Australian intergenerational report sets stage for deeper austerity

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The Australian Treasury's Intergenerational Report, released by the Labor government last week, is being used by the political and corporate establishment to call for austerity spending cuts and a campaign to drive up "productivity," i.e., greater exploitation of the working class.

The report purports to provide predictions of economic growth and government expenditure over the next 40 years. In asserting the likelihood of slower growth and increasing government deficits unless action is taken, the report aims to provide the rationale for deepening spending cuts to key social services.

As with all such government forecasts, there is an air of unreality to the report. The greatest global medical, economic and social crisis—the COVID-19 pandemic—is referred to fleetingly and almost entirely in the past tense.

At one point, the report asserts that the pandemic has "subsided." In fact, there is a resurgence of the virus in numbers of countries, including the United States where COVID hospitalisations have recently doubled, driven by new and more contagious variants. The unchecked spread of the virus, resulting from the profit-driven "let it rip" policies of governments around the world, all but guarantees further mutations and continuing waves of illness and death.

The dismissal of COVID is striking because its worst impacts in Australia are relatively recent. For the first two years of the pandemic, governments were compelled by demands from workers and medical experts to institute mitigation measures. These limited deaths to fewer than 2,300 in the entirety of 2020 and 2021.

Last year was the first full year after those successful policies had been overturned and the economy "reopened." The consequence was more than 20,000 deaths. High rates of mortality continue, with deaths each week at least in the high dozens, but sometimes in the hundreds.

The report notes in passing that: "The increase in deaths due to COVID-19 and other causes in 2021–22 and 2022–23 resulted in a drop in life expectancy in these two years. The reduction is expected to be temporary." This is a significant downplaying of what occurred, given there has been no other sustained fall in life expectancy since World War II. The policies that resulted in the drop, moreover, are being intensified.

Even with its blasé predictions of a rapid return to growing life expectancy, the report admits: "However, considerable uncertainty remains over the longer-term impacts of COVID-19 on mortality." Because it is a multi-organ disease, experts have warned that COVID could have far-reaching implications for virtually all aspects of an individual's health.

The indifference to the medical and social consequences of COVID is coupled with one of the report's overarching focuses. The report and the commentary surrounding it have dwelt at length on the fact that the population is ageing, and will continue to.

According to the report, during the next 40 years, the number of people aged over 65 years will double, those aged over 85 will more than triple, and centenarians are expected to increase six-fold.

In its headline finding on federal government expenditure, the report asserts: "Over the next 40 years, total spending is projected to increase by 3.8 percentage points of GDP, from 24.8 percent of GDP in 2022–23 to 28.6 percent of GDP by 2062–63. This reflects increased spending pressures in health, aged care, the NDIS, defence, and interest payments on Government debt." This, it claims, could drive decades of government deficits.

The report asserts: "Around 40 percent of the projected increase in Government expenditure from 2022–23 to 2062–63 is due to demographic ageing."

In a context where government COVID policies have wiped out thousands of primarily elderly people, the focus on the ageing population has an unmistakably sinister character. The clear argument implied is that society cannot afford the elderly.

The report focuses at some length on the funding sources of retirees. It particularly highlights superannuation, a scheme introduced in the early 1990s by the Keating Labor government, requiring employees to contribute a rising percentage of their wages to superannuation funds. The money, which can be accessed in full only in retirement or dire financial circumstances, is largely invested in Australian securities, especially the stock market.

The purpose was always to undermine the aged pension, with a view to cutting off broader layers of retirees from the already meagre government payment. The report declares: "As balances increase, superannuation will become the primary source of retirement income for many future retirees."

The language implies a voluntary decision, but in the financial press there is a discussion on the need to compel retirees to rely upon their superannuation. Articles in the Murdoch-owned *Australian*, for instance, have bemoaned the fact that some retirees do not spend their entire superannuation balance in their lifetime, eventually bequeathing some to their descendants.

Treasurer Jim Chalmers has vaguely stated that the Labor government will look at developing superannuation packages that will offset this trend by purportedly providing retirees with certainty that they will not run out of super funds while they still depend upon them.

Some commentary has been blunter and more venomous in tone. A piece in the *Australian Financial Review* (AFR) was headlined: "The time of the Baby Boomers is over." It declared: "Electoral demographics are shifting away from those who have done so well out of the largesse of the past few decades."

That article, and others like it, have sought to present the "baby boomers," those who grew up in the 1950s and early 1960s and are now reaching retirement age, as the undeserving beneficiaries of excessive government assistance. In a particularly cynical fashion, the commentary has sought to pit younger cohorts against "baby boomers."

In reality, what is at stake are the last vestiges of the post-World War II welfare state, and the very conception that society and the government should provide assistance to the population. To the extent that limited concessions were made in the development of welfare, health and education, they were the product of struggles by the working class. They were a social and class issue, not a generational one.

Those who dwell upon the purported generational iniquities are silent on the gaping class divisions that have deepened over the past 40 years.

The AFR's own annual rich list, released in May, reported that the fortunes of the wealthiest 200 individuals now sit at $563 billion. As the WSWS noted: "The first Rich List, published 40 years ago in 1983, contained total fortunes of $4.6 billion. If that had simply kept pace with the long-term average inflation rate of 2.5 percent, the Rich Listers would now be worth a total of about $15 billion."

The intergenerational report also draws attention to the costs associated with the National Disability Insurance Scheme (NDIS). The Labor government has declared that it will slash $15 billion from the scheme over the next four years. The NDIS was first created by the Gillard Labor government with the aim of privatising disability services and pushing large numbers of people off payments. The latest cuts mean an intensification of that offensive.

While lamenting the growth of government spending, the report indicates that real cutbacks have been made in key areas. It states: "[S]pending on health and age pensions as a share of GDP was lower in 2021–22 than projected at the time of the 2002 IGR as a result of non-age related costs of health being lower than expected and having a younger population than projected…"

In reality, there have been sweeping cuts to healthcare spending, including by the current Labor government.

The report notes the growth of military expenditure, which is now 2 percent of GDP, or currently just over $50 billion per year. This area of spending gets a free pass, with the report pointing to the growth of geopolitical tensions and conflicts as justification. The truth is that Australia, as a key ally of the US, is actively involved in increasing the risk of a catastrophic war, with its support for Washington's proxy conflict against Russia in Ukraine and its confrontation with China in the Indo-Pacific.

Under conditions where the AUKUS deal for Australia to acquire a fleet of nuclear-powered submarines will cost upward of $368 billion, the report's claim that defence spending will only slightly exceed 2 percent of GDP each year over the coming 40 years is fanciful. The war drive will entail the diversion of vast sums to the military and the creation of a war economy, as the Labor government has already begun to outline. An actual war against China would involve far greater costs, both financial and in lives.

The report is another demonstration that this program, of war abroad, requires a war against the working class at home. Amid the worst cost of living crisis in decades—with the government contemptuously rejecting any suggestion of adequately assisting those hit hardest—spending cuts, austerity and stepped-up exploitation are on the agenda.