

The social background of the Victorian state elections

A political comment

Laura Mitchell, Linda Tenenbaum
11 September 1999

After seven years in office, Victorian Liberal Premier Jeff Kennett has called a snap election, to be held next Saturday September 18. Taking advantage of new legislation rushed through parliament in 1995, Kennett has organised the shortest possible campaign—24 days—with voters going to the polls on the day of the football semi-finals. With the assistance of a compliant media, the Premier aims to prevent any genuine discussion of the social catastrophe over which his government has presided. No debates will be held between the major parties and Kennett has publicly forbidden his own Liberal Party candidates from speaking to the media.

The election campaign itself provides a revealing demonstration of the rightward shift of the entire official political establishment, including the ruling Liberal Party government, the Australian Labor Party opposition, the Democrats and the public opinion-makers in the mass media.

The most telling feature has been the media promotion accorded to Kennett himself. Press response to his August 24 poll announcement was rapturous. Typical was an article by the Melbourne *Age* journalist, Peter Ellingsen, who described the Premier's press conference as a "masterly soft shoe shuffle", declaring: "It is a sight to behold—Kennett in command—instructing, amusing and sometimes intimidating a room full of reporters... the Premier is a formidable figure..." Front-page colour photos in the national dailies and TV-news featured the Premier, smiling, confident, with the unanimous verdict that this was a one-horse race.

Only one headline—"Boofhead to Icon"—hinted at a time in the not-too-distant past when Kennett's standing did not appear so unassailable. In October 1992, when the Liberals first took office and rapidly initiated a far-reaching onslaught on social services, his government met with mass opposition from working people across the state. Even sections of big business expressed hostility, fearing that Kennett's "provocative" approach to "economic reform" would jeopardise social stability. The *Age*, denounced Kennett's government as "a political shambles" while his name was anathema to Melbourne's small "l" liberal intelligentsia, who decried his attacks on health and education and disparaged him as a buffoon.

But the once long list of anti-Kennett intellectuals and social commentators has shrunk dramatically and the torrent of articles that used to appear, condemning his socially regressive policies, has all but dried-up.

Behind this shift lie the interests of big business and global finance capital, the major beneficiaries of the "Kennett revolution".

Welcoming Kennett's election announcement, the Victorian Chamber of Commerce and Industry (VECCI) declared that "Victoria has enjoyed a radical transformation in the past six years, from a basket case to the nation's leading state." VECCI praised the Kennett government for its reduction of the state debt and noted that "state output, retail spending, and business investment are now above the national average."

Between 1990 and 1992, in the face of mounting state debt, and a recession that saw economic growth in Victoria contract by 5 percent, compared to a one percent growth in the rest of Australia, the leading international credit rating agencies Moody's and Standard and Poors downgraded the state's rating. The overall economic contraction was also expressed in a 31 percent reduction in sharemarket revenue, a decline in revenue from stamp duties related to land transfers and cuts in Commonwealth grants.

Immediately upon assuming office, Kennett implemented Moody's demands for drastic budgetary measures, slashing \$500 million from the 1992 budget and adding \$611 million to state revenue, a process continued over seven successive budgets. As a consequence, the state debt has been reduced from \$32 billion in 1992 to \$6.1 billion this year. At least \$22 billion has been raised so far through the privatisation of government assets and utilities, including the Gas and Fuel Corporation, State Electricity, a number of public hospitals, parts of the public transport system, and land and buildings previously belonging to the public school system, resulting in a bonanza for their corporate buyers.

Since 1992, the Victorian economy has grown by one fifth. While the number of manufacturing jobs has dramatically declined, with many firms folding through closure or merger, total manufacturing output has increased from \$54.7 billion in 1991-92 to \$68.42 in 1996-97. Retail turnover has risen by 11 percent a year—the highest of any state—and tourism has grown by an annual rate of 12 percent since 1992, generating \$11 billion a year, or 10 percent of the state's Gross Domestic Product. Kennett has aggressively vied with other state Premiers to stage major national and international sporting and cultural extravaganzas in Victoria.

But the biggest windfalls to the government have come from the sharemarket and gambling. Stamp duties on shares reached \$195 million by 1995, while tax revenue from gambling has risen a whopping 66 percent since 1991, making up 13.6 percent of the state's income. Victoria now has the second largest net taking from gambling in Australia—\$3.7 billion a year.

Previous Victorian Liberal governments advocated casino and gaming machine prohibition. Kennett's highly public personal support for the new Crown Casino, which opened in May 1997 in the heart of Melbourne's CBD, most graphically expresses the change in policy direction. The Liberals introduced the "Casino Control Act", enabling the casino's owners to bypass normal planning procedures. The complex cost \$2 billion to erect, is the largest building in the state and, with 8,000 employees, the biggest single employer. Its owners have benefitted from lucrative electricity and tax subsidies.

Kennett has now pledged a further \$500 million worth of tax cuts to big business in 1999-2000. It is these policies that have resulted in the restoration of Victoria's Triple AAA credit rating.

The beneficiaries of Kennett's seven years include the upper layers of the middle class, who have ridden the wave of the rising stock market and Melbourne's property boom. The number of expensive high-rise inner-city apartments has increased by over 400 percent since 1991. During the same period exclusive restaurants and luxury stores, including Faberge, Armani Exchange, Louis Vuitton and Bvlgari, have opened their doors, providing endless opportunity for conspicuous consumption on the part of the nouveau riche.

But the impact of the "Kennett revolution" on the vast majority of the population has been a disaster. Formerly the home of political liberalism and social reform, Victoria is now renowned for the crisis of its schools and hospitals, and an ongoing attack on democratic and civil rights.

The state's education spending has fallen from 9 percent above the national average in 1991-92, to 4 percent below in 1996-97 with more than 400 state schools closed and 9,000 teachers jobs destroyed. At the same time, spending on health per person fell 0.9 percent in Kennett's first five years and the number of public hospitals has declined from 156 to 92, with 1,300 hospital beds shut down.

Officially 49,000 adults and children are homeless, more than in any other state. Social workers point to the emergence of "homeless families" driven onto the streets due to high long-term unemployment and cuts both to crisis accommodation and the public housing stock. Only 7,700 people were provided with public housing in 1997 from a waiting list of 53,400.

Poverty and insecurity are on the rise, exacerbated by mushrooming part-time employment, occurring at the expense of permanent full-time jobs. Between 1991 and 1996 part-time work grew by nearly 20 percent, with close to 30 percent of all employees now working on a part-time basis—figures well above the national average. But the growth in poverty is also a byproduct of the new "gambling economy". Despite the glitz and glamour of the Crown Casino, the greatest concentration of Electronic Gambling Machines (EGMs) is to be found in low income areas. The City of Maribyrnong, for example, whose proportion of low income earners is 55 percent, suffers a loss of \$45 million a year to EGMs, while in Dandenong, where half the population is low income, the loss is \$60 million per year. Gambling addiction is now a major cause of family break-ups and has added to the high stress levels in the community.

Every sixteen hours a Victorian commits suicide. Death by suicide has tripled since the 1960s, while death due to heroin overdose has increased by a factor of five since 1991. A recent survey of Victorian school students aged between 11 and 18 found 40 percent suffered from feelings of depression.

As social tensions mount, democratic and legal rights have been truncated. In December 1993, Kennett's government authorised a level-4 baton charge against parents, teachers and students protesting the closure of Richmond Secondary College. Since then the government has legislated to dismantle student unions, followed by the arrest and criminal prosecution of student newspaper editors; outlaw any public comment by teachers, doctors and other public servants on government policy, and undermine the right to strike. Moreover, the Liberals have emasculated the position and powers of the auditor-general, closed down the Victorian Law Reform Commission and sacked tribunals and court judges.

Police spending has been boosted by 21 percent since 1991-92, and Victoria has the highest number of people shot by police of any state in Australia. It also has the largest percentage of prisoners in private jails in the world.

Recent opinion polls have revealed deep concern in broad sections of the population over the erosion of basic services. Dissatisfaction with the state of the public hospitals runs at 79 percent, while 64 percent are unhappy with the public schools. Up to 60,000 Victorian workers recently demonstrated against the Kennett-Reith Industrial Relations laws.

But the growing hostility to Kennett's policies has been unable to find any political direction. All the traditional avenues for articulating social

dissent have been completely blocked.

In the first place, the most socially prominent layers of the middle class, who once roundly denounced Kennett's gutting of public sector jobs and social facilities, have gradually come round to his point of view, based on their new-found prosperity. Kennett's advocacy of various fashionable and supposedly "progressive" causes, such as drug legalisation and the holding of a "Depression Summit", coupled with his loud denunciations of Pauline Hanson's "One Nation" (a position he shares with leading sections of the ruling elite), have provided the rationale for these layers to make their peace. None of them ever bother to ask themselves why issues such as the proliferation of drugs, depression and far-right racist politics have erupted to the surface of Australian political life, or what set of policies has produced them.

The key role in suppressing workers' opposition to the Kennett government has been played by the trade union bureaucracy. Following the mass strike and rally against the first wave of Kennett's "reforms" in November 1992, the trade union leadership entered into negotiations with the government and subsequently agreed to facilitate Kennett's entire agenda. From the outset their demand was "Negotiate not Dictate". In other words, not opposition to Kennett's attacks on social conditions per se, but an appeal to the Liberals that the unions be allowed to collaborate in their implementation. Since then, with the Public Transport Union, the Community Public Sector Union, the Australian Nurses Federation and the Australian Education Union in the lead, Victoria's unions have been instrumental in enforcing privatisation and job destruction on their members.

At the same time, the unions have reaped rich rewards through control over superannuation funds and property investments, even as their membership base declines. The CFMEU, for instance, now controls \$2 billion in super funds and is joint partner in a number of major construction projects including the Westin Hotel site in Melbourne's CBD. To maintain and augment this wealth, the unions have a direct stake in driving up productivity and increasing the exploitation of the working class.

They have been joined in their rightward evolution by the Labor Party. By 1992, after a decade in office, the ALP had become deeply hated by large sections of the working class, its former loyal constituency. Labor had initiated a program of budget cuts, school and hospital closures and privatisations, provoking mass opposition over its attempt to eliminate conductors from Melbourne trams in 1989-90. This led to its landslide defeat in the 1992 elections.

Attacked by the ruling elite for their "financial incompetence" during the 80s, the Laborites, who had presided over the collapse of a number of major financial institutions, set about resuscitating their image in the corporate world. During the last state election in 1996, the ALP leadership presented itself as the most responsible of financial managers. But Labor was again decimated at the polls, particularly in those outer suburban areas inhabited by young working class families struggling to make ends meet. The same year saw the dumping of the federal Labor government after a 13-year assault on the social conditions of working people.

Since 1996, the ALP in Victoria has undergone a further makeover, releasing its "Labor. New Solutions" platform this year, modeled on Tony Blair's New Labour in Britain. In March of this year, the platform's author and shadow treasurer Steve Bracks replaced former leader John Brumby. Throughout the election campaign Bracks has pledged to deliver "the most financially conservative government in Australia". So far to the right has the ALP travelled, that its promises on health are hundreds of millions of dollars less than those of Kennett.

In becoming a vehicle for this program, the ALP has been reduced to a bureaucratic shell, with little pretence of internal democracy. Candidates have been chosen for their celebrity status, in an effort to compete with Kennett's populism. Media high-flyers such as former TV-presenter Mary

Delahunty have been fast-tracked into safe-Labor seats and shadow ministerial portfolios. The last-minute selection of footballer Justin Madden constitutes a rather desperate effort to make some kind of appeal to working people, who are otherwise unmoved or disgusted by the ALP.

The political vacuum created by the betrayals of the ALP and unions has left some workers, and especially youth, susceptible to the media's promotion of the Premier as a "larrikin" and loose cannon. Kennett has consciously turned to the popular youth-oriented FM radio stations, such as Triple M and Double-T FM to push his profile. His close association with leading sporting identities and with events like the Grand Prix has been used to drive home an equation between Kennett, wealth, celebrity status and individual success. Kennett's latest election advertisement features the words "Kennett f.....g rules, OK!", demonstrating just how focussed the Liberals are on taking advantage of the low level of political consciousness among young people and orienting it in a right-wing, individualist direction.

But the populist demagoguery of Kennett, as well as the ALP's efforts to ape it, will fail to resolve any of the pressing economic and social issues confronting youth and workers alike.

Whoever wins the election, the social divide that already exists between the wealthy minority—who form the social base of both the Liberal and Labor parties—and the increasingly pauperised majority, will continue to widen.



To contact the WSWS and the
Socialist Equality Party visit:

wsws.org/contact