

Australia Dossier by Don Veitch

An oversupply of useless politicians

The recent election in the bankrupt state of Victoria gives a glimpse into what is wrong with "free-trade" based national policies.

Australia has more politicians, per capita, than any other nation. For a population of 16 million, there are 840 members of Parliament and 144 ministers on the public payroll. In addition there are thousands of paid local government politicians. Recent state elections have highlighted the lack of value that Australians are receiving for their money.

The election in the state of Victoria, the nation's primary industrial center, was held on Oct. 3. It resulted in a landslide victory for the Liberal Party, which had been in opposition for 10 years. The previous Labor government (1982-92) presided over a financial and industrial disaster. The incoming Liberal government of Jeff Kennett will alter little. Kennett's government has a massive majority in both houses of Parliament, and he has pledged to pursue an austerity and free trade agenda.

Kennett's prime source of advice in pursuing this free trade policy will be the Institute of Public Affairs. The IPA is the ideological think tank for the New Right-Thatcherite forces in Australia. It is funded by the Western Mining Corp., which also finances the H.R. Nicholls Society, which is dedicated to smashing unions and working conditions.

The Victorian economy is now a basket case. The federal government's policy of deregulation and reduced tariffs has contributed to the collapse, but the state Labor government has been hopeless by any criterion. Victoria's industry, especially the clothing, footwear, and textile sector,

is now in a state of terminal decline. Fifty percent of this industry's capacity has been lost in recent years. Unemployment is officially recorded at 12% and some suggest it could be as high as 20%. The once prosperous state has a \$60 billion debt (\$12,000 for every person), and 33% of state revenue is used to pay the interest bill.

Financial deregulation by the federal government contributed to the collapse of the 150-year-old government bank, the State Savings Bank (SSB), which was sold after its merchant banking arm, Tricontinental, lost billions of dollars to real estate speculation. The Royal Commission probe resulted in no charges, and the commission claimed it was unable to find where the money had gone. The SSB was a traditional source of funds for housing and infrastructure projects. This has now been lost with the SSB's sale to the federal government's Commonwealth Bank (which in turn has been privatized). Failure to make this an issue in the election may have been partially due to the fact that the president of the Liberal Party, Michael Kroger, had received a \$14 million loan from Tricontinental. A director of Tricontinental was also a director of Kroger's own private company.

There have been other examples of financial mismanagement in Victoria, but none was made an issue during the election. A government-controlled corporation, the Victorian Economic Development Commission, lent hundreds of millions of dollars to dubious enterprises. Workers' insurance schemes (WorkCare) and

state superannuation liabilities remain unfunded and are a drain on state revenues. The state's largest building society, Pyramid, collapsed with a billion-dollar shortfall in funds. The new Liberal government has no remedies beyond austerity, balanced budgets, and privatization. Some 20,000 public servants are to be axed.

Other scandals have appeared over the past few months. In the week before the election, it was revealed that thousands of highly confidential security files had been found missing from the police intelligence branch, and an attempt to introduce a new ticketing system for public transport proved unworkable and cost \$80 million.

It is no wonder that the Liberals swept into office with the largest majority in the state's history. To the delight of the bankers and money lenders, the Kennett government has as a priority austerity and debt reduction. The shrinking revenue base will not be rebuilt, expenditures will be slashed. Jeff Kennett denied that any inquiries were needed, and preempted such a move by claiming during the election that there was no evidence of corruption in Victoria.

Victoria is the nation's major industrial state, yet the Liberal Party industry policy makes no mention of tariffs. It is a document which blindly places its faith in the "magic" of market forces. During the election campaign, the Liberal industry spokesman, Roger Pescott, refused to debate or comment upon industry policy. It is possible he had not even read his own policy document. The Liberals even refused to release their housing policy, claiming that it might confuse the electorate. Other policy documents were released at press conferences, to ensure that journalists did not have time to ask difficult questions.