

# Australian government announces war-related economic policy

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Australian Labor Prime Minister Anthony Albanese last week unveiled a nationalist and protectionist economic program, with the creation of a “Future Made in Australia Act” to subsidise investment in strategic, war-related industries.

In effect, Albanese set out a course of restructuring the economy in preparation for war. He declared the necessity to match a list of other countries, including the US, in providing massive investment incentives to build capacity in critical industries, all of which are connected to war operations.

Albanese provided no details about the proposal or how it would be paid for, but he foreshadowed pouring billions more dollars into the pockets of big business for these purposes. This would feature subsidies, tax breaks, loans, profit guarantees and direct handouts to develop manufacturing facilities in designated strategic industries, such as critical minerals, “green” energy and military weapons.

It would also feature the “fast-tracking” of foreign investment proposals and other concessions to compete with other countries in attracting transnationals to set up facilities in Australia—on the basis of providing lower production costs.

“We will bring together in a comprehensive and co-ordinated way a whole package of new and existing initiatives,” Albanese said. These include the Labor government’s \$15 billion National Reconstruction Fund, none of which has yet been publicly allocated. The fund’s mandate, announced last November, is to “provide finance” in “seven key priorities” such as “defence capabilities and enabling technologies,” “low emission technologies” and “value-add in resources.”

Outside that fund, the government has already provided billion-dollar corporate handouts to subsidise the mining of lithium and other critical minerals, the construction of hydrogen power facilities and the manufacture of batteries and solar energy panels.

More than \$1 billion in loans and handouts have been made available for lithium projects owned or controlled by Gina Rinehart, the country’s wealthiest billionaire, and \$2 billion to subsidise green hydrogen projects, primarily benefitting the second richest billionaire, Andrew Forrest, another iron ore magnate.

Albanese alluded to a sharp turn in the world capitalist economy. He said Australia had no choice but to take this

course because there was “a fundamental shift in the way nations are structuring their economies.” This change was “every bit as significant as the industrial revolution or the information revolution and more rapid and wide-ranging than both.”

Hopes that “history ended” after the end of the Cold War—a reference to the dissolution of the Soviet Union by the Stalinist bureaucracy in 1991—had ceased. “Strategic competition is a fact of life. Nations are drawing an explicit link between economic security and national security,” he said.

Albanese recited a list of countries taking this road, starting with the United States. “The so-called ‘Washington consensus’ has fractured and Washington itself is pursuing a new direction.”

Albanese referred to the Biden administration’s \$1 trillion-plus direct subsidies and tax breaks for critical and hi-tech industries under the so-called Inflation Reduction Act and the CHIPS and Science Act.

Then he listed the European Union’s European Economic Security Strategy, Japan’s Economic Security Promotion Act, South Korea’s National Security Strategy and Canada’s new rules to tighten foreign direct investment in its significant critical mineral reserves.

“All these countries are investing in their industrial base, their manufacturing capability and their economic sovereignty.” Albanese claimed that “this is not old-fashioned protectionism or isolationism—it is the new competition.”

In fact, this “new competition” is bound up with remilitarising economies and trying to block access by rivals, especially China, to war-related materials and technologies. Albanese spoke of protecting “supply chains,” as well as “really positive things happening,” like “the defence industry initiatives that are happening around AUKUS.”

AUKUS is a military pact, currently between the US, UK and Australia, involving the spending of billions of dollars on nuclear-powered attack submarines, hypersonic long-range missiles and other hi-tech weaponry for what would be a catastrophic war against China.

Albanese falsely presented this “fundamental shift” as being about ensuring well-paid and secure jobs for workers. This is an attempt to divert the deepening opposition in the working class

to the soaring cost of living and attacks on jobs, wages and conditions behind the government's pro-war program.

In reality, few jobs would be created, and they would all depend on undercutting labour and production costs globally. Albanese emphasised the use of automation to reduce previous cost disadvantages "because labour was cheaper in our north, in particular in China and Taiwan." Now, he said, "because of increased mechanisation, new technology, the truth is that these days, for every unit of output, there's far less labour involved."

More broadly, the massive sums allocated to the military and strategic industries must be paid for through intensified exploitation of workers and the cutting of social programs. Albanese endorsed recent remarks by Treasurer Jim Chalmers that "Australia's economy is not productive enough, not resilient enough and not competitive enough. We need a new wave of economic reform to change this."

The last "reform" wave was imposed by the Hawke and Keating Labor governments of 1983 to 1996. Working in close partnership with the trade union apparatuses via a series of Accords, they dismantled workers' jobs, conditions and shop-floor organisations in order to make the Australian economy "internationally competitive."

Now, this decades-long offensive against the working class is to be escalated as part of the plunge into war, while promoting nationalism to pit workers in Australia against their fellow workers internationally.

In March 2023, Albanese invoked the vision of a war economy when he spoke alongside US President Joe Biden and UK Prime Minister Rishi Sunak at the US naval base in San Diego to unveil details of the AUKUS submarine plan.

Albanese boasted that his Labor government was making "the biggest single investment in Australia's defence capability in our history," predicted to cost \$368 billion over 30 years.

This would require, the prime minister emphasised, a "whole-of-nation effort." That means that every aspect of society, including social spending and the jobs, wages and conditions of the working class, must be subordinated to the requirements of a vast military expansion.

Sections of the corporate elite criticised Albanese's latest announcement. Editorials and articles in the *Australian* and the *Australian Financial Review* accused the government of pursuing a failed policy of "picking business winners." Instead, they demanded tax cuts, the "slashing" of business regulations ("red tape") and industrial relations changes to benefit all companies.

There was no disagreement, however, with the government's underlying pursuit of war preparations. Rather, the conflict in the ruling class is a tactical one, over how best to impose the necessary sacrifice on workers.

The Labor government is depending on the trade union apparatuses to try to suppress all industrial action and anti-war opposition, as they did in World War II, when the unions imposed strike bans, longer working hours and speed-up for the

war effort.

Speaking on behalf of the union bureaucracy, the Australian Council of Trade Unions (ACTU) immediately hailed the "Future Made in Australia Act" as an "historic step forward for workers." ACTU president Michele O'Neil praised the Labor government's "nation-building project."

Likewise, in February, the Maritime Union of Australia leadership welcomed Albanese to its national conference, despite his full-throated support for the Israeli genocide in Gaza. The MUA hailed the formation of a Maritime Strategic Fleet, with similar corporate subsidies, which will further integrate maritime workers into the war plans of Australian and US imperialism.

This alignment of the union leaders behind the war policies of each of their ruling classes is taking place internationally.

In the US, the integration of the union bureaucrats into the corporate-state-military apparatus is personified by United Auto Workers president Shawn Fain's frequent appearances with President Biden. Last week, Fain joined a lavish state dinner at the White House for Japanese Prime Minister Fumio Kishida, whose visit was to strengthen military ties between Japan and the US against China.

Against the war-mongering nationalism of Labor and the unions, workers and young people need an international perspective, aimed at unifying their rising struggles globally against the corporate oligarchies and governments that demand they fight and kill each other for the benefit of the wealthy elites.

New organisations of struggle, rank-and-file committees, must be built to fight management, the union apparatuses and the capitalist state, as part of a political movement against the source of war, the capitalist profit system.



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