

# Company profits soar and wages fall while the media continues to mislead

By Alan Austin

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*At an emergency economic forum...*

The Reserve Bank will provide its forecasts, and then the mining sector will discuss orders, and then Scott will play his new jingle.



Cartoon by Mark David / @MDavidCartoons

***The process of shifting wealth and income from the poor and middle to the rich is continuing and accelerating. [Alan Austin](#) examines the latest official data.***

FOR THE SECOND consecutive quarter and only the second time since 1959, the share of Australia's income going to employees is below 50%. For the first time ever, the share going to investors is above 31%.

The recent national [accounts](#) and business [updates](#) from the Australian Bureau of Statistics (ABS) show the shift in income from the poor to the rich and from Australians to foreigners is speeding up.

The ABS confirms several sectors of the economy are still booming despite the pandemic. Let's examine them briefly.

We can take 2012-13 as a base year as that was when the last of the developed countries – [Greece](#), [Italy](#) and [Spain](#) – emerged from the recession caused by the [Global Financial Crisis](#).

## Manufacturers make hay

Manufacturing profits have surged since 2013, with electrical and electronic machines and optical and medical apparatus in strong export demand. In the 12 months to September, manufacturers recorded more than double the 2013 profits.

## Miners move further ahead

Since 2013, profits from mining – which comprised 68.1% of last year's exports – have increased in four years and declined in three years. But the increases have more than compensated for the declines. Mining profits this year were also more than double 2013 levels.

Other sectors to have experienced profit booms since 2013 include gas, electricity and water, accommodation and food, and administrative and support services.

Sectors to have declined include finance and insurance, transport, rental, real estate and media and communications.

## Media and communications slump

This broad [group](#) includes the internet, radio, television, newspapers, magazines, books, films, videos, music recording, libraries and related industries. It enjoyed a slight profit boost in 2014 and 2017 but went backwards in other years.

## Total profits economy-wide

The critical data is for the entire economy. The ABS confirms strong overall profit gains over the last four years. Total profits were 29.4% higher in 2017 than in 2013, 24.6% higher in 2018, a thumping 58.0% higher in 2019 and, despite a correction this year, still an impressive 53.6% higher.

## Wages

So what has happened to wages over this period? Have they also risen by 53.6% since 2013? Those

who have followed the performance of coalition governments since the [Fraser](#) years know the answer — of course not.

The same ABS document [[File 5676](#), table 7] shows wages have increased at a shallow rate, nowhere near the rise in profits. Although this graph shows a steady increase, this does not reflect increasing wages for workers. This is the total income going to all wages, a figure boosted primarily by the expanding workforce. In 2017, for example, total wages grew 1.5% from \$513.8 billion to \$521.5 billion. But the number of persons employed increased that year by 3.3%. So wages per person fell significantly.

Clearly, of all the extra wealth and income generated by workers, entrepreneurs and government activity in Australia, the share going to employees is declining while the share going to investors keeps on expanding.

## Incompetence or design?

Is this a deliberate strategy or simple ineptitude?

In answering that, we should note it is within the Government's power to adjust wage levels. It has

significant influence over penalty rates, minimum wage levels and the rate of wage rises. It has direct control over corporate tax rates and collection policy and could reintroduce a vitally-needed minerals super profits tax.

If it wished to, the Government could certainly ensure a fair share of profits stays in Australia for the benefit of Australians. It is choosing not to.

## Role of the mendacious media

As with all areas of failure or deliberate harm by coalition governments, the mainstream news outlets routinely give them cover by failing to report unjust outcomes and by distorting those reports on the economy they venture to make.

This is partly because the old media corporations are themselves big employers who need lower wages to generate higher profits. They are also closely allied with the big tax-avoiding exporters.

As an example, the mendacious Murdoch organisation has a “story” [online](#) enabling hapless Treasurer [Josh Frydenberg](#) to congratulate himself on September’s growth in gross domestic product (GDP):

*“Australia has performed better on the health and on the economic fronts than nearly any other country in the world,” Treasurer Josh Frydenberg said. “Real GDP increased by 3.3 per cent beating market expectations. This is the largest quarterly increase since 1976.”*

That is misleading almost to the point of blatant falsehood. First up, quarterly moves in GDP are virtually meaningless because of their volatility. The statistic that matters is annual GDP growth, which is measured quarterly. The current [annual GDP growth](#) is negative 3.8%, which [ranks](#) 29th among the 64 countries which have reported September figures at [Trading Economics](#). Nowhere near the leaders.

Second, “market expectations” are entirely arbitrary

variables used routinely by those wishing to deceive in order to make any outcome, however poor, look acceptable.

Third, of course, there is going to be a positive correction to the capricious quarterly growth figure if the previous quarter was a disastrous negative. It was. The June [result](#) of negative 7.0% was the worst since the [Great Depression](#) in the 1930s.

It did not have to be like this. During the last global recession, Australia did indeed have the strongest annual GDP growth in the world. With exports in mining, manufacturing and agriculture booming today, it should have the best again.

Australians are paying dearly for their folly at the last three elections in replacing the Government with the world’s [best record](#) of economic management with one with close to the worst.

***Alan Austin’s defamation matter is nearly over. You can read an update [HERE](#) and contribute to the crowd-funding campaign [HERE](#). [Alan Austin](#) is an Independent Australia columnist and freelance journalist. You can follow him on Twitter [@AlanAustin001](#).***