

Australian Labor government moves to slash social spending and impose real wage cuts

Mike Head
17 June 2022

Australia's tenuous Labor government—elected with less than a third of the primary vote at the May 21 election—is rushing as fast as it can to meet the demands of the financial elite for deeper budget cuts and the suppression of workers' struggles for pay rises to match the sky-rocketing cost of living.

Two events yesterday, featuring Treasurer Jim Chalmers and Prime Minister Anthony Albanese, highlighted how quickly Labor's fraudulent election slogans of "a better future" and "no one left behind" have disappeared.

First, despite being in isolation due to a COVID-19 infection, Treasurer Jim Chalmers gave an "exclusive" interview to the *Australian Financial Review*, published on its front page today. He vowed to cut government spending even more than initially flagged straight after the election, and to stifle workers' demands for wages to match inflation.

Chalmers said his first budget, scheduled for October 25, would feature "a more substantial look at trimming and cutting back some of this wasteful spending that we've inherited."

Under the misleading banner of "waste," Labor is targeting essential social spending. Chalmers said a key element of the budget "challenge" was funding "the desirable and unavoidable"—aged care, the National Disability Insurance Scheme, defence, health and debt servicing.

"There's not a bottomless pit of Commonwealth cash to solve everything," he said.

The treasurer echoed last week's declaration by Treasury secretary Steven Kennedy that "commitments to structural spending in areas including disability support and aged care" were "putting sustained pressure on the budget."

This is part of the reality that was cynically covered up by both Labor and the Liberal-National Coalition throughout the election campaign—a worsening cost of living crisis, threatened electricity blackouts, huge interest rate hikes, record budget deficits and spiralling government debt of over \$1 trillion, and a looming global recession.

The Labor government is intent on imposing the resulting pain on the working class in order to further drive up corporate profits and pay off the mountain of debt incurred by bailing out the banks and big business during the first two years of the pandemic.

Chalmers reiterated Labor's submission to the Fair Work

Commission (FWC) minimum pay case, which opposed any "across-the-board" wage increases. "We don't believe that there should be an automatic, mechanical minimum wage rise on every occasion that perfectly matches the headline inflation rate," he said.

The much-hyped 5.2 percent minimum wage rise granted by the FWC this week—itself way below the soaring cost of living rises for petrol, food, electricity, domestic gas, mortgages and rents—was a "special circumstance" that was not to be passed onto other workers.

Even though the Reserve Bank of Australia now predicts official inflation to hit 7 percent this year, Chalmers insisted that wage rises depended on boosting "productivity." He said: "We want to work with business around making their workers more productive."

That means working closely with the trade unions, as well as the employers, to drive up the rate of exploitation of workers' labour power, via lower real wages, heavier workloads and more "flexible" working hours and conditions.

That is the agenda behind the government's planned September "jobs summit" with the unions and business. It is an attempt to deepen the historic assault on workers launched by the last such "summit" convened by the Hawke-Keating Labor government in 1983, which laid the basis for wage-cutting Accords with the Australian Council of Trade Unions (ACTU).

While targeting workers and social spending, Chalmers again ruled out increasing the Petroleum Resources Rent Tax, which raises just \$2.4 billion a year, despite the huge windfall profits being made by the oil and gas conglomerates because of sky-high global prices.

That is in line with Labor's vows, under Albanese's leadership, to retain the corporate and high-income tax cuts it helped the Coalition government legislate, and not to raise any taxes on the wealthy, despite their profit share of national income nearly doubling over the past 40 years.

Chalmers said Labor's first budget would still include a supposed "cost of living package" of cheaper childcare and prescription medicines, but would make the case for "structural reform" and "fiscal sustainability." That would pave the way for another budget next May, preceded by a Productivity Commission report in February.

The second event yesterday was Albanese's first meeting of the unelected "National Cabinet"—a de facto bipartisan form of rule initiated in 2020 when the pandemic hit.

Albanese and the state and territory leaders, Labor and Coalition alike, agreed to continue this coalition-style body. They need it as a means of inflicting cuts and hardship for which no one gave a mandate on May 21, when the combined vote for both the ruling parties fell to an historic low.

Albanese used the meeting to start the assault by ruling out any increase in healthcare funding despite the COVID-driven crisis throughout the public hospitals. With about 3,000 patients in hospital with COVID-19, and deaths and infections resurging, Albanese admitted that the pandemic "clearly isn't over yet," but only extended the federal government's pandemic health funding by three months to the end of December.

That followed Labor's support for the previous Coalition government's March budget, which cut federal health spending by \$10 billion to \$105 billion this year, or more than 10 percent in real terms.

Like the Coalition, Labor has rejected calls by the state and territory governments for a 50-50 share of public hospital funding and by the Australian Medical Association for a \$20 billion injection into the overwhelmed hospitals. As a result, bed and staff shortages, and ambulance delays and "ramping" (queuing) will worsen.

Albanese was on a unity ticket with the most openly right-wing state premier, the Liberal-National's Dominic Perrottet in New South Wales. "This is not about money, it's about working together on substantial reform, and I thought today's national cabinet was refreshingly collaborative," Perrottet told the joint media conference after the meeting.

Federal Employment Minister Tony Burke underscored how central the unions are to Labor's austerity offensive. He told the *Weekend Australian*: "Our wages policy will be informed by the jobs summit. That's the start point. Historically the best way to deliver both a productivity dividend and a wages outcome has been through the bargaining system."

Burke said the aim was to get enterprise bargaining "moving again." The unions have enforced that system since the Keating Labor government and the ACTU imposed it in the 1990s. It serves to atomise workers, tie them to the profit requirements of "their" individual employers and straitjacket them in anti-strike laws.

Albanese's government is scrambling to satisfy the ruling class that it can inflict its policies on the working class.

Today's *Australian Financial Review* editorial said Labor's main task was to "prepare for the US-based global recession being signalled by both equity and debt markets." Chalmers had to "accelerate plans to repair the budget, douse wage inflation pressures and kickstart a genuine productivity agenda."

The *Australian*'s editor-at-large Paul Kelly said Labor had to

confront "a public soaked on cheap money and fiscal entitlement in a world where both have to be cancelled." The veneer of "compassion politics" on which Albanese was elected had to be eliminated. This would "involve shock and hardship for a community unprepared in financial and cultural terms."

Kelly minced no words. "Being realistic, we face hefty increases in interest rates, higher prices for most sensitive household items, sharp increases in power bills, falling property prices, falling home valuations, a lower share market—and future falls in real wages. The country is going to be poorer and feel poorer."

"Being realistic" means that Labor and the unions have to force working-class households to become "poorer" for the survival of the capitalist profit system. Kelly declared: "High inflation imposes ugly choices on governments. Much of the economic success of the 1980s was because Bob Hawke and Paul Keating used the Accord to deliver real wages cuts."

As Kelly and his ilk know only too well, the unions have been the ruling class's industrial police force for four decades. Now the Albanese government needs them more than ever, despite the collapse of their memberships to less than 10 percent of the workforce because of their 40 years of betrayals.

Against this line-up, the Socialist Equality Party is fighting for the building of rank-and-file committees, completely independent of the unions, to defend and advance the interests of workers. These genuine working-class organisations are linking up with workers worldwide through the International Workers Alliance of Rank-and-File Committees, and advancing a socialist perspective to totally reorganise society in the interests of workers, not the billionaires.



To contact the WSWS and the Socialist Equality Party visit:

wsws.org/contact