

Australian treasurer hails Reagan and Thatcher as “inspiration” for government’s economic agenda

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Australian Treasurer Josh Frydenberg has given a clear warning about the direction of the Morrison government’s policies in response to the massive recession triggered by the COVID-19 pandemic, by citing Margaret Thatcher and Ronald Reagan as an “inspiration” for its agenda.

UK Tory Prime Minister Thatcher and US Republican President Reagan are synonymous with the war against the working class carried out in both countries during the 1980s and emulated by governments around the world.

Frydenberg invoked their names during a National Press Club address last Friday following his announcement that the government faces a record \$184.5 billion deficit this financial year, following an \$85.8 billion deficit for 2019-20. Total government debt will be at least \$851.9 billion at the end of 2020-2021. Some analysts predict it could go as high as \$1 trillion.

With debt levels as a proportion of gross domestic product at their highest levels since World War II, some commentators have claimed that this debt could gradually be wound back, as it was during the 1950s and 1960s, as a result of economic growth.

Chris Richardson of Access Economics, whose views are frequently cited in the media, said it could take years or decades to pay off the debt. “This is a war and just like the debt of World War II, we shouldn’t pay it back,” he said.

The present situation, however, bears no relation to the economic conditions of the post-war period. At that time, global capitalism was experiencing the longest boom in its history.

Even before the COVID-19 pandemic struck the situation was very different. World capitalism was rocked to its foundations by the global financial crisis of 2008 and had entered a period of what some have called “secular stagnation.” It was sustained only by massive interventions by central banks to keep interest rates at ultra-low levels and to provide trillions of dollars of support to financial markets via so-called quantitative easing.

Now, with the injection of many more trillions of dollars into the financial system and the creation of huge debts, the central task confronting capitalist governments around the world is to pump value back into the mountain of fictitious capital created to bail out the corporations and financial oligarchy.

This is the driving force of the homicidal return-to-work agenda and the longer-term perspective of every government—the intensification of the exploitation of the working class through “supply-side reform,” as opposed to “demand-side” government spending.

Frydenberg stated: “It is important to go to the supply side. Thatcher, Reagan—that’s an inspiration.” The government had to “encourage supply-side reform because that will be important to the recovery.”

To disclose the real meaning of such statements, it is always necessary to examine them in the context of the actual workings of the capitalist economy, not in terms of the phrases used by government ministers and economic pundits.

The driving force of the capitalist process of production is not the improvement of living standards and economic wellbeing as such. “Reform” signifies measures to increase the extraction of surplus value from the labour power of the working class, leading to a “recovery” in profits. That is the fundamental measure of “economic health,” so far as the ruling class is concerned.

Frydenberg’s open invocation of Reagan and Thatcher provoked some surprise in media circles. During the treasurer’s appearance on the Australian Broadcasting Corporation’s *Insiders* television program last Sunday morning, host David Speers struck a somewhat incredulous tone. Questioning Frydenberg on being “inspired” by Reagan and Thatcher, he asked: “Really?”

Frydenberg did not back away, but instead further elaborated, saying the pair had been “very successful” in confronting the challenges they faced. Thatcher had reduced

the annual number of working days lost due to industrial action from 30 million to 2 million.

Speers raised the concern that in light of the government's emphasis on industrial relations "reform," citing Reagan and Thatcher would scare workers. Once again, Frydenberg did not flinch. "Thatcher and Reagan are figures of hate for the left because they were so successful," he claimed.

That supposed "success" is recorded in the bitter experiences of millions of workers in the US, UK and around the world—massive job destruction, the driving down of wages, impoverishment and the destruction of social services.

It is likewise graphically reflected in the disastrous state of health services and hospitals, unable to deal with the COVID-19 pandemic because of privatisation and the slashing of public spending to feed the profit demands of the financial elite.

"Supply-side" economics also formed the starting point for the financialisation of the economy—the divorce of profit accumulation from the underlying real economy and the institutionalisation of the transfer of wealth into the hands of financial elites via the stock market and other forms of speculation, accompanied by the starving of funds for social needs.

The Reagan-Thatcher agenda was enforced through a violent assault on the working class: in the US, the mobilisation of the forces of the state against the PATCO air traffic controllers' strike in 1981; and in the UK, the year-long civil war conducted by the British police against the coal miners' strike of 1984-85.

Reagan and Thatcher, however, were able to carry out their class-war agenda only because they received vital support from the trade unions and their bureaucratic apparatuses.

In the US, the peak trade union body, the AFL-CIO, stood aside as the air traffic controllers' strike was defeated and its leaders jailed. This opened the way for an offensive against the working class that saw the smashing of one strike after another throughout the 1980s.

In Britain, the Trades Union Congress leaders isolated the embattled miners, while the National Union of Mineworkers leader, Arthur Scargill, refused to raise any demand upon them to mobilise the working class against the Thatcher government.

In Australia, the essential Reagan-Thatcher agenda was implemented through the Hawke-Keating Labor governments of the 1980s and 1990s which presided over a major redistribution of wealth from wages to profit. Under the so-called Accords, the trade union bureaucrats functioned as the industrial policemen as the Labor government and the employers tore up previous conditions,

outlawed unions whose members resisted their offensive, and broke up all forms of factory and shop floor organisation.

When such measures proved insufficient, the Hawke government used the armed forces to break the 1989 pilots' strike, enthusiastically cheered on by the entire union leadership.

These experiences have a burning contemporary relevance. As the Liberal-National government presses forward with its "restructuring" of the economy and return to work program, endangering the lives of workers, it could not last a single day without the support of the opposition Labor Party and the unions.

During the *Insiders* panel discussion, *Australian Financial Review* journalist Phil Coorey remarked that "everyone is invoking Hawke-Keating here, not Margaret Thatcher."

The so-called "national cabinet," which has largely replaced parliament as the government decision-making body, can only function, with cabinet confidentiality, because of the participation of four state Labor premiers.

The way for the permanent restructuring of workplace and factory conditions, as well as pay rates, has been opened by the collaboration of the unions, epitomised by the friendship between Industrial Relations Minister Christian Porter and Australian Council of Trade Unions secretary Sally McManus.

Frydenberg's remarks are a definite warning. The working class must develop its own forms of organisation, independent of the trade unions, such as rank-and-file committees in workplaces to protect workers' lives from the pandemic, and to fight the union-enforced attack on working conditions and pay rates.

Above all, the key political issue of the day is the building of a new party of the working class to lead the fight for a workers' government that will carry out the reorganisation of the economy on socialist foundations to meet pressing social needs, not private profit, as part of the struggle for socialism worldwide.



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