

Australian government vows to “fast track” military buildup, while slashing social spending

Mike Head
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Prime Minister Anthony Albanese and Treasurer Jim Chalmers effectively launched the political year this weekend with “exclusive” interviews in the Murdoch media’s *Australian*. They both pledged to accelerate military spending, while continuing to cut social programs and paying anxious lip service to the cost-of-living crisis that is devastating working-class households.

This increasingly fraught agenda means imposing the burden of war preparations onto workers and youth, who have already suffered the greatest cut to living conditions since the last world war. That will intensify the implosion of popular support for the Labor government, which barely scraped into office on less than 33 percent of the vote in May 2022, promising “a better future.”

As a sign of the political crisis engulfing the government, Albanese has called a meeting of federal Labor members of parliament in Canberra this Wednesday, almost two weeks before parliament resumes on February 6.

In their interviews, first and foremost, the two Labor leaders vowed to urgently boost the military, citing the eruption of “conflict,” “global uncertainty” and “strategic competition in the region.”

That is a clear reference to their commitment to US preparations for war against China, underscored by the AUKUS military treaty and the government’s support for the US-backed wars in Ukraine, Gaza and Yemen.

Asked by Simon Benson, the newspaper’s political editor, whether he personally would be using his role as prime minister to take an active role in overseeing the fast-tracking of military capability, Albanese said: “Absolutely.”

This is under conditions where the government has allocated at least \$368 billion over the next three decades to acquire long-range AUKUS nuclear-powered attack

submarines, plus billions of dollars for long-range missiles and bases and facilities for US use in a war against China.

“You can’t defend Australia with a press release, you need assets,” Albanese said. “That’s what the strategic review was about; it identified some of what we need to do.” The Labor government’s Defence Strategic Review, released last April, outlined the biggest military build-up in Australia since the end of World War II.

In particular, the review called for long-range strike capability in all domains, obviously directed against China. It also urged a “whole-of-nation” effort, effectively declaring that every aspect of society must be subordinated to the war effort, from the schools and universities to the economy and all workplaces.

Albanese spoke of a decisive decade ahead, featuring potential shocks of “global pandemic,” “cyber security,” “conflict” and “climate change.”

In presenting the interview, Benson pointed to the kinds of discussions in the strategic and ruling establishment that lay behind this foreboding.

Benson wrote: “Comparisons with the 1930s continue to be made in current assessments of the global strategic situation” and “Australia sits firmly within the nexus of an increasingly brittle balance in the great power competition.” That is a reference to the economic and political crises, and imperialist conflicts that led to World War II.

In his interview, Chalmers likewise identified military capacity as a “priority” for the federal budget due on May 14. “When we look out to the region, we see intensifying great power competition, rising tensions, military build-up and also reduced warning time for conflict.”

Albanese and Chalmers were responding to demands within the ruling class, taken up by Liberal-National

leader Peter Dutton, for faster action to bolster the military, which has been beset by project delays and a recruitment crisis that has left some warships mothballed, lacking crews.

At the same time, the International Monetary Fund (IMF) also began the new year by outlining the dictates of the financial markets, especially for greater social spending cuts and suppression of workers' wage demands.

In its latest review of the Australian economy, the IMF said the central bank, the Reserve Bank of Australia (RBA), should lift interest rates further and the government must deliver federal and state spending cuts, supposedly to reduce inflation to the bank's 2-3 percent target before 2026.

Chalmers indicated his fundamental agreement with the thrust of the IMF report, saying it endorsed the government's "budget repair" process, which is cutting health, education, social security and welfare spending in real terms.

According to the government's Mid-Year Economic and Fiscal Outlook (MYEFO) last month, this spending will 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.

The MYEFO also reaffirmed the government's intent to drive up the official unemployment rate to 4.5 percent by mid-2024—thus throwing another 150,000 people out of work—in order to keep downward pressure on wages.

The IMF report demanded stronger "labour productivity growth"—i.e., stepping up the exploitation of workers—as well as "comprehensive tax reform" by hiking the rate of the goods and services tax (GST), which falls most heavily on low-income families. This is also necessary to reduce income taxes in the highest tax brackets.

Despite real wages having fallen by around 5 percent since Labor took office, the IMF warned of a potential "wage-price spiral." That is to blame workers, not the profit-gouging wealthy elite, for the cost-of-living crisis that has seen the RBA raise rates 13 times since May 2022.

Because of the RBA offensive, a household with a mortgage of \$750,000 is spending \$1,815 more on repayments a month. That is the equivalent of an outright wage cut of over \$450 per week.

For more than 20 months, the Labor government has backed the central bank in imposing the burden of the

global inflationary spiral on the backs of workers and their families, while suppressing wage demands with the help of the trade union bureaucracy.

But the Labor and union leaders are becoming increasingly discredited as a result. Last 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.

Labor's last budget worsened this pain by terminating the previous Liberal-National government's low-income tax offset, which provided an end-of-year rebate of up to \$1,800 for the 10 million workers earning up to \$126,000.

Adding to the social divide, both Albanese and Chalmers remain pledged to deliver the previous government's "Stage 3" income tax cuts for the rich. These will cost an estimated \$313 billion over the next decade, handing each wealthy two-income household more than \$23,000 a year.

In a desperate bid to head off the brewing political discontent, this week's Labor caucus meeting in Canberra will reportedly consider another token package of "cost-of-living relief." That would feature an extension for another 12 months of subsidies for household energy bills. But these rebates of "up to" \$500 have done little to stem soaring power prices.

Across the country, working-class households are suffering enormous financial and personal stress, with visibly rising levels of poverty and homelessness. Foodbank queues are growing and more people are living in cars and tents.

Labor's budget plans, driven by the ruling class program of war and austerity, place it even more on a collision course with workers and youth, confronted by intensifying hardship and social inequality, as well as Labor's line-up behind the US-armed Israeli genocide in Gaza.



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