

# Australian Labor government intensifies attack on working-class living conditions

Mike Head

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In this week's Mid-Year Economic and Fiscal Outlook (MYEFO), the trade union-backed Australian Labor government stepped up an historic offensive on working-class jobs and living standards.

Releasing the MYEFO on Wednesday, Treasurer Jim Chalmers again flatly rejected calls for cost-of-living relief for the millions of households facing financial stress due to soaring prices, rents and mortgage payments that are far outstripping wage rises.

The MYEFO also reaffirmed the government's intent to drive up the official unemployment rate to 4.5 percent by mid-next year—thus throwing another 150,000 people out of work—in order to keep downward pressure on wages.

The only major increased spending in what was, in effect, a mini-budget, was for military operations. That is another sign of wider US-led war preparations, particularly against China.

As in every previous period of war, the working class is being made to pay for the military spending via austerity measures, including deepening real cuts to health, disability, education and welfare programs, and higher income taxes.

This month's National Accounts showed that real household disposable income, a measure of living standards, already fell 5.6 percent over the year to September 30 and 8.3 percent over two years. That underestimates the impact on working-class people, who are being hit hardest by the sky-rocketing cost of living.

This will intensify as a result of the MYEFO.

The government's mantra, repeated again by Chalmers, that it has provided “energy bill relief” and “cheaper childcare” is increasingly discredited. Millions of working-class households are now spending more than 30 percent of their income on housing alone. That is considered “housing stress.”

At his MYEFO media conference, Chalmers boasted about the government's “spending restraint,”

“responsible economic management” and “cautious and conservative” policies. He indicated that the Labor government was heading to produce a budget surplus for the second year in a row.

This is all at the direct expense of working-class households, making a mockery of Chalmers' endless claims to be concerned about the “families doing it tough.” To meet the demands of the financial elite, he bragged that the government was “banking” 92 percent of the increased tax revenue since this year's May budget.

That has been achieved by slashing social spending while pocketing rising proceeds from higher income tax takes—mainly extracted from workers—and bigger corporate tax payments due to sky-high profits, fuelled by price-gouging and high war-driven global commodity prices.

Income tax receipts rose by about \$30 billion, compared to the May budget estimate, boosted by the government's scrapping of the previous Morrison Liberal-National Coalition government's Low and Middle-Income Tax Offset.

This has added thousands of dollars to the annual income tax bills of workers, yet Chalmers defended and reiterated the government's pledge to deliver huge “Stage 3” income tax cuts to the wealthiest layers of society next year.

Those tax cuts, for which Labor voted under the Morrison government, are designed to give high-income people the lion's share of more than \$300 billion in reduced taxes over the next decade.

Despite the budget revenue boost, the MYEFO foreshadowed that health, education, social security and welfare spending would rise by only around 1 percent annually over the next four years. That is far below the rate of population increase, as well as the inflation rate, which is not predicted to drop below 3 percent before 2025, even on the government's falsely optimistic

economic forecasts.

This means further shocking conditions in understaffed public hospitals and schools, and an intensified attack on welfare programs, spearheaded by the gutting of the National Disability Insurance Scheme (NDIS) to cut off children and many others from essential support services.

By contrast, the government unveiled further military spending, underscoring its commitment to the US-financed war against Russia in Ukraine and Washington's war plans against China, which the American ruling class regards as the primary threat to US global hegemony.

Among the biggest new spending measures are: \$575.5 million over 11 years to implement the AUKUS nuclear submarine acquisition, \$300 million over five years for cybersecurity, \$186.6 million for military assistance to Ukraine over two years, and \$285 million to buy 78 Bushmaster armoured vehicles to replace those given to Ukraine.

A day after Wednesday's MYEFO release, the Australian Bureau of Statistics (ABS) announced that the official unemployment rate rose to 3.9 percent in November. This is in line with the goal of 4.5 percent set by the government and the Reserve Bank of Australia. Supported by the government, the central bank has hiked interest rates 13 times over the past 18 months in order to induce a slump and suppress wage demands.

The government's MYEFO projected that unemployment will rise "modestly" to 4.25 percent this financial year and 4.5 percent for the following two years.

Over the past year, the number of unemployed workers has increased by around 81,000 to 572,000—up 16.5 percent. Underemployment—which measures the share of workers who are trying to get more hours but are unable to—also rose in November to 6.5 percent.

Among young workers, aged 15 to 19, the situation is much worse. In trend terms, the ABS estimate of youth unemployment rate increased to 9.3 percent in November. Labour market experts said this was a "canary in the coal mine" of rising joblessness for all.

To drive up unemployment, Prime Minister Anthony Albanese's government is also cancelling or postponing infrastructure programs. The MYEFO said it identified \$9.8 billion in "savings and reprioritisations," the majority of which is \$7.4 billion cut from infrastructure over the next four years. That makes a total of \$72.7 billion in "savings" since Labor took office in May 2022.

In all this, the government is basing itself on economic forecasts that it admits are shaky. The MYEFO warned that the "global economic outlook remains highly

uncertain." Growth expected to slow for two years due to "persistent inflation and higher interest rates."

In addition: "Russia's invasion of Ukraine, the Hamas-Israel conflict, the ongoing adjustment in China's property sector and the lagged effects of sharp global monetary tightening all pose downside risks."

The corporate and financial ruling class is demanding that the government go far further to decimate social spending. The *Australian Financial Review's* December 13 editorial demanded a return to the vow made by the hated and ousted Liberal-National government of Tony Abbott to end welfare "entitlements":

"Since the political failure of the Abbott government's 2014 budget that aborted then-treasurer Joe Hockey's mission to end the 'age of entitlement', there has been a bipartisan failure to discipline the community's expectations of what governments can deliver even for worthy causes."

A political crisis is developing. Narrowly elected just over 18 months ago on the cynical slogan of "a better future," the Albanese government has already presided over the greatest cut to working-class living standards since World War II. It also has shocked and outraged people by its unequivocal commitment to US militarism and the Washington-backed Israeli genocide in Gaza.

With Labor governments in office in every mainland state and territory too, the ability of Labor's affiliated trade union apparatuses to enforce this program of war and austerity is being quickly exhausted as well. The need to build a revolutionary socialist leadership in the working class has never been greater.



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