

Money and Power: How much is too much for corporate Australia?

Reading *Between the lines* this week:

1. Big business behaving badly
2. Well resourced: The influence of the resources sector on the mining tax and CPRS debates
3. The hand that feeds—corporate donations and political parties
4. Events

## 1. Big business behaving badly

Putting aside a soporific election campaign, many of us treasure the right to vote. We might feel we have little influence over government decision-making, but at least we get a chance to pronounce judgement every three years.

Except that we don't—not like we used to. Because in this election, the voice of the citizen is being drowned out by the clamour of another constituency that doesn't rate a mention in the constitution: big business.

Recent events have shown how much the interests of corporations now dominate the political process. Mining companies mobilised more quickly than government to challenge the resource rent tax, and effectively brought down a Prime Minister.

Last year, constant pressure from the carbon lobby turned an emissions trading scheme into little more than a compensation scheme for big polluters. The argument over the watered-down legislation then brought down an Opposition Leader.

But more on that later.

We live in a society—and a world—where the power of corporations is much greater than that of 'ordinary' people. Corporate power can readily be seen in our homes, our workplaces, our public spaces and our national debates.

Most often we just accept this state of affairs, but that doesn't mean we like it. In a survey of 1,360 Australians conducted by the Australia Institute, four in five people agreed that 'big business has too much influence over everyday life' and that 'big business has too much influence over government decision-making.' Meanwhile, only one in four agreed that 'it is acceptable for big business to influence the political process'.

The public clearly wants government to do something about the degree of power that corporations enjoy in Australia. 70 per cent of survey respondents said that there should be more regulation of big business, while only four per cent said there should be less regulation. When asked what kind of regulation this might be, they typically nominated more protections for consumers, workers and the environment.

For decades, the public has been subjected to corporate waffle about 'innovation', 'competition' and 'choice', often from the mouths of politicians. Inasmuch as these terms mean anything at all, they have been code for the need to deregulate markets and privatise public assets. Strangely enough, such developments have usually favoured big business over ordinary people.

It is time to wrest back some of the power that corporations have acquired at our expense and put it back where it belongs: in the hands of the people.

**Register now for the Money and Power Conference this Friday 6 August in Sydney, featuring Bernie Fraser as keynote speaker. This event, convened by The Australia Institute and Catalyst Australia, will examine the influence of big business on our society, our economy and our political systems.**

Register here <http://www.catalyst.org.au/catalyst/events/43-events/325-money-and-power%20-conference-2010>

## **2. Well resourced: The influence of the resources sector on the mining tax and CPRS debates**

Under former Prime Minister Kevin Rudd the mining industry faced a large increase in taxes with the proposed Resource Super Profits Tax. The 'original' RSPT would have raised an estimated \$9 billion in taxes per annum; the actual figure was probably twice this amount. Subsequent events are well known: an intense lobbying and advertising effort by the mining industry—the biggest of its type Australia had ever seen—with the result that the mining tax became one of the 'messes' that had to be cleaned up prior to the election. It was cleaned up by replacing the Prime Minister; the new PM then negotiated concessions for the mining industry and in return secured their agreement to cease the advertising war.

Miners were also instrumental in sinking the Carbon Pollution Reduction Scheme. Mining uses an incredible amount of energy. Energy costs account for up to 16 per cent of the value of mining output in Australia. So any price on carbon represents a severe threat to mining companies' profits. The Minerals Council of Australia complained about 'massive new costs to mining activity in Australia' and published estimates of job losses. Its claims were vastly overstated; they claimed 66 000 jobs would be lost when total employment in mining is only 179 000. It was ludicrous to suggest that over a third of employment was at risk.

Yet the huge lobbying and advertising effort was money well spent: it replaced an Opposition Leader who would have brought political consensus on pricing carbon, and gave succour to a revitalised Opposition determined to oppose a carbon price. And the longer that the minerals sector can keep operating without needing to contribute to the costs of its pollution, the more profit it makes.

The arguments over the mining tax and the CPRS have set a dangerous precedent in this country. They demonstrate that corporations with enough power can effectively dictate to government what level of tax they are prepared to pay. This is a prerogative that no mere citizen enjoys.

### 3. The hand that feeds—corporate donations and political parties

Opposition Leader Tony Abbott recently held a gala fundraising dinner at the Warringah Club in Sydney. For a modest \$220 a plate, people could meet Abbott, hear radio personality Alan Jones entertain the crowds and participate in the usual fundraising raffle and auction at the event.

Soon after becoming Prime Minister, Julia Gillard flew to Brisbane to attend an intimate fundraiser for the ALP for which those attending paid \$5,500 a head.

Like many important issues in this election campaign, electoral funding has barely rated a mention. Yet fundraisers such as these provide certain individuals with access to politicians that regular voters rarely get. And the problem is made worse by the fact that under current legislation it is almost impossible to find out who participates in these fundraisers.

With the recent mining tax and CPRS debates showing just how much sway big business has over our elected representatives, it is imperative for a healthy democracy that electoral funding reform is pushed to the top of the list of priorities. Sadly, with the current situation of benefit to both major parties, it's unlikely the bipartisan silence on the issue will change.

**This edition of *Between the lines* has examined the level of money and power corporate Australia currently has over our society, our economy and our political systems. The Australia Institute seeks to balance that influence through our research. If you'd like to help the Institute have more money and power please consider donating to our Research Fund. If you've just received your tax return and would like to recycle some of it into a tax deductible donation, please go to <https://www.tai.org.au/index.php?q=civicrm/contribute/transact&reset=1&id=4>**

### 4. Events

For our ACT members and supporters, please join us at the Vote Climate—Politics in the Pub with your Senate candidates evening on Wednesday, 11 August.

Speakers: Senator Kate Lundy (ALP), Senator Gary Humphries (Lib) and Lin Hatfield Dodds (Greens).

The speakers will debate their views on climate change and the policy commitments of their parties.

5.30 for 6pm start

Wednesday 11 August

The Canberra Club, 45 West Row, Civic

For more information contact Rebecca Horridge on 0406 375 401

### Recent publications

R Denniss and D Richardson, *Why a carbon tax is good for the hip pocket*, 1 August 2010. Available at: <https://www.tai.org.au/index.php?q=node%2F19&pubid=773&act=display>

#### **Recent media**

For the love of profits: Australia's skills shortage, Richard Denniss, ABC *The Drum Unleashed*.

Available at: <https://www.tai.org.au/index.php?q=node%2F19&pubid=772&act=display>

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