

# Australia's "finance minister of the year"

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The global economic crisis found peculiar expression this week in the decision of London-based *Euromoney* magazine to give Australian Treasurer Wayne Swan its 2011 "finance minister of the year" award.

Finding a plausible recipient this year no doubt proved a major challenge for the publication's editors. The European economy is in an unprecedented crisis, with Greece on the verge of a default that could cause the collapse of major European banks and the disintegration of the euro currency. The finance ministers of Germany, France and other major European countries are preoccupied with advancing their own national interests at the expense of their rivals.

It would also have been difficult to justify handing the *Euromoney* award to US Treasury Secretary Timothy Geithner, given the deepening American debt crisis and recent sovereign debt downgrade by ratings agency Standard & Poor's. And the list goes on—Japan is not only mired in recession but has a debt burden of more than 200 percent of GDP. Nor would it be realistic to give the award to the Chinese finance minister because of the sharpening rivalry with the US and European powers.

So by default, the award went to Wayne Swan. It has been aptly compared by several Australian commentators to the unlikely gold medal win of Steven Bradbury at the 2002 Winter Olympics. After spending most of the 1,000-metre race in distant last place, the Australian skater crossed the finish first—after all his rivals crashed into one another and fell on the final turn.

Likewise, *Euromoney* has picked Australia as "the best performing of the world's developed market

economies" and Swan as its architect. It is true that the Australian economy has not yet been as badly affected by the global economic crisis as its European and American counterparts, but this is the result of the precarious China-fuelled mining export boom, not the policies of Swan and the Labor government.

Justifying its decision, *Euromoney* admitted it would appear odd. "Blessed with, and industriously exploiting, a natural resources bounty pointed at China that would embarrass Croesus, some Australians will find it strange that *Euromoney* has chosen their treasurer, Wayne Swan, as finance minister of the year. The less charitable might even recall the words of Donald Horne, in his 1964 book *The Lucky Country*, which read: 'Australia is a lucky country, run by second-rate people who share its luck'."

Nevertheless, the magazine insisted, Swan deserved the award "for his careful stewardship of Australia's finances and economic performance both during and since the global financial crisis." In reality, the only ability that he has exhibited as treasurer has been to take the prescriptions presented to him by Treasury and repeat them on the floor of parliament.

Even in the fetid world of the Australian Labor Party, Swan is an unremarkable non-entity. He first won a seat in parliament in 1993 by serving as a loyal apparatchik for the right wing in Queensland and a place in cabinet for the same factional reasons. Former Labor leader Mark Latham castigated him as a "robot" and a "machine man" who was "unfamiliar with basic economic terminology."

After Labor took office in 2007, Swan became treasurer and implemented various twists and turns on Treasury's pro-business instructions. When, after the

2008 global financial crash, finance capital internationally was demanding bailouts and stimulus, that became Swan's line in cabinet and parliament. The Labor government provided an open-ended guarantee for the major banks' deposits and overseas borrowings, estimated at more than \$2 trillion. When the line shifted from stimulus to austerity, Swan began imposing severe spending cuts aimed at returning the budget to surplus.

The turn to austerity—now the universal agenda of finance capital internationally—was specifically praised by *Euromoney*, which welcomed Swan's "putting in place an exit strategy for the stimulus and sticking to it, imposing a fiscal discipline that many other finance ministers refuse to adopt."

For the working class the results have been devastating. The mining boom, by increasing the value of the Australian dollar and interest rates, has had a devastating impact on virtually every non-mining sector of the Australian economy. Swan and the Labor government are presiding over a sweeping restructuring involving job losses, wage cuts and attacks on working conditions. About 30,000 industrial workers have lost their jobs in the past three months alone, and many more are expected to go in the coming weeks and months. Amid record corporate profits and extraordinary personal fortunes in the mining sector, working people are under ever greater financial stress.

*Euromoney* noted the irony that Swan and Labor were "hailed abroad by everyone from the IMF to the OECD, but loathed at home."

The magazine puzzled over a recent "happiness" index showing Australian people in the bottom third of all surveyed countries—"as disconsolate about their lot as Sudanese, Nigerians and Americans, who've more to be glum about than multi-home-owning, wine-swilling, yacht-sailing Aussies globetrotting with their muscular currency, of which they possess much."

All this underscores the reality that the vast majority of Australians do not move in the same circles that the editors of *Euromoney* inhabit. The increasingly difficult struggle to get by from day to day is just as hard for

working people in Australia as in many other countries.

In fact, "the world's best performing market economy" is in for major shocks. As *Business Spectator*'s Robert Gottliebsen warned in a column titled "Australia's Chapter in a Greek Tragedy": "If the European turmoil plays out as a Greek default, then our country will be among the most affected in the world." He raised the prospect of a plunging Australian dollar, collapsed export commodity prices and the bursting of the country's enormous property bubble.

Fellow *Business Spectator* writer Alan Kohler was equally gloomy yesterday, declaring: "It's hard to escape the conclusion that the challenges facing global economic policymakers are simply too much for their brains to manage." He continued that "a bunch of maniacs and fools [are] operating in largely dysfunctional political and administrative structures." Australia, he added, faced similar serious problems, "with political leaders focussing entirely on electoral positioning."

The latest stage of the global crisis will quickly expose the absurd decision to make Swan finance minister of the year for his "careful stewardship" of the economy.



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