

Australian government resorts to “pandemic capitalism” as depression looms

Mike Head
31 March 2020

Yesterday, the Australian government announced a massive “wage subsidy” bailout for big business that has no precedent. Today’s *Australian* editorial dubbed it “pandemic capitalism with Australian characteristics.”

In a desperate bid to avert an economic depression which could exceed that of the 1930s, the Liberal-National Coalition government pledged to spend \$130 billion in just six months to give employers \$1,500 per fortnight for every worker they keep on their payrolls during the worsening COVID-19 disaster.

To quell rising social discontent, the government and the media presented the scheme as one hoping to save the jobs of six million workers and sole traders.

Yet, it is likely to be inadequate to prevent a depression, given the depth of the global crash. More than a million workers have been laid off already, and many businesses will not reopen because the \$1,500 a fortnight will not offset their running costs amid the collapse of sales.

As a sign of what is to come, Virgin Australia is asking for more—a \$1.4 billion government loan to stay afloat—just after laying off 8,000 workers.

Nor is \$750 a week enough for many workers to live on and pay their bills. Moreover, the package excludes hundreds of thousands of workers on temporary visas and casuals who have worked for their employers for less than a year, which may be about half of all casuals.

In reality, most of the funds are destined for the coffers of the largest corporations, such as the construction, mining, logistics and manufacturing giants that are keeping their workforces on the job for as long as possible, often in unsafe workplaces that are exempted from “social distancing” rules. In effect, they will be subsidised to extract profits from the labour power of their workforces.

So pleased were the corporate layers who demanded the package that share prices soared on the Australian stock exchange yesterday. The main index rose nearly 7

percent—the greatest one-day rise in four decades—even as the coronavirus toll worsened in Australia and internationally.

The \$130 billion bonanza for employers is more than the annual federal government budget for health and education combined. It is also the third business “stimulus” or “survival” package in 18 days. Prime Minister Scott Morrison’s vow to do “whatever it takes” to protect the current economic order keeps expanding day by day.

These packages, together with the more than \$100 billion pumped into the banks by the Reserve Bank of Australia to lend to business, add up to a staggering \$320 billion. That is two-thirds of the entire federal budget. State and territory governments have disgorged billions more dollars via business tax concessions and incentives.

The resulting budget deficits will be huge. Already, Treasurer Josh Frydenberg and media commentators are speaking of “generations of debt.” In other words, the cost of this bailout will have to be extracted from the working class by way of the gutting of social spending and further attacks on wages and conditions.

The harsh “austerity” measures imposed on the population to pay for the multi-billion handouts to the banks and business by the last Labor government during the 2008-09 global capitalist breakdown will be dwarfed by those that the ruling class will seek to inflict if and when a “recovery” takes place.

The *Australian* editorial, while welcoming the “evolving strain” of “pandemic capitalism,” warned: “It will take fortitude to wind back this mammoth expansion of the state; not so much the taking away as the paying back.” In other words, the same financial oligarchy that will “take” the money will demand that it be “paid back” by working people.

For decades, governments around the world have hailed the capitalist market system as the most effective, and

even the only possible, means of organising society. Now they are insisting that the state must intervene to rescue the beneficiaries of the market—the wealthy elite whose riches have soared, largely on the back of financial machinations, for year after year.

Some corporate media commentators nervously pointed to the political and ideological discrediting of the capitalist order. The *Australian's* editor-at-large Paul Kelly wrote: “The cost over the period constitutes an increase in total government spending of 50 percent. There has never been anything like this. Past ideological prescriptions are annihilated.”

Kelly quoted Deloitte Access Economics partner Chris Richardson, who spoke of the “temporary nationalisation of businesses that we need on the other side of the crisis.”

While all the resources of the state are being mobilised to shore up economic activity, the crucial problem is that this “nationalisation” and the state apparatus itself remain under the control of the same capitalist forces that created this health and economic crisis in the first place.

Warnings of global pandemics were ignored. Hospitals and medical research teams were starved of resources. Essential measures such as mass testing were not taken as soon as COVID-19 became known. Quarantines and shutdowns were delayed for weeks, so as not to cut across corporate profit interests.

Even now, governments and the media are prematurely claiming a “flattening of the curve” of coronavirus infections, yet the numbers keep rising relentlessly, nearing 5,000. In particular, as Australian Broadcasting Corporation medical expert Dr Norman Swan is warning, the number of “community transmissions” not traceable to overseas arrivals is climbing exponentially.

Also unprecedented since World War II is the unified front that has been formed within the entire political establishment. Morrison’s government, widely detested because of its contemptuous response to the summer bushfire calamity, is only able to lurch from announcement to announcement, each one contradicting the other, because of the support being given to it by the Labor Party and the Greens.

A virtual grand coalition government has been formed to try to stabilise the political order and quell social discontent. Morrison is governing with the backing of a frequently-convened “national cabinet.” It is comprised of state and territory leaders, the majority of whom are from the Labor Party.

In addition, Morrison and his key cabinet ministers are holding weekly teleconferences with Labor’s shadow

ministers to coordinate the official response. The Labor leaders immediately supported yesterday’s package and undertook to work “constructively” with the government in finalising it and pushing it through a rump sitting of parliament, with just enough MPs summoned to provide quorums in both houses.

This unified front extends to the Greens, who helped pass the last two business handout packages, consisting of hundreds of pages of legislation, through parliament in just one day. Greens leader Adam Bandt was among the first to take to Twitter yesterday to welcome the latest package, while saying it was “too little, too late.”

The trade unions are part of the same front. They rushed to hail the package, even claiming credit for it. The Australian Council of Trade Unions (ACTU) worked closely with the government to devise the scheme.

Across all industries, the unions are collaborating with employers to scrap working and wage penalty rates, in order to boost profits. Last night, Business Council of Australia CEO Jennifer Westacott, speaking on behalf of the 100 or so largest companies operating in Australia, said: “I really commend the ACTU for the cooperative way that they’ve looked at some of these big awards and given some of the flexibility that employers have wanted.”

This line-up in the face of a mounting catastrophe shows in the most direct and concrete manner the necessity for the working class to take control of the situation. While workers must demand urgently-needed measures, such as full income support for all the working people who have lost their jobs, and safe conditions for all essential workers, these requirements are incompatible with the continued control of economic life by the capitalist ruling class.

The necessity for socialism is being spelt out in the cataclysmic conditions overtaking the capitalist centres of Europe and the US, and which are threatened in every country, including Australia. That means replacing the capitalist states with workers’ states that will place the banks and basic industries under public ownership and democratic working class control.



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact