

Australia's largest-ever real wage cut highlights need for rank-and-file committees

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In 2022, workers in Australia were hit with the largest fall in real wages on record. While inflation reached 7.8 percent, nominal wage growth was just 3.3 percent. In other words, the value of workers' take-home pay dropped 4.5 percent.

In the public sector, wages increased by just 2.5 percent—a 5.3 percent cut in real terms. This has been spearheaded by Labor governments, which hold power federally and in six out of eight states and territories, and employ more than 70 percent of Australia's 2.16 million public sector workers.

The union bureaucracy has played the decisive role in this offensive. This is illustrated by the fact that the sharpest decline in real wages took place in the public sector, where the rate of union membership is four times that of the private sector. The unions actively enforce the cost-cutting agenda of big business and government by suppressing workers' struggles and imposing sell-out enterprise agreements and awards.

Tens of thousands of New South Wales (NSW) teachers, nurses, transport workers and others took to the streets on multiple occasions last year. They were striking against unsafe conditions, chronic understaffing and intolerable workloads, as well as the 2.5 percent wage increase cap, but the union bureaucracies did everything in their power to undermine, isolate and crush these struggles.

Covering over their own role, the union leaders falsely claim that the punitive wage cap in NSW is the unique product of the Liberal-Nationals. The implication is that workers in the state need do nothing more to improve their wages and conditions than vote for a Labor government.

This is a blatant lie. Last year, in close collaboration with the Victorian Labor government, the Australian Education Union mounted a systematic campaign of censorship and misinformation to push through a sell-out

deal containing a meagre 2 percent nominal pay rise, against massive opposition from teachers.

This issue will not be resolved at the ballot box. Labor and the Liberal-Nationals have made absolutely clear that, whichever party forms government after the March 25 NSW election, public sector wages will continue to go backwards.

To fight the ongoing and deepening cuts to real wages in the public sector and the working class more broadly, workers need to take matters into their own hands. This means building their own organisations of struggle, rank-and-file committees democratically controlled by workers themselves, not highly paid union bureaucrats.

Workers need to fight for real wage increases, far in excess of inflation, to not only keep pace with the rising cost of living, but reverse decades of cuts. This will bring them into direct conflict with the union leadership.

To overcome this, workers will have to break the isolation imposed by the union apparatus, link up across industries and build a unified working-class counteroffensive against the assault on wages and conditions. Rank-and-file committees are the sole mechanism through which this fightback can be developed.

The Socialist Equality Party has placed the fight for rank-and-file committees at the centre of its NSW election campaign. This is because none of the issues confronting the working class can be resolved without an independent mobilisation of workers, free from the stranglehold of the union apparatus.

The recent sell-outs of public-sector teachers and health workers are not isolated or unusual episodes. As it has done for decades the union apparatus is deliberately and systematically imposing the wage-slashing demands of government and big business upon the entire working class, private and public sector alike.

Australian Council of Trade Unions (ACTU) secretary

Sally McManus, last month offered assurances to business that the unions would support a real cut to minimum award wages. She told the *Australian Financial Review*, “We know that things are at a delicate point in terms of where the economy might go, so we’ll be very mindful of that.”

McManus was promoting what she knows is a lie. The soaring cost of living is not the result of wage growth, but a massive surge in corporate profits, which now amount to almost 30 percent of GDP, the highest level on record. Last week, in a statement directed to workers, rather than the financial press, McManus made this clear, pinning the blame for inflation on a “greed-price spiral” and denouncing the “eye-watering profits” of major corporations and banks.

But these slogans are just a cover for the true role of the union bureaucracy. No longer workers’ organisations in any sense, the unions are closely tied to governments and finance capital. They serve as an industrial police force, suppressing any attempt by workers to challenge the profit interests of big business. It is these vast profits, not the inflation rate, that McManus and the rest of the union apparatus are being “mindful” not to disrupt when they ram through one wage-cutting deal after another.

Workers cannot possibly advance a fight for decent wages and conditions within these organisations. This highlights the urgent need for rank-and-file committees to be built, in order to fight the deepening assault on the working class.

As is the case in every country, Australian workers are being made to pay for the escalating crisis of global capitalism, in the form of harsh cuts to wages and social spending.

The NSW leaders of the Labor and Liberal-National parties declare in unison that there is no money to increase, or even maintain at the current dire level, real wages for teachers and nurses. At the same time, their federal counterparts agree that hundreds of billions of dollars must be spent on the military, including weapons and training for the US-NATO war against Russia, but centrally aimed at preparations for Australia to play a frontline role in a US-led war against China.

To finance the escalating war machine, the Albanese Labor government, which, nine months ago, went to the polls promising a “better future,” demands that workers make “sacrifices” and swallow “tough medicine.”

This means that the struggle for decent wages and conditions is inextricably linked to the necessity to build an international anti-war movement of the working class,

students and youth.

The cost-of-living crisis is also inseparable from the “let it rip” COVID-19 policies adopted by all capitalist governments worldwide. In addition to causing more than 20 million excess deaths, the homicidal response to the pandemic has compounded inflation by crippling global supply chains and contributed to labour shortages around the world, all while vast sums of money were handed over to big business.

The SEP is the only party in the NSW election raising these critical global issues, which all stem from a common root, the capitalist subordination of workers’ interests to the profit demands of big business. The same factors are propelling workers into struggle, in Australia and around the world.

The crucial issue is that workers strike out on a new path, through the creation of rank-and-file committees and an industrial and political struggle against Labor, the Liberal-Nationals, the unions and the entire political establishment.

Above all, what is required is a fight to establish workers’ governments to implement socialist policies. These include placing the major corporations and banks under public ownership and democratic workers’ control, in order to reorganise the economy to serve the needs of workers, including a decent, well-paid job for anyone who wants to work, not the profit demands of the corporate and financial elite.

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