

Workers in Australia paying the price for the criminal war against Iran

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Workers in Australia, as around the world, are confronting a cost-of-living crisis that is intensifying daily as a result of the illegal US-Israeli war on the people of Iran.

Despite the Albanese Labor government trying to play down the fallout from the war—which it fully supports and has committed military resources to—working-class households are already facing soaring petrol and diesel prices, as well as growing shortages.

Moreover, the costs are starting to flow through to the prices of food and every other necessity, with much worse to come as the Trump administration escalates the war.

Petrol prices are having the most immediate impact on workers, many of whom must drive long distances every day to get to work, both in major cities and rural areas.

Pump prices for petrol are jumping every day, already hitting \$3 a litre in some locations. Before the war, they averaged just over \$1.70 a litre nationally. The price spiral is adding more than \$60 a week to an average workers' commuting bill, often throwing into doubt their capacity to even get to work.

Diesel prices, which not only affect many workers' cars but also transport and agriculture in particular, are skyrocketing even faster. Experts are warning of costs hitting \$4 per litre, more than double the pre-war average price of \$1.80 per litre.

Growing shortages will further drive up prices. Energy Minister Chris Bowen admitted in parliament on Tuesday that more than 500 petrol stations in the eastern states had run out of at least one type of fuel. Nearly 300 of these were in the most populous state, New South Wales—more than 10 percent of the state's outlets.

Higher prices for petrol, diesel, jet fuels and gas are starting to affect the costs of everything, including food, electricity, construction, air fares and all transported goods. Farm groups are warning that food prices could rise by 50 percent, starting with dairy products, because of the soaring costs of transport, fertilisers and diesel for farm machinery.

Prices for nitrogen-based fertilisers, essential for crops, have more than tripled from \$500 a tonne to \$1,800 a tonne.

Diesel to fill up one tractor for a day's work now costs about \$3,000.

This is only part of the impact. The products produced from oil include not just fuels but also the raw inputs for plastics, fertilisers, explosives, solvents, the production of paper and detergents, and even cosmetics and soap. Another output is fuel oil, used for ships, power plants and, in some regions, heating.

The resulting price surges are adding to the severe impact on millions of working-class households of higher home mortgage payments and rents and resurging inflation, which was already running officially at 3.7 percent in February, just before the war. Prices are climbing far above average wage rises, deepening a sharp decline in real wages over the past decade, including since the Labor government took office in 2022.

The housing affordability crisis is also intensifying. Suppliers of products transported and used in construction, such as plastic pipes and steel, have lifted their prices by up to 40 percent, adding to the spiralling prices of new homes.

Treasurer Jim Chalmers reportedly told a closed-door meeting of about 100 business leaders on Tuesday that inflation could exceed the 5 percent level that he had publicly indicated just a week earlier. On the same day, an ANZ-Roy Morgan consumer survey revealed even higher inflation expectations, averaging 6.9 percent, no doubt reflecting the hardships that households are already experiencing.

That survey showed consumer confidence had hit its lowest point since 1973, when records were first kept. That is a worse result than in all the previous economic shocks for the past five decades, including the petrol crises and stagflation of the 1970s, the 2008–09 global financial crisis and the COVID-19 pandemic.

For all its past pretences of providing cost-of-living relief, the Labor government has offered no support for working-class households. Instead, it has tried to downplay the war's impact, making repeated announcements of measures to supposedly ease prices.

None of these measures—such as lowering quality standards for petrol and diesel, releasing 20 percent of the country’s scant fuel reserves, appointing a national fuel supply chain coordinator and contingency planning for emergency rationing—has dented the crisis.

On Monday, Prime Minister Anthony Albanese claimed that he had struck a deal with the Singaporean government to guarantee supplies, at least until mid-April. Singapore is one source of oil products in Australia, 90 percent of which comes from “mega” refineries in Asia, especially in South Korea, Malaysia, China and India, as well as Singapore.

The language of the vague agreement with Albanese’s Singaporean counterpart Lawrence Wong provided no such assurance, under conditions where national governments globally are scrambling to secure supplies at the cost of their rivals. The text only “reaffirms” a “commitment to strengthen energy security” and to “notify and consult each other on any disruptions with ramifications on the trade of energy.”

The *Australian Financial Review* reported on Monday that the government would try to use LNG and coal exports from Australia as leverage to help secure the flow of oil tankers from Asia. Yet its editorial warned: “But the reality is that if South Korea or China face their own domestic collapses, no amount of Australian gas will necessarily override their need to hoard fuel for internal stability.”

Australia has only two small domestic refineries still operating—down from eight over the past two decades. Both the local refineries, Ampol’s in Brisbane and Vitol/Viva Energy’s in Geelong, are kept open by government subsidies because they cannot compete with the massive refineries in Asia, which process oil at about ten times their rates.

The refineries in Asia get about 60 to 70 percent of their crude oil from the Middle East, mostly via the now nearly impassable Strait of Hormuz. Singapore Refining and Malaysia’s Pengerang Refining have already started reducing output and even shutting units down. South Korea, Australia’s single biggest source of refined petroleum products, this week imposed a cap on exports at 2025 levels.

As of Monday, Australia’s fuel reserves contained just 38 days’ worth of petrol, and 30 days each of diesel and jet fuel, well below the International Energy Association’s 90-day requirement. This vulnerability exposes claims that Australia’s population is somehow shielded by distance from the war that has set the Middle East ablaze.

The intolerable cost-of-living crisis is already fuelling growing working-class struggles over the further real pay cuts—nominal wage rises of less than 4 percent a year—that the trade union bureaucracies, on behalf of the Labor government, are trying to impose through enterprise

agreements with employers and governments.

The past week alone has seen significant and widely-supported strikes over pay and conditions erupt among teachers and school support staff in Victoria and Tasmania, university workers in Newcastle and Sydney, and Australian Broadcasting Corporation journalists and production staff across the country.

Under these conditions, the ruling class depends more than ever on the Labor government and its associated trade union apparatuses to inflict the burden of the war on the working class via enterprise agreements.

This is part of an historic political crisis. The electoral support base of the opposition Liberal-National Coalition, one of the two pillars of capitalist rule, together with the Labor Party, since World War II, is collapsing.

Last Saturday’s South Australian state election saw the Liberal vote plunge to 19 percent—its lowest ever result—while Labor’s vote also fell, especially in working-class electorates. The Liberal vote fell below that for the far-right anti-immigrant One Nation, which has been able to exploit the cost-of-living crisis and the hostility to both the ruling parties.

Labor won the May 2025 federal election by posturing as opponents of a Trump-style agenda, but still obtained only a third of the primary vote—a near-record low. It is now presiding over the catastrophic social consequences of the war being waged by the Trump administration and its Israeli accomplices, backed by Albanese’s government and all the other imperialist governments, to take control of the Middle East and prepare for war against China.

The fight to stop this disastrous war and the plunge into a wider world war must be fused with the struggle by workers in Australia and internationally against the accompanying war at home on their living conditions, and for a socialist program to overturn the capitalist system that produces such barbaric imperialist wars.



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