THE "COMPASSIONATE" BUDGET of 1968-69 brought down in August 1968, like its equally illegitimate brother the "Family Budget" of 1967 is mis-named. From its content it would be more correctly called the "Fifth of the Asian War Budgets". However, a treasurer who has the ability to prod the President of the Conciliation and Arbitration Commission with the advice that he should not give wage increases and then base his Budget on an anticipated increase in prices of 3% and a wage increase of 5.5% would have great difficulty calling a spade a spade.

The Budget's main objective is to carry out the commitments of the Liberal Party to its "continuing Asian War" theory and to its overseas friends, whilst spreading sufficient hand-outs to ensure continued political support from important industrial and agricultural interests. It fends off the ever increasing number of critics who draw attention to the decline in living standards, in real wages, social services and other aspects of our life, by making token increases in social services, education and repatriation.

The truth of this decline is reflected in the large number of migrants who are "voting with their feet" by returning to Europe as fast as they can save the money. This shows that constant loud propaganda that Australians "never had it better" is becoming difficult to hear above the clamor for improvements in our standards of living.

There are six important features of the Budget.

1 It increases the war expenditure by some $102 million. This continues the annual 10%-11% increase which has taken place since the commencement of the Asian War Budgets in 1963-64.

2 The results of some years of campaigning in the spheres of social services, Aboriginal affairs and education have paid off to some small degree. If this does nothing else it proves the point that consistent campaigning is an essential feature of Australian political life.

3 The Government shows it is prepared to pay large amounts of money solely for the purpose of ensuring support from politically important areas. For example the wheat growers and agricultural
industry by subsidy and fertilizer bounty. Also the RSL which last year became so critical of the Government's failure to increase repatriation benefits and threatened to take an anti-Government stand. Hence the tendency to higher rates in Repatriation pensions to widows and children, etc., rather than in ordinary social service payments.

4 The declaration by the Government that its social welfare policy is aimed at helping the "needy" or in other words, extreme cases of hardship. This reveals complete reversal of the principle of social service established by the Labor Government in 1949 which lays down that a citizen has social services by right.

5 This is the first Budget since 1963-64 in which there has been a direct increase in taxation rates to meet increased war expenditure. There has been sufficient opposition to the inbuilt increase character of the income tax scale to force the Government to unload some of the burden onto the company profit tax. This will probably only have a temporary effect on those companies, and they will plan to recoup in the following year by price juggling.

6 Increased sales tax rates lift the proportion of indirect taxation to a higher level than the previous year and this is an attack on the consumer expenditure. For example a motor car battery worth $17 will take $2.80 in tax, an increase of approximately 40c. Taxes on toys, sporting equipment, commercial vehicles and parts will sooner or later be paid by the consumer. The assessed cost of the increase in sales and company tax to the consumer, both indirectly and directly, will be $200 million. This reduces consumer expenditure which has declined over the last five years.

There is no suggestion of a capital gains tax, although it can be shown from Company Reports that large capital gain has taken place. One example of twenty-six companies examined in a survey published in the Sydney Morning Herald shows they increased their share value by 157% in 18 months. The anticipated rise from income tax will be only 13% over last year. This arises from the anticipated increase in earnings which are gained mainly to compensate for price increases.

An interesting comment by Mr. J. Mitchell of the Melbourne Age, August 24, 1968, was that in 1960 if the tax payer allowed for concessional deductions for his dependents, his wife and say two children under 16 years of age, then he would pay the tax department at $3.25 weekly, yet in 1967-68 this same tax payer earned an estimated weekly income of $65 from which tax of $7.55 was paid. Thus since 1960 tax paid by the Australian average male wage earner has risen by more than 100%, whereas his income has increased by only 40%.
THE FIRST of the National Annual Reviews on wages is almost complete. The Australian Council of Trade Unions lodged claims aimed at restoring the basic wage and increasing it by $11.40, based on increased prices and productivity and if this claim is unsuccessful, for an increase in the Total Wage by $7.70. These claims are extremely conservative, being based only on compensation for price increases and a share of the national productivity in the case of the Basic Wage from 1958, and with the Total Wage since July 1967.

The Employers' argument is that the "cupboard is bare". This is impossible to believe in light of profit increases over the past six months; they also abandoned support for work value cases, having had a taste of the Metal Trades Decision in 1968. The Commonwealth Government supported the employers' view arguing that there should not be wage increases, or alternatively, if there are they should be "small". When challenged as to what was meant by "small" the Government's representative was unable to give a sensible answer.

At the time of writing the hearing has not finished, but the circumstances in which the National Wage Case takes place are worthy of note. One would have thought that there would have been no interest from those who received the highest increases in the Metal Trades Work Value Case. This does not appear to be so. The tradesman and higher skilled groups are continuing their interest in the National Wage Case.

Though the Basic Wage no longer exists, there is within the wage structure a minimum standard below which wages should not be allowed to fall, otherwise it will affect all basic living standards. Unskilled and semi-skilled workers are vitally concerned with the National Wage Case, after having already had their wages seriously devalued by the Metal Trades Work Value Decision. Their wage relativity to the tradesman's rate is now the lowest since the 1930's. They are faced with the possibility of long drawn out work value cases which can give them little or nothing, despite the extremely pains-taking and careful submissions made to the Commission on Work Value by all of the unions with members skilled or unskilled in all Awards. The Annual National Wage Case will become a more important issue for these workers as there is no other arbitration outlet for them to obtain wage increases. They will find the need to more vigorously struggle for increased over award payments to maintain wage levels.

The introduction of the Total Wage led trade unionists to believe that it meant removing the basic wage standards that always served as a rallying point in wage struggles; it now seems certain that with the Total Wage, the National Annual Review, particularly if the claims are based on a "family needs wage", will become the centre of much industrial campaigning and action.