

# Mainstream media warps reality to blame Labor for 'cost-of-living crisis'

By Alan Austin

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**The mainstream media's mantra of declining prosperity in Australia is a deceitful warping of the economic reality, [Alan Austin reports](#).**

AUSTRALIA'S MAINSTREAM MEDIA, conservative political parties, right-wing think tanks and sundry corporate commentators would have citizens believe they are in a severe cost-of-living crisis.

Even ministers in [Anthony Albanese's](#) Federal Government appear to go along with this narrative, lest they be depicted as uncaring and aloof.

Every day, newspapers, radio and TV news bulletins and online media outlets scream ever-more shrill headlines of doom and gloom.

## Media mendacity

A [recent opinion piece](#) in the *Australian Financial Review* ([AFR](#)) was headed: 'Australia's cost-of-living crisis has reached a critical juncture'. It based this on the observations that 'Inflation is above the Reserve Bank's target range, and the GDP growth in the March quarter of 2024 was minimal.'

Yes, those are true. But that does not mean Australia is 'at a critical juncture'. It is also true that Australia is the only economy in the world with top credit ratings, both [jobless](#) and [inflation](#) rates below 4% and positive [economic growth](#) in all of the last five quarters.

Remember too, Australia and Denmark are the only two economies to have gained consecutive surpluses, reduced debt to GDP twice and kept [average wealth](#) per person above USD\$350,000 (AU\$527,000).

The *AFR* is plain wrong. So are all others spreading the same falsehoods.

[ABC News](#), which has become obsessively [anti-Labor](#) in recent years, ran a [story](#) last Wednesday headed, 'How immigrants are helping each other during the cost-of-living crisis'. This is one of a constant stream of false reports.

Tuesday 11 June was a pile-on day at ABC News, with no fewer than three "news" items hammering the mendacious theme of

economic disaster:

- [Grossly underfunded community centres become makeshift cost-of-living crisis hubs](#)’;
- [People are giving less: how are charities pivoting to stay afloat during a cost-of-living crisis?](#)’; and
- [Evidence cost-of-living crisis is deepening](#)’.

The last “story” offered scant evidence of any “crisis”, simply reporting:

*‘A major bank survey shows business costs are rebounding and are likely to be passed onto shoppers in the form of higher prices.’*

Yes, that could happen. But it might not.

So is this narrative true? What if it is a falsehood designed to replace a sound government with a corrupt one which serves vested interests?

### It was ever thus

Of course, most Australians want more cash. Everyone would like to buy more gifts, more prestigious wines and more sumptuous holidays. It is human to recall wistfully on times when prices were lower.

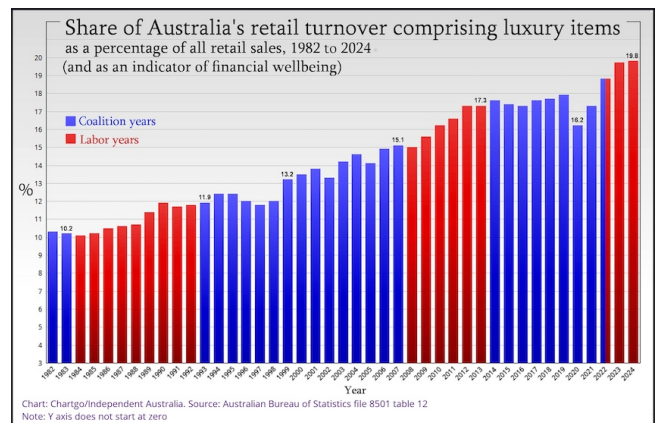
But those observations prove nothing. They have been true in every community everywhere in the world since Adam and Eve in the [Garden of Eden](#) succumbed to the shortage of fruit.

Can we assess when Australians did have enough disposable income to spend on necessities, plus extra to splurge on luxuries? Yes, we can.

Australia’s Bureau of Statistics ([ABS](#)) releases monthly data showing [retail sales](#) volumes in 20 categories. Some are

essentials, such as food and clothing; most are in steady demand, such as household goods, while others are luxury items, such as wines, spirits, cosmetics and outings to cafés and restaurants.

We can track since April 1982 the percentage of all retail expenditure allocated to those three luxury categories — alcoholic beverages, cosmetics and restaurants and cafés.



(Source: Retail Trade Statistics Australia | [abs.gov.au](#))

### Fraser, Hawke and Keating years

Our chart starts in 1982 when the economy, managed by [Malcolm Fraser](#)’s hapless Treasurer, [John Howard](#), was failing badly.

The proportion of all retail spending on luxuries declined from just 10.3% in 1982 to 10.2% in the 1983 Election year. It fell further in 1984, the first year under PM [Bob Hawke](#) and Treasurer [Paul Keating](#), before lifting in 1985 and thereafter.

Most of the world entered a recession in 1990, which explains why spending on luxuries declined in 1991 and 1992. Over the entire Hawke/Keating period, the percentage lifted from 10.2% to 11.9%.

### The Howard period

Fluctuations followed the early 90s recession,

leaving Australians spending a lower percentage on luxuries in 1997 than in 1990, with only marginally more spent in 1998. There was a surge in 1999, probably related to the looming price hikes when the goods and services tax was to commence in July 2000.

Through the Howard/Costello years, which saw rising prosperity overall, the percentage of all retail spending going to luxury items lifted from 11.9% to 15.1%.

### **The global financial crisis**

In what were quite extraordinary international exceptions, wealth and incomes in Australia continued to climb through the [2008 economic crisis](#) — known in the U.S. and elsewhere as the "Great Recession".

One impressive outcome of the [Rudd Government's](#) prompt and extensive stimulus [response](#) was a remarkable surge in the capacity to buy luxuries — from 15.0% in 2008 to an impressive 17.3% in 2012.

That lift of 2.3% in four years was by far the strongest to that point — despite the global downturn.

### **The dismal Coalition years**

As with most economic outcomes, the results of this measure through the disastrous [Abbott/Turnbull/Morrison](#) period were the worst on record. Spending on luxury items in 2021 – the Coalition's last full year – was 17.3%, the same as when it took office eight years earlier and well below the 17.9% achieved in 2019, pre-COVID.

### **The Albanese alternative**

Figures for 2023 and for 2024 so far show another surge in consumption of luxuries. The current rise is even more impressive than that achieved by former Prime Ministers [Kevin Rudd](#) and [Julia Gillard](#), although this is due partly to the earlier COVID-19 downturn.

So Albo is actually doing extremely well.

This analysis does not deny that some Australians are struggling with their bills. Of course, they are.

But it suggests they are fewer than ever before. It confirms those free of financial woes are more numerous and far more flush than ever.

So when the mendacious media tries to retail misery and failure, we should tell them we are not buying.

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