

# Don't let Kennett loose on Victoria again

By Elisa Barwick

While Victoria's economy—like Australia's overall economy—is indeed shot, it would only be made worse by the proposals coming from former Premier Jeff Kennett and big business. A bigger dose of the same neoliberalism that Kennett originally brought to bear is no cure. Kennett's program was the blueprint for stripping the capabilities of government nationwide, and now he is pushing a new fire sale program to reduce state debt, including, according to the *Australian Financial Review's* 25 November report, "re-thinking the role of the public service".

Fanatical tirades about exploding state debt were precisely how Kennett paved his way to government in 1992. As RMIT economist David Hayward revealed in an essay in *The Kennett Revolution* (UNSW Press, 1999), the debt blowout in Labor's last few years in office (under Premier Joan Kirner, who took over from John Cain) coincided with the deep recession of the early 1990s, brought on by financial deregulation at the federal level. In Victoria this precipitated the collapse of the state bank, among other things, leaving a massive hole in the government's budget. In response, the 1992-93 Commission of Audit on Victoria's finances adopted the neoliberal "reforms" of *Victoria: An agenda for change*, a proposal scripted by right-wing think tanks the Institute for Public Affairs (IPA) and the Tasman Institute. The Commission's findings engineered Kennett's political entry. (See "[A case study in austerity](#)", at [citizensparty.org.au/australian-alert-service-feature-articles/economic](http://citizensparty.org.au/australian-alert-service-feature-articles/economic))

Kennett's latest comments followed a review of the state's finances by economist Saul Eslake, reported by the *AFR*. Most will not realise, but Eslake was the executive officer of this same Commission of Audit that ushered in Kennett, and at that time was already a well-known "economic rationalist" who advised Liberal governments. This is not noted by the *AFR*.

Another advocate cited is Bob Officer, who many would recall—and *AFR* does acknowledge—chaired the same Commission of Audit. He was also a board member of the IPA, and member of sister think tank the Centre for Independent Studies. Officer told the *AFR* that Eslake's "statistics speak for themselves".

This fear campaign is the same as the first, hinging on the fear of debt, with Eslake predicting that "voters will face hefty spending cuts and more tax rises to pay down the state's debt", in the *AFR's* summary.

Kennett reportedly has a nine-point plan to turn around the state's finances which would commence with another review by a bipartisan team. Thanks to the bipartisan economic consensus in Australian politics, with both sides of politics brainwashed by neoliberalism, the outcome of such a review is all but assured.

Kennett's message was boosted by business groups and the head of biotech giant CSL, Brian McNamee, who warned that senior fund managers (because that's what matters apparently) say Victoria is currently "uninvestable".

Kennett "helped turn the state's finances around in the 1990s", said the *AFR*; but at what cost? The privatisation or shuttering of state assets from health to electricity; the stripping of government departments and capabilities; the outsourcing of vital decision-making structures; are the



Kennett's election was secured by propaganda about Victoria's financial crisis. Photos: Screen-shot/1996 campaign ad

precise measures that ruined our economy.

## A warning from history

While there is a lot of useless bureaucracy and many unfathomable decisions made, much is due to the economic rationalist mindset, whereby government agencies are forced to follow mandates and requirements that make them take the cheaper option, even if disastrous in the long term. Countless more bad decisions that most attribute to governments are actually made by private sector agencies, including big auditor/consultant firms, to whom tasks are outsourced. Kennett's reference to "re-thinking the role of the public service" implies more of the same.

The reactionary spirit engendered by the *AFR* article is seen also in the USA, with President-Elect Trump's appointment of tech billionaire Elon Musk as government efficiency chief. Again, there are of course efficiencies to be achieved, but "efficiency" in economic terms has long been a euphemism for austerity, which always comes back to bite the people. Claims of inefficiency are used to justify handing government functions to the supposedly more "efficient" private sector, i.e. corporate control.

A shallow reaction to expanding debt without consideration of the deeper causes could put us in the same boat as the post-World War I period, which led directly into World War II.

In a 21 November X post praising neoliberal prime mover Milton Friedman—"Milton Friedman was the best"—Musk posted a video of Friedman calling for all government departments except for Defence, Police and Justice (and perhaps Treasury) to be abolished.

Friedman was not the first of that opinion. In his first speech to Italy's Chamber of Deputies on 21 June 1921, soon to be fascist dictator Benito Mussolini (the agent of City of London financiers, see *The genesis of austerity*) declared: "Let the State give us a police force that saves gentlemen from scoundrels, a well-organised justice system, an army ready for all eventualities, a foreign policy attuned to national needs. Everything else ... must fall within the private activity of the individual."

Railing against public expenditure exhausting state finances, in a subsequent address foreshadowing his world-leading privatisation campaign, Mussolini added: "as far as economics is concerned, we are liberals, because we believe that the national economy cannot be usefully entrusted to collective or governmental and bureaucratic organisations".

If the shoe fits, Jeff.