

## **An Independent and Sovereign Australian Economy**

**The following economic statement by Spirit of Eureka is predicated on the undeniable fact that the Australian economy has deliberately developed in an uneven manner into a dependent capitalist, vassal state. From colonial unsettlement by the British to the current economic domination by the United States the Australian economy has been designed to serve foreign economic interests. The concomitant of this economic distortion is the creation of an Australian military that serves primarily our economic masters endless foreign wars. This statement attempts to address the economic issues that confront the Australia People and proposes a program to extract the country from the clutches of foreign ownership and control, particularly US military influences. Our defence and economy must be based on the strategy of guaranteeing Australia's Independence.**

### **Introduction**

The reoccurring crises of capitalism (e.g. 2000 Dot.Com crash, 2008 GFC/Sub-Prime Mortgage collapse, and the 2020 Covid-19 Pandemic economic crisis) demonstrate how unstable and exploitative the capitalist market is. It inflicts hardship and destitution on workers whilst further enriching giant corporations and the rich. Over the past few decades Australia has lost sizable and vital areas of local manufacturing, leaving Australia precariously dependent on overseas supply chains. In addition, foreign owned corporations dominate the remaining biggest sectors of our economy and hold majority ownership of many major 'Australian' based businesses. This sees wealth generated here from Australian workers and the country's resources being repatriated overseas through scams such as profit shifting and tax evasion. All this lays bare the fact that Australia is a dependent economy dominated by multinational corporations and foreign interests, in particular the United States.

### **What exists currently in Australia**

The Australia economy operates on the basis of economic growth for the purpose of producing profits for the business class. Continual economic growth is a flawed paradigm. It leads to crises of overproduction, where in a sea of plenty there is widespread poverty and immiseration. It is not only a tyranny that causes massive poverty and insecurity but also environmental catastrophes and wars, as we are currently witnessing around the world. It's a road to a disastrous future that humanity needs to get off. The peculiarities of economic growth in Australia is one where foreign corporations and multinationals overwhelmingly dominate and run the nation's capitalist system.

The major ownership of Australia's 20 biggest companies is by US investment<sup>i</sup>. Total US investment exposure in Australia is valued at A\$984 billion and is more than 40 per cent larger than the second-largest total investment exposure in Australia belonging to the United Kingdom at A\$686 billion. On paper US firms added A\$71.6 billion to Australia's GDP<sup>ii</sup>, however, multinational firms have considerable skill at tax evasion and profit shifting. Therefore, a huge proportion of this amount would be returned to the US. "Analysing the US investment footprint in Australia from a firm-level also makes clear that the average US firm has more employees, spends more on business investment and has a greater economic impact than both Australian firms and foreign firms in Australia that are not US-owned."<sup>iii</sup>

### **Re-Build Australian based manufacturing industries**

There is a critical need to overcome the current sovereign risk that has resulted from Australia's de-industrialization. The following steps need to be undertaken:

- Reduce foreign ownership - foreign ownership of Australian enterprises and resources must be reduced to keep the sovereign wealth in the country. Australian based foreign owned corporations need to be strongly regulated both commercially and taxation wise. Their commercial behaviour needs to be supervised by a resolute APRA (Australian Prudential Regulation Authority), which presently is a timid paper tiger and needs more legal teeth to police multinational transgressors. The ATO (Australian Tax Office) needs to be given the legal teeth to tax foreign multinationals heavily, put a stop to their tax evasion and depreciation offsets. "Norway has a 51 per cent tax on petroleum-related income, on top of the 27 per cent income tax. That amounts to a whopping 78 per cent total tax rate."<sup>iv</sup> It is outrageous that most foreign corporations pay no company tax in Australia.

- However, foreign entities may participate in the economic development of Australia under strict guidelines in the following areas:

- Technology transfer where Australia does not possess vital technology it requires

- Value adding to extractive resources instead of wholesale plunder and export of raw resources. Mining will occur in a controlled and planned manner in order not to deplete these resources which may be needed in the future.

### **Economic policy will focus on nationalisation and specialisation**

- Consequently, all key big manufacturing industries (especially multinationals) should be NATIONALISED and run for the benefit of the Australian people, not the profit margins of the multinationals.

- Medium and small enterprises be given preference for government procurement and investment assistance on the guarantee they provide decent pay and conditions to their workers.

- Economic policy will mandate that enterprises will provide secure and satisfying employment and not devastate the communities they operate in. Their profits will not only be reinvested into plant and equipment but will also cover costs such as workers child care, health etc.

- Creation of an advisory body comprising representatives from people's organisations, unions from different sectors of the economy, CSIRO, the tertiary education sector and experts from various industries which will steer the implementation of a new era in Australian manufacturing.

- Divesting from the military industrial sector that cements interoperability with the US and NATIONALISE foreign (essentially US) weapons manufacturers' production facilities in Australia. Redirect a substantial portion of the current military expenditure into supporting the welfare needs of Australians and industrial production of commodities required by the people for their day to day lives. An alternative military industry should be government run and exist solely for the legitimate defence of Australia and not for offensive military use. A good example of this approach is the submission from the Australia Institute/Centre For Future Work, "The economic and social benefits of an active ship building strategy" to the Senate Economics References Committee Inquiry into Australia's Sovereign Naval Shipbuilding Capability (submission 17), December 2019. This document lays out an astute plan for a self reliant and self sufficient maritime building industry.

- Reinstating adequate funding to CSIRO and Universities to enable the vital innovative research required to ensure that Australia's industries and technology keep abreast and move into the future. Universities should not be about how many international bums on seats they can get.

- Re-establishment of an Australian shipping line - We have seen the cost of closing down an Australian shipping industry. It is inexplicable being an island nation that Australia is totally dependent on overseas run shipping lines to transport goods and products into and out of the country. This makes Australia vulnerable during a pandemic, shortage crises and wars.
- Energy production must stay here and belong to Australia - Gas, petroleum, and similar resources should be government-owned and run for the benefit of the Australian people. It should be extracted, refined and stored in the country so Australia is not dependent on another country's energy supplies or foreign flagged vessels to supply us with fuel, an insecure situation when a crisis or war occurs. Presently, Australia has approximately a 90 per cent oil import dependency.<sup>v</sup> In spite of International Energy Agency requirements to have a minimum of 90 days-worth of fuel reserves on hand, Australia has very limited oil and gas stockpiles (22 days' worth of crude oil, 59 days of liquefied petroleum gas (LPG), 20 days of petrol, 19 days of aviation fuel, and 21 days of diesel) leaving Australia with no fuel security.<sup>vi</sup>
- Nationalise Essential Services - Electricity, Water, Public Transportation, Public Housing, Health, Pharmaceuticals, Education et al be wholly publicly-owned and run. The management of these utilities would not only be overseen by specialists but also have workers and community representatives. It is critical that these essential services/utilities are owned by the Australian government to guarantee that every citizen can receive these services as a human right. Currently many Australian people are denied these services due to financially speculative investments resulting in exorbitantly over-priced products and services.
- The establishment of machine tool manufacture industry. Machines that make machines is crucial for an economy to be self-sufficient and independent.
- Industrial processing of our own minerals, especially rare earth minerals, as opposed to just exporting these ores overseas to be value added there. By value adding locally we keep more of the wealth accrued from our resources.

### **Finance Capital and Banks**

Currently the Big 4 banks, the Commonwealth, Westpac National and ANZ are majority owned by US investors. This poses sovereign risk to the nation because overseas investors can determine our economic policy to the disadvantage of the Australian people. There is a crying need for a financial system that serves ordinary people. These big banks are notorious for imposing excessive credit card charges, ATM charges, fees for no service, reprehensible financial advice (e.g. margin loans) and excessive profiteering through charging customers high interests on loans but paying them low interest on their savings accounts.

The advantage of public banks is to provide financial services with reasonable user fees because they are not seeking to maximise profits for their shareholders. Currently banks play a regressive role in the escalation of house prices by providing loans to speculators/developers. By ceasing such loans public banks would stabilise house prices thus making it more affordable for people to purchase a house to live in. Another advantage of public banks is the financing of infrastructure projects.

Before it was privatised between 1991 and 1996 the Commonwealth Bank provided these services<sup>vii</sup>.

The big banks should be nationalised to carry out these functions.

However, ownership of community banks and credit unions will be kept by their members.

The Australian Government should take control of and decide the country's foreign exchange rate. The so-called independence of the Reserve Bank of Australia ought to cease and the government should set bank interest rates. This will take the floating of the Australian dollar and bank interest rates out of the hands of the international money market and give control back to our nation. Presently US and Western financial interests use floating exchange rates and bank interest rates set by the 'market' to dictate what happens in the Australian economy for their benefit not ours.

### **A Sustainable Economy for Australia's Future**

Under the present capitalist system, the Earth has been pushed to climate crisis. Our heavily lopsided fossil fuel-based export economy means Australia has been a sizeable contributor to the global crisis. The economic policy of a future independent Australia must place a major emphasis on the establishment of renewable energy enterprises and sustainable manufacturing. This is imperative to avert the worst-case scenario of the climate crisis and provide a future worth living for the Australian people.

### **Funding the Shift**

The move to a sustainable future economy will require Australia's vast mining and fossil fuel resources (iron ore, gas, coking coal, rare earth minerals, aluminium etc) to be nationalised and brought under control of a planned economy and transition. They cannot be left in the hands of multinationals whose only interest is the creation of ever larger profits which end up overseas. The revenue gained from these nationalised resources can then be invested into establishing sustainable and green manufacturing technologies carried out by something like a Sovereign Wealth Investment Fund. Under the current situation, Australia is missing out on billions of dollars a year through tax arrangements and legal loopholes that benefit the multinational corporations and assist them to shift profits overseas without paying tax here. For example, it is estimated the Australian's government petroleum resource rent tax revenue will bring in just \$1.15 billion for the 2020 financial year. By comparison, Qatar, which holds a direct stake in its resource companies and exports about the same amount of gas as Australia, is said to have got more than \$20 billion in 2018.<sup>viii</sup>

The massive amounts of money in superannuation funds should also be used to help fund this transition. These funds are expected to rise from the current \$2 trillion, to over \$10 trillion in the next two decades and will account for 60 per cent of investment in the Australian Stock Exchange.<sup>ix</sup> Wouldn't superannuation, which is worker's money set aside for retirement, be better invested in creating a sustainable future in which workers could actually look forward to retiring into?

### **Renewable Industries and Manufacturing**

Renewable component manufacturing – from solar panels to large-scale wind, solar and hydrogen plant machinery and towers – can play a major role in reviving manufacturing in Australia and creating thousands of jobs. The aim is to meet both domestic and export demand. Globally, the demand for renewables can only grow but like so many new industries, it requires a continuation of government support. Technical education must be revived and refunded by both state and federal governments, rather than being run down and privatised. Schemes and agencies such as the Renewable Energy Target and the Clean Energy Finance Corporation are either being allowed to lapse or actively being suppressed, at the behest of the fossil fuel corporations. This must stop.

A strong emphasis should be placed on the local manufacture of proven transport technologies such as electric vehicles, very fast electric trains etc. Major investment in a vast network of reliable and energy efficient public

transport is crucial to get away from a heavily reliant fossil fuel-based car and road network whose carbon emissions are a major factor for the climate crisis.

Importantly, this transition should not come at the expense of workers currently employed in fossil fuel extraction industries. Workers in those industries should be given the opportunity and priority to retrain and move into the new sustainable industries that will replace them.

The purpose of a new manufacturing sector in Australia will be to meet equitably human needs and create a sustainable economy that reduces the exploitation of the environment. Rampant growth for the sake of increasing profits to service the capitalist class needs to be replaced.

### **Workers' Rights and Industrial Democracy**

A new future economy requires a new industrial relations system - one that places working people, who produce the wealth and profit of society, at its heart. Some of the things this would involve might be:

- Abolition of the Fair Work Act and the current system of Enterprise Bargaining which doesn't work and is designed to benefit the bosses and impede workers democracy. Workers are treated as commodities to be 'bought and sold' on the free market. Workers and their unions should be given the right to collective bargaining to develop a socially accepted standard of living independent of market participation. <sup>x</sup>
- Abolition of anti-union laws - such as the ABCC and Secondary Boycott provisions that prohibit solidarity strikes with other striking workers etc.
- The legal right to organise and strike - this right allows workers and their communities to campaign and improve their standard of living
- The legal right to organise and strike by workers and their communities for social justices and solidarity causes - which is presently denied by the Enterprise Agreement legislation. i.e. the legal right to strike to opposing environmental destruction, imperialist wars, campaigning for public housing etc.
- End the exploitative use of temporary working visas such as 457 visas which are designed to increase the exploitation of temporary and migrant workers
- In the current recession, likely to last for years, payments of income supplements to low-income workers, the unemployed, pensioners and others should be maintained and increased. Apart from the absolute need to support people in hardship, such payments sustain economic activity much more than tax concessions to corporations or the wealthy. The latter mostly go to dividends or savings: the former are nearly all spent.
- Unemployment and underemployment be eliminated - socially useful work offered to all. Crises such as pandemics will see the implementation of a universal income protection plan.
- The benefits of technology and the improvements in productivity should not only go to achieving profits but to reducing working hours and improving workers' living standards and ways of life.
- When corporations are looking to go off-shore the Federal government must intervene and offer those workers who are going to be displaced to take it over. Financial support will be offered to those workers who are willing to run and keep the business here.
- Where workers want to establish worker-run cooperative industries there should be no hindrances placed in their way. Legislation obliging banks and the finance industry to provide start-up funds to get them up and running should be enacted. In particular, both Federal and State governments should nurture and be supportive of such efforts by offering grants and very low interest loans. In fact, this form of enterprise run by workers on industrial democracy principals, should be actively encouraged and over

time, replace much of the existing corporate model which is based on a top down approach devoid of democracy and workers involvement in workplace decision making.

## References

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<sup>i</sup> <https://theconversation.com/worried-about-agents-of-foreign-influence-just-look-at-who-owns-australias-biggest-companies-123343>

<sup>ii</sup> <https://www.ussc.edu.au/analysis/the-role-of-us-innovation-in-securing-australias-economic-future>

<sup>iii</sup> <https://www.ussc.edu.au/analysis/the-role-of-us-innovation-in-securing-australias-economic-future>

<sup>iv</sup> <https://thenarwhal.ca/norway-s-oil-savings-just-hit-1-trillion-alberta-has-17-billion-what-s-gives/>

<sup>v</sup> [https://d3n8a8pro7vhmx.cloudfront.net/muanational/pages/19382/attachments/original/1543790706/2018\\_MUA\\_fuel\\_security\\_summary.pdf?1543790706](https://d3n8a8pro7vhmx.cloudfront.net/muanational/pages/19382/attachments/original/1543790706/2018_MUA_fuel_security_summary.pdf?1543790706)

<sup>vi</sup> <https://theconversation.com/australias-fuel-stockpile-is-perilously-low-and-it-may-be-too-late-for-a-refill-96271>

<sup>vii</sup> [https://en.wikipedia.org/wiki/Commonwealth\\_Bank#Foundation\\_\(1911%E2%80%931919\)](https://en.wikipedia.org/wiki/Commonwealth_Bank#Foundation_(1911%E2%80%931919))

<sup>viii</sup> <https://theconversation.com/in-the-midst-of-an-lng-export-boom-why-are-we-getting-so-little-for-our-gas-131461>

<sup>ix</sup> <https://www.investordaily.com.au/superannuation/46114-super-funds-on-track-to-own-60-of-aussie-equities>

<sup>x</sup> Politics and the Accord, Peter Ewer, 1991-pg. 3