

# **The Neoliberal Climate Change Policy of Australia – A critical review from the Marxist Perspective**

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## **Abstract**

Climate change is a global problem and which needs a long term solution in those industrialised countries which are directly or indirectly producing increasing carbon emissions. In Australia, the 'Climate Change' policy remains undecided due to a lack of objective government decision-making. This essay will argue that successive Australian federal governments have been influenced by mining and related corporations to implement neoliberal economic policy that opposes climate change legislation. A process that serves their capitalist interests. This has resulted in environmental harm and social welfare issues for Australian society. The development of this public policy will be viewed through a Marxist, instrumentalist theoretical perspective, to identify and analyse implications of its implementation in Australia. This essay introduces evidence of 'climate capitalism' which will be critiqued using through Marxist concepts of 'articulation of modes of production', as well as considering the relationship between the human being and the planet Earth. This analysis will show that the capitalist economy is exploiting the natural resources and accumulating wealth.

## **Introduction**

Under the Kyoto protocol and the United Nations framework convention on Climate Change, Australia has legal international binding to reduce its emissions of greenhouse gasses (unconditionally by at least 5.5 % below 1990 levels by 2020 (Seis, 2005)). Like the United States, Australia is a country producing carbon emission at massive level and known for the biggest mining industry operations of the world (Seis, 2005). In this regard, in a parliamentary publication, Kompo-Harms and Sanyal (2011) indicated that Australia was the first in the world to establish a carbon Emission Trading Scheme (ETS). The Climate change policy in Australia has remained inconsistent as a political issue and lacks objective decision making. During the last two decades, both leading parties of Australia (Labor and Liberal) have produced varied stances on climate change at different times (Kompo-Harms & Sanyal, 2011). Moreover, According to Kompo-Harms and Sanyal (2011) climate change policies and the decisions made to control it,

caused two federal political leaders ( Malcolm Turnbull in 2009 and Kevin Rudd in 2010) to lose their positions.

The purpose of this paper is to identify the problematic implementation issues around climate change policy in Australia and to investigate how 'Climate Capitalism' is causing an increase in the number of environmental and social issues. A review of literature was conducted using the databases such as Google scholar, informit, Jstor and Proquest. Searches were conducted using the keywords: Climate change Policy of Australia, Neoliberalism, Marxism, Mining companies of Australia. The search was limited to the period [insert time frame of your search, e.g. 2005 – 2015?] Over twenty academic and grey literature resources were found to support this analysis. One Search James Cook Library catalogue was also used. These include: four journal articles, three media items, five books, a book review and five government, non- government organisation websites and two news reports referred for this desktop research. A Marxist perspective was adopted to show that how the capitalist economy has affected Australian natural resources and its population.

The reason behind such a major political change was the mass pressure of the capitalist class on government through a mass media campaign by the mining industrial group (Readfearn, 2011). This group influenced the decision makers not to enforce such climate change policies or a policy instrument like Carbon Tax. This group also wanted to maximize profit and wanted to avoid paying taxes to the government and it was successful in bringing the government into negotiation on these matters under the new prime Minister of Australia, Julia Gillard. The influence of the neoliberal and capitalist economy is an absolute exhibition of capitalist power (bourgeoisie class) putting millions of dollars into media campaigns (Readfearn, 2011), to influence the government by lobbying against decision-makers in order to achieve self-interest and maintain conditions favourable for the accumulation of capital. This strategy helped the mining industries' capitalist group to develop dominance in the political and social spheres. The basis of the anti-tax campaigns organised by the mining industries capitalist class is to gain maximum profit without paying any tax to the state. According to Kompo-Harms and Sanyal, (2011) the mining companies (BHP Billiton, Rio Tinto and Xstrata) succeeded in making secret deals with, and influenced, decision makers to renegotiate the Resources Super Profits Tax (RSPT) with Prime Minister Julia Gillard in 2010.

### **Increase in Inequalities in Australian Society through Tax Exemption**

The revised version of the tax is known as The Minerals Resource Rent Tax (MRRT). This government decision can be framed for analysis within the Marxist instrumentalist theoretical perspective where Australian states are perceived as instruments of the capitalist class (Marx & Engels, 2008).

Both of the above mentioned taxes are a type of resource tax, collected by the state in the form of 'economic rent' on account of the use of the by mining companies, for which they are unwilling to pay, thus influencing the leadership. Several economists: David Ricardo, Johann von Thünen and Karl Marx, developed and emphasized the concept of economic rent in relation to the state (Kompo-Harms and Sanyal, 2011). The Marxist differential ground rent can be applied and interpreted as Passant (2012) argued that mining companies have a high capital investment which Marx described as a resource rent. Passant (2012) referred to Marx in volume II of 'Capital' and explained that taxing (MRRT) economic rent gives the state control, regulates monopoly and facilitates redistribution of wealth and the over-accumulation of capital in the oligopolistic mining sector. In other words, such tax on mining will prevent over-accumulation, competition and financial inequality in society. However, such a tax is strongly opposed and avoided by mining sector organisations, enriching the capitalist elites. For example, the CEO of Hancock Prospecting Private Limited, Australia, Gina Rinehart tripled her wealth in one year

(Murphy, 2012). Similarly, other mining industrialists, adopt the same capitalist, neoliberal, economic mode of capital production, and utilise tax exemptions to accumulate wealth. This tax money is actually public money owed to the nation and is supposed to be spent on welfare projects for the citizens of Australia. However, with tax exemptions, the Australian nation is deprived of funding for welfare. The result of this will be an increase in social inequality.

### **A Repeal bill: Threat to Climate Change Policy**

Implementation of the Carbon tax brought positive results in a range of countries. In a study by the Massachusetts Institute of Technology (MIT) and the United States Regional Energy Policy (USREP) evidence proves that by introducing the carbon tax starting at USD 20 per ton in 2013 and increasing by 4% every year will help in reducing carbon emissions to 14 % below 2006 level by 2020 (Rausch & Reilly, 2012). In developed countries, there is evidence of effective results of carbon tax implementation. According to the Pacific Institute of Climate Solution (PICS) Insights (2013) the Canadian provinces, Quebec and British Columbia, collected tax raising two hundred million dollars per year for climate change and welfare project initiatives. From the PICS Insights (2013) the inference is that in order to reduce carbon emissions, it is better to put a direct cost on the carbon emissions which results in lesser consumption of fuel in a range of industries and businesses. PICS Insights (2013) argue two key benefits will be achieved: fuel consumption efficiency and tax revenue which can be used for different welfare purposes. Such practices were also successful in Finland and Great Britain. In Australia, a carbon tax has been implemented since 2012, each ton of carbon dioxide produced is charged AUD 23 to target the three hundred largest emitters (PICS Insights, 2013). If this policy is not opposed and the carbon tax repeal is not successful at the Senate level, there will be an immense positive impact for the public sphere in social welfare system. According to climate change policy in Australia this carbon tax will be shifted to a cap-and-trade system (PICS Insights, 2013). The collected revenue will be used to decrease other taxes and increase expenditure on social welfare. Currently, the climate change policy is threatened by a Repeal bill (which will affect the Carbon Price Mechanism and the MRRT implementation) passed by the present Prime Minister of Australia in the House of Representatives, which is under consideration in the Senate (Wawryk, 2014). The present position of this policy is controversial, and according to Wawryk (2014) the fate of the repeal legislation will depend on the Senate's decision which again indicates how capitalist economies exert pressure to influence opposition against important decisions of climate change policy.

### **Domination of Capital Class at the cost of Social Welfare**

The State's role in regulation and control of policies is pivotal, in the support of the capitalist class, due to mutual economic advantage. One of the ways to control carbon emissions is to regulate them through Climate Change policies which include a carbon tax and Emissions Trading Schemes (ETS). Andrew, Kaidonis and Andrew (2010) pointed out that the carbon tax instrument brings the state to a central position with its regulations, in finding a solution for climate change by encouraging the reduction in carbon emission (Beeson & McDonald, 2013). Ultimately, this can be a source of government revenue, to be utilized in the public sphere. However, according to Beeson and McDonald (2013), the collective pressure of the capitalists and the mining companies' alliance, created through the heavily funded anti-tax campaign resulted in Kevin Rudd having to surrender his Prime-Ministership in 2010. In other words, capitalist neoliberal forces dominated the leadership decision-making. In the time of Prime Minister Howard's leadership, climate change policy remained monopolized by carbon polluters (Beeson & McDonald, 2013). The former Coalition Government leader, Tony Abbott, a strong supporter of the fossil-fuel subsidy, was repealing the climate policy at the end of his tenure. As Prime Minister he also supported the mining industry, by abolishing the Climate Commission.

As Wawryk (2014) noted, the recent decision of the coalition government to also abolish key authority organizations such as: the Climate Change Authority, the Clean Energy Finance Corporation (CEFC) and the Australian Renewable Energy Agency (ARENA), communicates the message of a non-irresponsible attitude towards the problems created by climate change (Wawryk, 2014). This all suggests that political actors are influenced by capitalist economies (Beeson & McDonald, 2013). Theoretically, this indicates that the capitalist class dominates. Applying a Marxist perspective then it can be concluded that owners of the mining industries are representatives of the capitalist class dominate state institutions and exert influence over state policy makers and implementers, to achieve their individual purpose of accumulation of wealth at the cost of social welfare.

### **Commodification of Natural Resources: An Unsustainable Way**

The Climate change issue has worsened, due to the growth of a capitalist economy. Wittneben, Okereke, Banerjee, and Levy (cited in Böhm, Misoczky, & Moog 2012), argue unlimited growth capitalism is largely responsible for the environmental crisis facing the world. The evidence shows that the capitalist class has developed and adopted the mechanism to address the environmental issues, however, Wittneben, Okereke, Banerjee, and Levy (cited in Böhm, Misoczky, & Moog 2012) argued that capitalist industries create new carbon markets and a political economy by commodifying natural resources in an unsustainable way. This creates profit for the capitalist but produces inequities in society. Baer (2012) concurs that human beings and natural resources are exploited in an organised way by capitalism. Such capitalism is termed 'Climate Capitalism' and it is causing an increase in the number of environmental and social issues.

Capitalism increases production by exploiting natural resources, this results in environmental problems, such as toxic waste and carbon emissions which disturb the equilibrium of the natural carbon cycle. It is evident that when more mining (of coal and other natural resources) is undertaken on a very large scale and exported to the world, there will be higher levels of carbon emissions that pollute the environment. The policy for control of the pollution caused, comes under the Kyoto protocol, as described in the first paragraph. Marx stated "everything is pregnant with its contrary" and "all that is solid melts into air" indicating every issue has its positive and negative side (Berman, 1988, p.36; Bellamy cited in Angus, 2008). This means that un-absorbable substances in the soil will pollute air and harm the society that absorbs them. Foster and Clark (2009) also quoted Marx's statement that 'nature and humans are not sources of wealth but the human is father of material wealth and the earth is its mother'. These authors also used the metaphor of capitalism as a vampire that sucks the blood from the planet Earth (Foster & Clark, 2009). This indicates that the exploitation of natural resources for the sake of the accumulation of capital, causes an increase in the degradation of the soil and an environmental impact. In the case of the creation of greenhouse gases, it is coal and petroleum products that impact on the environment including native flora and fauna. Video images of the results of open cut mining upon the surface of the land can be likened to the face of a human being who has just died from small pox. If this practice is increased in the world, there will not be any liveable space for future generations. According to Foster and Clark (2009) for the sake of the future of society, Marx encouraged the ideals of sustainability in the use of natural resources. Additionally, in this regard, Baer (2012) emphasised social equity and environmental sustainability. Furthermore, for a viable relationship between human being and the earth, the needs of present and future generations must be regulated rationally (Foster & Clark, 2009).

### **Creation of Carbon Market through New Technology**

According to Lohmann (cited in Böhm, Misoczky & Moog, 2012) this creation of a carbon market is ineffective and flawed and produces negative economic and social outcomes. In other words, miners and capitalist elites will encourage capitalist accumulation through the production

of new ecosystem services and environmental goods. Such accumulation of wealth is not in accordance with regards to Marxist perspective. An example is an eco-friendly fuel, ethanol produced from large volumes of maize and corn using green technology which produces no carbon emissions. However, its production has caused an extraordinary increase in the cost of food prices which resulted in food security issues for the world (link TV, 2007). This increase in food prices was also reported by the UN regarding the use of bio-fuels (link TV, 2007). This is another route of the 'penetration of Capitalism' through 'green fuel which is an alternative to fossil fuel. Such ways of running a profit making business and creating food insecurity can be related to the Marxist concept of 'articulation of modes of production'. In this regard, Marx (cited in Berman, 1988), argued that in a capitalist economy, the bourgeoisie continuously revolutionize the instruments of production and consequently influence interactions in society. This indicates that modern changes of technology are utilised for profit maximization only, irrespective of how society may suffer as a result of these profits.

### **Capitalist and Politicians - Class Origins**

Decision making and decision makers are influenced by the capitalist class. This class system signifies the Marxist theory of State through which both capitalists and State government representatives have the same social status in society (Haywood, 2002). For example; a mining billionaire like Gina Rinehart invited MPs and took them in her private plane to India to attend a three day marriage event of an Indian businessman's son. This news coverage included public opinion about how much influence a Ms Rinehart has and how close to her State representatives are influenced by her. This is a feature of the Marxist concept of State where capitalists and politicians share the same class in society (Haywood, 2002). After this event, government representatives (Julie Bishop Deputy Leader of the Liberal Party and Nationals Senate leader Barnaby Joyce) justified their visit as being immensely important for Australian business networking and future investments (Murphy, 2011). This connection is also confirmed by the fact that the Australian Coal Association (ACA) is a major donor to the Labor and Liberal political parties in Australia (Baer, 2014). Again this agrees with the Marxist State conceptual model, where the capitalist class and state representatives are interdependent. State representatives are obligated to a capitalist mining billionaire because the state's business interests are in common with her own. Miliband (cited in Twynhan, 2008) confirms that leaders of business and leading bureaucrats have close contact and that State officials facilitate capital accumulation for the capitalist class. In return, they get political support for their political party, personal networking and opportunity for mutual economic growth for the state. State representatives believe that state economic growth is one of the ways in which the country can prosper. However, by supporting the capitalist class they are creating a range of issues in the society including: giving space to the mining industry to regulate, to trade in a free market and repealing the Carbon tax.

A range of factors which limits the government's role and create inequalities in the society. Firstly, an exorbitant amount of money will increase the accumulation of wealth of the capitalist class and decrease the resources for government to spend on public welfare. Secondly, mining without considering the Kyoto emission levels, will create national and global problems. Thirdly, the State's instrumental role in supporting capitalism, limits its proper role of Government for society and will result in capitalist forces dictating the agenda of political choices in the future. In other words, as Marx states the government becomes, "but a committee for managing common affairs of the whole bourgeoisie." (cited in Twynhan, 2008). Additionally, it will create social inequality, as well as, establish global 'Climate Capitalism' which will harm all the communities of the world. Williams (2013) argues that there is an immense need for a new political vision that supports deep socio-cultural change to create social justice for human lives.

## Conclusion

The Climate change policy has remained inconsistent in Australia due to indecisive decision making. This essay has argued that during different eras of governments, the neoliberal-capitalist economy of Australia has remained successful in preventing the government from implementing the climate change policy for their economic gain. This attitude of Australia's elite capitalist class has caused environmental harm, as well as, created issues of social welfare inequality in Australian society. This public policy issue was viewed through a Marxist perspective, which identified policy implementation problems as well as portrayed the State's role, capitalist class dominations and tactics for avoiding the 'Carbon Tax'. This essay also described 'climate capitalism' and presented recently scholarly work based on empirical evidence. Marxist views regarding the relationship between human beings and the Earth were also considered. The evidence reveals an exploitative capitalist economy which has endangered nature by pursuing the accumulation of wealth, creating climate issues, social inequalities and decreasing the already limited social welfare for the Australian population. Overcoming this dilemma requires a new political vision.

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