

# Australia's Labor government opposes inflation wage rises, despite soaring living costs

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Last Friday, in a new submission to the Fair Work Commission, the country's pro-business industrial tribunal, Australia's Labor government opposed any "across-the-board" pay rise for workers in line with inflation, regardless of the sky-rocketing cost of living.

"This submission does not suggest that across-the-board, wages should automatically increase in line with inflation," the government stated. "The key driver of real wage growth (excluding inflation) over the longer-term is labour productivity."

In other words, any pay rises must be tied to continuing to ratchet up "labour productivity"—that is, driving up output per worker in order to further boost corporate profits.

The submission added: "The current economic circumstances are highly unusual and challenging, and the Government's submission pertains specifically to the low-paid and in the current macroeconomic context."

Labor's fraudulent election slogan of a "better future" has quickly disappeared. It has been replaced by warnings from Treasurer Jim Chalmers of a "perfect storm" that means that government spending must be cut and workers must increase their productivity as the only basis to reverse years of real wage cuts.

In a cynical attempt to head off workers' anger over soaring food, petrol and energy prices, the submission recommended that the tribunal ensure that "the real wages of Australia's low-paid workers do not go backwards."

That posturing, in line with Prime Minister Anthony Albanese's pre-election rhetoric of protecting minimum wage workers, is a sham.

Even for the worst-paid workers, on the minimum wage of \$20.33 an hour, the government refused to nominate a pay rise to match the official inflation rate of 5.1 percent over the past year, let alone the 6.6 percent rise in "non-discretionary" costs, such as food, fuel and housing.

That was despite the government admitting that inflation is "expected to increase further in the near-term due to persistent and compounding supply shocks," with the spiralling costs expected to continue in 2023.

Soaring global energy prices, combined with profiteering by the oil and gas giants, are not only sending petrol, gas and electricity prices through the roof, but ripping through business production and transport costs, driving up inflation.

World food and fuel prices have dramatically escalated due to

supply disruptions caused by the refusal of capitalist governments to suppress the COVID-19 pandemic, immensely aggravated by the US proxy war against Russia in Ukraine.

Across the 33 major economies in the OECD, runaway inflation of 9.2 percent in the year to April has been spearheaded by a 32.5 percent surge in energy costs and an 11.5 percent jump in food prices.

Claiming to have suddenly discovered these "dire" economic conditions immediately after the May 21 election, Albanese's government is demanding "sacrifices" from workers, regardless of an ever-widening gap between soaring profits and falling real wages.

By placing the issue in the hands of the Fair Work Commission, the government is laying the foundations for yet another real pay cut for millions of workers, many of whom have been forced into insecure low-paid employment. The FWC is not a neutral "umpire." It is a pay-cutting body established by the last Rudd-Gillard Labor government of 2007 to 2013.

The FWC's first and foremost "minimum wages objective," set by Labor's Fair Work Act, is "the performance and competitiveness of the national economy, including productivity, business competitiveness and viability." Its members are predominantly former business executives and ex-union bosses.

The wage case panel includes former Australian Council of Trade Unions (ACTU) president and past Labor cabinet minister Martin Ferguson. He was appointed by the previous Liberal-National Coalition government after being earlier rewarded for his union and Labor services via various corporate posts in the oil and tourism industries.

ACTU secretary Sally McManus rushed to back the Albanese government, reflecting the unions' equal intent to try to prevent an eruption of wages struggles. She welcomed the government's submission, claiming it was a "huge shift" from the Coalition government, even though it rejected cost of living pay rises for most workers and exposed the ACTU's nominal call for a 5.5 percent wage rise for workers on industrial awards.

Behind all the pretence of concern for low-paid workers, the ACTU's own submission to the FWC showed that the unions agree entirely with the Labor government that workers' wages must be tied to profits and productivity. It argued that a pay increase was "sustainable" because of "robust" productivity and

profit growth, and decreasing unit labour costs.

This line-up by the Labor government and the unions is no aberration. It means a deepening of the four-decade lifting of corporate profits and staggering wealth accumulation by the corporate elite, at the expense of workers. According to last week's latest Australian Financial Review Rich List, the wealthy are increasing their fortunes at a record rate. The richest 200 collectively gained more than \$75 billion last year, taking their holdings to \$555 billion, an 85-fold increase since 1984, the first full year of the Hawke Labor government.

This process was set in motion by the Hawke and Keating Labor governments, which worked in close collaboration with all the unions via their prices and incomes Accords of the 1980s and 1990s, to restructure the economy in the interests of big business.

Last week's gross domestic product (GDP) figures showed that the share of national income going to profits set a record at 31.1 percent in the March quarter. That is almost double the figure of around 18 percent in 1983. That was when Hawke and Keating convened a "summit" with the unions and employers in 1983 and signed their first Accord with the ACTU.

Over that period, workers have been forced to become increasingly "productive," but the gap between wages and profits has only widened. The sharpest upward curve in productivity occurred during the 1990s, peaking at near 4 percent per year, in the wake of the Hawke-Keating-ACTU restructuring.

This exposes the lie, peddled by Labor and the unions, that higher productivity leads to higher real wages. Since the 1990s, real unit labour costs—how much it costs employers in wages for each unit of output, adjusted for inflation, have been slashed, with the index falling from around 115 to about 94.

This ratcheting up of the rate of exploitation of workers' labour power has accelerated during the COVID-19 pandemic. Real (non-farm) labour costs for employers have fallen by 5.3 percent since the pandemic began. That is because the ruling class has exploited the global public health disaster to further cut workers' wages and conditions, assisted by the unions, which have suppressed opposition.

The standard of living for workers, measured as real average compensation per employee, has fallen back to the level of 2011, representing more than a decade of stagnant or declining real wages.

This offensive is intensifying. According to the latest Business Indicator Survey, profits rose 10.2 percent in the March quarter, while total wages increased by just 1.8 percent. Leading the pack were the mining companies. In the past year alone, their profits have risen by 48 percent, while their wages bill rose by just 11.7 percent.

From December 2015 to March 2020, mining profits grew by 350 percent, while wages in that sector rose by only 22 percent, with that gap far wider than in the "investment boom" of September 2002 to December 2008, when profits rose by 290 percent and wages by 131 percent.

But the Albanese government has ruled out any "super-profits" tax on the mining conglomerates or any other action that would impinge on the profiteering by the gas exporters.

The growing enrichment of the wealthy at workers' expense is a

direct product of the suppression of workers' struggles by Labor and the unions for the past 40 years. Enterprise bargaining and anti-strike laws drawn up in collaboration with the unions under Hawke and Keating and Rudd and Gillard have been used to block or betray strike after strike.

In the year to last December, only 71,000 employees took industrial action across just 130 disputes. Employers lost a mere 116,000 working days to strike action. That is an historic low, compared to the late 1980s and early 1990s when more than a million days were lost to strike action every year, and the 1970s, when the figure peaked at almost 6.3 million days in 1974.

This underscores the transformation of Labor and the unions from organisations that once sought to extract concessions from the capitalist class—always in order to maintain the system of wage labour itself and head off working-class support for socialism—into political and industrial police forces enforcing the gutting of workers' conditions to satisfy the profit demands of employers under conditions of globalised production.

As a result of workers' bitter experiences with the unions, their membership has plummeted from around 50 percent of the workforce in 1984 to 14 percent, as of 2020, with the coverage even lower—5 percent—among young workers.

This year, pent-up strikes have begun to erupt, including among nurses, health and aged care workers, teachers, university staff and public sector employees, despite the efforts of the unions to keep a lid on workers in the lead-up to the May 21 election.

To go forward against Labor and the union apparatuses, workers need new organisations—rank-and file committees independent of the unions—and an opposed political perspective that rejects the dictates of the financial elite, that is, a socialist perspective.

In its election statement, the Socialist Equality Party (SEP) advanced a socialist program of action for workers to fight the intensifying assault on their basic social and democratic rights.

The first plank in that program demanded: "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."

This program of essential working-class demands, and the building of rank-and-file committees to fight for them, provides the way forward against the decades-long pro-business agenda of Labor and the unions.

This will be at the centre of the discussion at the SEP's online public meeting this Sunday, June 12 at 2 p.m. (AEST) to review the election outcome and the explosive class battles ahead. Register now to attend this important meeting.



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