year.

The wealthiest layers of society would enjoy the biggest tax handouts since the Hawke and Keating Labor governments of 1983 to 1996, which slashed the top income tax rate from 60 percent to 49 percent, and the company tax rate from 49 to 33 percent.

In addition, the Coalition's plan would be a major step toward a regressive "flat tax" regime, introducing a new low rate of 30 percent for all incomes between \$40,000 and \$200,000.

The media-backed push by Labor MPs to embrace the government's plan is completely in line with Albanese's sharp shift of the Labor Party further to the right since its devastating election defeat on May 18.

Handing a tax bonanza to the financial elite would be a central component in Albanese's program of backing "wealth creation," supporting "successful" people, cementing a closer partnership with big business and forging bipartisan unity with the Coalition.

At least one shadow cabinet member, Joel Fitzgibbon, is among those pushing for acceptance of the tax handout when Albanese convenes a "snap" shadow cabinet meeting next Monday to discuss the

issue.

As the Socialist Equality Party (SEP) warned, the phony "fairness" pitch of Labor's election campaign would be ditched, whether Labor formed government or not. For decades, Labor has spearheaded a corporate offensive against the working class, in close collaboration with the trade union apparatus.

Under the banner of "international competitiveness," Hawke, Keating and the unions launched an endless drive to shift the tax burden onto the backs of the workers. This paved the way for the introduction, by the Howard Coalition government, of the 10 percent goods and services tax in 2000, hitting working class households the hardest.

Capitalist governments around the world, with the Trump administration currently leading the way, are repeatedly slashing corporate and high-incomes taxes. They are competing with each other to satisfy the financial markets and attract lucrative investment, while spending billions on their militaries and dismantling essential social programs, such as public health care, education and housing.

The Coalition government's three-stage tax plan would take this process further. Stage 1, promised for this July 1, consists of a three-year tax "offset" of \$1,080 for people on incomes of \$48,000 to \$90,000—not even enough for a daily cup of coffee. Those on less than \$48,000 would get nothing.

Stage 2, due in 2022–23, would increase the 19 percent marginal tax threshold from \$41,000 to \$45,000, and the 32.5 percent threshold from \$90,000 to \$120,000.

Stage 3, from July 2024, would reduce the 32.5 percent rate to 30 percent for all incomes between \$45,000 and \$200,000. The top marginal 45 percent rate would apply to incomes above \$200,000, rather

than the existing \$180,000.

These shifts would flow through to all those on more than \$200,000, giving them the biggest benefits. The “marginal” rates apply only to income earned above the thresholds. The wealthiest households also employ income-splitting and tax evasion mechanisms to reduce their taxes.

The corporate media is ramping up its demand for this tax bonanza. Unnamed “Labor frontbenchers” told the *Australian* that a “critical mass” was emerging within Labor’s parliamentary caucus and “senior ranks that believed the government should be afforded a mandate on the tax cuts.”

This “mandate” claim is entirely spurious. The Coalition’s election campaign, which was based heavily on false claims that its tax plans would benefit ordinary people, saw its vote fall by nearly 1 percent, down to 41.5 percent, and even lower in the Senate.

Prime Minister Scott Morrison’s government barely scraped back into office via preference votes from far-right parties, which exploited deep discontent through fake “anti-elite” demagoguery. Labor’s vote declined even more than the Coalition’s because many workers, based on decades of bitter experience, did not believe its bogus “fair go” rhetoric.

About 15 percent of enrolled voters either abstained or cast an informal ballot, so the Coalition was elected with only 35 percent support.

Labor’s final position on the Coalition’s tax plan must be determined before parliament resumes in early July. According to media reports, Albanese wants to back the government’s multi-billion dollar handouts but some Labor MPs are terrified of a popular backlash.

All of them, however, have dropped the “fairness” façade of the election campaign. Those baulking at stage 3 of the plan say it would be fiscally “irresponsible” to lock in, five years in advance, billions in foregone tax revenue when the economy is slumping. Secondly, they say high-income households would not spend their tax cuts, so there would be a negligible “economic stimulus.”

In other words, the only concern within the Labor Party is the impact of a rapidly emerging recession on corporate profits, not the ever-worsening financial straits of working-class households and widening social inequality.

While the government is planning to hand the

wealthy tax cuts worth \$304 billion over the next decade, and spend more than \$200 billion on military preparations for war, an economic reversal is underway that inevitably will mean deeper cuts to social spending.

A six-year property bubble has burst, real wages have fallen since 2012, and spending by heavily-indebted households is evaporating. In per capita terms, a recession has been underway already for the past nine months. The Reserve Bank of Australia is set to cut official interest rates to a record low of 1 percent in a desperate bid to halt the slide.

The Coalition could push its tax plan through the Senate, without Labor’s support, by horse-trading to secure four votes from minor parties. So far, government ministers have ruled out such deals, preferring to appeal to Labor for a bipartisan front.

Thursday’s *Australian* editorial reinforced this message, declaring that if Labor tried to block stage 3, it would “make a mockery of Mr Albanese’s post-poll statements in support of personal aspiration and wealth creation.”

These developments confirm the warning made in the Socialist Equality Party’s election statement: “Whatever government emerges after the election will intensify the attacks on living standards and social conditions, accelerate the evisceration of democratic rights and collaborate in the drive to war.”

As the SEP explained: “The vital issue facing the working class is not the futile attempt to change the mindset of the ruling elites through the ballot box, but the development of its own independent political movement for socialism, to abolish the profit system, the source of all the social ills and political dangers it confronts.”



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