

Gillard shovels dollars to the mining monopolies

by *Bill F.*

The deal with the three biggest mining monopolies has now well and truly exposed the fact that the country is dominated by powerful multinational corporations which can dictate government policy.

It's not just cranky Communists saying this. Even the monopoly media journalists and academics are expressing the same conclusion, although they see it only in terms of Gillard's political pragmatism and opportunism in the face of a coming election. Nevertheless, it is worthwhile looking at what they are saying.

According to Mathew Murphy in the *Age*, the new Mineral Resource Rent Tax (MRRT) is a "major political cave in by the government."

He goes on to record the details, "A reduction in the headline tax rate from 40% to 30%. An uplift in where that tax kicks in from being at around 6% to a more generous level of around 12%. And exempting all other commodities except iron ore and coal, the projects being allowed to transition into the MRRT at market value and not at the previously proposed book value ...

"The new deal will see the government receive \$1.5 billion less than what it had booked into its forward estimates it has still managed to offer a cut to the company tax rate (albeit a 1% cut to 29% instead of the 28% originally promised)."

The MRRT deal now applies only to coal and iron ore, meaning that only 320 or so companies are affected, rather than the 2500 under the original tax scheme.

The tax will not be applied until July 1st 2012 and the implementation will be prepared by a "policy transition group" chaired by former BHP chairman Don Argus and Resources Minister Martin Ferguson. (Standby for more concessions!)

Ross Gittens in *WA Today* notes that, "It's now clear to all that governments daring to take on the mighty mining industry can expect to lose. The big miners have won their fight against the emissions trading scheme, and now they'll be seen as achieving major concessions in the attempt to make them share with the owners of the resources a larger proportion of the windfall gains from the resource boom. These guys are giant-killers. They saved themselves \$1.5 billion over the first two years – and probably a lot more in later years – at the price of an advertising campaign estimated to have cost just \$7 million.

They prove that if you're big enough, rich enough and aggressive enough, you can push around the elected government of Australia. This Labor government has always been afraid of big business and now its drubbing at the hands of three big companies will deepen that fear."

A history of tax-dodging

David McNight, Associate Professor at the University of New South Wales, contributed an *Age* article in which he says, "Between the year 2000 and the past financial year, mining profits increased by \$80 billion – but the government's tax take only rose \$9 billion, according to Treasury. When the income of ordinary taxpayers rises, so does the tax rate. Not for miners. Moreover, much of the fabulous wealth is repatriated overseas since most of the big players, including BHP – once the "Big Australian" – are foreign owned."

He goes on to record events in recent history when the mining monopolies have exercised their power.

"The recent tax scare follows concerted action by the mining lobby against action on climate change that would have reduced the burning of oil and coal. ... In 1974 the Whitlam government commissioned the Fitzgerald report into the minerals industry. This found that most mining companies simply made no net contribution ... Ten years later the corporate miners challenged the Hawke government when it proposed Aboriginal land rights. TV ads showed a black hand building a wall across Australia to deny ordinary Australians the right to travel and dig minerals. The government backed down. ... Later, the mining lobby bitterly fought the implementation of native title laws that arose from the High Court's Mabo decision."

The extent of the Gillard back-down has also been revealed in an article by Tim Colebatch in the *Age*. It highlights a Treasury paper released a day or two after the deal was stitched together.

"... it finds that even in 2007-08, the miners earned 24% of company profits, but paid only 14% of company taxes. It blames this disparity on 'generous' tax breaks including immediate deductions for exploration and some infrastructure spending, and generous depreciation rates for plant and equipment."

National interests

Former Reserve Bank Governor Bernie Fraser summed things up well, "But when you allowed for the

Editorial

More experience of ALP is needed

How to vote in the 2010 Federal elections is occupying people's thinking at different levels and degrees. Parliamentary elections hide the reality of whoever is elected will merely continue as an Executive Committee whose primary role is efficient administration of capitalism and the imperialist control of Australia.

In the present conditions, the main issues are what would serve the interests of the working class and people and assist the development of mass consciousness to break the strangle hold of social democracy (ALP) over the people. Experience is the greatest teacher. Whichever party wins the elections, struggles will inevitably continue, and escalate.

With Liberals in office the focus of struggle will renew illusions and breathe new life into the ALP and direct struggle to its election into government again. With Labor winning, deeper experience and exposure of the ALP government will help workers and the people to break from dependency on social democracy.

Of all the parliamentary parties, the ALP traditionally draws widest support from the working class. This is not surprising given the ALP historically arose from the struggles of Australia's working class and the union movement. This enabled it to keep up the pretence of speaking for the working people. From time to time, it took a more progressive stance on a variety of social, environmental, legal and foreign policy matters. But these few progressive policies of the past, important as they were at the time, were never championed by the ALP in a mass way and quickly abandoned at the slightest murmurings of disapproval by the ruling class of big business corporations.

This is because the ALP is a party of monopoly capitalism in Australia. In the recent period, ALP governments paved the way for the most reactionary assaults on the working class, wholesale privatisation of public assets, opened up Australia to neo-liberal policies of imperialist globalisation, destroying Australia's manufacturing industries.

In spite of all this, the ALP still draws strong support from most workers and working people, who hope against all hope that a change in politicians will somehow turn things around. This is why the ALP is such an important instrument for the ruling class of monopoly capital, in confining the working class to the exploitative system of capitalism.

The three years of Rudd/Gillard government have deepened disillusionment with the ALP, particularly amongst ordinary workers and working people. Yet, there is still a reliance and clinging to the ALP. As long as illusions about the ALP persist, the people won't be able to move beyond the merry-go-round of two major parties and parliamentarism.

Marxism recognises material conditions, including experience and struggle, as the strongest factors in determining human thinking. More and deeper experience of the ALP in office will help expose its true character of serving monopoly capital above all else. No amount of talk or words on paper, on their own, will convince the people.

No doubt there will be a reaction against Labor in these elections. Some predict a strong swing to the Greens. We won't discount that such a swing would be a positive development in that working people need to move on from their traditional loyalty to Labor. It would assist the accumulation of political experience at a time when there is a mood to reject Labor whilst maintaining a belief in the bourgeois parliamentary process.

25% extraction rate allowance, which reduces the 30% down to 22.5%, that's a sell-out to me," he said. "... amazes me frankly how any alternative prime minister or alternative government can put the vested interests of big mining companies ahead of the national interests of this country. Whoever has sort of really devised that line really has rocks in his or her head."

The national interests are the interests of the great majority of the Australian people, especially the working class and other working people such as small farmers and producers.

They want to see the natural resources of Australia used responsibly to build a better future for all, not just a few greedy monopoly capitalists and their local collaborators.