Australian national accounts data used to push for economic “reopening”

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As far as providing a picture of the state of the Australian economy goes, the national accounts figures released on Wednesday, which showed a 0.7 percent increase in growth for the June quarter, and a 9.6 percent increase for the year, were largely meaningless.

As the *Guardian*’s economics commentator Greg Jericho put it, the figures demonstrated that the annual growth exceeded the previous record of 9 percent, in March 1967. “If that sounds absurd, well yes, it is,” Jericho wrote. He recalled that during the mining boom, the highest annual growth was 4.9 percent and “you don’t have to have a degree in economics to know something is amiss.”

Although worthless in economic terms, the growth number for the quarter, well above estimates that had predicted a rise of only 0.3 percent, had decisive political significance.

It was immediately seized on by the political and media establishment to push for the abandonment of meaningful public health measures to deal with the Delta variant of COVID-19.

The *Australian Financial Review* (AFR) immediately sprang into action. It has been at the forefront of a campaign to change the mindset of the public, insisting that that measures must be taken to deal with the pandemic.

According to the AFR’s economics editor John Kehoe, the “surprisingly solid growth in the June quarter” demonstrated “how commerce flourishes when lockdowns are not throttling the economy.”

While the mood was dark in lockdown states, the national accounts showed that if restrictions were eased “the economy can thrive,” concluding that “soon, Australians will have to emerge from their caves, with thousands of daily virus cases circulating in the community.”

Federal treasurer Josh Frydenberg, who has been warned by his department that a contraction of at least 2 percent can be expected in the September quarter, seized on the figures to push for the ending of public health restrictions.

Commenting on the national accounts data, Frydenberg highlighted the statement by Victorian Premier Daniel Andrews this week, signalling his government’s abandonment of any attempt to eradicate the Delta variant.

“I welcome the acknowledgement in Victoria today that eliminating the Delta variant is an impossibility. It cannot be done. No country has done that and based on the best medical advice we have, we can’t do it,” Frydenberg said.

This is an outright lie. Through stringent public health measures, China has been able to keep infections and deaths many times below levels elsewhere, and modeling, presented by renowned epidemiologists to a seminar hosted by the *World Socialist Web Site*, showed that Delta could be eliminated.

As for the growth number itself, there was considerable hype around the fact that it was above the estimates that had been put at 0.3 percent at best.

This ignored the fact that the figures showed the economy was slowing even before the Delta variant struck. There were relatively few lockdowns in the June quarter, but growth of 0.7 percent was well below the 3.1 percent recorded in the December quarter and the 1.8 percent in March.

The main items in securing a positive rate were the increases in household spending, up by 1.1 percent, adding 0.6 percentage points to the overall figure, and government spending. Public inventories soared by 460 percent to an all-time high of $2.1 billion, much of which is calculated to have been vaccine stockpiles.

The figures for the September quarter will certainly show growth falling into negative territory, with the only question being by how much, and whether the decline will continue into the last three months of the year.

The Treasury estimate is for a contraction of at least 2 percent in the September quarter, with other forecasts considerably greater. Deloitte Access Economics has predicted a September contraction of more than 4 percent.

Internal data compiled by the Commonwealth Bank on credit and debit card spending has shown that consumer spending has dropped by 9 percent so far in the September quarter. The bank is forecasting “a big contraction” of around 4.5 percent for the three-month period.

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But, as economic distress worsens, the federal government is moving to cut relief spending, as it pushes for the economy to open up, regardless of the level of COVID-19 cases.

Frydenberg said that once the vaccination targets of 70 and 80 percent of the adult population were reached, there should be "no expectation that the scale of our economic support would need to continue in the same way it is today."

Some restrictions may remain before those levels were reached and that would need to be "factored" into government decision-making. But large programs would not be required. "That economic support can't continue," he said.

The existing levels of support are already inadequate. The number of people receiving the JobSeeker unemployment benefit has increased by 36 percent, compared with pre-pandemic levels. While some people are getting the $750 disaster payment, others are being forced to try and survive on $315 a week.

As Frydenberg was claiming that the latest growth data showed the "resilience" of the Australian economy, Foodbank Australia, the leading provider of food and groceries to charities, has reported that it is handing out as many hampers in one day as it would normally do in a week. The organisation's chief executive, Brianna Casey, said the demand was "mind-blowing."

"In NSW, we are receiving thousands of inquiries. We have actually seen a growth in food relief of 200 percent in the last nine weeks. Last week in both NSW and the ACT, we had the biggest distribution week on record," she said.

Research by the Australian Council of Social Services shows that because of the restrictions imposed on the very limited assistance provided by the federal government, almost 90 percent of those on the lowest incomes in lockdown are not receiving the disaster payment.

It is a very different story at the financial heights of the economy—the constituency for which Frydenberg speaks with his talk of "resilience."

Oxfam has estimated that, in the 18 months of the pandemic, Australia's 31 billionaires have seen their fortunes increase by nearly $85 billion.

The most egregious expression of this process is the iron ore magnate, Andrew Forrest, who has raked in around $857 million a year for the past 10 years—a rate of wealth accumulation of $2.35 million a day.

At the same time, a veritable looting operation of public funds has been carried out by some of the country's largest companies. According to the Australian Broadcasting Corporation's "7.30" program, tens of thousands of companies benefited to the tune of $6 billion from the federal government's JobKeeper wage subsidy. One in six companies that received the payment suffered no fall in turnover, while others, that doubled and even tripled their turnover, received hundreds of millions of dollars.

This was not a case of a few "rogue" operators, but was built into the very foundations of the system, which was designed by the Morrison government in the closest collaboration with the trade union peak body, the ACTU, at the start of the pandemic.

The poster boy of this process has been Gerry Harvey, the billionaire head of the retail giant Harvey Norman. This week he belatedly repaid $6 million of JobKeeper, given to his head office, but is keeping another $15 million. The company received the money even as Harvey reported at the start of the pandemic that panic buying was "an opportunity," and the company's sales were up by 9 percent.

Harvey Norman was able to receive this money all within the law. Government authorities, which ruthlessly pursue overpayments to those on Centrelink, while delaying or denying support for tens of thousands every week, have not recovered one cent of the company's JobKeeper bonus.

Together with the response to the latest national accounts data, this episode is another timely reminder of the real state of economic relations. It underscores that when capitalist politicians and their media mouthpieces speak of the "economy" they are not referring to the millions of workers whose labour is the source of all wealth, but to the operation of a socio-economic machine that ensures that this wealth is siphoned up to the highest layers of society.

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