

Socialist program needed to halt rate rise and cost-of-living crisis in Australia

Mike Head, SEP candidate for NSW Legislative Council
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On Tuesday, the Reserve Bank of Australia, backed by the federal Labor government, delivered another financial blow to millions of working-class households.

It imposed a ninth straight official interest rate rise to 3.35 percent—a 10-year-high. It is deliberately ratcheting up a “painful squeeze” on low-income households. The bank declared that “further increases” lie ahead.

On top of surging inflation, this shows that the March 25 New South Wales (NSW) state election will be held under conditions of an intensifying social and political crisis. Working-class households across the state and nationally are finding it increasingly difficult to make ends meet, and many face the threat of losing their homes.

On behalf of the ruling class, the central bank is spearheading a blatant attack on workers, by slowing economic activity, even if it means triggering a recession, in order to drive up unemployment. This is to suppress the growth of wage struggles to compensate for rising prices.

As we say in our NSW election statement, the Socialist Equality Party (SEP) is standing in the election in order to take forward the fight against war, austerity and “let it rip” COVID policies supported by every other party.

“The conditions facing working people are intolerable. Every day they are faced with the threat of COVID infection. At the same time, they are being hit with the biggest cost of living crisis in decades while wages flatline or go backwards. None of the other parties is putting forward any policies that will resolve this crisis.”

Our demands include:

- Affordable housing for all! Tens of billions for education and healthcare, not for militarism and war!
- Major pay rises for all workers now, to compensate for years of cutbacks!
- Place the banks and the corporations under public ownership and democratic workers’ control!

After slashing interest rates to near-zero to prop up the financial and property markets, on top of more than \$400

billion in business bailouts during the first two years of the COVID pandemic, the central bank is extracting the cost from workers.

First-home buyers were induced into taking out huge mortgages on the bank’s promise that rates would not rise until 2024, and now confront crippling repayments on debts that exceed the falling value of their homes.

In announcing the latest rate hike, Reserve Bank governor Philip Lowe again made explicit the aim of suppressing wages, declaring the bank’s determination to prevent “a prices-wages spiral.”

But workers’ wages are not the cause of inflation. They have fallen behind the cost of living since the 2008 global financial crisis. Instead, workers in Australia, and around the world, are paying for the pumping of trillions of dollars into the financial markets, the refusal of governments to take the necessary measures to end the pandemic, the US-NATO war against Russia in Ukraine, and the profiteering on that war by the energy and food conglomerates.

As a result of the rapid rate rises since last May, monthly repayments on a 25-year, \$500,000 mortgage have increased by an average of \$908, by \$1,362 for a \$750,000 mortgage, and by \$1,816 for a \$1 million loan, according to the RateCity website.

That is the equivalent of a pay cut of up to \$450 a week for workers in the highly-inflated real estate market. The crisis is even worse for the estimated 800,000 households on fixed-rate mortgages who face a rate “cliff” in 2023. They will come off fixed mortgages of about 3 percent onto variable rate-loans paying about 6.4 percent, sending their payments through the roof.

Rents are also soaring for tenants—about one-third of the population. That is on top of sky-rocketing prices of essentials such as food, petrol, electricity and gas, which rose by more than 10 percent in 2022, well above the official inflation rate of 7.8 percent.

As internal documents released last month show, public housing, and the implementation of affordable and accessible housing targets for state and local government.”

is a conscious policy. The central bank has calculated that the harshest impact will fall on lower-income households, while wealthier households benefit from higher interest rates on their savings.

Central banks internationally are pursuing the same class-war policy. Those in the US, Canada, New Zealand and the UK are expected to raise their benchmark rates to between 4.5 percent and 5 percent this year.

This offensive is being conducted with the backing of the Labor government. Prime Minister Anthony Albanese and Treasurer Jim Chalmers long ago dropped Labor’s phony election slogan of “a better future” in order to demand “sacrifices” from ordinary people.

For all their feigned sympathy for the pressures “being felt around the kitchen table,” they responded to Tuesday’s rate hike by again insisting on the need for “restraint” on social spending in the May budget, to dovetail with the central bank’s agenda.

More than ever, the Labor government depends on the trade unions to keep imposing sub-inflation pay “rises” and stifling workers’ opposition to unbearable workloads and deteriorating conditions, including in chronically-underfunded hospitals, schools and aged care.

Neither the NSW Liberal-National government of Premier Dominic Perrottet nor the official state Labor opposition led by Chris Minns oppose these measures to suppress real wages and slash social spending.

Fearing social unrest, Perrottet ludicrously pleaded with the retail banks to look “after families in a difficult economic time.” His government’s main housing policy consists of trying to lift the private housing market by offering optional stamp duty cuts to some first homebuyers.

The Coalition government is forcing approximately 2,000 residents from the Waterloo South housing estate in Sydney to leave their homes, marking a new stage in the decades-long bipartisan assault on public housing by federal and state governments, Liberal-National and Labor alike.

Labor’s Minns, who has given Perrottet bipartisan support on virtually every front, unveiled a similar stamp duty policy last week. With nearly 60,000 people now on the state’s social housing waiting list, Labor promises that 30 percent of homes built on “surplus government land” would be set aside for “social, affordable and universal housing.”

While criticising the obvious inadequacy of Labor’s policy, the Greens only say they “will work towards more

Ending this worsening housing crisis requires rejecting the entire pro-business program of the political establishment and the unions that enforce it. As we explain in the SEP election statement, not a single major social problem can be solved as long as society’s resources, created by the working class, are controlled by a corporate oligarchy.

That is why the SEP is advancing a socialist program to reorganise society to meet the pressing social needs of the vast majority, not enlarge the private profits of the super-rich.

A workers’ government would redirect the massive wealth accumulated by the billionaires, property developers and financial speculators, and the billions being spent on war preparations, to housing, health, education and other essential social programs. To do that, it would place the banks, finance houses and property industries under public ownership and democratic workers’ control.

We appeal to all workers, students and serious middle-class people who want to fight for a future, to promote and participate in our campaign and, above all, to join the SEP to build the revolutionary socialist leadership needed to transform society.

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