Australian unions' report underlines economic impact of COVID-19 pandemic

Nick Beams
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A report prepared by the Australian Council of Trade Unions (ACTU) on the state of the national economy and the situation confronting workers in the lead-up to the federal budget of May 11 was intended to be a critique of the response of the Liberal-National government to the COVID-19 pandemic over the past year.

But when placed within a broader historical framework the facts and figures in the report, entitled "For a Stronger, Balanced and Inclusive Recovery," are an indictment of the role of the trade unions and successive Labor governments over decades, as well as their response to the pandemic.

The report begins by making clear that the much touted "recovery" in the Australian economy rests on flimsy foundations and the pandemic has been utilised to worsen the position of large sections of the workforce while facilitating one of the largest transfers of wealth to the corporations and the wealthiest individuals ever seen in history.

Almost 60 percent of the jobs created since last May have been casual employment and almost two-thirds have been part-time positions. This has taken part-time employment to a record high of 32 percent of the total workforce.

The report notes that one-third of all jobs created between the June and December quarters last year were "secondary" jobs, meaning that the person filling them was already working elsewhere. In total, almost 800,000 workers are forced to work in two or more jobs just to make ends meet. The proportion of secondary jobs in total employment reached 7.2 percent at the end of last year, the highest level ever recorded since the Australian Bureau of Statistics (ABS) began collecting data on this issue.

The "recovery" is almost entirely the result of increased consumer spending. It accounted for 96 percent of the increase in real gross domestic product recorded between the June quarter of 2020, the worst period of the pandemic and the end of the year. Quarterly consumption expanded by $29 billion out of the $30 billion increase in total GDP.

"Other components of GDP—including business investment and government infrastructure investment—showed no sign of recovery at all," the report stated.

The consumer-led recovery, it said, was bound to falter because of the continued decline in wages which recorded an increase of just 1.4 percent in 2020, the lowest annual rise in the post-war period.

The collapse in wages during the pandemic is the latest development in the long-term decline in the share of wages in GDP going back decades.

According to the report, if workers' share of GDP had remained at the levels recorded in 1970, then total wages would have been $200 billion higher in 2019. That is, workers would have received on average $15,000 each in additional income.

The ACTU presented these figures as if they were somehow the result of the automatic working out of economic processes or a consequence of the actions of Liberal governments. In fact, they are the product of the policies pursued by the trade union bureaucracy in collaboration with successive Labor governments. In the 49 years from 1970 to 2019 Labor held office for 22 years.

The crucial period in this transfer of wealth was the Hawke-Keating Labor governments of 1983 to 1996 where, under a series of "accords," real wages were driven down and working conditions destroyed in order to boost corporate profits under the banner of "international competitiveness."

In this period, the trade unions underwent a qualitative transformation from organisations which had once fought for limited improvements in workers' wages and conditions to the policemen of the never ending "restructuring" demanded by the corporate and financial elites, whether under Liberal or Labor governments. The unions have worked to suppress all independent activity by the working class to the extent that, despite the ongoing assault on real living standards, the level of strike activity is at its lowest point in history.

Launching the ACTU report at the National Press Club in Canberra on Tuesday, ACTU President Michele O'Neil sought to shift responsibility to the Morrison government, saying if you wanted to drive down wages and shift prosperity into the hands of the already rich and powerful then one of the things you would do is "demonise and even criminalise workers trying to organise and bargain for better wages and conditions."

However, the criminalisation of industrial action has proceeded under the so-called Fair Work legislation brought in by the Rudd-Gillard Labor governments of 2007–2013 and developed in collaboration with the ACTU.

And as the experience of the pandemic has underscored, that collaboration has been developed and extended under the Morrison government. As the ACTU report acknowledged, in the government roundtable discussions last year involving unions and employers, during which the then Industrial Relations Minister Christian Porter hailed ACTU Secretary Sally McManus as his

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BFF (best friend forever), the unions engaged in "sincere efforts to reach agreement around innovative proposals to respond to COVID-19."

Those "innovative" proposals involved the scrapping of basic conditions with McManus telling employers on national television last April, "you can get everything you want through cooperation and by doing it through the way that we've already demonstrated that we can."

The consequences of the government-union-employer cooperation, centred on the suppression of all independent activity by the working class to protect themselves against the pandemic and counter the "restructuring" drive by the corporations, are to be seen by the data in the ACTU report.

It noted that the 2020 downturn was the "first recession in Australia's history in which company profits actually increased." As a share of total GDP "business profits hit their highest level in recorded history in 2020—representing 29 percent of national output."

In 2019, before the pandemic hit, labour compensation, including superannuation contributions, had declined to 47 percent of GDP—the lowest level since the ABS began collecting this data in 1959.

The pandemic was a "perverse culmination to a long historic period of rising profitability" which has seen the share of corporate profits in national output almost double since the mid-1970s.

Company profits have grown seven times faster than hourly wages during the pandemic, the stock market has risen by 32 percent, thanks to ultra-low interest rates and higher profits, and Australia's richest billionaires have taken in an additional $50 billion, boosting their combined wealth by 31 percent.

The report contains some significant data on employment. It noted that initial job losses reached 900,000 in the first months of the contagion. But this was only the tip of the iceberg with the JobKeeper wage subsidy providing continued employment for almost 4 million workers at some point and still supporting the jobs of more than 1 million when it was ended last March.

The jobs crisis is far from over notwithstanding the fact that total employment has regained its pre-pandemic level. About half of Australia's industries employ fewer workers than they did when the pandemic struck and "many of those industries are still in a highly damaged state."

The biggest job losses have been in hospitality, still down 86,000, as well as administration and support services, with 50,000 positions eliminated. Education, mainly in the tertiary sector, has lost at least 35,000 jobs, the construction industry has shed around 30,000 jobs and 25,000 positions have gone in transportation. Manufacturing employment has contracted by almost 20,000, extending a process that has gone on for the past 15 years.

Young people have been particularly hard hit. Job losses for those under 35 years of age were 50 percent higher than for the overall workforce. The total loss of jobs for this age group as of March this year was still 112,000. However, among seniors, those aged over 65, employment grew by almost 50,000. Rather than an indication of economic health, the report noted this was "a sign of economic desperation among Australians who should be enjoying a secure retirement."

What is clear from the ACTU-compiled data is that none of the problems confronting the working class—economic, social and health—can even begin to be tackled without a fundamental assault on the power of the corporate and financial oligarchy whose interests determine and direct the political agenda of governments.

But such measures are not even hinted at—not one hair on the head of corporate Australia will be disturbed by the measures proposed by the ACTU. Instead, what is put forward is the illusory prospect of "a people-led strategy for full economic and social recovery" that would involve investments in infrastructure, public services and affordable housing, as well as energy transition.

"If implemented, that vision of people-led reconstruction could usher in an era of expansive, inclusive growth, much like the generation of prosperity that followed the Second World War," the report declared.

This national-based delusion completely ignores the crisis of the global capitalist system that has been intensified by the pandemic.

The post-war boom was made possible by the strength of American capitalism which boosted the rest of the world economy. Today the US is marked by the growth of financial parasitism and speculation which has the potential to set off a crisis even deeper than that of 2008.

But the fantasy promoted by the ACTU—that social advancement is possible if only the ruling elites have a change of mindset—does serve definite political purposes. It is a signal to the corporate and political establishments that the collaboration seen throughout the course of the pandemic will be deepened.

At the same time, it is intended to throw dust in the eyes of workers and obscure the fact that in the face of the ruthless drive of corporate and finance capital to boost profits, none of their interests can be defended without a program which tackles the crisis at its source through the fight for political power and a socialist program based on the taking of the commanding heights of the economy into public ownership under democratic workers' control.

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