

Australian Treasurer delivers “confronting” news on cutting real wages and social spending

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After returning from a G20 finance ministers’ meeting in Indonesia, Australian Treasurer Jim Chalmers called a media conference on Monday to warn that he will deliver a “confronting” ministerial statement when parliament finally resumes next week for the first time since the Labor Party narrowly won the May 21 election.

Chalmers’ remarks represent an intensification of the Labor government’s offensive, backed by the trade unions, to force working-class households to bear further cuts to real wages and essential social programs in the face of an escalating cost of living and COVID-19 crisis.

As soon as it took office, Labor’s sham election slogans of “a better future” and “no one left behind” were replaced by calls for “sacrifice” from workers—just as the Socialist Equality Party warned throughout the election campaign.

But Chalmers’ comments took this reversal to a new level. Prime Minister Anthony Albanese’s government is seeking to browbeat workers into accepting wage deals struck by unions that are far below the inflation rate, expected to exceed 7 percent before the end of the year, while also slashing spending on public health and other essential services.

Chalmers said his ministerial statement would be “confronting in terms of real wages because there is no credible economic forecaster in Australia right now who thinks that wages growth is going to keep up with inflation. And we will be revising up our expectations for inflation. And so that will make the real wages situation worse before it gets better.”

This claim that the situation will “get better” sometime in the future is as much of a fraud as Labor’s election promises. Real wages have already fallen for the past decade, while profits have risen twice as fast as wages since 2000. This is not a temporary cut to working-class living standards.

Since the 1980s, the profit share of national income has doubled. That is a product of the suppression of workers’

struggles over the past four decades, particularly since the prices and incomes Accords struck between the unions and the Hawke-Keating Labor governments from 1983 to 1996.

This driving down of real wages has accelerated during the COVID pandemic. Unions have enforced wage freezes and cuts demanded by the employers and governments, Labor and Liberal-National alike.

Real wages fell 2.1 percent in 2020-21, according to Australian Bureau of Statistics data. They will have fallen further during 2021-22 and will drop even faster over the next year as inflation soars while the unions step up their efforts to isolate and sell out workers.

Inflation is likely to exceed the Reserve Bank of Australia (RBA) forecast of 7 percent by the end of 2022. On Monday, Westpac bank tipped the annual headline Consumer Price Index to reach 7.2 percent toward the end of the year, that is, heading toward the even-higher inflation that is tearing through workers’ living standards in North America, Europe, New Zealand and globally.

The role of the unions in policing wage-cutting was noted recently by the *Australian Financial Review*. Its list included:

- Warehouse workers at Asahi Beverages’ Heathwood distribution centre in Brisbane received annual wage rises of just 3.5 percent for two years in an agreement negotiated by the United Workers Union.
- Boral’s Queensland concrete workers obtained a pay rise of just 2.75 percent.
- Workers at Linfox distribution centres covering retail and fast-moving consumer goods, including for Simplot, Heinz, Kellogg’s, Masterfoods and Bega dairy, got even less—only 2.5 percent.
- At Kraft Heinz’s factory in Sydney’s Seven Hills, manufacturing workers will receive just a 2 percent pay rise at the end of the year.
- Even in the construction sector—where workers once had higher pay—the Construction Forestry Mining and Energy

Union struck a South Australian deal with Lendlease for 4 percent a year.

- The Financial Services Union pushed through agreements between March and May for just 3.6 percent for 1,800 employees at Bankwest and 3.8 percent for 600 staff at Cbus.

Not on the list was the regressive four-year deal with the Victorian Labor government imposed by the Australian Education Union on the state's teachers, with nominal salaries rising by less than 2 percent a year.

Many of these union deals were struck after the March quarter inflation data revealed a headline rate of 5.1 percent. All the agreements are around or below the 3.5 percent limit demanded by RBA governor Philip Lowe and supported by the Labor government.

Chalmers did not confine himself to wages. He ratcheted up the government's media blitz to insist that the population had to accept broader austerity. He said his economic statement would be "in many ways, confronting."

"My job is to paint the true picture of the economy and our economic challenges," Labor's treasurer stated. He said his key takeaway from the G20 gathering was that the "world economy is a difficult, if not dangerous place, right now."

"That combination of inflation and rising interest rates and slowing growth and food and energy insecurity, combined with the amount of debt that countries have racked up is a cause for concern in the global community."

Chalmers chose not to explain why this economic crisis is occurring. Above all, it is the result of governments and central banks pouring trillions of dollars into the money markets and big business since the global financial meltdown of 2008—and multiplied throughout the pandemic—compounded by the global supply breakdowns created by the unchecked COVID pandemic and the US-NATO proxy war against Russia in Ukraine.

Chalmers signalled further cuts to spending, beyond those he had already flagged, declaring that rising interest rates were adding to the government's budget deficits and debts. Stretching out the pain, he postulated that higher interest rates would add \$18 billion to the government debt by 2032-33.

Albanese reinforced that message today in an interview with the *Australian*, pledging that the government's planned October budget would focus on finding savings without raising taxes. As a down payment, he ruled out extending COVID support payments, regardless of whether the current catastrophic pandemic tidal wave continues beyond this winter. "We simply can't afford to have emergency measures in place indefinitely," Albanese said.

Even before the election, Labor backed deep public health spending cuts. It supported the previous Liberal-National

government's March budget, which slashed federal health expenditure by \$10 billion to \$105 billion this year, or more than 10 percent in real terms.

At his media conference, the treasurer went further, seeking to lay the basis for reversing more election promises. "[W]e take our fiscal constraints seriously," he emphasised. "A trillion dollars in debt costing more and more to service means that we have to be up front with people. We can't do everything that we would like to do. We can't even afford the good ideas that people put to us."

Chalmers also played down the prospect of new measures to address the soaring cost of living, such as extending the 20 cents-a-litre petrol fuel excise reduction.

At the same time, Chalmers rejected any suggestion of a windfall profits tax to claw back even a fraction of the super-profits being made by the coal, oil and gas conglomerates on the back of the global energy supply crisis. "We've made it clear that a windfall tax is not something that we are considering," he stressed.

That is on top of Labor's intent to go ahead with the previous government's massive income tax cuts, which will overwhelmingly benefit the wealthiest households, to the tune of up to \$23,280 per year, while vastly increasing military spending as part of its commitment to the US and AUKUS war plans against China.

Labor is trying to make the working class pay for a crisis for which it bears no responsibility whatsoever. To fight this offensive, workers need organisations that are totally independent of the pro-corporate unions and capitalist political parties.

That is why the Socialist Equality Party is fighting for the building of rank-and-file committees to defend 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 reorganise society in the interests of workers, not the billionaires.

Instead of being bailed out and protected by the Labor government, the banks and other major industries, including the oil companies, health care conglomerates, airlines and utilities, must be placed under public ownership, democratically run by the working class for the interests of society as a whole, not private profit.



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