Australian treasurer reveals economic and political uncertainty

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After claiming for months to have generated a strong economic "recovery," despite the resurging global COVID-19 pandemic, Prime Minister Scott Morrison's government performed another anxious backflip this week.

In a speech that reversed the seven and a half-year-old Liberal-National government's fiscal policy ahead of the May 11 annual federal budget, Treasurer Josh Frydenberg delayed plans to slash government spending to pay for the hundreds of billions of dollars poured into corporate coffers over the past year.

"We won't be undertaking any sharp pivots towards austerity," the treasurer told a big business audience at an Australian Chamber of Commerce and Industry luncheon on Thursday.

Frydenberg effectively postponed so-called "budget repair" to claw back record budget deficits and reverse the soaring of public debt toward $1 trillion, largely produced by federal and state business stimulus and subsidy packages worth more than $400 billion during 2020.

This is from a government that two years ago falsely boasted it would produce a budget surplus in 2019–20 for the first time since the 2008–09 global financial crisis. "Back in black" was even emblazoned on celebratory coffee mugs in May 2019.

For all the government's opposition to even partial lockdowns and its escalating demands for the lifting of COVID-19 safety restrictions to fully "reopen" the economy, the speech revealed nervousness about the world situation.

"[We] continue to face enormous uncertainty—on both the health and the economic front," Frydenberg said. He noted that global deaths had exceeded 3 million, the vaccine rollout was limited worldwide and many health systems, including India's, were overwhelmed. "As long as the virus remains a threat, we face enhanced risks to the global and domestic economy."

The corporate media almost exclusively depicted the government's about-face as a bid to postpone electorally damaging cuts to social spending until after the next general election, due within a year.

More fundamentally, however, the delay in inflicting "austerity" reflects anxiety throughout the political elite about the deepening working class discontent over the health, economic and social toll produced by the profit-driven government responses to the pandemic, which have allowed it to spiral out of control worldwide.

Not only has the Morrison government's vaccine program proven to be a shambles, ending hopes of adequate inoculation before next year. The quarantine facilities have failed to prevent repeated potentially disastrous COVID-19 outbreaks, and the social crisis is worsening.

At the end of March, the government terminated the JobKeeper wage subsidy scheme, on which more than one million workers still depended for survival, and returned JobSeeker dole and welfare payments to starvation levels of about $44 a day, condemning an estimated three million people to poverty.

Payroll and wages data released by the Australian Bureau of Statistics (ABS) on the same day as Frydenberg's speech provided an early and partial view of the resulting intensification of the pandemic's employment and financial impact.

Payroll jobs fell by 1.8 percent in the fortnight to April 10, and total wages paid decreased, even more, by 3.1 percent. Because the ABS provided no number of the actual payroll jobs, it is difficult to calculate the job losses. But if payroll jobs amount to roughly half the workforce, this would translate into the elimination of some 120,000 jobs in two weeks.

Young workers are worst affected. The decline in payroll employment was led by a 2.9 percent fall in jobs held by 15 to 19 year-olds, and by drops of more than 4

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percent in accommodation, food services, arts and recreation services. Despite the government's claims that employment has returned to pre-pandemic levels, payroll jobs in the accommodation and food services industry fell to 11.2 percent below pre-pandemic levels.

Moreover, the pandemic is being used to further casualise the working class and gut wages and working conditions. According to an Australian Council of Trade Unions report released this week, almost 60 percent of net new jobs created since the worst period of the pandemic have been casual jobs, and almost two-thirds have been part-time positions.

At the other end of the social pole, for the wealthy, Frydenberg's speech amounts to a pledge to keep pumping billions of dollars into business support packages and to extend the regime of ultra-cheap credit of near zero interest rates and unprecedented "quantitative easing" by the Reserve Bank of Australia.

The bonanza—pouring cash into the financial markets—has produced soaring share and property prices. This has boosted the fortunes of the rich to staggering levels, while driving up housing prices, taking home ownership further out of reach for many young people, and creating a new speculative bubble.

Cynically, Frydenberg framed his speech in terms of getting the official unemployment rate below 5 percent before turning to "austerity" measures, saying this would lead to "better paying jobs." At the same time, he insisted that higher wages would only come "through lifting productivity."

In reality, as the 3.1 percent drop in total wages during the fortnight to April 10 indicates, the capitalist class is exploiting the pandemic to further drive down wages, which have already stagnated throughout the decade after the 2008–09 meltdown, and fallen sharply as a share of national income since the 1970s.

While the corporate elite and wealthy layers enjoy historic cuts to company and income taxes, a series of pre-budget reports produced by welfare agencies and charities have pointed to a deepening social cost.

A University of New South Wales study, commissioned by the Australian Council of Social Service, reported a huge spike in demand for services that assist with economic hardship, homelessness, mental health and domestic violence.

A housing survey by Anglicare found that only three rental properties across the entire country were affordable for a single person living on the government's reduced JobSeeker payment, and they were for shared accommodation.

The Morrison government's other primary response to the rising social unrest has been to ramp up its beating of the war drums against China, both to try to divert the class tensions toward an external "enemy" and to satisfy the demands of the Biden administration for a stepped-up confrontation with Beijing.

Last week, as part of a coordinated campaign, the head of the Home Affairs Department declared that the country must be prepared "to send off, yet again, our warriors to fight," as in World Wars I and II, and Morrison announced the upgrade of northern military bases on which the US would rely in the event of a war against China.

The Labor Party responded to both the announcements by Morrison and Frydenberg by agreeing with the underlying agenda, while criticising the government for not going far enough. Labor leader Anthony Albanese urged the government to terminate the lease of the civilian port of the strategic northern city of Darwin to a Chinese company.

Labor's shadow treasurer Jim Chalmers rebuked the government for saying that public debt "north of a trillion dollars" was "manageable." He offered more of the "constructive" advice that Labor has provided the government since the pandemic hit.

"We've made all kinds of positive suggestions, which the government should pick up and run with if they're serious about growing the economy in a broader, and more inclusive, and more sustainable way, so that we can get unemployment down closer to full employment, and so we can get those wages outcomes that Australians desperately need and deserve."

As always, Labor and its affiliated trade unions are seeking to perpetuate the myth that the crisis-wracked capitalist profit system can be compelled to produce decent jobs and wages. Labor and the unions have worked closely with the corporate and financial elite for decades to help relentlessly impose pro-business restructuring at the expense of the working class.

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