

# Australian political turmoil intensifies as central bank predicts ongoing inflation

Mike Head

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The latest media opinion polls released this week indicate continuing plunging support for the Albanese Labor government, primarily driven, according to the polls, by the soaring costs of housing and other living expenses for working-class households.

The poll results confirm the increasing likelihood that the next federal election, which must be held before May, will produce a very unstable minority government, with either Labor or the Liberal-National Coalition trying to rule with the support of the Greens and/or various so-called independents.

Labor's support has not recovered despite an anxious cabinet reshuffle by Prime Minister Anthony Albanese on July 28, spearheaded by moves to further target refugees, international students, migrants and construction workers, making them scapegoats for the worsening cost-of-living and housing crisis.

The Resolve poll in the Nine television and print media outlets said Labor's vote was on 29 percent. This was far below the 32.5 percent Labor got at the May 2022 election, and eight points behind the Coalition, whose voting base imploded at that election due to the popular hostility toward it.

The Murdoch media's Newspoll said Labor's primary vote support had dropped to 32 percent—seven points behind the Coalition headed by the widely detested far-right Peter Dutton.

Albanese had a Newspoll net approval rating of minus eight, almost as low as Dutton on minus 10. That reflects, at least partially, the growing political disaffection with both the virtually indistinguishable parties of big business that have ruled since World War II.

Newspoll reported that this was Labor's lowest primary vote since the 31 percent recorded in the wake of the government's failed Voice constitutional referendum last October to entrench an advisory indigenous body in the heart of the parliamentary and executive government

apparatus.

That defeat, inflicted because most working-class people distrusted the government's empty promises of improving the social conditions of ordinary indigenous people, was a major blow to the government's effort to put a supposedly progressive gloss on its program of war and austerity.

Such polls provide only a limited and distorted view of the underlying political crisis. For a start, they do not ask voters about the bipartisan support of Labor and the Coalition for the US-backed Israeli genocide in Gaza, nor about their twin unconditional commitment to the US-NATO war against Russia and AUKUS plans for war against China.

Nevertheless, the results indicate that after two and a half years in office, the Labor government's program of militarism, massive military spending, complicity in genocide and cuts to working-class living conditions has opened the door for the possible return of an openly right-wing Coalition government.

The polls were conducted just after the Reserve Bank of Australia (RBA) last Tuesday made it undeniable that the underlying economic and social conditions facing millions of working-class people will worsen over the coming period.

In the first instance, the central bank dashed any hopes that the Labor government had that the bank would cut interest rates this year. This is despite the deepening financial and social stress generated by high home mortgage repayments, sky-rocketing rents and prices for other essentials, like food, petrol and insurance.

The RBA board effectively scuttled the government's claims that it was tackling the cost-of-living crisis with token temporary gestures, such as one-year energy bill rebates. The board's statement predicted that inflation, currently running at 3.9 percent as measured by the RBA's "trimmed" Consumer Price Index, would not

come into the bank's 2-3 percent target range before the end of 2025.

In fact, the RBA did not rule out again raising official interest rates, which it has hiked 13 times, to 4.25 percent since May 2022. The board declared that reducing inflation was still its "highest priority." It stated: "The Board remains resolute in its determination to return inflation to target and will do what is necessary to achieve that outcome."

Under the false banner of fighting inflation, the RBA—backed by the Labor government—followed other central banks internationally in increasing rates in a deliberate operation to induce a slump and increase unemployment, now officially above 4 percent, in order to suppress workers' wage demands.

In remarks that went unreported in the corporate media, the RBA board also referred to "a high level of uncertainty about the overseas outlook." It said the outlook for the Chinese economy—Australia's biggest export market—had "softened" and this had been "reflected in commodity prices."

Moreover, "globally, financial markets have been volatile of late," the Australian dollar had depreciated and "geopolitical uncertainties remain elevated, which may have implications for supply chains."

These comments are a significant understatement. US-led economic warfare measures are hitting China, and this is already slashing prices worldwide for iron ore and other minerals on which Australian capitalism has long depended.

At the same time, the "geopolitical uncertainties"—code words for the plunge into disastrous conflicts in the Middle East, Russia and the Indo-Pacific—will continue to disrupt "supply chains," driving up energy and food prices.

Writing in the *Guardian* last week, economist Greg Jericho drew attention to some of the devastating impact on households. Mortgage repayments now consume a crippling 70 percent of average disposable household income, up from 46 percent in May 2022 when Labor took office.

New housing approvals have plunged from over 10,000 per million people in the 1990s to around 6,000, the lowest level in decades. That is because buying a new home is out of reach for anyone on an average wage.

Another factor in the housing crisis is that successive governments, Labor and Coalition alike, have gutted public housing. In the 1960s, the public sector accounted for nearly 20 percent of new builds. Today, it sits at less

than 2 percent.

These figures alone expose the fraud of all the Albanese government's vows, most recently mouthed by newly-installed Housing and Homelessness Minister Clare O'Neil, to tackle the housing crisis.

Labor's housing program basically consists of further subsidising and deregulating the private housing market, which is dominated by the same property market speculators, billionaire developers and construction giants that have profited from this social reversal.

While cutting spending on public housing, along with public health, education and other essential social programs, the Labor government has allocated hundreds of billions of dollars for AUKUS nuclear-powered long-range submarines and other US-supplied weaponry, as well as agreeing to growing US military access to facilities across the country.

This is placing the Australian population even more on the frontline of a potentially nuclear war against China, while imposing the financial burden on workers and youth amid spiralling living costs and rising job losses.

A historic political crisis is developing. The disintegrating support for the Labor Party is on top of the implosion in its previous working-class base over the past four decades since the trade union-backed Hawke and Keating Labor governments of 1983 to 1996.

Major elements in the corporate and media establishment backed the return of a Labor government in 2022 in the hope that, with the help of the union bureaucrats, it could impose the required agenda of militarism and social sacrifice after the seething hostility toward the previous Coalition government.

Now the Albanese government is increasingly unravelling, accompanied by attacks on anti-genocide and anti-war dissent and the threat of a return of an even more detested Coalition government. This poses ever-more the necessity for workers and youth to join and build the Socialist Equality Party as the essential socialist alternative to the deepening plunge into war and social deprivation.



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