

Inflation intensifies cost of living crisis for workers in Australia

Mike Head, Socialist Equality Party candidate for the Senate in Queensland
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The immense social crisis in Australia erupted to the surface yesterday. The release of official inflation figures shattered the efforts of both the Liberal-National Coalition government and the Labor Party to bury the reality until after the May 21 federal election.

Runaway price rises for food, fuel, housing, education and other essentials are tearing through working-class living conditions—as they are globally—making it increasingly impossible for millions of people to make ends meet.

Officially, the consumer price index hit 5.1 percent for the past year, sharply up from 3.5 percent the previous quarter. That is a huge further inroad into workers' living standards. Price increases more than double the average wage rise of 2.3 percent over the same year, on top of a decade of stagnating or falling real wages.

Inflation is running at a pace not experienced for three decades, except for the immediate cost of living explosion cause by the imposition of the 10 percent Goods and Services Tax in 2000.

Even this is a gross understatement of the sky-rocketing cost of living for working-class households. Prices for essential goods and services, such as food and petrol, jumped by 6.6 percent over the year, more than double the 2.7 percent increase in discretionary prices.

Workers and their families, together with all those on pensions and welfare payments, are struggling to even put food on the table. They are paying much more for meat and seafood (up 6.2 percent), and fruit and vegetables (up 6.8 percent), as well as dwellings (up 6.7 percent) and fuel (up 35 percent). To take one example, a lettuce that used to sell for \$1.50 now costs \$4.

Far from being temporary, as Labor and the Coalition claim, the soaring prices are accelerating. The consumer price index lifted by 2.1 percent over the first three months of the year. That is an annualised rate of 8.4 percent. This takes Australia to the levels of inflation that are devastating workers, and fuelling strikes and protests, around the world, from the US and Europe to Peru, Lebanon, Tunisia, Sri Lanka and India.

Neither the Coalition government nor Labor has any solutions to this crisis. Instead, they both tried to paper over it by cynically agreeing on short-term “cost of living” pittance in the March 29 federal budget. All these measures—a six-month cut to the petrol excise, \$250 payments to welfare recipients and a tax offset for those on medium incomes—will expire soon after the May 21 election.

Adding to the financial stress is the certainty that interest rates will be raised sharply from their record ultra-low levels over the next two years. The Reserve Bank of Australia is expected to start doing so next week. This will drive up home mortgage payments, especially in working-class outer suburbs, where there are high levels of mortgage stress and record levels of household debt.

Some of the big banks have already lifted fixed rates on four-year loans by almost 3 percentage points—from around 2 percent to 5 percent. For those on an average mortgage of \$600,000, adding 3 percentage points to the borrowing costs would swell repayments by \$1,500 a month or more.

Rents are also soaring, creating what the National Shelter organisation calls a “national housing emergency.” Real estate listings show that rents rose by an average of 4.7 percent in the past year. Just 2 percent of listings were affordable for someone on a full-time minimum wage. Less than 1 percent (312 properties) were affordable for someone on the age pension and only 51 rentals for a person on the disability support pension.

Every aspect of life is being severely affected for working-class households and young people. Education costs rose 4.5 percent in just the first three months of 2022, led by tertiary education fees jumping 6.3 percent. Secondary education (3 percent) and preschool and primary education (4.5 percent) costs also increased, worsened by the ending of free preschool in Victoria.

Once again, the working class is being made to pay for the escalating crises of global capitalism. The inflationary spiral gripping the world is, first of all, the result of the unprecedented pouring of trillions of dollars into the

financial markets and corporate support packages by governments and central banks during the 2008–09 global financial meltdown and the COVID-19 pandemic.

The second major factor is the profit-driven refusal of governments to take the necessary measures to contain and eliminate COVID-19, leading to mass infections and global supply chain breakdowns. This disaster is being magnified by the mounting US-NATO drive to use the Ukraine war to crush Russia. The conflict has slashed supplies of food, fertilisers and fuel worldwide.

In Australia, the impact on food prices has been multiplied by the impact on harvests and cattle of this year's catastrophic floods in New South Wales and Queensland, the effects of which are bound up with the failure of capitalist governments to address climate change.

Labor's shadow treasurer Jim Chalmers is demagogically referring to the "triple whammy" of soaring prices, falling real wages and rising interest rates, saying it is "slaughtering" households. But Labor has offered no answers beyond its bipartisan support for the fleeting "cost of living relief" in the government's budget.

Labor's economic proposals, which Chalmers released yesterday, are all premised on the false assertion—shared with the Coalition government—that wages will rise as a result of "growing the economy."

The opposite is the truth. As workers have experienced over the past decade, "growing the economy" means boosting profits and the wealth of billionaires, at the expense of jobs, wages and working conditions. During the past year alone, the combined fortunes of the richest 250 Australians rose by \$50 billion, to an obscene \$520 billion.

Urgent action by the working class is needed to halt the destruction of living standards. In our election campaign, the Socialist Equality Party is urging workers to form independent organisations of working-class struggle, rank-and-file committees, in every workplace and neighbourhood.

These are needed to break out of the shackles of all the pro-capitalist trade unions, which have presided over the falling wages and decimation of basic conditions, and suppressed workers' resistance via the anti-strike laws they helped the last Labor government introduce.

These committees would link up with workers throughout the world, who confront similar conditions and the same capitalist crisis, fighting to develop an international movement against the profit-crazed ruling class.

The SEP's election statement advances a series of demands to meet the pressing needs of working people. These include:

- An immediate rise in all pay to compensate for past erosion. Index all wages to the current cost of living and

introduce an automatic monthly cost of living adjustment to keep pace with rising expenses.

- A full-time, permanent job on decent wages and conditions for all who want one. Proper wages and conditions for all part-time and casual workers, including those in the so-called "gig economy." End mandatory overtime, crushing workloads and speedups.

- A living wage for all those unable to work. End poverty-level payments to the elderly, disabled, and unemployed. Abolish all "mutual obligation" requirements and other degrading measures imposed by Centrelink.

- A vast expansion of public housing is needed to end homelessness as part of a broader program to provide affordable housing for all.

None of these demands can be met under the current economic order, which is entirely based on corporate profit and private wealth, not social need. On the contrary, whichever party forms the next government will deepen the assault on workers' conditions in order to satisfy the dictates of the money markets.

The working class, whose labour power is the source of all wealth in society, must take control of the production and resources, in order to fundamentally reorganise society to meet the needs of all. That means placing the banks, finance houses and major corporations under social ownership and the democratic control of the working class.

A workers' government has to be established to restructure society along these socialist lines as part of the fight for socialism internationally. To build the leadership necessary for this fight, we urge workers to attend this weekend's International May Day online rally and to join the Socialist Equality Party.

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