

# Australian government sets course to impose pandemic debt crisis on working class

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After pouring billions of dollars into corporate pockets as soon as the COVID-19 pandemic hit profits, Prime Minister Scott Morrison's government is now moving to slash unemployment benefits and other critical social spending, threatening widespread impoverishment.

In his first major appearance for 2021, billed as a "headland speech" at the National Press Club, Morrison declared: "You can't run the Australian economy on taxpayers' money forever."

This is a complete fraud. The vast majority of the \$251 billion that Morrison boasted of providing in "COVID-19 economic support measures" went to prop up and subsidise big companies—including Qantas, Virgin, Toyota, Crown Resorts, Star Entertainment Group and Qube Holdings—even as they laid off thousands of workers and cut workers' wages and conditions, while pocketing profits and paying executive bonuses.

In his speech, Morrison outlined the government's intent to try to extract the cost of the escalation of its debt burden, expected to exceed \$1 trillion within several years, from the working class, especially the jobless and lowest-paid.

The prime minister said his government's task now was to stick to its "economic recovery plan" and exercise "fiscal discipline" to reduce the debt. "We are not running a blank-cheque budget," he insisted, after a year of handing the corporate elite virtual blank cheques.

This places the Liberal-National Coalition government and the political establishment as a whole on a collision course with the working class as the economic and social crisis fuelled by the pandemic intensifies.

Treasurer Josh Frydenberg went on Australian Broadcasting Corporation's "Insiders" TV program on Sunday to give the clearest indication so far that the government will cut unemployment benefits back to their pre-pandemic below-poverty level of about \$40 a day for a single adult, when its slightly higher JobSeeker

payments are terminated at the end of March.

While he refused to yet announce a definite decision on the payments, Frydenberg said the government had made a point during the pandemic of not "baking in" such "structural spending" that would continue into the future.

In reality, the sole reason for imposing such financial and social hardship on the three million workers who remain unemployed or "underemployed" is to coerce them into poorly-paid work on super-exploited conditions. That is the thrust of the government's "economic recovery plan."

For the same reason, Frydenberg also ruled out any extension of the government's JobKeeper wage subsidy program beyond March 31, even though employers are still using the scheme to pay the wages of about 1.5 million workers, and many are likely to be retrenched as a result.

By contrast to the treatment of those worst-affected by the economic impact of the pandemic, the treasurer highlighted the government's ongoing handouts to business. These include a \$27 billion Business Investment Allowance, a reduction in the small and medium company tax rate from 30 percent to 25 percent, loss carry-back tax write-off provisions and "JobMaker" payments to employers for hiring workers aged under 35.

Morrison and Frydenberg flatly defended the obvious double standard involved in hounding and punishing welfare recipients for alleged over-payments, as exposed in the \$1.2 billion robodebt harassment scandal, while permitting employers to retain overpaid JobKeeper subsidies that they received despite recording bumper profits.

Morrison said anyone who criticised this was displaying an "envy narrative." Frydenberg offered a cynical circular argument. He said businesses that had managed to improve their profitability during the public health crisis were not required to pay back the wage subsidies, because

the government had not mandated repayments.

In addition, Morrison and Frydenberg foreshadowed further “support packages” for businesses in certain sectors, such as travel and tourism, that have lost revenues because of global travel safety restrictions.

The Labor Party, which backed all the corporate handouts, has essentially continued to mirror the government’s position by suggesting a continuation of JobKeeper subsidies for those particular industries, while feigning concern about cutting the dole all the way back to \$40 a day.

Interviewed yesterday by right-wing radio host John Laws, Labor leader Anthony Albanese said Labor wanted to “make sure we restore confidence in the government of the day.” He added: “One of the problems, and you know this, John, there’s a whole lot of cynicism out there.”

These remarks point to the anxiety in ruling circles, including the Labor and union apparatuses, about the discontent mounting in the working class.

Mehring Books, the publishing arm of the Socialist Equality Party (US), is proud to announce the publication in epub format of Volume 1 of *COVID, Capitalism, and Class War: A Social and Political Chronology of the Pandemic*, a compilation of the *World Socialist Web Site's* coverage of this global crisis.

While still supporting the government, the financial oligarchy is demanding that it go far further and faster to gut social spending, cut business taxes and restructure workplace relations.

The *Australian Financial Review* (AFR) editorial on Monday said Morrison was “right to signal that the year of big spending is over and the economy can’t run on taxpayers’ money indefinitely.” But it accused him of missing the chance to use his opening set piece speech of 2021 to “prepare the political ground for the supply-side tax, workplace and other regulatory reforms needed for the economy to grow back better.”

Last year, the editorial recalled, “Morrison suggested that a Hawke-Keating scale economic reform agenda was required to repair the COVID-19 damage; and Mr Frydenberg invoked the supply-side inspiration of Ronald Reagan and Margaret Thatcher.”

The Hawke and Keating Labor governments of 1983 to 1996 imposed the Reagan-Thatcher agenda on workers in Australia with the essential assistance of the trade unions. The editorial’s call for another such assault is a warning of the readiness of the Labor Party and its associated unions to again enforce the dictates of the ruling class.

Already, the Australian Council of Trade Unions

(ACTU) and its affiliates, as well as Labor, have played a central role in the pro-business response to the pandemic.

The ACTU helped devise JobKeeper, which funneled billions to major corporations as they were laying off workers, and has overseen the destruction of hundreds of thousands of jobs, wage cuts and reductions in conditions. Labor rushed the main aspects of the government’s October budget through parliament, including massive tax cuts for wealthy individuals and big business.

The AFR editorial expressed fears over the implications of Labor’s deepening crisis, including moves to unseat its federal leader Anthony Albanese. It complained: “The Prime Minister and Treasurer are under little pressure to seize what should be a burning platform for a supply-side agenda due to the state of the federal Opposition. As Anthony Albanese’s frontbench reshuffle of the climate portfolio from the left to the right wing of the party showed, federal Labor is still preoccupied with the internal fall-out of the traumatic 2019 election loss.”

This reference to the Labor Party crisis confirms that the financial elite is concerned that Labor continues to be so discredited in the working class that it is unfit to reliably back the government in such an offensive and to suppress the social unrest that will be ignited.



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