

Australian Labor treasurer manoeuvres as RBA lifts interest rates again

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The Albanese Labor government is attempting to distance itself from yesterday's decision by the Reserve Bank of Australia (RBA) to again lift interest rates because it exposes all too clearly the agenda of the corporate and financial elite which it is committed to enforcing.

These efforts took the form of comments by Treasurer Jim Chalmers at a press conference immediately following the RBA decision. He said the central bank had made its decisions independently but there would be "a lot of Australians who will find this decision difficult to understand and difficult to cop."

Chalmers was alluding to the further increase in mortgage payments as a result of the 12 interest rate increases over the past year. These have cut around \$1,200 from the monthly disposable income of households holding a \$500,000 mortgage, and hundreds of dollars more for the many who have a larger debt.

Under conditions where the growth rate is expected to slow to a meagre 1.5 percent, Chalmers said it would now be difficult for the RBA to "squash inflation without crashing the economy." The comment was aimed at making the central bank responsible for the onset of recession and increased unemployment.

Chalmers said the RBA would have "lots of opportunities of course to explain and defend the decision that they've taken today."

The RBA has already explained its reasons on multiple occasions including in the statement accompanying yesterday's decision which lifted its rate by 0.25 percentage points to 4.1 percent. This was the 12th increase out of its latest 13 meetings, taking its cash rate to the highest level since 2012.

In line with central banks around the world, it is lifting rates to slow the economy, or even induce a recession, to crush the growing wages struggles of the

working class, under the banner of the need to "fight inflation." Workers confront the biggest price hikes in four decades.

Even the RBA has been forced to acknowledge wages are not the cause of inflation. Data show that the limited pay rises over the past period lag far behind prices.

However, this fact of economic life has not diverted it from pursuing what is a class war agenda and signalling its determination to press ahead. In every paragraph of his statement yesterday, RBA governor Philip Lowe spelled it out.

The latest hike, he said in the second paragraph, was to provide greater confidence that inflation "will return to target within a reasonable timeframe." In essence this is intended as a message that the RBA will proceed come what may.

In every paragraph that followed there was no mention of how prices would come down—everything was directed at wages.

While he claimed goods price inflation was slowing—a claim not reflected in the daily experience of working-class families as they confront higher supermarket prices every week—services price inflation was still "very high" and "unit labour costs" were rising "briskly."

While the economy had slowed and conditions in the labour market had eased, the RBA considers more must be done because the labour market remained "very tight." In other words, workers face the best conditions for pressing ahead with wage claims for a number of years and that must be changed.

He noted that wages growth had picked up in response to the "tight labour market and high inflation." In a nod to employer groups, who have denounced last week's minimum wage increase by a

sub-inflationary rate of 5.75 percent as too high, he said the annual increase in award wages was higher than it was last year.

Lowe repeated his assertion that the present sub-inflationary rises were consistent with the RBA's target "provided that productivity growth picks up." Higher productivity means the rate of profit extraction from the working class is increased via the introduction of technologies and straight-out job cuts so that fewer workers do more.

He made it clear that the latest rate increase will not be the last, saying that "some further tightening of monetary policy may be necessary to ensure that inflation returns to target in a reasonable timeframe."

The "differences" between Chalmers, representing the Labor government, and the RBA are not over fundamental issues.

At every meeting of the International Monetary Fund and other institutions of global capitalism, Chalmers has been fully briefed that all capitalist governments and state agencies must make the suppression of the wages movement of the working class the number one priority of their economic agenda and is in full agreement with it.

His attempts to somehow "distance" the government from the RBA arises from the different roles they play within the political economy of the capitalist system.

The much vaunted "independence" of the RBA—that it is independent of the social and economic needs of the mass of the population—has been established to ensure that it will ruthlessly impose the dictates of the corporate and financial oligarchy.

The Labor government, promoting the illusion that it somehow has the interests of working people at the centre of its policies, has the task of ensuring that the political conditions are created in which this agenda can be carried out.

It seeks to do this in two ways.

First, while maintaining it wants to get wages moving, it closely collaborates with the trade union bureaucracy to impose wage agreements well below the inflation rates. They are enforced with all the anti-democratic means at the union bureaucracy's disposal to ensure that demands are subordinated to the dictates of the Fair Work Commission and the industrial relations bodies of the states, with massive fines and other repressive measures at the ready.

Second, to try to prevent the working class understanding that all the social and economic ills it confronts—the ongoing drive to impose poverty—are not, in the final analysis, the product of individuals like RBA governor Lowe as such, but the outcome of a deepening crisis of the capitalist economy.

Preventing this understanding from developing is of vital political importance. This is because once grasped, the necessity for the development of rank-and-file committees as advocated the Socialist Equality Party is posed directly.

Their task is to advance the independent struggle of the working class, based on the pressing needs of workers for decent wages, jobs and safe working conditions, in order to break the stranglehold of the trade union bureaucracy and to begin the political fight for a socialist program directed to tackling the deepening social and economic crisis at its source—the capitalist profit system.



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