Australia's Labor government demands "sacrifices" from workers

Mike Head
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It has taken less than a week since last Saturday's Australian federal election for the hastily-installed Labor government to show its true class colours, on both the international and domestic fronts, just as the Socialist Equality Party (SEP) warned throughout the election campaign.

Far from the "better future" promised by Labor's election slogan, Prime Minister Anthony Albanese's government has rushed to back the escalating US war drive against China and to demand "sacrifices" from the working class to boost corporate productivity and profits, and to pay off massive budget deficits and debt.

On the international front, the very first actions of the government, which still lacks a parliamentary majority, was for Albanese and Foreign Minister Penny Wong to rush to Tokyo to enlist in the Biden administration's offensive against China at the Quadrilateral Security Dialogue (Quad) summit, and then for Wong to immediately be dispatched to Fiji to warn South Pacific governments of unspecified "consequences" if they struck security agreements with Beijing.

On the domestic front, Treasurer Jim Chalmers and Finance Minister Katy Gallagher have conducted a media barrage, claiming they have suddenly discovered that the budget situation is "dire" and "significant savings" must be found. Moreover, they insist that nothing can be done for the foreseeable future to address the devastating cost of living crisis confronting working-class households, now aggravated by a huge rise in power bills that both Labor and the Liberal-National Coalition cynically hid from view during the election.

To reinforce the message, Chalmers told the *Australian*, the Murdoch flagship, on Thursday that the government wanted a "national conversation" about an alleged "productivity challenge" and "for people to recognise that sometimes sacrifices are necessary if we are to make progress."

These developments underscore the connection between war abroad, with its accompanying massive military spending, and class war at home to extract the necessary sacrifices from the workers who produce all of society's resources.

All this while it still remains unclear whether Labor will secure the 76 seats in the House of Representatives it needs to form a majority. Even if it scrapes across that line, its position will be tenuous, after its primary vote fell to a new historic record low of less than 33 percent. To pursue its pro-war and class war agenda, Labor will depend on being propped up by the Greens and an assortment of "Teal" and other "crossbenchers" in parliament.

This confirms the warning issued by the SEP in our election statement: "Whatever the shape of the next government—Coalition, Labor or a minority government backed by various independents—it will make the working class pay for the huge budget deficits and spiralling government debt created by pouring billions into military spending and big-business pandemic support packages."

Throughout the election campaign, the entire political and media establishment engaged in a conspiracy of silence about the social and economic crisis globally and in Australia. Labor and the Coalition alike painted a phoney picture of a more prosperous or "better" future, coming just around the corner. They buried the reality of escalating US-led militarism against China, as well as Russia, the resurging global COVID-19 pandemic and soaring inflation.

The brazen character of those lies is epitomised by Thursday's announcement by the national energy regulator that household power bills will jump by as much as 18 percent from July. Customers will pay up to $227 more for electricity next financial year, adding to the financial stress produced by sky-rocketing food, fuel and rental or mortgage housing costs.

This hike, substantially driven by rising world oil and gas prices due to the US-NATO proxy war against Russia in Ukraine, was deliberately delayed until a few days after the election, while both Albanese and ex-Prime Minister Scott Morrison were proclaiming that they would deliver lower energy prices.

In response, Chalmers declared that households must brace for a "power price spike before things get better." There was no "flick a switch" solution to the "defining challenges" of rising interest rates, "skyrocketing inflation and falling real wages."

On the same day, Thursday, like every incoming government for decades, Labor said it had discovered a supposed "black hole" in the federal budget that required drastic cost-cutting.

This hole has a particular class content, directed frontally against workers. Labor insists it can be filled only by driving up "productivity"—which is a code word for intensifying the rate of

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exploitation of workers' labour power by the capitalist class.

After a decade of already stagnant or falling real wages, that means slashing more permanent jobs, cutting workers' conditions, and continuing to suppress demands for wage rises to match the cost of living.

Chalmers said the Coalition government's budget forecasts—which themselves predicted continuing record budget deficits of $223 billion over the next four years and a government debt of more than $1 trillion within two years—were based on "lies" about productivity that had undermined the case for economic "reform" and "sacrifices."

Chalmers said a string of federal budgets had assumed underlying labour productivity growth of 1.5 percent. But productivity growth over the past five years was only 0.9 percent.

He told the *Australian*: "Part of the upfront national conversation I want to have with the Australian people is about how we shift the needle on productivity—that's the secret to get wages growth and economic growth with low inflation."

In other words, real wages will continue to fall until productivity is lifted. But that flies in the face of the bitter experience of workers for years in Australia and internationally of a widening chasm between wages and the astronomical growth of the profits and wealth of the super rich.

Yesterday, in the latest indicator, the *Australian Financial Review* boasted that the total wealth of its Rich 200 List has risen to $555 billion, up from $479 billion last year, with the entry ticket to the list nearly doubling in five years to $629 million. This social gulf will only increase under Labor, compounded by cuts to essential social programs.

After 11 hours of briefings with senior Treasury officials, Chalmers said he hoped a "line by line" audit of the budget would "throw up additional opportunities for, ideally, billions of dollars worth of budget improvements."

This inevitably means cutting social spending, with Gallagher already nominating aged care, health and the National Disability Insurance Scheme (NDIS) as targets. Gallagher told the Nine Media newspapers: "There is a massive job ahead, the budget repair task will be ongoing and significant."

Albanese has ruled out overturning planned income tax cuts for the wealthiest households, which will give them annual tax cuts of up to $23,280, while slashing government revenues by more than $300 billion over a decade.

Chalmers has begun the process of repudiating even Labor's minimal election promises. The $1 trillion debt meant there was not enough money for "everything that we would like to do," he told the *Australian Financial Review*. He said he plans to make a "blunt, frank and upfront" economic statement to parliament in June or July.

Soon after that, most likely in September, the government will convene a summit of business and trade union leaders, as the incoming Hawke-Keating Labor government did in 1983, to fashion a compact that will rely on the unions stepping up their decades-long suppression of workers' struggles.

Today's *Australian* front page featured pledges by Business Council Australia chief executive Jennifer Westacott to work with the unions to "rescue and improve" the enterprise bargaining system in order to boost productivity growth. This bargaining system has been a central mechanism since the 1990s for straitjacketing workers in anti-strike laws policed by the unions.

Westacott said industrial relations "reform" would only "stick" if there were "agreement between unions and business." That is testimony to how much the ruling class relies on the unions as its industrial police force.

Australian Council of Trade Unions (ACTU) secretary Sally McManus reciprocated, telling the *Australian:* "We want to have constructive discussions. We want to fix that [bargaining] system."

Explosive class struggles lie ahead. This government-employer-union lineup already confronts strikes and protests by teachers, paramedics and university staff, on top of those that erupted during the election campaign involving nurses, other health workers, aged care workers, teachers, bus drivers and others.

The SEP's election statement advanced a socialist program of action for workers to fight the intensifying assault on their basic social and democratic rights.

That program of crucial working-class demands, and the building of rank-and-file committees totally independent of the unions to fight for them, provides the way forward against the pro-business agenda of the Labor government and the unions.

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