

SOCIALIST COMMENT

THREE
PARTIES
OF
AUSTRALIA and
NEW ZEALAND

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ONE PENNY

The Bank Bill Bluff or Menace

On August 16th Mr. Chifley announced that the Labor Government would nationalise the trading banks. His 42-word statement read: "Cabinet today authorised the Attorney-General (Dr. Evatt) and myself to prepare legislation for submission to the Federal Parliamentary Labor Party for the nationalisation of banking, other than State banks, with proper protection for shareholders, depositors, borrowers, and staffs of private banks." ("Herald" 16/8).

If we are to believe the daily press, a storm of protest is sweeping Australia. This writer was sitting in a tram when the papers came out. There were fourteen people who had just opened their "Herald". Twelve of them glanced at the headline, and then turned to the racing page. . .

As the Labor Party has a big majority in Parliament, the bill is already as good as passed. Mr. Menzies wailed: "We might just as well stay home and not go to Canberra." ("Age" 19/8) When the bill is passed it will be challenged by the banks in the High Court, and they intend to take their case to the Privy Council, should the High Court decide the measure is valid.

All this will take some time and provide fat fees for constitutional lawyers. How, if the measure should finally be put into practice, will it affect the Australian economy?

THE SHAREHOLDERS will be compensated on "just terms." To them, the bill means that they will get "Commonwealth" bonds, but shareholders have the right to negotiate these if they wish to use the money for other investment." ("Herald" 18/8). There were no panic sales. It will be interesting to see whether the ALP will follow the lead of the British Labour Party. When the Atlee Government nationalized the Bank of England, shareholders received £400 worth of Government bonds for every £100 of Bank of England stock. The Bank of England stock had carried a 12% rate of interest — the Government bonds carry 3%. Thus, instead of getting £12 per £100 invested with no guarantee that it would be permanent, the capitalists now get **EXACTLY THE SAME RATE, BUT WITH THE STATE AS GUARANTOR.**

THE SMALL BUSINESSMAN and **FARMER** will attach high hopes to the move. In fact, the change for him will merely mean that he becomes tied more closely to the State. Instead of a **SECTION** of the Capitalists class directing his activity, the State which is the agent of the capitalists as a **WHOLE** will do so in future. Those who look forward to a lower rate of interest and easier

loans and hope to extend their businesses that way may perhaps not be disappointed—but they ought to remember that the more rapidly they expand, the bigger will be the bust when it comes.

THE WORKING CLASS as a whole have little to do with the banks. After all, banks are not charitable institutions. The workers have no "security" to offer — and those who have no security will get no loans. You are told by the president of the Chamber of Commerce that the Government will be able to "tell every single person how he could invest or spend." ("Age") As far as the overwhelming majority of workers is concerned, the only money they have to invest is 2/- each way on the "good thing" in the third race, and a couple of pounds in the bank which would not keep them going for more than a few weeks, should they lose their job. As for spending, what with rising prices and falling real wages, you'll be just as broke on pay day as you're now.

A section of the workers, the 20,000 Bank employes, may be affected. As this is being written only two days after the announcement, it is too early to say how the move will react on them.

SPECULATION

The move can be interpreted in various ways. It is possible to maintain that the Chifley Government wishes to permanently secure the floating vote of what is vaguely referred to as the "middle class." It is this section of the workers, which harbors most strongly illusions about currency, and believes that by juggling with the banks and with credit, future depressions can be avoided. The ALP is a party which rose to a political power in the 1890's only when it abandoned its original appeal to Trade Unionists and successfully cashed in on the Nationalism and sense of a "fair go" of the small businessmen. Today, its electoral support comes from the Trade Unions, from small manufacturers, from sections of the Catholic Church, from brewery interests, and from some big capitalists closely allied with USA capital. The nationalization of the banks will certainly please the Trade Unions, for, to the majority of unionists, nationalization presents itself as a step towards "Socialism" as they conceive it.

In politics, fictions are just as important as facts if they are believed by great masses of people. Nationalization has no connection whatsoever with Socialism, but the majority of workers believes it has.

On the other hand, the move may very well frighten the floating vote, instead of cementing it permanently to the ALP. It is significant that the Melbourne "Age", which, generally speaking, reflects the views of those who vote Labor without being Trade Unionists, has come out against the proposal, calling it "revolutionary and extremely socialistic" (18/8). Thus, if the Liberal Party can once more dust up the "Red Bogey" it may well succeed in swinging the vote of the floating voters its way at the next election.

A cynic might even say that the bill is an insurance for the ALP's actions in the next depression. If it is declared invalid, the Labor Party will have a lovely alibi, and can pose as a martyr: "Alas, we tried to save you—but the courts would not let us". If the bill results in the ALP's defeat at the next election they won't have to cope with the coming bust, and can blame the Liberals. However, though plausible, this view overlooks two points: First, the bill might become valid AND the ALP might win the elections. In that case instead of an alibi, it would be one excuse less. Secondly, should the bill become law before the next elections (1949), the Liberals could hardly repeal it, even if they get power. Mr. Menzies admitted as much when he said: "When the ordinary banks have been wound up . . . no new Government can, by a wave of the hand, reconstitute them as if nothing had happened." ("Herald" 18/8).

In the meantime, after a slight fall in banking shares, the Government has guaranteed their value, and in Melbourne there was an immediate rise of up to 8/- a share ("Herald" 20/8).

LONG RANGE EFFECTS.

While there would be no immediate effects on either capitalists or workers should the bill become law, its long range effects are important. It is a big step in the direction of State Capitalism, T.A.A., the proposed National Medical Scheme, possibly the introduction of all-round Government insurance, and rumours of nationalisation of breweries, coal and metals, all are straws in the wind.

State Capitalism means that the interests of sections of the capitalist

"With us it cannot be a mere matter of a change in the form of private property, but of destroying it as an institution."

—KARL MARX

Carrots for the Donkey

THE INCENTIVE PAY RACKET

A FLY IN THE OINTMENT.

The argument for increased production, and for incentive schemes, is very simple: "It cannot properly be denied that increased production reduces costs and leads to lower selling prices. It follows, then, that incentive payments contribute to a rising living standard by yielding more wages for the worker at a given level of output." (Herald, 12-8-47)

Firstly, reduced costs do not necessarily mean reduced prices. With the present "sellers market", where demand exceeds supply, they can equally maintain or increase prices. Incentives for the company, without any reductions for the worker, as we shall show below do NOT increase average wage levels.

Thirdly, and that is the crux of the matter, productivity always increases much quicker than the wages. In this practice, means that the gap between the amount of goods produced and the wages the workers as a whole receive for such production widens. The result is that the workers receive a relatively LESS in proportion to what they produce. This, again, means that the surplus to be sold is bigger.

Although there are added demands, it is already beginning to shrink. Mr. Folland, Federal Minister of Commerce, recently stated: "The sort of market we have experienced since the war is not the last. Signs of its going are already apparent. Overseas markets must be obtained and retained against the time when domestic demand begins to fall; against the time when import competition here and shrink the Australian home market for Australian goods. The extraordinary shortage of goods in other countries must eventually disappear. What then?" (Herald) 18-7-47.

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What then? When the same people are being run down by the "Produce More!" will be running round looking for non-existent markets, there will be too much produced in relation to what people can buy—and the slump will be in higher and higher stages.

Points on Piecework.

No amount of talking can hide the fact that increased production, under capitalism, means that the coming of the inevitable slump will be hastened. But besides this fundamental point, there are other considerations which show that incentive schemes are not designed to benefit the workers. There are many different incentive basic schemes (Straight piece work; Hour-for-Hour; Halsey or 50-50 Premium Bonus Plan; Bedaux System; Measured Day Work) but our remarks must be confined to piece work.

ONE: They are designed to cut average wages: "A manufacturer may reach the conclusion that he must cut his labor costs, and may turn to a change from the time to the piece rate as a means of so doing." "System of Wages" by the Board of the National Industrial Conference Board, New York, p. 31.) Incentive pay increases competition between

workers and has "a tendency, whilst raising individual wages above the average, to lower this average itself." (Marx) "Capital" Kerr ed. p. 607.

TWO: Even the highly individual earnings of some workers are only higher absolutely—but are lower as a proportion of the total product.

THREE: They threaten health and mean increased costs of keeping up energy. "If the worker is working more intensively for longer hours, he is suffering more fatigue; he probably requires to spend more on food and medicine, more on doctors' bills." ("Wages" by M. Dobb, M.A., p. 45).

FOUR: They must lead to either rate cutting or the sack for some workers. "Although at the outset a particular employer may find it to his advantage to offer fairly high piece rates to encourage increased intensity of work, as the speeding-up has become general over the whole of the industry, he will begin to find it necessary either to cut the rate down, or else to employ a smaller number of men." (Dobb, p. 46)

FIVE: They are a means to cash in on a sellers market, and are always abandoned when this market no longer exists. "The low volume of production relative to demand (in the 1930s) made it very difficult to provide sufficient work to encourage the men to produce. Then, too, management was doing every means to reduce overhead, and the incentive system AND THE PEOPLE REQUIRED TO OPERATE IT WERE AMONG THE EARLY VICTIMS." ("Wages" by M. Dobb, p. 46)

SIX: They divide the workers amongst themselves, and undermine the spirit of solidarity, thus weakening Unionism.

SEVEN: The employers claim that the Arbitration Court can be used to prevent rate-cutting. True, in most modern schemes, standards are guaranteed—otherwise the whole would be obvious. But, as the mill superintendent of Prestige Ltd. (Mr. A. J. Burgess) stated last year: "Standards were guaranteed against change. DEFT WITH NEW MACHINES OR PROCESSES." (Herald) 4-12-46)

Another big firm which uses an incentive scheme, Davies Coop, stated: "Davies Coop, maintained that AS LONG AS CONDITIONS IN ANY MACHINE OPERATION REMAINED THE SAME, the rate would not be altered." (Herald) 5/8.

But even if rate-cutting COULD be prevented, there are many ways to stop the company from cutting down the number of workers employed. In fact by raising productivity, the incentive schemes simply means that fewer workers will be employed.

EIGHT: Incentive schemes are included in the platform of the Liberal Party of Australia. This, by itself, ought to give the game away. The Liberal Party's publication not only intended for the general public, that "These schemes are at present initiated by employers who require greater PAYMENTS TO THE WORKERS OF GREAT PROFITS" ("Wage Incentives in Industry", Research Bulletin of the Liberal Party, 15-6-47, page 2)

Another "Peace in Industry" Conference has come and gone. As usual, it has resulted in little more than platitudes. Mr. Chifley called for a "new spirit" from the workers, and the president of the Employers' Federation, Mr. H. P. Higginson, stated: "It seemed that the Associated Chamber of Manufacturers, the ACTU, and the Comind regarding criminal acts of one or more men in Australia's future." (Herald) 4-8-47)

In November, 1945, there was to be a similar conference. It was to be held before the even got going, the Port Kembla strike intervened, and in the bitter struggle of the workers against the BHP monopoly all thoughts of "peace" vanished into thin air.

The only result of the conference has been a promise by the ACTU to "investigate incentive payments. This is in accord with a request received from the Melbourne Trades Hall Council." (Mr. Monk, Secy. ACTU) (Age) 5-8-47.

REAL REASONS.

As a result of the present shortage of goods, the workers are falling over each other to get their wage plugs to produce more. Incurably optimistic, they lick their chops and think of the big money to be made, and the mirage of vast markets both in Australia and in the Pacific, makes them rear their hair out. For, they argue, if only the stupid workers could be induced to step up production these markets could be captured before anyone else butts in. Incentive pay schemes are the carrots which have replaced the big stick. How, with no unemployment worth speaking of, to induce the workers to produce more. That is the question.

Over a year ago, the Financial Editor of the Melb. "Herald" wrote: "Only another depression will restore industry efficiency and output." What steps are being taken to replace the discipline formerly arising from competition for jobs." (March 28, 46).

On a similar lament can be found in the March 1947 issue of the "Review of the Institute of Public Affairs", which is the propaganda mouthpiece of the Liberal Party. Hear how the monopolists wail:

"Just as significant as the absence of any inspiring incentive is the fact that the old time penalties for incompetence, neglect of duty, and in-attendance have been removed."

"The threat of the sack, for the present at any rate, no longer holds the terrors it used to have for the worker. For if he is dismissed from his job there is another employer around the corner waiting with open arms to receive him. The stick having been removed from the donkey's back and the carrot from his nose, it would not be surprising if his movements are now a little slower and more reluctant." (Black in original).

That's clear enough. If we can't use the stick—let's try carrots, for "donkeys" like that YOU—don't deserve any better.

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class, and of individual capitalists, are subordinated by Government control, to the interests of the capitalist class as a whole. In Australia, this development has its roots in history. Already before 1880 the State was the great landowner, the chief employer of labour, and was, virtually the owner of the land, telegraphs and telephones. ("Peoples' State Experiments in Australia and N.Z.", Vol. 1, p. 20)

It is the place to trace the developments since then. But we must note that it has been the Australian Labor Party whose function already been to mobilise the working people, its constituents, to that task of nation building through the capitalist economic system. In the middle classes for their part have generally applied themselves by means of political organisations wearing a variety of other names: Fitzpatrick: "The Australian People" p. 42.) This is a statement of fact—not one of condemnation. It is futile to expect anything more from a party than is warranted by the nature of its electoral support.

In any case, the general trend towards State Capitalism and increasing bureaucratization is universal. It is something which will be inevitable just as long as the capitalist system gets the support of the workers. We do not deny for the moment that political parties can accelerate or slow down general economic trends. But that is not the cry of the UAP and the Liberal Party shows clearly that those sections of the capitalist class who are fighting for private enterprise are fighting a losing battle. They live in the past, not the present.

What of the workers? One thing is certain, State Capitalism does not end their exploitation. They will continue to be wage plugs, without any real control over their lives or over society. The personal view of this writer is that, due to the very special historical and economic circumstances prevailing in a colonial economy, increased State Capitalism might not lead to a direct diminution of such political freedom as has been won by bitter struggle for the workers. But this is a question, and one which could only be answered after a long and detailed study of the evidence. Many Socialists would hold a view opposed to that expressed above.

In any case, for the present, we can but continue to point out that no reforms can possibly alter the status of the worker, and try to create the essential prerequisites for Socialism: A will for it, an understanding of it, and an organization expressing that will end understanding.

FRANK ROYDAN.

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LIMITED APPLICATION?

It has been claimed that wage incentives can only be used in a very limited field, in factories where production is uniform, not completely controlled, and where no very expensive tools are used. However, at present they are already in 21 industries, and the Liberal bulletin says that they can be applied to practically all forms of manufacture. At least one Melbourne firm, Wakes Mail Orders, has piece rates for its typists and on their "output of letters." (Herald) 12-8-47.

In the USA these schemes are much more common than here, and in Russia they are the rule rather than the exception. In 1927, the ACTU Congress declared: "Such schemes and methods of production should be strenuously opposed by the industrial movement of Australia."

Those Unions who wish to speed up their own dismissal notices and want to be the first to swell the coming pile of unemployed, ought to support incentive pay.

All others should look behind the facade of "higher wages" and recognize that the wages are just trying to dangle another carrot in front of their noses.

—H.H.

Bank Facts

The first Australian Bank, the Bank of N.S.W. was formed in 1816 by a number of "magistrates, principal merchants and other gentlemen." Eight Banks existed by 1850. The Government Bank of New South Wales led the formation of 33 more banks. In the crisis of 1893, twenty-four banks went to the wall or were forced to close down temporarily.

With the turn of the century, a new stage began. Banks had recovered and now began to amalgamate. Today there are only nine, of whom two (the Bank of Adelaide and the Queensland National Bank) are not influential. In fact, seven banks dominate the financial scene.

BANKING MONOPOLY.

It is true that there is a certain amount of competition among the banks. On the other hand, the Bank of New South Wales handles over a third of the total banking business of all Australian Trading Banks. ("Rydges Business Journal" September 1940. Its deposits total £183,294,000 out of a total of £649,529,000.) ("Age")

All the trading banks belong to a sort of Bankers' Union, known as the Associated Banks, which "fixes rates respectively." The rate of interest is almost a policy in matters of common interest." (Mackay, p. 110.) "The Australian Associated Banks are today one of the most closely organised one in the world." (Mackay, p. 41.) "In Australia, however, the banks, with their branches, are so closely associated that they are almost a unit." (Jaucsey, p. 168.)

There are approximately 71,000 private shareholders of the trading or production banks. About one-third of the capital is believed to be held

by United Kingdom shareholders. ("Age" 19/8.) The present market value of the Bank shares is £73 million, and the compensation which will be paid to shareholders is estimated as between £80 to £100 million. ("Age" 18/8.) The banks employ about 20,000 workers.

CAPITALISTS AND BANKS.

While there have been conflicts between those sections of the capitalist class which dominated the banks in the past, and the capitalist class as a whole, the situation today is that the Banks are closely interlocked with capitalists in other spheres of investment. For instance, in Russia 12 direct and indirect Banks direct 25 other companies, including Commonwealth Sugar Refineries, British Tobacco (Aust.), Tooth & Co. Tobacoy, Associated Newspapers, Goldbrogh Mort, and shipping and insurance firms. In Melbourne the 7 directors of the National Bank directed in 1940 14 other companies, including B.H.P., I.C.I., A.C.I., Goldbrogh Mort, Mt. Lyell Mining and Rly., Melbourne Steam Ship, Australian Iron and Steel, Metropolitan Gas, The Melbourne and Sydney Banks have also London "Boards of Advice" which include some of the biggest British money lenders.

COMMONWEALTH BANK.

This was established by the Fisher Labor Government in 1911. Fisher said: "It is a country like our own, there is ample room for the establishment of another bank. A new bank has not been established in Australia for labor companies." ("History of Labor Movement" p. 119.) In those days King O'Malley and De Maloney cherished a dream of a "People's Bank" which would usher in the new social order by monkeying with the currency.

From the start, the Commonwealth Bank was closely associated with the Bank of N.S.W. Its main function, throughout the years, has been to support the private banks. It has taken a part in conflicts within the capitalist class—in the fight of these groups closely linked with American capital, versus those depending on British capital.

In a coming issue we shall investigate the role of credit, and of banks in general, in capitalist society and see what is the relation between banks and depressions.

(The facts above are taken from "Monopoly" Research Group, Left Book Club of Victoria 1941; A. L. G. Mackay The Australian Banking and Credit System" and L. C. Jaucsey, "Australia's Government Bank")

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CUTTINGS & COMMENTS

PERFECT CREATURE

"Any man who prophesied depression in Australia today should be put in jail, the President of the Rural Bank, Mr. C. R. McKerihan, said in Sydney last week." — "Australian Worker" 30-7.

DIFFERENCE

"Pleading for eleven-hour action to 'save' the world, the Chancellor of the Chicago University (Dr. R. M. Hutchins) said recently: 'We can attack right away and perhaps destroy the rest of the world providing the rest of the world does not have the atomic bomb. American wartime and post-war genius have produced disease and famine-spreading devices which could wipe out people who escape from atomic bombs. But it is thought that the imitative Russians have been fiendish enough to produce the same devices.' — "Guardian" 18/7.

CULTURE — 1947

"The most popular tune here is 'Bloop Bleep.' It goes, 'Bloop, bleep, bloop, bleep, bloop bleep' an infinitum. Ah, culture!" — "Herald" New York Diary 24-7.

PROBABLY

"There has been an earnest discussion about food surpluses and economists say there is probably something wrong with the policy of feeding carrots to cows and letting millions of bushels of potatoes either rot on the ground or having them blown up with explosives. Farmers say their living is at stake, as food production inside the country is going to outrun the demand, and then what on earth will happen to prices?" — "Herald" New York Diary, 24/7 (our emphasis).

A CAPTAIN OF INDUSTRY

"A man who earned the title of 'King of the Scabs' died yesterday in New York. He was Pearl Bergoff, who made a fortune of £3 million through his activities as a strike breaker, in one series of violent industrial disputes after another.

Criminals of most descriptions served in his strike-breaking gangs under the title of "guards." His

methods were ruthless, and violent—54 deaths occurred in the strike-breaking campaigns which he waged.

Altogether he had a hand in campaigns against 300 strikes. One of them was the notorious transport strike in Philadelphia, when Bergoff's men "rode the trams like wild men," killing 16 men, women and children in less than two months." — "Herald" 14/6.

—R.Y.

FORWARD WITH CHIFFLEY—

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The Socialist Parties of Australia and New Zealand hold:

1. That society as at present constituted is based upon the ownership of the means of living (i.e., land, factories, railways, etc.) by the capitalist or master class, and the consequent enslavement of the working class, by whose labour alone wealth is produced.

2. That in society, therefore, there is an antagonism of interests, manifesting itself as a class struggle, between those who possess but do not produce, and those who produce but do not possess.

3. That this antagonism can be abolished only by the emancipation of the working class from the domination of the master class, by the conversion into the common property of society of the means of production and distribution, and their democratic control by the whole people.

4. That as in the order of social evolution the working class is the last class to achieve its freedom, the emancipation of the working class will involve the emancipation of all mankind without distinction of race or sex.

5. That this emancipation must be the work of the working class itself.

6. That as the machinery of government, including the armed forces of the nation, exists only to conserve the

monopoly by the capitalist class of the wealth taken from the workers, the working class must organise consciously and politically for the conquest of the powers of government, national and local, in order that this machinery, including these forces, may be converted from an instrument of oppression into the agent of emancipation and the overthrow of privilege, aristocratic and plutocratic.

7. That as all political parties are but the expression of class interests, and as the interest of the working class is diametrically opposed to the interest of all sections of the master class, the party seeking working class emancipation must be hostile to every other party.

8. THE SOCIALIST PARTIES OF AUSTRALIA AND NEW ZEALAND therefore enter the field of national action determined to wage war against all other parties, whether alleged labour or avowedly capitalist, and call upon the members of the working class of this country to master under their banner to the end that a speedy termination may be brought to the system which deprives them of the fruits of their labour, and that poverty may give place to comfort, privilege to equality, and slavery to freedom.

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