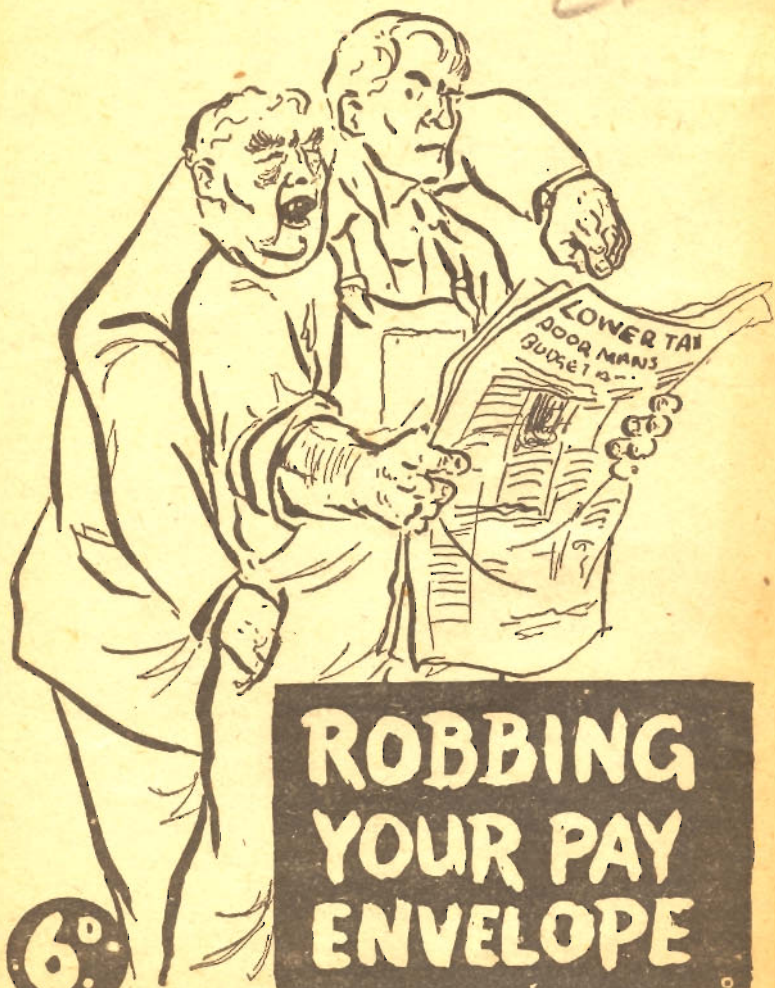


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ROBBING YOUR PAY ENVELOPE

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Harris Reddy

By R. DIXON, President C.P.A.

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INTRODUCTION

When Sir Arthur Fadden brought down the Menzies Government's Budget on September 9, 1953, and the Federal Arbitration Court, three days later, abolished the quarterly adjustments of the basic wage, there was general satisfaction in the ranks of the capitalists. And well there might be.

The Budget puts tens of millions of pounds into the pockets of the rich men of Australia, and extracts more taxes than ever from the workers and all people on lower incomes.

In every sense of the term the Menzies-Fadden Budget can be called: **a rich man's budget.**

The abolition of the quarterly adjustment of the basic wage will provide the capitalist with a **golden** opportunity to swell his profits.

The decision of the Arbitration Court pegs the wages of the worker. There are no restraints, however, on the income of the boss, and no proposition for pegging prices. As a matter of fact, Fadden, in his Budget speech, announced the abolition of various subsidies holding prices in check and also the withdrawal of financial allocations to State Governments to pay for their price control organisations, poor and all as they are.

If prices rise the profits of the capitalist will increase while the standard of living of the worker will fall. No longer will wages be adjusted, even inadequately as in the past, to increases in the cost of living.

Everything is set for the capitalist to boost his profits, to extract the maximum profit from his exploitation of the worker. Price controls are gone, wages are pegged and taxes on profits are down.

What more could the boss wish for?

If the Budget and the wage freeze are a windfall for the capitalist class, for the worker they have the gravest implications. They express two sides of the bosses' attack on standards of living, the aim of which is to sweep away the important gains in hours, wages and conditions made by the working class movement in the war and post-war period.

Let us now examine in detail the effect of the budget and the pegging of wages on the working people. We will start with an analysis of the Budget.

RICH MAN'S BUDGET

At the beginning of his speech on the Budget, Sir Arthur Fadden declared that the Government proposed to "make tax reductions having an estimated annual value to taxpayers of £118,400,000". He then went on to show that the Government, in fact, would collect more taxes this year than was estimated last year. Income tax on individuals is estimated to yield £11 million more than the actual income last year, customs £12 million more, excise £7½ million and sales tax £1½ million less.

You may well ask: what sort of a game is this? The Government says it is handing back £118 million to taxpayers, and yet extracts more taxes than ever from the people!

And yet the answer is quite simple.

The Menzies-Fadden Government, which manages the State for big business, reduced the taxes of the rich and piled the burden of taxes onto the poor.

In his Budget speech Sir Arthur Fadden told Parliament and the people: "The changes I have outlined will confer reductions ranging from 100 per cent. for the family man on a small income to something less than 10 per cent. for taxpayers over £10,000."

You may say: doesn't that show that the Menzies-Fadden Government is genuinely concerned for the small income earner and has applied the correct principle in taxation reductions—100 per cent. for the low income earner and 10 per cent. for the rich man.

Let us look how the percentages work out in life.

Fadden's small income earner is a family man (man, wife and two children) on £350 per year and his 100 per cent. tax reduction will amount to the princely sum of 3½d. a week, or 16/- for the year. As for the poor fellow forced to live on £10,000 a year, who received a mere 10 per cent. tax reduction from Sir Arthur Fadden, he will get £11/6/6 per week or £588/19/0 for the year. And should he boost his income to £15,000, which is most likely now that the workers' wages are frozen, he will get £905/2/0, or £19/6/6 per week.

Both Menzies and Fadden used percentages in order to hide the dirty deal they gave the working people in their Rich Man's Budget.

Just several more figures to show how the so-called tax reductions are loaded against the low income earner.

A worker with a wife and two children on £600 per year (basic wage) will have his annual tax reduced by £5/15/0 per year, or 2/3 a week. Ten such workers would have a total annual wage of £6000 and a total tax reduction of £57/10/0. One man on £6000 per year has his tax reduced by £297/14/0.

A skilled worker with a wife and two children earning £800 a year will have his annual tax reduced by £10/12/0, or 4/- a week. Ten such workers, earning a total of £8000 annually, would get a total tax reduction of £106. One man on £8000 a year has his tax reduced £439/3/0.

MORE TAXES ON LOWER INCOMES

At this stage it is necessary to say something about inflation and its effect on taxation.

In the 1949 elections Menzies, quite dishonestly, promised to restore the purchasing power of the pound and misled a section of the people into supporting the Liberal-Country Party candidates. The policy of the Government since then increased the inflationary process. The Australian pound is now only a shadow of what it used to be.

The inflation developed on the basis of the dangerous, anti-Australian policy of supporting the aggressive war plans of American imperialism. In support of this policy the Menzies Government has spent hundreds of millions on war preparations, financed Government projects with Treasury bills and expanded the note issue—all inflationary measures.

The Australian people are paying the penalty for this policy of political betrayal. The inflation of the currency, the high cost of living and heavy taxes, the growth of unemployment, the fall in living standards and the deterioration of social services and all public amenities—all flow directly from the Government's policy.

The rise in the cost of living and the inflation of the currency only benefited the big monopolist concerns in Australia.

Hardest hit by the inflation are pensioners and people on fixed incomes or those dependent on bank savings.

In relation to taxation, which is the matter we are considering, the inflation had the effect of increasing the taxes of all lower income earners.

As prices went up and the cost of living rose, wages and salaries also increased, although much slower than prices. Nevertheless, these nominal increases brought the wage and salary earners into higher taxation groups, and the Government's rake-off from them increased.

For example, to quote from a table used by Dr. Evatt in the Budget debate: a single worker on the basic wage was taxed £16/16/0 in 1949-50, £43/5/0 in 1951-52 and in 1953-54, that is after the so-called tax reduction of last year and this, he will be called upon to surrender £46/0/0 in tax.

A basic wage earner with a dependent wife and two children paid £1/7/0 tax in 1949, £11/13/0 in 1951-52 and, tax reductions notwithstanding, £14/5/0 will be demanded of him in the current year.

The basic wage, in theory, is supposed to be the minimum on which a man, wife and two children can exist. In fact it is less than this. The taxation policy of the Government makes the position for the basic wage earner worse.

The growing burden of taxation on the basic wage earner is typical of what is happening to all wage and salary earners in Australia. The taxation of their incomes has increased and the 1953-54 Budget, despite the so-called tax reductions, will extract a record amount of tax from them.

Moreover, the rise in prices, consequent upon the inflation, swells the income of the Government from indirect taxation and particularly from sales tax.

It is no longer difficult to answer the question: How can the Menzies-Fadden Government return £118 million in taxes and yet budget for a higher income than estimated last year?

The so-called tax reductions for the lower income groups are completely fraudulent. They will pay more tax this year than last.

Thus, the Menzies Government, acting for monopoly capital, took advantage of the inflation to shift the burden of taxation onto the working people and to reduce the taxes of the rich.

HOW THE MONOPOLIES FARED

Prime Minister Menzies described the Budget as "the most encouraging and helpful Budget that any country in the world has seen since World War II began."

The millionaire directors of the big monopoly concerns, whom the Prime Minister serves so well, would probably agree with him.

The Budget certainly reduced company taxation, and the bigger and more rapacious the company, the larger the tax concessions.

The smaller public companies with an income of £5000 or less had their tax reduced by 1/- in the £, from 7/- to 6/-, a cut of 14 per cent. The big companies, with incomes above £5,000, benefited by a tax cut of 2/- in the £, from 9/- to 7/-, a reduction of 22 per cent. Private companies benefited by 1/- in the £.

Whereas the total income tax on individuals will be £11 million more this year than last, the total company tax collected will be £34 million less than last year. It will fall from £167,026,520 last year to £133,600,000 this year.

In Australia, as in all capitalist countries, giant monopolies have arisen that dominate the country and interfere in the lives of the working people.

Of the hundreds of public companies in Australia, 3 per cent. earn one half of the total taxable income of all the public companies. Of the private companies 6 per cent. earn one half of the total taxable income of all private companies.

Here we are dealing with the monster monopolies, the B.H.P., C.S.R., the banks, Collins House group, the American concern General Motors Holdens, the newspaper monopolies, the beer barons and others.

Here are the real rulers of Australia, the financial oligarchs who dictate the policy of the Governments of this country, Labour and Liberal alike.

Here, too, are the main beneficiaries of the Menzies-Fadden Budget. Three per cent. of the public companies and 6 per cent. of the private companies rake off between them one half of the company tax reductions.

There was an incident in Federal Parliament in the year 1935 that it is worth while adverting to for a moment. Mr. Beasley, the member for West Sydney, was reading out a list of some B.H.P. shareholders when Mr. Menzies interjected:

"It is a great entertainment", he said, "because I hear so many names of my friends read out."

In the current Budget Mr. Menzies treated his "friends" in fine style. The biggest and most predatory of the Australian monopolies, B.H.P., gets the largest rake-off—a tax reduction of £978,000, just on a million. Next come Menzies' American "friends", who under the one-sided agreement on double taxation, which this Government of national betrayal entered into, will soon be paying no tax at all. General Motors-Holden will have its taxes cut by £900,000.

The combined handout to those two giant monopolistic concerns is approximately £1,900,000.

All the Government could find for 374,791 old age pensioners, however, was £2,436,00 or a miserly 2/6 a week.

SWINDLING THE WORKING PEOPLE

So far we have been discussing direct taxation on incomes. What of indirect taxation, of the incidence of sales tax, and excise and customs duty?

Perhaps the most insidious method the capitalist class have yet devised to pass the burden of taxation on to the lower income earners is indirect taxation. Most people are not conscious of the fact that a vast range of goods, including the essentials of life, are taxed. Every time they purchase these goods they pay a toll to the Government.

With direct taxation Governments have been forced, to some extent, to impose heavier taxes on the rich than on the poor. With indirect taxation this distinction goes. The worker on the basic wage pays the same tax on a packet of cigarettes, a glass of beer, or on the thousands of com-

modities subject to sales tax as the millionaire. Because the working people vastly outnumber the rich, the bulk of indirect taxation comes out of their incomes.

This year the Government will take £291.1 million from the people in indirect taxation, a total of £32/12/7½ per head of population. This amount is £1/8/7½ per head more than last year, notwithstanding the reductions of sales tax announced by Fadden.

In the reductions of sales tax, Sir Arthur Fadden conveniently reduced the 50 per cent. tax on luxury jewellery, mink coats and ornaments down to 16 2/3 per cent. Having reduced the income and company taxation on the rich he seems to have wanted to be sure that they could buy their luxuries at lower prices.

In future there will be two rates of sales tax: 16 2/3 per cent (2d. in the 1/-) and 12½ per cent (1½ in the 1/-).

The working man will find that many items used by himself, wife and children are subject to indirect tax.

The 12½ per cent, or 1½d. in the 1/- tax covers the widest range of goods and includes such things as biscuits, custard powder, jellies, soap, toothpaste, starch, boot polish, and thousands of other goods.

Cosmetics, all shaving requisites, brief cases, handbags, watches, hair brushes, combs and a wide range of other goods are taxed 2d. in the 1/-.

Fadden and Menzies seem to take a delight in relieving kiddies of their pennies in order to reward their rich "friends". Lollies, ice cream, fireworks, and the children's toys all carry the heaviest rate of sales tax, 2d. in the 1/-, or the same rate as the millionaire pays for a mink coat for his girl friend. The youth are also taxed on the sporting goods they buy.

All electrical goods, radios, furniture and other household needs are taxed.

This year the Government estimates it will collect £120,600,000 from excise tax. The tax on whisky has been slightly reduced. All other spirits, beer, tobacco, cigarettes and papers are taxed at the old rate.

The tax on beer is 5 7/8 d. in every shilling. That means that the tax grabber takes approximately one half of the money paid for every glass of beer.

If the excise duty on beer was abolished, the price of a glass of beer could be cut by half.

More than 50 per cent. of the money spent on cigarettes and tobacco flows into the coffers of the Government. They are even more heavily taxed than beer.

WAR BUDGET

The Menzies-Fadden Government plans to get £982,145,000 from taxation and other sources of income in the current year. It proposes to spend £981,930,000, or £7,130,555 more than last year.

Is this expenditure, which is more than a quarter of the national income, necessary?

We say it is not necessary, that it could be cut by hundreds of millions of pounds.

The Government intends to spend £200 million on war preparations this year—and this is the key to understanding the Budget.

The war expenditure bears heavily on the working people and is the cause of many of the economic difficulties besetting our country, including the inflation.

We have described the budget as a rich man's budget. It is also a war budget. These are not contradictory terms but a correct, two-sided description of the Budget.

Wars, Lenin once wrote, are terribly profitable. The rich men in our country support the war preparations of the Menzies Government because of the profits to be made.

In order to pull the wool over the eyes of the working people and to make the war preparations and the burdens they entail more acceptable, the Government says that £200 million is for the "defence of Australia". If this were so it would place a different complexion on things.

Everyone knows that in the years of World War II, when the Japanese imperialists were threatening to enslave Australia, the Communist Party of Australia, with all sections of the working class movement, spared no effort to defend our country. The working people gave their lives, health, sweat and money to hurl back the enemy while the capitalist class, who now preach sermons about "defence of Australia", took advantage of the situation to swell their profits.

The Communist Party and the working class unhesitatingly take their stand for the defence of our country's independence and the freedom of our people.

Our independence and freedom, however, can be threatened not only by military invasion, but also by invasion by the dollar.

Today our independence is being strangled, as American monopoly capital, with the help of the Australian capitalist class, the Menzies Government and the pliant right wing in the labour movement, penetrates the Australian economy.

The foreign policy of the Government is determined by America. If America, in pursuit of its aggressive imperialist policies, goes to war, Australia, under the terms of the ANZUS Pact, will also be at war. The Menzies Government, on the demand of America, has acquiesced in the rearming of Japan and Western Germany, the brutal military aggressors of World War II. It was at the instruction of America that Australian troops were sent to Korea.

The policy of the Menzies-Fadden Government is a policy of national betrayal, it is completely remote from the defence of our country.

A REAL PEOPLE'S BUDGET

The ruling class spread the falsehood that Australia is menaced by Soviet Russia and the people's republic of China. But the peoples and the Governments of those countries, having destroyed the power of monopoly capital, have no imperialist or aggressive designs on any other country. Their internal and their foreign policies follow the aim of improving, to the maximum, the living and cultural standards of the people and of preserving and strengthening peace in the world.

Only a few weeks before the Menzies-Fadden budget was brought down, the Government of the Soviet Union presented its Budget to the Soviet Parliament.

In contrast with the policy of the Menzies Government, which is increasing the burden of taxes on the working people, the Soviet Government is relieving its people of taxes. Eighty-six per cent. of the Soviet Government's revenue is derived from industry and only a small percentage comes

from taxes and loans. Government income from taxes and loans this year will be reduced by 25 per cent. over last year.

What is very interesting is that the Government's expenditure on education, public health, reduction of prices, and social services is almost three times the amount the people pay in taxes. 192 billion roubles will be expended for these purposes, whereas the total amount of revenue from taxes, levies and loans is 65 billion roubles. The Soviet people therefore, receive 127 billion roubles more out of the Budget than they contribute in taxes or loans.

Soviet defence expenditure this year will amount to 20.8 per cent. of the Budget as against 23.6 per cent. in 1952, a reduction of about 3 per cent.

The Soviet Budget is a genuine people's Budget. It contrasts sharply with the rich man's Budget of the Federal Government which Menzies had the temerity to suggest was the best any country had seen since World War II.

The Soviet Budget reflects the peaceful aims of the Soviet people. It ensures a continuation of the steady rise in the living and cultural levels of the people. It refutes the slanderous charge of the capitalist class that the Soviet Union has aggressive ambitions.

The danger of world war comes not from Soviet Russia or the People's Republic of China, but from American imperialism and its allies.

LABOUR PARTY ATTITUDE

The Menzies Government, accepting the advice and direction of the American aggressors, has imposed an armaments programme on this country that is more than the people can bear.

What is the attitude of the Labour Party to this armaments programme?

In the debate on the Budget Menzies challenged the Labour Party to say that the war expenditure should be reduced.

"I do not remember", he said, "Dr. Evatt saying this figure (£200 million) should be reduced."

The Labour Party had not a word to offer. Evatt, Ward, Calwell — no Labour Party member responded to Menzies' challenge to speak out against this crime of spending £200 million of Australia's wealth on war preparations.

COMMUNIST PARTY OPPOSES WAR SPENDING

If the Labour Party leaders gave silent assent to the war expenditure, the Communist Party will not allow Menzies' challenge to pass.

Our reply to Menzies is:

Yes, we challenge this expenditure and also the policy of national betrayal that goes with it. The £200 million is not for the defence of Australia, but for wars of aggression and the enslavement of other peoples, in support of the war aims of American imperialism.

Because of this expenditure on war preparations, the incomes of the working people and our food, drink and household needs are heavily taxed, and, in consequence, our living standards are reduced.

Because £200 million is spent on war, education is starved of finance and our children suffer; the hospitals are short of funds and unable to meet the health needs of the people. Social services are inadequate.

Because of it we are short of homes, our roads and railways are in a deplorable state. The rural areas are neglected and water and irrigation schemes suffer.

Money is available for the profitable business of war, while our public works are closing down and municipal and shire councils are starved of finance.

Because of this war expenditure the economy is disorganised, the inflation continues and the scourge of unemployment has appeared.

If the Labour leaders can remain silent about this criminal waste of the nation's resources, the Communist Party cannot.

We are opposed to spending £200 million on war plans that can only bring disaster on the people.

The Government admits that this country is in no danger of military invasion.

The threat of military aggression against Australia is far less today than in 1939, when Japanese imperialism stood ready to light the flame of war in the Pacific.

In 1939 this country spent £10 million on defence. Today the Government spends £200 million, or twenty times as much.

If those figures reveal anything, they reveal the difference between the cost of preparing for the defence of Australia and the cost of preparing for participation in wars of aggression.

Australia does not need this vast expenditure for genuine defence.

To reverse this dangerous policy, which is a betrayal of the nation's interests, it is necessary to break the American grip on our country and pursue a policy of peace.

It is essential to defeat the Menzies Government and put an end to the policy of national betrayal.

THE PEOPLE WANT PEACE

We need a Government that consults with and respects the desires of the people, a Government that is concerned not with planning aggression, but that uses the authority of Australia among the nations to promote the cause of peace by negotiation and agreement. Such a Government would, of necessity, work to secure an all-round reduction in armaments and the easing of world tension.

The freedom-loving people of Australia are opposed to aggression. They do not want war. Like the working people of all countries they want to work and live in peace. The desire for peace is universal.

At the Australian People's Convention for Peace, that great event that took place at the end of September, people of all shades of political and religious opinion found a basis for unity and agreement on the need to work for peace.

"There are no differences between nations that should not be settled by patient negotiation", declared the Peace Convention.

The overcoming of differences between nations not by resorting to war and violence, but by negotiation and agreement—such an approach offers real possibilities for world peace.

With that view the majority of Australians, once they think about it—and they must be brought to think about it—will agree.

Around this conception Australians who desire peace, irrespective of their views on other matters, can find a basis for agreement to work together in unity to avert the threatened war, and to ensure that governments respect their decisions.

CUT GOVERNMENT EXPENDITURE

The £200 million that the Menzies-Fadden Government is spending on war preparations influences, to a considerable extent, the whole of the Government's expenditure. It is a source of much useless and wasteful expenditure in various Government Departments.

The External Affairs Department, under the direction of Mr. Casey, seems to have only one aim—to bind Australia to the American policy of aggression.

Obviously much of the taxpayers' money eaten up in the Department of External Affairs could be saved.

Then there is the so-called "Security Service", which comes under the Prime Minister's Department, which costs £332,000.

The name "Security Service" suggests that this body is concerned with Australian defence, but that is not so. The "Security Service" is the Government's secret police, which is patterned on the American F.B.I. and Hitler's Gestapo. Its function is to spy on the working people. It was the secret police that attempted to frame Messrs. Chandier, Ogston and Bone on charges of sedition. The Menzies Government, it is alleged, uses the Security Service to interfere in union ballots and to bribe members of organisations of all kinds (trade unions, political parties, sports organisations and so on) to inform on fellow members, to pay them to act as spies and disruptors.

The secret police also intervene to prevent the normal democratic functioning of people's organisations by intimidating proprietors of halls and buildings to deny their premises to progressive organisations.

The Government's "Security" police encourage those enemies of the working people, the pimp and the provocateur.

The "Security Service" is an instrument for the suppression of the people's liberties and ought to be abolished.

Further substantial savings of taxpayers' money could be made if the expensive trips abroad of various Ministers of Federal and State Governments were reduced to the absolute minimum. Most of these visits are of no value to Australia, they are purely tourist trips that cost thousands of pounds.

The visit of Federal members of Parliament and their families to Britain for the Coronation cost £66,199. If to this is added the cost of the various State delegations, the total cost to the taxpayers would be in the vicinity of £120,000.

In these and many other ways Federal expenditure could be slashed by hundreds of millions of pounds, to great advantage for Australia.

The cause of peace would be strengthened, our democratic liberties made safer and the way would be open to reduce the taxation on the working people and raise living standards.

PITIABLE STAND BY LABOUR LEADERS

The class character of the Menzies-Fadden Budget is now clear.

On the revenue side, the Budget is used, on the one hand, to reduce the taxes of the rich and swell their profits, and, on the other hand, to place the burden of taxation on the working people and thereby lower their standard of living.

These same principles carried into the expenditure side of the Budget mean that it is used as a weapon for pressing on with the war plans of the capitalist class and for the crushing of democratic liberties.

What then was the attitude of the Labour Party leaders to this budget of war and hunger?

The Labour Party was never more impotent than in the Budget debate. In the 60 years of the A.L.P. it would be

impossible to find a more pitiable display than that put up by the Labour Party leaders.

Menzies challenged them, on point after point of the Budget, to state a policy contrary to that of the Government, but they could not. And for a very good reason. **They have no contrary policy on the major issues before the country.**

Mr. Ward did say that the Budget was a "rich man's Budget", but failed to draw the conclusions from this approach and state a policy for the working people.

Dr. Evatt ventured the opinion that the Budget favoured the wealthy and he quoted figures showing the benefits some big companies would get in contrast with the increased taxation of the basic wage earner. He did not say, however, what the Labour Party would do about it, because obviously they intend to do nothing. And yet something must be done.

If the Budget calls for any action, it is for action to curb the monstrous power of the monopoly capitalists who dictated the terms of this Budget, its concessions for the rich and heavier burdens for the poor.

A working class party can have no other policy than to nationalise the monopolies, the B.H.P. and C.S.R., the mining and shipping monopolies, the banks and breweries.

Under Dr. Evatt's leadership, however, the Labour Party retreated from the "socialisation objective" and abandoned the traditional policy of nationalisation.

The Labour Party has no policy for curbing or breaking the power of monopoly capital.

MONOPOLY HAS NOTHING TO FEAR FROM LABOUR

Dr. Evatt could have followed up his criticism that Menzies' Budget favoured the wealthy and hit the poor, by declaring that the Labour Party would reverse this principle, that it would soak the rich and bring relief to the poor. But having made his criticism, Dr. Evatt seemed to become fearful of its implications, so he made a complete somersault. He deserted the cause of the underpaid to take up the cudgels on behalf of the monopolies.

He first of all complained that the Government had not carried out fully its promise to reduce company taxation. He said:

"The reduction in the (tax) rates does not take them (the companies) all below the level prevailing under the Labour Government of 1949-50, so that even here it cannot be said that the Government has fulfilled its electoral promise of 1949 so far as it relates to the rates of taxation, which was a promise of 'further reductions.'"

He then attacked the Menzies Government for failing to restore the "special allowance for initial depreciation" that had been made by the Chifley Government and which greatly favoured the monopolies. Dr. Evatt then "pledged" the Labour Party to restore this "special allowance for initial depreciation".

According to the Taxation Department, this concession would benefit the companies by £20 million. The monopolistic concerns, such as B.H.P., C.S.R., A.C.I. and I.C.I. would be the main beneficiaries, as they set aside the largest amounts for depreciation.

When he turned his attention to indirect taxation, the burden of Dr. Evatt's complaint was that the Government maintained the general rate of sales tax at 12½ per cent., or 1½d. in the 1/-, whereas the general rate under the Chifley Government was 8½ per cent., or 1d. in the 1/-. He did not attack the principle of indirect taxation as an infamous impost on the working people that enabled the rich to escape their financial responsibilities.

Nevertheless, if the Labour Party undertakes to reduce the sales tax to 8½ per cent. the Communist Party will support the proposal. We hold the view that all indirect taxation on goods of mass consumption should be abolished, and we would regard a reduction of this tax to 8½ per cent., although inadequate, as a step in the right direction. Unfortunately Dr. Evatt, who pledged the Labour Party to repeal the special allowance for depreciation, for the benefit of monopoly capital, failed to promise a reduction in the general rate of sales tax.

What emerges from all this?

The fact that the Labour Party leadership accepts the taxation principle in the Menzies-Fadden Budget—the principle of serving the rich at the expense of the poor.

On the other side of the ledger the A.L.P. leaders supported the £200 million armament programme of the Government. Along with Menzies they support the war plans of the American imperialists.

It transpires, therefore, that monopoly capital has nothing to fear from the A.L.P. leaders.

It is all the more important, therefore, for the rank and file of the Labour movement to take up and fight for a vigorous policy against the monopolies.

INCREASE PENSIONS

Having no differences with the Menzies Government on the fundamental questions in the Budget, the Labour Party leaders devoted their main attention to Social Services and particularly to aged and invalid pensions.

They spoke contemptuously, and rightly so, of the miserly 2/6 increase in aged, invalid and widow's pensions, which will cost the Government £4½ million a year.

In drawing attention to the lag of pensions behind the cost of living, Dr. Evatt declared that the Labour Party would restore the purchasing power of the pensions to the level of the Chifley pensions in 1949. On the present-day cost of living figures the Labour Party estimates this would mean a pension of £4 per week, and a permissible income of £2/15/0.

The Communist Party will support proposals to improve the lot of the pensioners. We are bound, however, to declare that the pension proposed by the Labour Party is totally inadequate.

The basic wage in August 1953, was £11/16/- (six capital cities). That wage is considered the minimum wage for a family to live on.

Old age pensioners, however, already failing in health and in need of help and comfort in the twilight of their lives, are expected to exist on £3/10/-, or, if the Labour Party promise is fulfilled, on £4 a week.

Two hundred million pounds can be spent on preparing a new holocaust, huge gifts in taxation reductions can be made to the wealthy, but all the politicians can offer aged, invalid and widow pensioners is a miserable pittance on which to eke out a hungry and wretched existence.

In the view of the Communist Party a married couple should receive, at least, the basic wage, or each pensioner a minimum on present day wages of £5/18/0 a week.

Moreover, the means test should not apply to the working people.

Very little attention was paid in the Budget debate to other aspects of Social Services, although these are under attack by the Menzies-Fadden Government.

It is estimated that £184,052,000 will be spent on all social services—pensions, hospital and medical benefits and so on—in the current year.

If the Government can manage to cut this expenditure, taxation can be further reduced to the advantage of the rich.

Social Services are an important element in the living standards of the working people, and if they are cut, or if the method of financing them can be changed, then standards of living fall.

THE HOSPITAL AND MEDICAL BENEFIT SWINDLE

It should be a principle that all social services be non-contributory. In the Soviet Union and the people's democratic countries this is the case.

In this country the Menzies-Fadden Government, in its attacks on the working class, is moving to place social services on a contributory basis. The Hospital Benefit and Medical Benefit schemes are the thin end of the wedge. In order to get the full benefits from them it is now necessary to join some hospital or medical benefits scheme. Thus, in addition to paying taxes for social services, the working people must also pay insurance.

The so-called Health scheme of the Menzies-Fadden Government is a serious blow at the working class.

The plight of a working class family in need of hospital or medical treatment today is terrible. Medical and hospital costs are very high. The hospitals are so over-crowded that many dangerously sick people cannot gain admittance, or if they do they are sent home before they are well enough.

To illustrate what these things mean to a working class family, let me quote from the letter of a worker from Corrimal, N.S.W., published in Tribune, September 23, 1953.

He wrote:

"Recently my wife was due for a confinement which we anticipated was going to be a happy occasion.

"Unfortunately it was marred by the following incidents:

"Three weeks before her confinement date my wife visited her doctor for a general check-up. He strongly advised her admittance to Wollongong District Hospital for special treatment.

"After admission she received induction treatment to bring about a premature birth, but although the treatment was very severe it did not have the desired effect, and after seven or eight days the doctor decided to take more drastic measures which required anaesthetic.

"When our son was born he had to be placed in an oxygen tent in order to maintain life.

"When the baby was only four days old he and his mother were sent home. She was so weak she was instructed to stay in bed, so I had to take a week off work. Even though I did all I could, her resistance was very low and she contracted 'flu. Baby, having such close contact with her, got pneumonia and was admitted to hospital for two weeks. My wife had to go from Corrimal to the hospital to feed him, and this meant that she had to be there at 6 a.m., 10 a.m., 2 p.m., 6 p.m., 10 p.m. each day.

"Realising that no woman could stand up to that on her own, I took another week off work so that I could transport her to and from hospital.

"Our son came home well and happy, but now I have received an account from the hospital for £16/16/0 for his treatment.

"I have accounts for £19/4/0 for my wife's confinement and £12/12/0 doctor's fees, on top of the loss of two weeks' work, plus running my small car to and from the hospital and eating meals in cafes.

"Our 'happy event' has left us worried and financially embarrassed."

It is necessary to expose and to condemn the Menzies-Fadden Medical and Hospital Benefits schemes as a swindle against the working people, and having as its aim further taxation concessions to the rich.

The Communist Party stands for a non-contributory national health scheme that will provide free medical and hospital treatment for the people.

DEMAND A NEW BUDGET

The Menzies-Fadden Government is in a desperate position. It is a Government that holds onto office, despite the fact that a majority of the people, as the recent Senate vote showed, do not want it.

The Budget, the Government hopes, will help to revive its failing fortunes. That is possible only if the truth of the Budget is withheld from the people. If left to the Labour Party the class character of the Budget, as a weapon of the ruling class to attack the working people, will remain hidden.

The Communist Party, therefore, will carry on a consistent exposure of the Budget and it will seek to rally the working people to defeat the Menzies Government and to demand a complete reversal of the principle that underly the Budget.

What kind of a Budget should the working class demand?

(a) First: the principle of taxation in the Menzies-Fadden Budget, of placing the burden on to lower incomes, must be completely reversed. At its 1951 Trade Union Congress, the A.C.T.U. called for the abolition of taxation from all incomes up to the basic wage plus £52 a year. That means, on today's level of wages, no taxation on incomes up to £12/16/0 per week, or, in round figures, £650 per year. Starting from this income, taxation should be graduated to give relief to the lower and middle income earners and then to increase steeply on all higher incomes, including the profits of public and private companies.

Secondly: All indirect taxation on goods of mass consumption should be completely abolished and the prices of the goods concerned reduced accordingly.

If these steps were taken they would have the effect of increasing the purchasing power of the wages of the average working class family by at least £2 per week. The standard of living would improve immediately.

Thirdly: If we turn to the other side of the ledger, the expenditure side, here too big changes are necessary.

The huge funds now devoted to war preparations should be put to peaceful purposes and to financing improved social services.

This means to embark on a big construction programme of schools, hospitals, homes and essential public works. It means to promote schemes for rural development to assist the farmers, for floods, drought and bushfire control, and measures to improve our roads and public transport systems.

It also means bringing pensions into line with the basic wage, a free medical and hospitalisation scheme, and other improved social services.

A CAPITALIST LIE

We have shown how monopoly capital reduced the taxes of the rich by increasing the burden of taxation on the lower incomes.

That is one aspect of the capitalist offensive. Let us now examine the attack on the wages and conditions of the worker.

For a long time now the capitalist class have peddled the lie that wage increases are the cause of rising prices and inflation. A number of right-wing Labour leaders, the agents of the boss in the ranks of the workers, also spread this falsehood.

Many workers, dismayed at the rapid rise in the cost of living and the great difficulty of making ends meet, and influenced by the right wing, were taken in by the capitalist lie.

The truth of the matter is, however, that the rise in prices, which forced up the cost of living, caused wages to rise.

Thus, instead of prices following wages as the enemies of the workers suggested, wages followed prices.

Indeed, it would be more true to say that wages lagged far behind rising prices and the increase in the cost of living.

The "C" Series price index, which the Commonwealth Statistician uses to estimate the rise or fall in the cost of living, has, for years, been manipulated against the worker. The prices of most of the limited number of goods and services in the "C" Series Index were controlled, while other prices were allowed to rise. As a result, the quarterly adjustment of the basic wage always fell short of the rise in prices.

The abolition of the quarterly, cost of living, adjustment of the basic wage by the Federal Arbitration Court faces the working class with the grim prospect of a continuing series of wage cuts.

According to the Commonwealth Statistician the cost of living rose in the months August to October, 1953, by 3/- in Sydney and Brisbane, 2/- in Melbourne, 10/- in Hobart, 2/- in Adelaide and 4/- in Perth.

From the first pay period in November, therefore, the real wages of the workers fell in the various States by those amounts. The total cost to the Australian workers is estimated at £10 million a year. That amount, out of the wages of the worker, will go to swell the profits of the boss.

Many more reductions in real wages will follow as the prices of clothing, foodstuffs and rents continue to rise.

The November reduction in real wages is only the beginning.

INDUSTRIAL ACTION NECESSARY

The system of the quarterly adjustment of wages to the cost of living was won by the trade union movement thirty years ago.

During the First World War, 1914-1918, and after, prices rose rapidly. In these years the workers had no illusions that wage increases caused the rise in prices, because their wages did not rise. There was no system of adjusting wages to the rise in the cost of living. **The workers had to rely upon their industrial strength alone to maintain their living standards.**

The years 1917-1920 witnessed the biggest strike movement in the history of this country, as the trade union movement fought to defend wages and working conditions.

The capitalist class were finally forced to accept the principle of adjusting wages to the cost of living.

In 1922 the Federal Arbitration Court introduced the system of quarterly wage adjustments.

What follows from the recent decision of the Arbitration Court to freeze wages?

What should the trade union movement do to maintain living standards?

There is only one course open to the working class. That is to use their industrial strength to defend their wage standards and working conditions. The urgent need of the moment is for united trade union struggle against the bosses' offensive.

Already in many factories and industries in New South Wales workers have demanded that the employers pay them the 3/- wage cut. Similar action is taking place in other States.

State Labour Governments, which, at first, welcomed the basic wage freeze, have been forced, under trade union pressure, to modify their attitude.

The All-Australian Trade Union Congress, held in Sydney at the end of September, 1953, demanded the restoration of the quarterly adjustment of wages, but on the basis of a price index that will more correctly reflect the rise in the cost of living than the present "C" Series.

Furthermore, the A.C.T.U. Congress called for increases in marginal rates of wages.

Wage margins have been frozen since 1947. As a consequence the purchasing power of margins has fallen considerably.

In evidence before the Arbitration Court for the Metal Trades unions, Mr. W. Baker pointed out in October, 1952, that if the purchasing power of margins had been maintained at the 1947 level a fitter would be receiving a margin of 97/- instead of 52/-, and a tradesman's assistant 43/- instead of 23/-.

The doubling of marginal rates of pay would do little more than restore the purchasing power of wages to the 1947 level.

Thus, the demands of the trade union movement are for:

- **The restoration of the quarterly wage adjustment and of all wage cuts resulting from the Court's decision.**
- **The doubling of all marginal rates of pay.**

SPEED UP

The capitalist class are not entirely satisfied with the freezing of the basic wage. They want to achieve a reduction of costs.

When the bosses talk of reducing the "structure of costs", to use their own clumsy phrase, they mean reduced wages for the worker, longer hours of work and speed up. They want to "cut their costs" and increase profits at the expense of the worker.

In spite of propaganda to create confidence in the future, all of the statements of big business show their concern with the economic developments and the danger of crisis. The surpluses of goods and the growing competition for markets indicate the approaching economic decline. Hence the capitalist drive against the working class.

Hardly a meeting of big business executives takes place these days without a call for "more production". The workers are urged to work harder and produce more, and above all to accept "incentive" payment schemes.

This harmless-sounding word "incentives", of which we hear so much nowadays, is used to hide the intention of the boss to impose brutal systems of speed up on the workers.

More production with fewer workers—this is what the boss wants.

The results of speeding up the workers would be an increase in the profits of the capitalist, the worsening of the conditions of the worker in industry, and a big increase in the army of unemployed workers. Tens of thousands of workers would be thrown out of industry to join the army of unemployed which already numbers more than 50,000.

The Australian trade unions, traditionally, are opposed to all speed up systems.

It has become apparent in recent years, however, that a group of right-wing trade union officials and Labour Party leaders are working to break down the traditional opposition of the workers and to help the boss impose speed-up systems.

At the A.C.T.U. Congress the resolution sponsored by the right wing, after re-stating the traditional opposition of the trade union movement to "incentives", opened the door for the introduction of speed up systems.

Only the left wing, the militant section of the trade union movement, took up a clear and uncompromising position on behalf of the workers on this question. They condemned all so-called "incentive" schemes as speed up and called upon the workers to fight against them.

DEFEND OUR FREEDOM

In order to break down the resistance of the working class to the war plans and attacks on living standards, the capitalist offensive is also directed against the rights and liberties of the working people.

To realise the extent and the danger of the attack on freedom, it is only necessary to ponder on the meaning of the following:

- The increasing use of the hated Crimes Act against working-class organisations.
- The attempt of the Menzies Government and its Security Service (secret police) to frame up Messrs. Ogston, Chandler and Bone on charges of sedition.
- The expressed intention of the Menzies Government to amend the Crimes Act to make it a more efficient weapon to attack freedom of speech and the right of organisation.
- The raids on the Communist Party offices and the homes of private persons.
- The increasing resort to the evil-smelling Government-controlled ballots in order to place Industrial Group leaders, the agents of the boss class, in control of trade unions.

- The use of the penal powers of the Arbitration Court to impose heavy fines on trade unions that defend their members' interests by strike action, such as the Meatworkers, Waterside Workers' Federation.

- The provocation of the Menzies Government against the Waterside Workers' Federation by sending troops to work the Bowen waterfront.

This list, which could be enlarged considerably, shows that there is a conspiracy on the part of the Menzies Government and big business to destroy the liberties of the people and to crush their struggles for peace and improved living standards.

The vigilance of the working people must be increased if our rights to freedom of speech, press and association are to be maintained. No attack on the liberties of the people, or of any section of the people, must go unchallenged.

The political and industrial sections of the Crimes Act have been condemned by all sections of the labour movement as a monstrous weapon for the suppression of the rights and liberties of the people. Any amendment of the Crimes Act designed to increase the Government's powers of repression must be bitterly contested by the working people against whom it is aimed.

UNITE FOR VICTORY

We have now examined various aspects of the capitalist offensive against the working people.

The other side of this picture is one of growing opposition, of powerful resistance by the working people to the attacks on peace, freedom and living standards.

- The movement for peace in Australia has been transformed by the mighty people's Convention for Peace, recently concluded in Sydney.

- Two examples will demonstrate the deep and abiding will of the Australian people for freedom—the great victory in the Referendum of September, 1951, and the mass opposition to the sedition trials.

- The firm desire of the working people to get rid of the Menzies Government, the main organiser of the capitalist offensive, has been shown at every election over the last two years.

- As for the trade unions—their resistance to the capitalist offensive, although hindered by the disruptive activity of the right wing, is inspiring.

Just one example to illustrate this. As we go to press the capitalist newspapers and various spokesmen for the employers are predicting "chaos" in wage fixing and the "end of industrial arbitration in Australia".

The reason for this clamour is that the Labor Governments in New South Wales and in other States have been forced, under pressure of the trade union movement, to restore to some sections of the workers the cost of living adjustment. On this matter the Financial Editor of the "Sun-Herald" wrote:

"If Mr. Cahill considers himself forced by political pressures to amend the legislation affecting all State awards (including those affecting private employers), so as to perpetuate the quarterly adjustments, the industrial chaos will be incalculable. The hazard is increased by the permutations and combinations in other States.

"The only alternative to anarchy is conformity with the decision that has been made on Federal Awards." (25/10/53).

And what does "conformity" with the decision on Federal awards mean?

That the workers docilely accept the wage cuts implicit in the freezing of the basic wage.

And if the workers refuse to quietly submit to the wage cuts, then their attitude amounts, in the view of the spokesmen for the rich men, to "anarchy" and "chaos".

What is important here is not the frightened burlings of the capitalist press, but the growing unity and struggle of the working class in defence of wages and conditions.

The further this movement for unity and struggle extends, the wider and more powerful it becomes, the more certain is the victory of the working class.

Today there are hundreds of signs of the discontent among the working people and of their growing resistance to the onslaught of the monopoly capitalists.

Given unity in action, there is nothing to prevent working people from achieving their demands.

The capitalist offensive can be stopped and the cause of peace strengthened, democratic liberties can be preserved and cultural and living standards raised.

The call today is for the working people of Australia to unite in defence of their vital interests and to achieve their demands and aims.