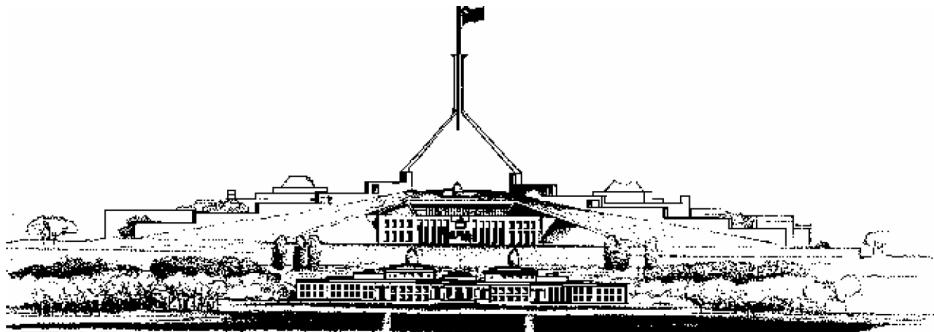




COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



House of Representatives

Official Hansard

No. 46, 1930
Wednesday, 12 November 1930

TWELFTH PARLIAMENT
FIRST SESSION—THIRD PERIOD

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

PARLIAMENT OF THE COMMONWEALTH.

FIRST SESSION : THIRD PERIOD.

ADMINISTERING THE GOVERNMENT OF THE COMMONWEALTH.

(FROM 3RD OCTOBER, 1930.)

His Excellency Lieutenant Colonel the Right Honorable ARTHUR HERBERT TENNYSON, BARON SOMERS, Knight Commander of the Most Distinguished Order of Saint Michael and Saint George, Companion of the Distinguished Service Order, Military Cross, the Person administering the Government of the Commonwealth, and Commander-in-Chief in and over the Commonwealth of Australia.

SCULLIN GOVERNMENT.

Prime Minister, Minister for External Affairs and Minister for Industry	The Right Honorable James Henry Scullin, P.C. (The Honorable James Edward Fenton, Acting Prime Minister from 25th August, 1930.)
Treasurer	The Honorable Edward Granville Theodore. <i>Succeeded by</i> the Right Honorable James Henry Scullin, P.C., 9th July, 1930. (The Honorable Joseph Aloysius Lyons, Acting Treasurer from 25th August, 1930.)
Vice-President of the Executive Council	Senator the Honorable John Joseph Daly.
Attorney-General	The Honorable Frank Brennan. (Senator the Honorable John Joseph Daly, Acting Attorney-General from 17th July, 1930.)
Postmaster-General and Minister for Works and Railways	The Honorable Joseph Aloysius Lyons.
Minister for Trade and Customs	The Honorable James Edward Fenton. (The Honorable Francis Michael Forde, Acting Minister from 6th December, 1929, to 2nd July, 1930.)
Minister for Home Affairs ..	The Honorable Arthur Blakeley.
Minister for Health and Minister for Repatriation	The Honorable Frank Anstey.
Minister for Defence	The Honorable Albert Ernest Green.
Minister for Markets and Transport	The Honorable Parker John Moloney. (The Honorable Francis Michael Forde, Acting Minister from 25th August, 1930.)
Assistant Minister	Senator the Honorable John Barnes.
Assistant Minister	The Honorable Francis Michael Forde.
Assistant Minister	The Honorable John Albert Beasley.

THE MEMBERS OF THE SENATE.

TWELFTH PARLIAMENT—FIRST SESSION: THIRD PERIOD

President—Senator The Honorable Walter Kingsmill.

Chairman of Committees—Senator William Blair.

Temporary Chairmen of Committees—Senators Walter Leslie Duncan, Burford Sampson, D.S.O., Herbert James Mockford Payne and Micheal Ranheal O'Halloran.

Leader of the Opposition—Senator the Right Honorable Sir George Foster Pearce, P.C., K.C.V.O.

Deputy Leader of the Opposition—Senator the Honorable Sir Thomas William Glasgow, K.C.B., C.M.G., D.S.O., V.D.

THE MEMBERS OF THE HOUSE OF REPRESENTATIVES.

TWELFTH PARLIAMENT—FIRST SESSION.—THIRD PERIOD.

Speaker—The Honorable Norman John Oswald Makin.

Chairman of Committees—David Charles McGrath.

Temporary Chairmen of Committees—Joseph Benedict Chifley, Honorable Richard Armstrong Crouch, Josiah Francis, Richard Valentine Keane, George Hugh Mackay, John Henry Prowse, Honorable David Watkins and George Edwin Yates.

Leader of the Opposition—The Honorable John Greig Latham, C.M.G., K.C.

Deputy Leader of the Opposition—The Honorable Henry Somer Gullett.

Leader of the Country Party—The Right Honorable Earle Christmas Grafton Page, P.C.

Deputy Leader of the Country Party—The Honorable Thomas Paterson.

Anstey, Hon. Frank	Bourke (V.)
Bayley, James Garfield	Oxley (Q.)
Beasley, Hon. John Albert	West Sydney (N.S.W.)
Bell, George John, C.M.G., D.S.O., V.D.	Darwin (T.)
Blakeley, Hon. Arthur	Darling (N.S.W.)
Brennan, Hon. Frank	Batman (V.)
Cameron, Donald Charles, C.M.G., D.S.O., V.D.	Brisbane (Q.)
Cameron, Malcolm Duncan	Barker (S.A.)
Chifley, Joseph Benedict	Macquarie (N.S.W.)
Coleman, Percy Edmund	Reid (N.S.W.)
Corser, Bernard Henry	Wide Bay (Q.)
Crouch, Hon. Richard Armstrong	Corangamite (V.)
Culley, Charles Ernest	Denison (T.)
Cunningham, Lucien Lawrence	Gwydir (N.S.W.)
Curtin, John	Fremantle (W.A.)
Cusack, John Joseph	Eden-Monaro (N.S.W.)
Eldridge, John Chambers	Martin (N.S.W.)
Fenton, Hon. James Edward	Maribyrnong (V.)
Forde, Hon. Francis Michael	Capricornia (Q.)
Francis, Josiah	Moreton (Q.)
Frost, Charles William	Franklin (T.)
Gabb, Joel Moses	Angas (S.A.)
Gardner, Sydney Lane	Robertson (N.S.W.)
Gibbons, George Albert	Calare (N.S.W.)
Green, Hon. Albert Ernest	Kalgoorlie (W.A.)
Green, Roland Frederick Herbert	Richmond (N.S.W.)
Gregory, Hon. Henry	Swan (W.A.)
Gullett, Hon. Henry Somer	Henty (V.)
Guy, Hon. James Allan	Bass (T.)
Hawker, Charles Allan Seymour	Wakefield (S.A.)
Hill, Hon. William Caldwell	Echuca (V.)
Holloway, Edward James	Flinders (V.)
Hughes, Right Hon. William Morris, P.C., K.C.	North Sydney (N.S.W.)
Hunter, James Aitchison Johnston	Maranoa (Q.)
James, Rowland	Hunter (N.S.W.)
Jones, Paul	Indi (V.)
Keane, Richard Valentine	Bendigo (V.)
Kilken, William Wilson	Riverina (N.S.W.)
Lacey, Andrew William	Grey (S.A.)
Latham, Hon. John Greig, C.M.G., K.C.	Kooyong (V.)
Lazzarini, Hubert Peter	Werriwa (N.S.W.)
Lewis, Arthur	Corio (V.)
Long, William John	Lang (N.S.W.)
Lyons, Hon. Joseph Aloysius	Wilmot (T.)
Mackay, George Hugh	Lilley (Q.)
Makin, Hon. Norman John Oswald	Hindmarsh (S.A.)
Maloney, William	Melbourne (V.)
Marks, Walter Moffitt	Wentworth (N.S.W.)
Martens, George William	Herbert (Q.)

MEMBERS OF THE HOUSE OF REPRESENTATIVES—*continued.*TWELFTH PARLIAMENT—*continued.*

Mathews, James	Melbourne Ports (V.)
Maxwell, George Arnot, K.C.	Fawkner (V.)
McGrath, David Charles	Ballarat (V.)
McNeill, John	Wannon (V.)
McTierhan, Hon. Edward Aloysius	Parkes (N.S.W.)
Moloney, Hon. Parker John	Hume (N.S.W.)
Morgan, Arthur Clinton	Darling Downs (Q.)
Nairn, Walter Maxwell	Perth (W.A.)
Nelson, Harold George	Northern Territory
Page, Right Hon. Earle Christmas Grafton, P.C.	Cowper (N.S.W.)
Parkhill, Robert Archdale	Warringah (N.S.W.)
Paterson, Hon. Thomas	Gippsland (V.)
Price, John Lloyd	Boothby (S.A.)
Prowse, John Henry	Forrest (W.A.)
Riley, Edward	South Sydney (N.S.W.)
Riley, Edward Charles	Cook (N.S.W.)
Riordan, David	Kennedy (Q.)
Rowe, Albert Edward	Parramatta (N.S.W.)
Scullin, Right Hon. James Henry, P.C.	Yarra (V.)
Stewart, Hon. Percy Gerald	Wimmera (V.)
Theodore, Hon. Edward Granville	Dalley (N.S.W.)
Thompson, Victor Charles	New England (N.S.W.)
Tully, James Thomas	Barton (N.S.W.)
Watkins, Hon. David	Newcastle (N.S.W.)
West, John Edward	East Sydney (N.S.W.)
White, Thomas Walter, D.F.C., V.D.	Balaclava (V.)
Yates, George Edwin	Adelaide (S.A.)

THE COMMITTEES OF THE SESSION. (THIRD PERIOD.)

JOINT.

HOUSE.—The President (Chairman), Mr. Speaker, the Chairman of Committees in the House of Representatives, Senator Barnes, Senator Carroll, Senator Dunn, Senator H. E. Elliott, Senator McLachlan, Senator O'Halloran, Mr. Culley, Mr. Cunningham, Mr. Hunter, Mr. Mackay, and Mr. E. C. Riley.

LIBRARY.—Mr. Speaker (Chairman), the President, Senator Sir Hal Colebatch, Senator Daly, Senator Dooley, Senator R. D. Elliott, Senator Millen, Senator Sampson, Mr. Crouch, Mr. W. Maloney, Mr. McTiernan, Mr. Morgan, Mr. Archdale Parkhill, and Mr. West.

PRINTING.—Senator Hoare (Chairman), Senator Cooper, Senator Dunn, Senator J. B. Hayes, Senator Herbert Hays, Senator Rae, Senator Thompson, Mr. Bernard Corser, Mr. Gibbons, Mr. Keane, Mr. Nairn, Mr. Rowe, Mr. Tully, and Mr. White.

PUBLIC ACCOUNTS.—Mr. Coleman (Chairman), Senator J. B. Hayes, Senator Hoare, Senator O'Halloran, Mr. Chisley, Mr. J. Francis, Mr. Gardner, Mr. R. Green, Mr. Guv, and Mr. Yates.

PUBLIC WORKS.—Mr. Lacey (Chairman), Senator Dooley, Senator Reid, Senator Sampson, Mr. M. Cameron, Mr. Curtin, Mr. Gregory, Mr. Holloway, and Mr. Long.

SENATE.

DISPUTED RETURNS AND QUALIFICATIONS.—Senator Dooley, Senator Duncan, Senator Guthrie, Senator Hoare, Senator O'Halloran, Senator Payne, and Senator Thompson.

SELECT COMMITTEE ON CENTRAL RESERVE BANK BILL.—Senator Sir William Glasgow (Chairman), Senator Carroll, Senator Sir Hal Colebatch, Senator Cox, Senator Dooley (discharged from attendance), Senator Dunn (discharged from attendance), Senator Lawson, Senator O'Halloran (discharged from attendance), Senator Sampson, and Senator Thompson. Appointed 10th July, 1930; reported (progress report) 5th August, 1930; (final) 3rd December, 1930.

STANDING ORDERS.—The President (Chairman), the Chairman of Committees, Senator Cooper, Senator Crawford, Senator Dooley, Senator Foll, Senator Herbert Hays, Senator O'Halloran, and Senator Rae.

HOUSE OF REPRESENTATIVES.

STANDING ORDERS.—Mr. Speaker (Chairman), the Prime Minister (Mr. Scullin), the Chairman of Committees, the Leader of the Opposition (Mr. Latham), Mr. Bayley, Dr. Earle Page, Mr. Theodore, and Mr. Watkins.

THE ACTS OF THE SESSION.

(THIRD PERIOD.)

AUSTRALIAN SOLDIERS' REPATRIATION (NO. 74 OF 1930)—

An Act to repeal Sections Forty-five N and Forty-five P of the *Australian Soldiers' Repatriation Act* 1920-1929 and to enact other sections in lieu thereof.

GOLD BOUNTY (NO. 75 OF 1930)—

An Act to provide for the Payment of a Bounty on the Production of Gold, and for other purposes.

IMMIGRATION (NO. 56 OF 1930)—

An Act to amend Section Five of the *Immigration Act* 1901-1925.

INCOME TAX (NO. 2) (NO. 61 OF 1930)—

An Act to amend the *Income Tax Act* 1930.

INCOME TAX ASSESSMENT (NO. 2) (NO. 60 OF 1930)—

An Act to amend the *Income Tax Assessment Act* 1922-1930.

INCOME TAX (SALARIES) ASSESSMENT (NO. 58 OF 1930)—

An Act relating to the Imposition, Assessment, and Collection of a Tax upon certain Incomes being Salaries payable by the Commonwealth or by an Authority under the Commonwealth.

INCOME TAX (SALARIES) (NO. 59 OF 1930)—

An Act to impose a Tax upon certain Incomes being Salaries payable by the Commonwealth or by an Authority under the Commonwealth.

NATIONAL DEBT SINKING FUND (NO. 72 OF 1930)—

An Act to amend the *National Debt Sinking Fund Act* 1923-1929.

PATENTS (NO. 76 OF 1930)—

An Act to amend the *Patents Act* 1903-1921.

PORT AUGUSTA TO RED HILL RAILWAY (NO. 77 OF 1930)—

An Act to provide for the Extension of the Trans-Australian Railway by the Construction of a Railway from Port Augusta to Red Hill in the State of South Australia.

REPRESENTATION (NO. 73 OF 1930)—

An Act relating to the Appointment of an Enumeration Day for the purposes of the *Representation Act* 1905.

SALES TAX (NO. 1A) (NO. 63 OF 1930)—

An Act to amend the Title and Section Three of the *Sales Tax Act* (No. 1) 1930.

SALES TAX ASSESSMENT (NO. 1A) (NO. 62 OF 1930)—

An Act to amend Sections Three and Seventeen, Sub-section One of Section Eighteen and Paragraph (d) of Section Twenty of the *Sales Tax Assessment Act* (No. 1) 1930.

SALES TAX ASSESSMENT (NO. 2A) (NO. 64 OF 1930)—

An Act to amend Section Three of the *Sales Tax Assessment Act* (No. 2) 1930.

SALES TAX ASSESSMENT (NO. 3A) (NO. 65 OF 1930)—

An Act to amend Sections Three and Six of the *Sales Tax Assessment Act* (No. 3) 1930.

SALES TAX ASSESSMENT (NO. 4A) (NO. 66 OF 1930)—

An Act to amend Section Three of the *Sales Tax Assessment Act* (No. 4) 1930.

SALES TAX ASSESSMENT (NO. 5A) (NO. 67 OF 1930)—

An Act to amend Section Three of the *Sales Tax Assessment Act* (No. 5) 1930.

SALES TAX ASSESSMENT (NO. 6A) (NO. 68 OF 1930)—

An Act to amend Section Three of the *Sales Tax Assessment Act* (No. 6) 1930.

SALES TAX ASSESSMENT (NO. 7A) (NO. 69 OF 1930)—

An Act to amend Section Three of the *Sales Tax Assessment Act* (No. 7) 1930.

SALES TAX ASSESSMENT (NO. 8A) (NO. 70 OF 1930)—

An Act to amend Section Three of the *Sales Tax Assessment Act* (No. 8) 1930.

SALES TAX ASSESSMENT (NO. 9A) (NO. 71 OF 1930)—

An Act to amend Section Three of the *Sales Tax Assessment Act* (No. 9) 1930.

SOUTH AUSTRALIA GRANT (NO. 57 OF 1930)—

An Act to grant and apply out of the Consolidated Revenue Fund a sum for the purposes of Financial Assistance to the State of South Australia.

WHEAT ADVANCES (NO. 78 OF 1930)—

An Act relating to Advances on Wheat and for other purposes.

BILLS OF THE SESSION.

(THIRD PERIOD.)

CENTRAL RESERVE BANK BILL.

COMMONWEALTH CONCILIATION AND ARBITRATION BILL.

IRON AND STEEL PRODUCTS BOUNTY BILL 1930.

NORTHERN TERRITORY (ADMINISTRATION) BILL.

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House of Representatives.

Wednesday, 12 November, 1930.

Mr. SPEAKER (Hon. Norman Makin) took the chair at 3 p.m., and offered prayers.

SIR OTTO NIEMEYER.

Mr. MACKAY.—Is the Acting Prime Minister yet prepared to state the circumstances which led to the visit of Sir Otto Niemeyer to Australia?

Mr. FENTON.—I am obtaining the information, and shall supply it to the honorable member later.

NEWSPAPER MISREPRESENTATION.

Mr. YATES.—I rise to a personal explanation. Last week I made a motion of privilege to bring to the notice of the House the misrepresentation by the *Adelaide Advertiser* and other journals of my attitude towards the financial policy of the Commonwealth. During the debate that ensued, several honorable members said that I was wrong in complaining that I had been misrepresented. In the report of that debate published in the *Advertiser*, and, presumably, supplied either by telephone or telegraph by its representative in this city, the following paragraph appeared—

Several times during his speech Mr. Yates made reference to the paid hirelings of the press.

I hold the proof number of *Hansard* containing my speech, and I am assured by the Principal Parliamentary Reporter that it is complete, and omits nothing that I stated in the House. It contains not a single reference to "the paid hirelings of the press". However honorable members may differ regarding my complaint of misrepresentation on the first occasion, here is evidence of wilful misrepresentation and lying, and I leave it to the Leader of the Opposition and the honorable member for Henty (Mr. Gullett) and others to justify such misrepresentation of the proceedings of this House.

PRICE OF WIRE AND WIRE PRODUCTS.

Dr. EARLE PAGE.—The Brisbane *Courier* of Monday last reported that the manufacturers of wire netting and wire have, pending the issue of new price lists, made the following increases on invoices:—

Fencing and baling wires, gauges 8 to 14 inclusive, £2 7s. 6d. per ton; wire for manufacturing purposes, all classes, gauges 8 to 14 inclusive, £2 7s. 6d. per ton; tie wire, 14 gauge only, 2s. 6d. per cwt.; barbed wire, all gauges, £2 7s. 6d. per ton; nails, including brads, clouts, panel pins, &c., gauges 8 to 14 inclusive, 3s. per cwt.; wire netting, all classes, 1½ per cent.

These goods have been already manufactured, and I ask the Assistant Minister for Trade and Customs whether bounty has been paid in respect of them, and whether, as a result of the new duties, a further sum is to be taken from the consumers by means of increased prices?

Mr. FORDE.—If the right honorable gentleman will let me have those particulars, I shall have them investigated immediately, and furnish a reply to him as early as possible.

POSTMASTER-GENERAL'S DEPARTMENT.

DISMISSELS OF RADIO-TELEGRAPHISTS.

Mr. ELDRIDGE asked the Postmaster-General, upon notice—

1. Has a number of radio-telegraphists in the service of the department been dismissed upon the acquirement of the A class broadcasting stations; if so, how many?

2. Do the dismissed men properly belong to the broadcasting industry?

3. Is it a fact that they have no other occupation, and have long years of service to their credit in the stations acquired by the Government?

4. Is it a fact that they hold certificates complying with the Government regulations regarding the qualifications of persons eligible to operate a broadcasting station?

5. Is it a fact that they did not at any time seek temporary or casual employment in the Public Service in the sense that they came to the Government seeking employment, but that they were taken into the stations when the Government acquired the stations?

6. Is it a fact that they belong to an industry which the Government acquired, and in which the Government at that time had no men in its service properly belonging to that industry, except the radio inspectors and other administrative officers?

7. Is it a fact that the mechanics in the permanent service of the department, who have apparently been appointed to the positions of these radio-telegraphists, are neither certified nor qualified as required by law or by regulation, nor have any of them ever previously been employed in the industry of radio-telegraphy?

8. If the circumstances are as stated, has a grave injustice been done to these men justifying their re-employment?

Mr. LYONS.—The answers to the honorable member's questions are as follow:—

1. Ten attendants who were employed in a temporary capacity at the stations and studios of the national broadcasting service throughout the Commonwealth have had their period of employment terminated.

2. They are in the same category as a considerable number of men who have been employed over varying periods in connexion with broadcasting activities during the past five or six years.

3. It is unknown whether they have other occupations. In some cases the men concerned were employed by the broadcasting companies for periods up to five years.

4. Yes, in some cases.

5. When the stations were acquired by the Government, applications were made by most—if not all—of the companies' employees for service with the department. The department was anxious that the least possible hardship should result from the transfer, and made special efforts to take into its service as many as possible of the companies' employees. It was made clear to those concerned that their employment would be of a temporary character.

6. The Government did not acquire an industry. It has so far taken over only five stations. At the present time there are 28 broadcasting stations operating in the Commonwealth, and licences have been issued for ten more stations. The department has a considerable number of men in its service, quite apart from radio inspectors and other administrative officers, adequately equipped with technical knowledge and training to enable them to perform all duties in connexion with broadcasting activities.

7. The department's officers employed on broadcasting work have the necessary qualifications and competence to undertake the duties efficiently, and they are not engaged in any manner contrary to the law or the regulations. It is probable that most of them have not been previously engaged in the industry of commercial radio-telegraphy.

8. It is regrettable that circumstances which are well known have forced the department to dispense with the services of many valuable officers employed in a temporary capacity, but it would be quite wrong to say that any injustice has been done to the men in question.

REVENUE FROM PUBLIC WORKS.

Mr. CROUCH asked the Acting Treasurer, *upon notice*—

What revenue was received during the financial years 1927-28 and 1928-29 from the following works:—

1. Murray River waters scheme.
2. Brisbane-Kyogle railway expenditure.
3. Wire-netting advances by the Federal Government.
4. Health laboratories.
5. Migration works or expenditure.
6. Road grants.
7. Bridges and bores expenditure in Western Australia by the Federal Government.
8. Bridges and bores expenditure in South Australia by the Federal Government.
9. Lighthouses.
10. The loan of £10,000 to Papua.
11. Fleet construction.
12. Defence expenditure.
13. Amalgamated Wireless shares?

Mr. LYONS.—The answers to the honorable member's questions are as follow:—

1. Nil.

2. The return to the Commonwealth consists only of interest on loans to New South Wales and Queensland for capital expenditure. The interest on loans to the two States was—1927-28, £30,030; 1928-29, £65,871.

3. Interest on advances amounted to—1927-28, nil; 1928-29, £17,339.

4. 1927-28, £3,042; 1928-29, £3,302.

5. Interest on loans and advances to States—1927-28, £37,098; 1928-29, £58,497. Interest from British Government for development and migration loans—1927-28, £72,810; 1928-29, £108,937. The migration loans to the States were made in accordance with an agreement under which the Commonwealth, the States and the British Government bear the cost of interest on development and migration loans in varying proportions. The Commonwealth receipts are merely a reimbursement of part of the interest cost.

6. Nil.

7. Nil.

8. Nil.

9. Lighthouse revenue—1927-28, £194,153; 1928-29, £196,100.

10. Two advances of £10,000 each were made in October and November, 1920, but have not been taken as separate loans. They are included in a larger amount bearing interest at 4 per cent. Various loans, including the £40,000, amounting in all to £59,404, were outstanding at 30th June, 1929. These bear interest at rates from 3½ to 4 per cent., according to the cost to the Commonwealth. A sinking fund contribution is made by Papua to extinguish all loans in 33 years.

11. Nil.

12. Total Defence revenue was—1927-28, £132,877; 1928-29, £117,614. This does not include receipts from factories, which are subsidized from revenue, and most of which are on a nucleus basis.

13. 1927-28, £20,528; 1928-29, £28,000.

BROADCASTING STATIONS.

Mr. ELDRIDGE asked the Postmaster-General, *upon notice*—

1. On what date was the tender for relay broadcasting stations accepted?
2. Was the contract made for the five stations together, or for the various stations separately?
3. What was the price for each of the five stations?
4. Did the successful oversea tenderer's price include the work of installing any or all of the stations?
5. Did the unsuccessful Australian tenderers' prices include the installing of the stations?
6. Did the unsuccessful tenderers in their quotations make allowance for masts of a greater height than the successful tenderer?
7. Did the unsuccessful Australian tenderers include in their quotations provision for more expensive and/or higher quality engines and/or power plant than the successful tenderer?
8. Would the power plant offered by the unsuccessful tenderers have been more economical in operation than that being installed by the successful tenderers?
9. In what other respects did the unsuccessful Australian tenders differ from the tender of the oversea company which secured the contract?
10. In view of the statement of the Prime Minister before leaving Australia that if possible he would cancel the contracts for the five relay broadcasting stations, will the Postmaster-General state whether the contract for any or all of these stations has been cancelled; alternatively, will he state whether it is possible to cancel the contract for any of these stations?
11. Will the Postmaster-General state exactly what stage of development has been reached in respect of each of these contracts?
12. Does the Postmaster-General still consider it is in the public interest that details of these contracts should not be disclosed?

Mr. LYONS.—The answers to the honorable member's questions are as follow:—

1 and 2. The contract was let for two stations on the 13th September, 1929; for two further sets on the 26th February, 1930; and for an additional set on the 15th August, 1930.

3. The contract prices, including spare plant, are—(1) £9,148 13s. 6d.; (2) £9,148 13s. 6d.; (3) £17,946 13s.; (4) £17,946 13s.

4. The successful tenderer's price included the cost of supervision during installation.

5. Not completely. A certain amount of departmental labour was required to be supplied.

6. One unsuccessful tenderer quoted for 150 feet masts; another for 200 feet masts; and the successful tenderer for heights ranging from 130 feet to 260 feet depending upon the wave length and the types of radiating systems offered.

7. The cost of the power plant offered by one of the unsuccessful Australian tenderers was less than that of the successful tenderer, and the other unsuccessful tenderer offered plant at a higher price. The successful tenderer's plant is of the highest quality.

8. No.

9. In respect of guaranteed technical efficiency and economy of operation.

10. The order for one broadcasting station has been cancelled.

11. One station is completed and undergoing its final tests. The manufacture of the equipment for the three remaining stations is practically completed.

12. Yes.

COMMONWEALTH EXPENDITURE.

Mr. HAWKER asked the Acting Treasurer, *upon notice*—

1. What is the estimated expenditure of the Commonwealth for the current year under the following heads:—

- (a) Interest and sinking fund;
- (b) Pensions, including old-age, invalid, and war;
- (c) Wages, salaries, superannuation, and other allowances to persons employed by the Commonwealth;
- (d) Grants to States;
- (e) Bounties;
- (f) Maternity bonus; and
- (g) All other expenditure?

2. What are the principal items of expenditure under the heading of "all other expenditure"?

Mr. LYONS.—The information is being obtained, and will be furnished as soon as possible.

MAIL-HANDLING APPLIANCES.

Mr. FRANCIS asked the Postmaster-General, *upon notice*—

1. Has the installation of the mail-handling appliances at the General Post Office, Sydney, been completed?

2. If so, what is the cost of the completed work?

3. Is the scheme working with complete satisfaction?

4. What will be the savings, if any, in the cost of handling mails?

Mr. LYONS.—The answers to the honorable member's questions are as follows:—

1. Yes; but necessarily minor adjustments and changes will be needed from time to time to gain the full benefits resulting from working experience.

2. The total cost is approximately £120,000, but the final figure cannot be known until the whole of the accounts have been dealt with.

3. Yes.

4. The savings cannot be stated at this juncture. Necessarily, such a radical change of method entailing the use of the most comprehensive plant ever constructed necessitates a reasonable period of working experience before the full procedure can settle down to a stable routine basis.

Mr. TULLY asked the Postmaster-General, *upon notice*—

1. Is the mail-handling equipment at the General Post Office, Sydney, working satisfactorily?

2. Is there any delay in transit of articles posted at the General Post Office, Sydney?

3. Is it a fact that articles posted at the General Post Office, Sydney, are being mutilated in some cases beyond repair?

4. Has the introduction of the mail-handling plant entailed any overtime; if so, to what extent?

5. Is it a fact that the noise made by this mail-handling plant is such as to cause nervous breakdown amongst employees; if so, to what extent?

6. Is it a fact that mails now close at 4.45 p.m. at the General Post Office, Sydney, instead of at 5 p.m., as when business was carried on at the Central Square?

7. If such is the case, what is the reason? Is it due to deficiency in the mail-handling plant?

8. How many mechanics are employed in order to keep this mail-handling plant running? If there are mechanics employed, who bears the expense, the Government or the contractors?

9. What is the cost per week for electricity supply for this machinery?

Mr. LYONS.—The answers to the honorable member's questions are as follows:—

1. Yes; but as is common to new machinery installations, there has been a necessary period of adjustment.

2. No. There were some isolated instances arising from unavoidable dislocation of traffic incidental to the removal of mail operations from Central Square to the General Post Office.

3. This does happen in some cases, and always has happened. Over a long period of

years appeals have been issued to the public for the better packing and fastening of mail matter. Many articles are posted in flimsy wrappings insufficiently protected, and are consequently unavoidably damaged.

4. The only overtime expenditure incurred in connexion with the introduction of the plant was £53. The removal of the Mail Branch from Central Square to the General Post Office, on Sunday, 12th October, however, necessitated the employment of a special staff of 210 men in addition to the normal staff of 82 men, the total Sunday pay involved being £536. It would have been impracticable to effect such a radical change otherwise.

5. No.

6. Yes. The heavy peak load of postings about 5 o'clock has been substantially increased by the opening of the Kyogle route between Sydney and Brisbane, and the department had either to keep the main body of the staff on duty until possibly 7 p.m. or alter the closing time slightly.

7. See answer to No. 6.

8. Four, and five assistants. In addition, fifteen men are engaged temporarily on adjustments and minor charges found to be desirable under working conditions. No individual contractor was responsible for the installation. Such maintenance and other work as may be needed is paid for by the department.

9. The information is being obtained.

UNIFORM ELECTORAL ROLL.

Mr. BAYLEY asked the Minister for Home Affairs, *upon notice*—

1. How many States have agreed to the compilation of a uniform electoral roll?

2. What steps have been taken to bring the remaining States into line?

Mr. BLAKELEY.—The answers to the honorable member's questions are as follows:—

1. Joint Commonwealth and State electoral rolls are in operation in the States of New South Wales, Victoria, South Australia, and Tasmania.

2. Representations have been made from time to time to the Governments of Queensland and Western Australia with a view to co-operation in this matter. The Premier of Queensland has intimated that it is intended to provide for a uniform roll during the next session of Parliament. In Western Australia during the past five years a bill to bring about a joint electoral roll has on three occasions been passed by the Lower House, but in each instance the bill was defeated in the Legislative Council. In response to further representations by the Commonwealth Government, the Premier of that State replied on the 8th August, 1930, that the matter was being held over, but would receive consideration at a later date. The public advantages of the joint system are fully recognized by the Commonwealth Government, and every effort is being made to induce the States of Queensland and

Western Australia to come into line with the States of New South Wales, Victoria, South Australia, and Tasmania.

WIRELESS EQUIPMENT ON COASTAL VESSELS.

TERMINAL CHARGES.

Mr. D. CAMERON asked the Acting Prime Minister, *upon notice*—

Referring to the questions of the honorable member for Brisbane on 22nd November, 1927, 6th September, 1928, 7th February, 1929, and 26th November, 1929, and the Prime Minister's replies thereto regarding wireless equipment on coastal vessels, has any State legislation yet been passed on the lines of the Navigation Act, making it compulsory for intra-state vessels of over 1,600 tons, or carrying twelve or more passengers on voyages of over a certain distance, to carry wireless; if not, will he urge the various State Governments to give early consideration to this matter?

Mr. FENTON.—I am advised that, in conformity with a resolution carried at a conference of State Premiers in Sydney in May, 1929, a conference of State marine officials was held in Melbourne towards the end of last year for the purpose of discussing what action, if any, should be taken in regard to legislation on the lines of the Commonwealth law on the subject. It may be mentioned in this connexion that, in December, 1929, a committee consisting of Captain L. J. Bolger, Deputy Director of Navigation, Victoria, Mr. B. Wallach, B.E., Director of Lighthouses, and Mr. J. Malone, M.I.R.E., Chief Inspector (Wireless), Postmaster-General's Department, furnished a report on the question of the suitability, for use on small coasting vessels not equipped with wireless apparatus operated by qualified operators, of an automatic wireless device submitted by Amalgamated Wireless (Australasia) Limited for transmitting signals of distress. Copies of this report were forwarded by the Prime Minister to the Premiers of the States on the 16th January, 1930. In acknowledging receipt of the Prime Minister's communication, the Premier of Western Australia pointed out that all vessels plying on the coast of Western Australia were equipped with wireless apparatus. I am communicating with the Premiers of the other States with a view to ascertaining whether any developments have taken place in connexion with this matter, and will make the information available to the honorable member as soon as possible.

Mr. D. CAMERON asked the Postmaster-General, *upon notice*—

1. Is it a fact that a terminal charge of £s. will be made on messages transmitted or received by means of wireless equipment on small vessels plying in Australian waters?

2. If so, will such action bring about the dismissal of wireless operators?

Mr. LYONS.—The answers to the honorable member's questions are as follow:—

1. Yes. In accordance with the requirements of local and international radio laws, the department is obliged to collect a terminal charge on all commercial wireless messages or communications exchanged between ships and coastal stations.

2. The department is unable to say if any operators will be dismissed.

LIVERPOOL MANŒUVRE LANDS.

Mr. TULLY asked the Minister for Works and Railways, *upon notice*—

1. Is it a fact that the Commonwealth has now leased most of the Liverpool manœuvre lands for grazing purposes?

2. If so, to whom have the lands been leased, and what is the annual rental?

3. What parts of the Liverpool manœuvre lands are not leased; what is the area of the unleased portion; what is the area of the leased land?

4. Has any offer to lease part of the Liverpool manœuvre land for agricultural purposes been refused by the department; if so, why?

Mr. LYONS.—The answers to the honorable member's questions are as follows:—

1. Approximately one-third only has been leased.

2. Mr. F. O'Halloran. Rental, £152 per annum.

3. (a) The central, eastern, south-eastern, and south-western portions; (b) area of unleased portion, 31,648 acres; (c) area of leased portion, 13,965 acres.

4. Yes. Owing to objections raised by the Department of Defence, the offer has been refused.

SUGAR INQUIRY.

Mr. PRICE asked the Acting Prime Minister, *upon notice*—

With reference to the question of the sugar embargo—

1. What are the names of the persons comprising the body appointed to inquire into the matter, and what particular interests does each of such persons represent?

2. What progress has been made with the inquiry?

3. Is the body appointed to hold the inquiry clothed with the necessary legal authority to call evidence, and thoroughly investigate the workings and profits made by the Colonial Sugar Refining Company?

Mr. FENTON.—The answers to the honorable member's questions are as follows:—

1. Honorable John Gunn, chairman; Mr. A. R. Townsend, an officer of the Commonwealth Public Service; Mr. F. C. Curlewis, a representative of the Australian Sugar Producers Association; Mr. W. J. Short, a representative of the Queensland Cane Growers Council; Mr. C. G. Fallon, a representative of the employees in the sugar industry; Mrs. E. E. Morgan, a representative of Australian consumers of sugar; Mr. F. A. L. Dutton, a representative of Australian manufacturers using sugar in their manufactures; Mr. W. Young, a representative of Australian fruit-growers.

2. The committee has taken evidence at Brisbane, Cairns, Innisfail, Tully, Ingham, Townsville, Ayr, Mackay, and Rockhampton. After taking evidence at Bundaberg, the committee will reach Brisbane on Friday next, 14th November.

3. It is considered that the scope of the inquiry is sufficiently wide to cover investigations into the matters mentioned. No question has arisen up to the present as to the sufficiency of the authority reposed in the committee to obtain the information it requires to enable it to discharge its duties.

Mr. BELL asked the Acting Prime Minister, *upon notice*—

Why, in appointing a representative of the fruit-growers on the Sugar Inquiry Committee, Mr. W. Young, the Queensland nominee, was preferred to Mr. R. E. Boardman, of Victoria, who was nominated by twelve out of the fifteen fruit-growers' associations in different States who made nominations.

Mr. FENTON.—Mr. Young is the secretary of the Australian Canning Fruit Growers Association, Toolamba West, Victoria, and he was nominated for the position by a number of representative fruit-growers' organizations throughout Australia. In addition Mr. Young has had long and practical experience as a fruit-grower, and for some years has been closely associated with the canning fruit industry. After full consideration of all the circumstances, the Government is of opinion that Mr. Young is fully qualified to represent the fruit-growers on this committee, and furthermore, he is not the Queensland nominee.

Mr. NAIRN asked the Acting Prime Minister, *upon notice*—

1. How many residents of Queensland were appointed by the Government on the Sugar Inquiry Committee?

2. Omitting Government representatives, how many members of the committee ordinarily reside outside Queensland?

Mr. FENTON.—The answers to the honorable member's questions are as follows:—

1. Three.
2. Three.

SUGAR.

PRODUCTION—CONSUMPTION.

Mr. PRICE asked the Minister for Trade and Customs, *upon notice*—

1. What was the total production and value of sugar grown in Australia, for each year from 1912 to 1930 inclusive, together with the amount of (a) raw sugar produced, and (b) raw sugar exported, in each of such years?

2. What is the estimated consumption in Australia of refined sugar for each year from 1912 to 1930 inclusive, together with the amount of refined sugar exported during each of such years?

3. What was the wholesale price and the export price of refined sugar for each of the years 1912 to 1930 inclusive?

4. Is the Minister in a position to give this House any data as to the price paid for sugar cane land?

Mr. FORDE.—The information will be obtained as far as possible.

COMMONWEALTH PUBLIC SERVICE.

Mr. FENTON.—On the 6th November the honorable the Leader of the Opposition (Mr. Latham) asked me the following questions, *upon notice*—

1. How many persons are employed by the Commonwealth Government (a) as members of the Commonwealth Public Service, and (b) in other capacities?

2. How many persons in the two classes above-mentioned are in receipt of salaries of over £725 per annum?

I am now in a position to furnish the following reply:—

1. (a) Commonwealth Public Service—	
Permanent employees ..	28,855
Temporary and exempt employees ..	4,179
Total ..	<u>33,034</u>
(b) Members of Naval, Military and Air Forces ..	5,959
Other employees ..	5,459
Total ..	<u>11,418</u>

2. Apart from 112 members of Parliament, the number is 491, of whom 50 are rationed military officers.

POSTMASTER-GENERAL'S DEPARTMENT.

DISMISSEALS OF RETURNED SOLDIERS—OVERTIME.

Mr. LYONS.—On the 6th November the honorable the Leader of the Opposition (Mr. Latham) addressed to me the following questions, *upon notice*—

1. Is it a fact that since the beginning of September, 1930, approximately 700 returned soldiers have been dismissed from the Postmaster-General's Department in New South Wales?

2. Is it a fact that rationing at the rate of one week off in each month has been in operation for all temporary men in the Mail Branch in New South Wales for the past seven weeks?

3. Is it a fact that on Sunday, 12th September, the Mail Branch at the General Post Office, Sydney, worked 300 permanent men at overtime rates for the day at a cost of over £600?

4. What amount of overtime has been worked by permanent employees of the department in New South Wales since the beginning of September, 1930?

I am now in a position to inform the honorable member as follows:—

1. Yes.

2. Temporary employees in the Mail Branch, Sydney, are being rationed sixteen and a half days during ten weeks, commencing on the 22nd September, 1930, and ending on the 30th November, 1930.

3. It is presumed that Sunday, 12th October, is the day referred to. On that day, owing to the removal of the Mail Branch from Central Square to the General Post Office, it was necessary to employ a special staff of 210 men, in addition to the normal staff of 82 men. The total Sunday pay involved being £536.

4. The total amount of overtime payment from 1st September up to the latest date for which figures are available was—

	£
Metropolitan (September and October)	31.5
Country districts (1st September to 15th October) ..	162

PAPERS.

The following papers were presented—
Papua Act—Ordinances of 1930—
No. 1.—Legitimation.
No. 2.—Amendments Incorporation.
No. 5.—Compensation to Relatives.
No. 7.—Customs Tariff.

FINANCIAL STATEMENT.

Debate resumed from 5th November (*vide page 64*), on motion by Mr. LYONS—

That the paper be printed.

Mr. LATHAM (Kooyong) [3.15].—For the first time in the history of the Commonwealth a second financial statement, which is in effect a second budget, has been made in the same year by a government. When this Government introduced its budget in July last, a motion was moved from this side of the House declaring that the expenditure of the Commonwealth ought to be brought down to the level of that of 1928-29, and the amount proposed reduced by, at least, £4,000,000. The arguments that we used in support of that motion were derided and scoffed at by members on that side of the chamber; but now the Government has come before the House with the admission that the expenditure must be substantially reduced, and the contention that taxation should be increased. Everything that was said by or on behalf of the Opposition in July last during the budget debate has been confirmed by events. There could be no stronger confirmation than the statement of the Acting Treasurer, that in the light of results to date a deficit of between £12,000,000 and £15,000,000 was possible if things were allowed to drift on the basis of the present arrangements, and trade and unemployment became worse; but that with a restoration of confidence and a revival of trade, the deficit would be between £8,000,000 and £10,000,000. Therefore, so recently as three months ago, this Government had not the slightest idea of the true condition of the Commonwealth finances. On the figures given, a restoration of confidence and a revival of trade are estimated by the Acting Treasurer to be worth between £4,000,000 and £5,000,000 to the Commonwealth revenue.

What has brought about the position set out in the financial statement of the Acting Treasurer? The cause is partly a further fall in the prices of the principal commodities that we export, such as wool, wheat and minerals; but largely a general lack of confidence throughout the community. The Acting Treasurer himself referred to the importance of a restoration of confidence, but one of the principal factors in bringing about the existing condition of affairs has been and still is a lack of confidence in the present Government.

Just a year ago the Labour party assumed office with a large majority, fresh from a successful election, full of confidence and arrogance. Where is it to-day?

Dr. EARLE PAGE.—Licking its wounds.

Mr. LATHAM.—This year has been a year of almost unmitigated disaster for the people of the Commonwealth, and that is largely due to the policy or absence of policy of this Labour Government. Its members may well have lost confidence in themselves. They were warned about the position before the last election. They knew the relevant facts, but paid no heed to the warnings that were given. They came into this House full of promises. They promised to give everybody the sun, the earth, the moon and the stars. To-day we find them grovelling in the mud. In May of last year the late Government outlined the financial and economic position as it saw it and as it truly was. Therefore, the present Government cannot say that it was not warned, and had not the means of informing itself of the actual position of affairs. But, determined to ignore facts, and resolved on winning the elections somehow or anyhow, the Labour party went to the people merrily and said that no changes need be made. At the Premiers Conference in May of last year, Mr. Bruce reviewed the public finance of Australia, setting forth the deficits in Commonwealth and State budgets. He said that an increase of taxation would probably defeat its own object. Has this Government yet learnt that lesson? The budget introduced in July last proposed increases of taxation amounting to £12,550,000; and we now have before us the admission that, if that budget be adhered to for the remainder of the year, the deficit on the operations of the year may be between £12,000,000 and £15,000,000.

Mr. Bruce also pointed out that there had been a fall in the prices of wool, wheat and metals; that we had less income to spend, and that consequently we would have to be content with less. It was not a question of anybody wanting to take less. So far, the Government has hardly recognized the diminution of national income, although it has given bare expression to it in both the last and the present financial statement.

It was pointed out by Mr. Bruce that, if we were to have a chance of maintaining our standard of living, it was essential that we should reduce the cost of production. That is still the position in Australia; we have to recognize it, and the people have to appreciate it if prosperity is to return.

It was pointed out, further, that loan expenditure could not continue upon the then existing scale, but had to be reduced. Mr. Bruce said that, unless this position was faced, unless the economic facts were recognized and policy was ordered in accordance with the factors governing the situation, the alternative was a diminution of our national wealth and an increase of unemployment until, faced with a national crisis, we would be forced to lower our standard of living and readjust the whole of our national life. It was pointed out, both in this House and at the Premiers' Conference, that certain steps would have to be taken to deal with the position. It was because of the steps that the last Government proposed to take that the wonderful party which now sits opposite had its glorious victory at the elections held in October, 1929.

It was pointed out last year that, unless the country were placed on a sound economic basis, our standard of living would be threatened, and eventually would decline. When the national income becomes less—and it is becoming less—we have all to take less; that appears to me to be simply a matter of arithmetical calculation.

These propositions were quite untruly represented as advocacy of the reduction of wages. Every honorable member of this House, I believe, wants wages to be as high as possible. But if sufficient money is not available there cannot be the same national dividend as has hitherto been enjoyed. The last Government made certain proposals with respect to the reduction of expenditure in the Public Service. Every honorable member opposite who then sat on this side of the House, and I think I am fairly safe in saying all of those opposite who are newly in this House, loudly proclaimed that those who now sit on this side were attacking the allowances of public servants. Apparently they are still persisting with the old idea that standards

can be maintained at any rate which happens to have been reached, irrespective of whether or not there is enough money to meet the requirements of the situation. During the election campaign the Labour party contended that wages bore no relation to economic facts; that they were to be maintained whatever happened, and that they should be fixed as a matter of political policy independent of the prosperity of the country. Until our people learn that such a policy is both impossible and absurd, the affairs of this country will never be placed on a sound basis. The Labour party has induced a large number of people in Australia to believe that they can procure anything they want by voting for it, and that politics can ensure high wages. The last federal election, and the recent New South Wales election, are perfect demonstrations of the acceptance of those absurd propositions by a considerable proportion of the population of Australia. We have to discard those propositions.

Recently, Mr. Winston Churchill, who always writes and speaks interestingly, delivered at Oxford an address on "Parliamentary Government and the Economic Problem", from which I propose to read a very short extract. He said—

It must be observed that economic problems, unlike political issues, cannot be solved by any expression, however vehement, of the national will, but only by taking the right action. You cannot cure cancer by a majority. What is wanted is a remedy.

That is what we in Australia have to learn to-day; we must recognize that there are economic limits to political action. I am not suggesting that we are unable to produce economic effects and consequences by political action; but I do say that there are certain economic conditions which constitute limits to political action, and that we are in the presence of some of those limits at the present time. The Labour party, however, stands for the denial of these intelligent and intelligible principles, and for the affirmation of the principle that, irrespective of the prosperity of the country, wages and salaries and other rewards can be maintained at any figure that they happen to have reached.

At the last election that party promised work for all, the maintenance of high

wages, no reduction of Public Service salaries and allowances, and the continuance of the system of Public Service arbitration. Yet it has now wiped out Public Service arbitration. First of all the Government got together representatives of the unions, and told them that if they applied to the Public Service Arbitrator it had not the money with which to pay substantial increases, and that, therefore, it was of no use for them to go to the arbitrator. Then the Public Service Arbitrator retired from his position, his period of appointment having expired. There is no Public Service Arbitrator at the present time, and Public Service arbitration has been abolished by the Labour party itself, notwithstanding the fact that at the last election it secured thousands of votes by promising to maintain the system and by falsely representing that the then Government proposed to abolish it.

What has happened in and to Australia in one short year of Labour rule? I have already said that it has been a year of almost unmitigated disaster. I use the word "almost" because I think that the result will be to convince the people—indeed, they are becoming convinced day by day—that the rainbows held before them in the dim distance by the Labour party are unreal and can never be made real by Labour policies. Let us examine what has happened to this country which has now suffered under a Federal Labour Government for twelve months. If there was one thing about which the Labour party professed concern, it was unemployment, and when in opposition it charged the Government of the day with being responsible for all the unemployment that existed.

Dr. MALONEY.—And so it was.

Mr. LATHAM.—I observe that there are still some honorable members opposite who believe that. I shall not follow the example of the honorable member who interjected by charging the present Government with being responsible for all the unemployment that at present exists. It is true, however, that unemployment has increased during the régime of this Labour Government from 12.1 per cent. to the terrible total of 20.5 per cent. The Labour Government promised work for

all, and yet, after one year of office, one-fifth of the registered trade unionists of Australia are out of work. The reduction of wages spread over the whole body of workers has been a great deal more than 20 per cent. Rationing of employment is only another form of unemployment, a humanitarian variation. If we consider the rationing figures in conjunction with the unemployment figures, we arrive at a truly staggering total, and this condition of affairs has come about during the régime of a government which promised the electors in its circulars and speeches that it would find a solution for the unemployment problem. As a matter of fact, unemployment is worse now than it has ever been before within the memory of any one present. On this ground alone, apart from anything else, the Government has lost the confidence of the people, and even of those supporting it. It has shown that it made false promises in this House. It made promises which it cannot now carry out, and which it is making no attempt to carry out.

Let us turn now from the subject of unemployment to that of credit. The credit of Australia is lower to-day than it has ever been before in the history of the Commonwealth. That has been achieved during twelve months of Labour government.

Mr. MARTENS.—The Leader of the Opposition and his party have themselves done much to injure the country's credit. They are always crying "stinking fish".

Mr. LATHAM.—Evidently the honorable member would have us refrain from stating the truth. Australia's credit, measured by the London price of Commonwealth bonds, the criterion adopted by the present Prime Minister and the Acting Treasurer, declined from the very day that this Government took office. The constitution of the Government was such as to make it impossible for it to command the confidence of sensible and responsible people, and so the price of bonds went down. For several years before the last election their price had been from 1 to 4 or 5 per cent. below that of New Zealand bonds, but in July last the price fell to 15½ per cent. below. And the Treasurer informed us the other day that the London price for £100 Australian bonds was £75 5s., a decline of

something in the region of 25 per cent., as compared with New Zealand bonds. There is no confidence in the present Government, no confidence either in Australia or anywhere else, in its wisdom or in its fairness. All the facts point in that direction. Every criterion we can adopt, every standard we can apply, indicates the same thing.

The difficulties arising from this general lack of confidence have been aggravated by recent decisions of the Labour caucus to which publicity has somehow been given. Only the other day there was published a resolution which apparently emerged from a body of men who regard themselves as responsible and intelligent. It was couched in these terms—

That the Commonwealth Bank be required to create sufficient credit, as and when required, for the following purposes:

(a) Finance the requirements of the Commonwealth Government in connexion with all services covered by Parliamentary appropriations.

(b) Meet that proportion of internal loans maturing during the financial year which has not otherwise been provided for.

That is, £27,000,000 before the end of this year, and £76,000,000 before the end of next year.

Mr. MAXWELL.—Is that authentic?

Mr. LATHAM.—I understand that it is. The report has never been challenged. The resolution continues—

(c) Provide for financing State and Commonwealth loan works programme up to a limit of £20,000,000.

(d) Provide financial accommodation through the Commonwealth Bank, trading banks, State financial institutions and, if necessary, through insurance companies, to be used for productive purposes in primary and secondary industries.

Evidently there will be money to throw away, money for any one who will take it. There is to be no limit except that not more than 5 per cent. is to be charged for the money. If we add £65,000,000—the amount of parliamentary appropriations—to the £76,000,000 and that total to the further £20,000,000, and tack on to that the unlimited amount of financial accommodation which is to be provided, we have some measure of the inflation which this resolution contemplates. What government is going to impose unpleasant taxes when it has a warrant merely to print notes? It is much easier to print

notes than to collect taxes. What government is going to borrow money or what person will lend money to the Government when the Government can provide for loan works as well as for ordinary services simply by creating credit through the issue of notes? These proposals would involve, if they were put into operation, the robbery of every citizen who has a Savings Bank deposit or an insurance policy; the robbery and ruin of wage-earners, and, indeed, exactly what the Prime Minister (Mr. Scullin), before he left Australia, said they would involve—increased unemployment up to 1,000,000 persons instead of something over 250,000 persons.

Then we have another contribution to the establishment and maintenance of confidence in the Commonwealth! It is a resolution proposed by the honorable member for Bourke (Mr. Anstey), the Minister for Health—but not, I am afraid, of financial health—in the present Ministry. This resolution, carried only the other day, is as follows:

That legislation be passed immediately compelling bondholders in the £27,000,000 loan maturing in December, to hold their bonds for a further period of twelve months, interest to be paid as usual, with the proviso that persons in necessitous circumstances may receive immediate payment of small amounts by cashing their bonds at the Commonwealth Bank, the same to be held as non-interest-bearing security, the onus of proving that the circumstances justify payment, to fall on the bondholders.

I presume that honorable members opposite who voted for that motion believed in it. I am prepared to give them credit for sincerity if not for intelligence of a high order. This is another proposal for inflation, and inflation involves repudiation. If that motion were carried into effect a man who had lent the Commonwealth money in good faith on the credit of the nation, and received in return for it a bond containing a promise to pay, might be told when, in due course, he came along to get his bond cashed: "Oh, we will give you another promise to pay in twelve months". Of what use is such a promise after the first has been dishonored?

It has been left to the Labour party to give these shocks to the confidence of the public in Australia and beyond our own boundaries. After only twelve

months in office the Labour party has hauled down the Australian flag and dragged it in the mud. This is the first British dominion in which any responsible political party has ever advocated repudiation. For the first time in history a British Minister, speaking from the same platform as an Australian Prime Minister, has thought it necessary to pay the latter the compliment of saying, in tones of mingled admiration and surprise, that he, at least, is an honest and honorable man—as I believe he is. The comparison between the Prime Minister and some members of the party which he is understood to lead is obvious. It has been left to the Labour party to bring about the present condition of affairs by proposing public and calculated dishonesty for the first time in the history of a British dominion.

MR. SPEAKER.—Order! The honorable gentleman is out of order in speaking of any action of members of this House as “calculated dishonesty”.

MR. LATHAM.—I withdraw the statement. Enterprise is nearly dead in Australia. This Government had nearly killed it when the New South Wales elections came and gave it almost the finishing blow. The unemployment which is rampant has been created largely by this Government, or has resulted from the lack of confidence which this Government has engendered by its policy, or absence of policy; by its vacillation, hesitation and delay.

We now have before us the Acting Treasurer's financial statement. Every one who reads it must observe that it is divided into two parts, the second part of which by no means fits the first part. Throughout the second part of the statement the marks of compromise, and unsatisfactory compromise at that, are apparent. The first part of the statement evidently stands as it was originally prepared, and it is sound. I congratulate the Government upon possessing some members who are trying to do things on sound and honorable lines. But even what is being done in that direction is being done too late, and not enough of it is being done. If the Government had faced its difficulties earlier some of the troubles which now loom before us would never have occurred.

In the first part of his statement the Acting Treasurer has a good deal to say about the present general financial position of Australia. I agree with practically every word of that part of the statement. The honorable gentleman has reminded us that in June last the then Treasurer said that it was essential that the budgets of the Commonwealth and the States should be balanced in the forthcoming financial year. He then reminded us that in his budget speech last July the Prime Minister and Treasurer said that no further drift in the Commonwealth finances could be permitted. But what has happened during the last three or four months? Nothing but drift and delay. The Acting Treasurer went on to quote the following resolution which the Premiers Conference adopted in Melbourne on the 21st August:

That the several governments represented at this conference declare their fixed determination to balance their respective budgets for the financial year 1930-31, and to maintain a similar balanced budget in future years. This budget equilibrium will be maintained on such a basis as is consistent with the repayment or conversion in Australia of existing internal debt maturing in the next few years.

Further, if during any financial year there are indications of a failure of revenue to meet expenditure, immediate further steps will be taken during the year to ensure that the budgets shall balance.

The Commonwealth representatives at the conference voted for that motion because, no doubt, it was regarded as sound. I presume that the motion was agreed to with a full knowledge of all the facts. In the light of that knowledge the Commonwealth and State Governments agreed to balance their budgets this year. They did not consider that they were agreeing to an impossibility; but it may be that this Government has created a partial impossibility by their delay in giving effect to the resolution.

The Acting Treasurer mentioned in his statement that the deficit in the Commonwealth accounts for the quarter ended 31st September last was no less than £6,747,000. That sum is about equal to the accumulated deficit for the past three years. It was rightly pointed out that those figures could not be regarded as a fair measure to be applied to the whole financial year; but the Acting Treasurer went on to say that a deficit of

anything from £12,000,000 to £15,000,000 might result from the year's operations unless changes were made. The figures published subsequently for October reduced the deficit in the accounts to £5,900,000. It appears from the Acting Treasurer's statement that a deficit of £9,000,000 may occur in the estimated customs revenue during the year. That is exactly what the Opposition said would occur, but the opinion was received with laughter by honorable members opposite. The sales tax may return about £1,000,000 less than was anticipated.

Mr. LEWIS.—The Prime Minister said that that might be so.

Mr. LATHAM.—The Prime Minister said that he intended to balance the budget, and if the honorable member for Corio will take the trouble to read the right honorable gentleman's remarks during the budget debate and the debate on the sales tax measures and the Appropriation Bill he will find that my statement is correct. The Opposition challenged the Government's figures, in regard to both revenue and expenditure, and events have thoroughly justified the challenge. While the sales tax may return to the Treasury about £1,000,000 less than was anticipated, there is likely to be an increase in pensions expenditure of about £400,000.

Mr. LEWIS.—The Leader of the Opposition should read the Prime Minister's speech.

Mr. LATHAM.—The honorable member for Corio apparently does not appreciate the fact that the budget figures of the Prime Minister balanced; yet we are now told by the Acting Treasurer that unless there is a restoration of confidence and a revival of trade and employment there will be a deficit of between £12,000,000 and £15,000,000 this year, and with the restoration of confidence and the revival of trade a deficit of between £8,000,000 and £10,000,000. Parliament has been called together again because the Government had not enough sense to act on the advice given by this side of the House in July last.

The London position is serious indeed. There, an amount of £38,000,000 is still outstanding. The Treasurer, in his budget speech in July, said that the existence of this overdraft was likely to prove

seriously embarrassing. The position is worse now; yet the Acting Treasurer has given the House no information as to whether any steps are being or can be taken in accordance with the amended budget proposals to remedy it. If the problem had been tackled in August the difficulty would not have arisen. Had the Government immediately set to work to reduce expenditure by £4,000,000 the London debt would have been funded readily ere this, with the result that about £20,000,000 would have been released by the Commonwealth Bank. According to the Acting Treasurer's statement, overdrafts and advances due to the Commonwealth Bank in London amount to about £20,000,000. If that debt had been funded a corresponding amount would have been available for financing Australian public works and industries. That would have been a proper and honorable way of releasing credit, and could have been utilized had the Government acted promptly as it promised to do.

The Acting Treasurer, after showing a net short-term indebtedness in Australia of £7,134,000, dealt with the banking position and showed that the banks have strained their resources to the limit in order to finance Australian industry. According to the statistics quoted by the Acting Treasurer the proportion of advances to deposits was 95 per cent; adding Government securities, which are really loans to the Government, the proportion of advances to deposits is not less than 105 per cent. In the light of those figures nobody can truthfully say that the Commonwealth and trading banks are not doing their utmost to finance the present requirements of Australia. The national income, the Acting Treasurer stated, has dropped since last year by £70,000,000, representing the decrease in the prices of wool, wheat, and metals, and the smaller amount of money coming into Australia through external borrowing. This estimate leaves out of account the annual turnover of income. Every £1 received by the farmer for his wheat becomes part of the income of the store-keeper and merchant in that year, and we can safely say that the national income was between £100,000,000 and £150,000,000 lower than it was in the previous year. Now we are told that in

the immediate future the income from wool and wheat will be even less—

Wool is now averaging about 9d. per lb., compared with 1s. 3d. for the clip of last year and 1s. 7d. for the clip of the previous year, and the price of wheat f.o.b. Australia is less than 3s. a bushel, as compared with about 5s. a bushel last year.

Inevitably there will be a further serious decline in the national income. In those circumstances the Melbourne agreement between the Commonwealth and the representatives of the States was made and the Premiers subscribed to it, trusting in the good faith of the Commonwealth Government. According to the official report of the conference the Acting Prime Minister stated—

The Federal Cabinet had also agreed that the budget shall be balanced this year, that the position will be watched carefully, and that steps will be taken at the earliest moment necessary to adjust the position; firstly, by a reduction in expenditure, and secondly, any adjustment of taxation required to be made so as not to encroach on the State field of taxation.

The proposals contained in the second half of the Acting Treasurer's financial statement last week do not honour the terms of the agreement. Honorable members will find a complete change of matter, and almost of tone, in the Acting Treasurer's statement commencing at "Expenditure proposals". The honorable gentleman had earlier said—

At the Premiers' Conference the Prime Minister announced that any necessary revision of the budget would provide firstly for a reduction of expenditure and that adjustments of taxation would not encroach on the State fields of taxation. The proposals now submitted are as far as practicable in keeping with this declaration.

I propose to examine the proposals with a view to discovering whether they are in keeping with the Prime Minister's declaration. I suggest that at this point in the Acting Treasurer's speech common sense ended and compromise began. The honorable gentleman's proposals follow a statement made by the Acting Prime Minister (Mr. Fenton) on the 3rd October after a meeting of Cabinet—

Cabinet has discussed the whole financial position. The proposals to balance the budget submitted by the sub-committee were discussed and approved substantially as presented. It was agreed that expenditure might be reduced at the rate of approximately £4,000,000 per annum.

The honorable gentleman went on to say that Parliament would assemble on the 30th October, and that the Parliamentary Labour party would meet on the 27th October. It is obvious that the party overruled the Government, for the Acting Treasurer (Mr. Lyons) is proposing, not a reduction of expenditure at the rate of £4,000,000 per annum, but what purports to be a reduction at the rate of slightly more than £3,000,000 per annum. The Government's proposals may have to be accepted in the absence of something better, but we are entitled to examine their adequacy.

The Acting Treasurer mentioned various proposed savings on the Estimates amounting to £1,230,000, but no information is given as to how these figures are arrived at. For instance, we are not told how £375,000 is to be saved in respect of "miscellaneous works and services and other savings". There is nothing to indicate the nature of the savings, and whether, in fact, they can be realized. The Acting Treasurer proposes also to apply to the expenditure of the year £1,950,000 of amounts that rightly belong to the sinking fund. This cannot be claimed as a reduction in expenditure; it is merely a device to enable the Government to continue living on substantially the same scale and to avoid providing for the redemption of the public debt. The proposed raid upon the sinking fund raises a difficult and important issue. Section 9 of the National Debt Sinking Fund Act provides—

- (1) The Treasurer shall pay into the Trust Fund, under the heading of the National Debt Sinking Fund—
 - (g) All moneys received in respect of reparations under the Treaty of Peace with Germany.
- (2) . . . one half of the net profits derived by the Commonwealth Bank of Australia on or after the 1st day of July, One thousand nine hundred and twenty-three, shall be paid to the National Debt Sinking Fund.

The Government proposes to repeal those portions of the act. Commonwealth loans are issued on the basis of prospectuses upon the bona fides of which members of the public are invited to lend their money to the Commonwealth. The

prospectuses vary. One issued by the Commonwealth Bank in London on the 16th January, 1929, stated—

All Commonwealth loans carry a sinking fund in accordance with the provision of the National Debt Sinking Fund Act which provides, *inter alia*, that a sum equal to 10s. per cent. shall be provided each financial year.

That is an undertaking that payment will be made to the sinking fund as provided by Commonwealth legislation. Another prospectus issued in London in May, 1929, stated—

All Commonwealth loans carry a sinking fund in accordance with the provisions of the National Debt Sinking Fund Acts.

In that instance there is no limitation of 10s. per cent. The final illustration I quote is a prospectus issued by the present Government in Australia on the 3rd February, 1930, paragraph 10 of which states—

Sinking fund contributions will be paid into the National Debt Sinking Fund in accordance with the requirements of the Commonwealth law.

That does not mean Commonwealth law as altered from time to time at the will of Parliament; if it did, the paragraph would be farcical, deceptive, and valueless. I fear that the proposal to repeal portions of the National Debt Sinking Fund Act will have a very disadvantageous effect upon Australian credit. Obviously if without breach of faith Parliament can repeal paragraph 9 and sub-section 2, it can repeal all the provisions until no security in the form of a sinking fund is left, except the financial agreement as it applies to loans floated in behalf of the States. Then, in addition to these alleged savings there are proposals for increased taxation by way of customs and excise, but I doubt very much whether the result will be to add to the revenue at all. Take for example the increased excise on tobacco. In Melbourne tobacco is to-day selling cheaply, because of a tobacco war, but when the effect of an increase in excise to 9s. or 9s. 3d. is realized, the price of tobacco must increase substantially and its consumption fall appreciably. It is doubtful whether the estimates of the Acting Treasurer will be realized in any of their particulars. I do not propose to examine in detail the customs and excise provisions, but I say,

as I said in August last in this House, that I cannot see that they will bring in the estimated revenue.

I now come to the income tax provisions. We have before us some most remarkably discriminatory proposals—proposals which, I venture to say, are most scandalously unjust. The exemption in the case of income from property is to be reduced to £100. An alteration is being made in the rate of tax on income from personal exertion and property. I have with me some estimates showing the effect in Victoria of these changes. Take an income of £400 a year from personal exertion. Last financial year the State and Federal income tax paid in such a case was £6 4s.; this year it will be £13 2s. Now take the same income earned from property in Victoria. Last year the income tax paid to the State and the Commonwealth was £10 10s.; this year it will be £56 6s. In the case of an income of £500 from personal exertion, the increase in taxation is from £11 10s. to £20 5s., but on the income from property the tax is increased from £18 8s. to £74 5s. An income of £200 is to be exempt from taxation if earned by way of personal exertion, but if derived from property in the way of rents from a cottage or two, or interest on money earned as a result of thrift and saved over many years, the tax is to be £21 14s. The fixing of this low exemption in the case of property income is most unjust, and will impose hardship all over the Commonwealth. Many Australians—we probably all know some of them—have a strong sense of personal pride and independence, and have saved throughout their lives in order that in their declining years they may be independent of the old-age pension. I am glad to say that there are thousands of these citizens, yet they are to be hit by this tax, and brought down below the living wage. I do appeal to the Government to reconsider this unjust proposal to alter income taxation.

Dr. MALONEY.—It would be fair to provide for no reduction below the basic wage.

Mr. LATHAM.—There should be some substantial alteration. It is a mistake to think that income from property represents the income of a lot of millionaires. One has only to look at the shareholders

lists of banks and trading companies, and at the lists of bondholders in Commonwealth and State loans, savings bank loans, Board of Works loans and the like, to realize that there are a large number of very thrifty people in Australia. The best indication of that is the deposits in the savings banks. There are some 4,000,000 depositors in the savings banks of Australia, including, of course, a large number of children who are learning thrift in their early years. These citizens, excluding of course, the children, will be hit, some of them most cruelly by these proposals.

Then, in strong contrast, we come to the proposal of the Government with respect to the Public Service. Under this special legislation, every public servant receiving a salary of £725 or under is to be exempt from any reduction. The proposed rate of tax on salaries of between £725 and £1,000 is 10 per cent., from £1,000 to £1,500 12½ per cent., and above that 15 per cent. Let us consider the operation of this tax. The man in receipt of £725 will lose nothing, but the man in receipt of £800 will lose £75. Can there be any justification for such a scheme? This is class taxation of a most exaggerated character. What reason can there be for drawing the line at £725? I refuse to believe that members of the Public Service—large numbers of whom I know personally—would resent a fair all-round proportionate and graded reduction. Their own self-respect would lead them, at least those with whom I am acquainted, to accept a reduction of salary in these troublous times. Yet we find this Government introducing class legislation. It says that it is not reducing salaries. It, of course, would never reduce salaries unless it could be reasonably sure that the people at whom it hits are not its own political supporters. The men in the Defence Department who cannot join a union have had their work rationed, but those who belong to unions have not been rationed. Only the non-unionist members of the Public Service—some of whom have applied for admission to unions and have been refused—are to have their salaries reduced. This Government refuses to reduce the salaries of any body of men who are its own political supporters. This Government promised at the Pre-

miers Conference in Melbourne that the budget would be balanced first by the reduction of expenditure.

Mr. WATKINS.—Why did not Mr. Bavin carry out his promise?

Mr. LATHAM.—Mr. Bavin was responsible for a reduction of 8-1/3rd per cent. in public service salaries in New South Wales. Mr. Lang, merely to get votes, promised to restore those salaries. That was one of the most contemptible political promises ever made, and I hope that it will be the last example of its kind. The Labour party, because of its lavish and irresponsible political promises is now being brought up against the inexorable logic of facts. The people are realizing that they have for years been deceived by the Labour party, that it has a so-called policy which can only be put into operation when there is plenty of money to spend. It has no real political principles. The people will doubtless realize this position before Mr. Lang has been in power very long. This Federal Government now proposes that public servants in receipt of over £725 are to suffer a reduction in salary, but those receiving under £725 are to remain untouched. The hypocritical pretence is being made that salaries are not being reduced, but that a tax is being levied. In any case the public servant affected is to get less salary. The tax is to be subtracted before he receives his salary. I suppose that there are some honorable members who think that they can deceive themselves by this vain pretence. It is obviously a hypocritical device to hide the inevitable reduction of salary. It is, however, significant that expenditure throughout the Public Service is being maintained substantially at its old level of about £11,000,000. Mr. Hogan, the Labour Premier of Victoria, relying upon the good faith of the Federal Government that it would also do an unpopular thing, is carrying through the Victorian Parliament at the present time a reduction in the salaries of public servants of from 5 to 20 per cent. He is prepared to do an unpopular thing in order to carry out his word. Unfortunately, this Government is not prepared to keep faith with Mr. Hogan. Take the Labour Premier of South Australia, Mr. Hill.

Does any one think that he relishes reducing Public Service salaries by 10 per cent.? Not for one moment; yet he is doing that. Other State Premiers are doing it too; but I refer particularly to Labour Premiers, because I should have thought that this Government would keep faith with politicians of their own kin.

Let me say one further word in respect of this remarkable action of the Government in drawing a line at salaries of £725 per annum. In answer to a question that I put to the Acting Prime Minister (Mr. Fenton), I received this morning information to the effect that the number of permanent employees in the Commonwealth Public Service is 28,855; temporary and exempt employees, 4,179; total, 33,034. The members of naval, military and air forces number 5,959; other employees, 5,459; total, 11,418. Combining the Public Service and the naval, military and air forces, the total number of Commonwealth employees is over 44,000. I also asked the Acting Prime Minister how many persons in those classes were in receipt of salaries of £725 and over. The answer is that, apart from 112 members of Parliament, the number is 491, including 50 rationed military officers, who are outside of the taxation scheme. That leaves 441 persons, out of some 44,000 government employees, affected by this taxation, representing just about 1 per cent. Does any honorable member in this House believe that this taxation is fair in principle or in its results?

I conclude by saying that the Government ought to have carried out the agreement made by the Prime Minister in Melbourne. It was not a casual agreement; but an agreement made as the result of a special Cabinet meeting held at the Prime Minister's own home. I say first that the Government has not done what it promised to do; that other governments are doing unpopular things, believing that the promise of this Government would be carried out. This Government has, therefore, broken faith with the States. Judging by what it has done, it will certainly fail to balance the budget. On the Acting Treasurer's own figures, even if all his anticipations are realized, there will be a deficit of over £1,000,000, and, if his anticipations are not realized,

as I fear indeed will be the case, the deficit will be much greater. [Extension of time granted.]

The Government should not budget for a deficit as it is doing to the admitted extent of at least over £1,000,000. I think that the amount will be much greater. The Government may not have the money to meet its obligations. As the banking position is strained to the utmost, the budget must be balanced. The Government's proposals will not result in this being accomplished. I move as an amendment to the motion "That the paper be printed"—

That all the words after "That" be omitted with a view to insert in lieu thereof the words "the Government should introduce proposals more closely in accord with the agreement made by the Prime Minister with the Premiers of the States on the 21st August last at Melbourne."

Difficult as it is, that is the only path to follow. I think it was the Acting Prime Minister who said—his utterance was assented to by other Commonwealth Ministers—as reported on page 11 of the official report of the Melbourne conference that—

The members of the conference represent all the governments of Australia. Their decisions have been arrived at apart from party or political considerations, and with the sole desire to avert the danger which threatens Australia. . . . The carrying out of these arrangements will unquestionably involve a heavy diminution in both revenue and loan expenditure, and will require substantial sacrifices on the part of all sections of the community.

Do the Government's proposals involve substantial sacrifices on the part of all sections of the community? I contend that they do not. The statement proceeds—

But the voluntary acceptance of these sacrifices is, in the opinion of the members of the conference, the only possible way of avoiding the infinitely greater and more prolonged sacrifices that would be involved in any failure to meet our national obligations.

I am glad that the Government has adopted some of the principles agreed upon in August last, and that in particular it has invited Ministers and members of this House to make a sacrifice in the matter of their allowances. I am also glad that the Government, in spite of its repudiation of such a proposal only three months ago, has seen the wisdom of this

action, and has had the good judgment to submit this proposal to the House. The only sure path to follow is that laid down at the Melbourne conference. It is the path of honour and the only path that will lead us to prosperity.

Mr. PATERSON (Gippsland) [4.25].—I second the amendment moved by the Leader of the Opposition (Mr. Latham). I was not at all surprised at the summons which came to honorable members to meet before Christmas to assist the Government in revising its budget proposals. I was, however, surprised at the delay which occurred between the holding of the financial conference in Melbourne in August last, where the Prime Minister met the State Premiers, and the meeting of Parliament. Three months ago honorable members on this side of the chamber urged the Government to reduce its expenditure by at least £4,000,000 annually; but the members of the Government and their supporters placed a blind eye to the telescope and pretended that they did not see any necessity for any reduction in expenditure. I told honorable members at the time that, although they were trying to evade their responsibilities, they could not avoid facing the situation for any length of time. I informed them that as sure as the harvest would ripen the position would have to be faced. We have now been called together to do something, inadequate as it is, before the harvest has ripened. The financial statement presented by the Acting Treasurer (Mr. Lyons) is a pitifully feeble effort to meet an unprecedented financial situation. I do not believe that the Acting Treasurer is himself satisfied with it. I think that if he had been permitted to have his own way he would have introduced measures more likely to assist in overcoming our financial difficulties. The reductions which are foreshadowed in this amended budget are hopelessly insufficient—they are ludicrously inadequate. If it were necessary a few months ago to reduce expenditure by £4,000,000 annually in order to bring us back to the level of last year's expenditure, it is of even greater necessity to-day. The steps which the Government proposes to take, represent the last word in feebleness and futility, and disclose the extent to which the Government has departed from the budget proposals

delivered in July last. How immeasurably have they fallen short of the Prime Minister's (Mr. Scullin) words. The Prime Minister, in introducing his budget in July last, said—

Parliament must recognize, however, that no further drift in Commonwealth finances can be permitted, and that the balancing of the budget is an essential step for the restoration of the credit of Australia. The Government proposes to watch the financial position closely throughout the year, and without waiting until the end of the financial year will not hesitate to take immediate steps if such action appears to be necessary in order to prevent any serious disturbance in the budgetary position.

We have not merely the Prime Minister's word; but the Government's decision in the resolution which it assisted to carry at the conference of Commonwealth and State Ministers a month later. That resolution read—

That the several Governments represented at this conference—

That is the Melbourne conference—
declare their fixed determination—

Their fixed determination! The word "fixed" appears to have been entirely forgotten by the Government. The statement continues—

to balance their respective budgets for the financial year 1930-31, and to maintain similar balanced budgets in future years.

A little further on the report states—

Further, if, during any financial year there is an indication of a failure of revenue to meet expenditure immediate further steps will be taken during the year to ensure that the budgets shall balance.

The Government has abandoned its own resolution. It has gone back on the words which the Prime Minister used in introducing the budget in July last. It has gone back on the resolution unanimously carried at a conference of Commonwealth and State Ministers in August last. Apparently, the Government realizes that it cannot carry out the resolution which it supported except by calling upon all members of the community to make substantial sacrifices; but this it has not the moral courage to do. This Government prefers to break its word rather than run the risk of losing votes. It declines to carry out what it undertook to do in July and August of this year. The Government trembles before the voting

strength of the Public Service. The proposals of the Government embody a scheme to impose additional income taxation on those in receipt of a salary of £14 a week and over. The figures given in reply to a question asked this afternoon show that only 1 per cent. of the members of the Public Service enjoy such a salary. What of the other 99 per cent.? One is reminded of a passage in the Scriptures which tells us that one lost sheep was for the time being of more moment than the other 99 within the fold. Did the members of the Government have this in their minds when considering this proposal or was it the salvation of the 99 votes that actuated them? Last week the Acting Treasurer said—

That the community generally is at present in a state of inertia, and is awaiting a lead from some responsible authority to restore confidence. That lead should undoubtedly come from the highest representative body in the community, which is the Commonwealth Government. The Government recognizes this responsibility. The first need in the present circumstances is that the Government should take steps for the balancing of the budget.

The Government does not propose to act upon that principle. It is not giving a lead to the community. No one can say that the proposals outlined in the revised budget can in any sense be regarded as a lead to the community. Neither can it be contended that the steps proposed to be taken under the revised proposals will result in balancing the budget. The Government is deliberately aiming at a further deficit. The Government's aims is to add to the accumulated deficit, and then, like Micawber, to wait for something to turn up. Does the Government seriously anticipate that the revenue will be greater next year, and that it will be easier then to overcome the obstacles now confronting it than it is this year. The merest tyro must recognize that the revenue from income taxation, for instance, will be smaller next year than it is this year, for the simple reason that income taxation is invariably based on the earnings of the previous year. People will pay income taxation this year based on their earnings of last year. A large number will pay a fairly substantial amount this year based on last year's earnings, who will pay practically nothing next year. If the Government thinks that it will be able to balance the

budget next year when it cannot do it this year, it is doomed to disappointment.

Mr. MAXWELL.—Perhaps it does not anticipate being in office next year.

Mr. PATERSON.—That may be so. It is certain that no government could have been more spineless—and that is a flattering term—in dealing with a difficult situation. Customs revenue cannot reasonably be expected to be better next year than it has been this year. The arguments which apply to income taxation can also be used in connexion with customs revenue. Importations are usually the result of income obtained by business firms in the preceding year, and it is, therefore, extremely improbable that we can expect any immediate improvement in the revenue from this source. Next year will undoubtedly present its own difficulties without those associated with a deficit this year. The Government should take immediate steps to balance income and expenditure in conformity with the Prime Minister's announcement in July, and with the resolution which the Acting Prime Minister and other Ministers assisted to carry at the Melbourne conference in August last. A man can be excused for living beyond his income for one year, because he may suffer from an unexpected reduction of his income in that year. He may be excused also for proceeding on the old basis of expenditure for the second year, if he has a reasonable expectation of his income quickly reverting to its normal state. But if he continues to live beyond his income for a considerable number of years there is nothing ahead of him but insolvency. That is just what the Government is attempting to do; it is not even making an attempt to balance its budget, but is endeavouring to live beyond its income.

For the last three years, unfortunately, we have had deficits. In each of those three years—two under the administration of the Bruce-Page Government, and the last under the administration of the present Government—efforts were made by the treasurers to balance their budgets. They did not anticipate, nor did they aim at, producing deficits. This year, however, we are in the extraordinary position that the Acting Treasurer (Mr. Lyons) is deliberately budgeting to spend from £1,120,000 to £8,120,000 more than he

will receive. He himself has told us that if trade should revive, and if his most sanguine expectations should be realized, we may expect that, on the basis of the budget which was brought down in July, there will be a deficit of from £8,000,000 to £10,000,000. He has told us, further, that if the existing depression should continue and there should be no improvement, we may expect that, on the basis of the July budget, there will be a deficit of from £12,000,000 to £15,000,000. That means that, in the event of his most optimistic estimate being realized, the best that he can hope for is that his proposals in the financial statement that he delivered last week, will leave him with a deficit of £1,120,000; but that, on the other hand, if his worst estimate should prove to be true—and I profoundly hope that it will not—under this amended budget we shall have a deficit of £8,120,000. We have no right to further mortgage the future in that way.

The savings and economies, as they are called, which are set out in the revised budget at page 8, total, in round figures, £1,230,000. If the Acting Treasurer's estimate of the gap which must be bridged in the event of trade not improving should prove to be correct, those savings and economies, on the basis of the July budget, represent a saving of only one-twelfth of what needs to be saved, which is equivalent to 1d. for every 1s., or 1s. 8d. in the £1. In addition, the Government proposes to divert certain moneys that are now applied to the sinking fund. The diversion of those moneys, to the extent of a little under £2,000,000, will represent a reduction of the maximum deficit by 2s. 6d. in the £1. It is dangerous to tamper with any sinking fund provision. I recognize, however, the extraordinary difficulty in which the Government finds itself, and I would not be too critical of its action in taking what to-day is applied to the sinking fund in excess of the 10s. per cent. stipulated in the financial agreement between the Commonwealth and the States, provided that that amount was ear-marked to be applied to the sinking fund of the States' debts. As honorable gentlemen well know, the Commonwealth provides one-third of the sinking fund of 7s. 6d. per cent. which has to be provided on State debt that existed prior to the commencement of

the financial agreement. Upon all new debt incurred by the States through the Loan Council subsequent to that date, the Commonwealth provides one-half of the sinking fund and the States the other half. If the Acting Treasurer would undertake to see that this money which he proposes to divert from Commonwealth sinking funds, portion of which is obtained from the profits of the Commonwealth Bank, and portion from reparation payments, is ear-marked to provide that portion of the sinking funds of the States provided by the Commonwealth, I would not be unduly critical of his proposal in a difficult period like the present. Reparation payments, particularly, ought to be used in that way. The Acting Treasurer's difficulties would not be increased in the slightest degree; it would merely mean that money which formerly was applied to Commonwealth sinking funds in excess of the statutory 10s. per cent. stipulated by the financial agreement would replace money that the Commonwealth would otherwise have to find to provide its quota of the sinking funds of the States. I hope that the Acting Treasurer will give consideration to my suggestion.

I have stated that the savings and economies foreshadowed in this revised budget amount to only 1s. 8d. in the £1 of the amount required on the assumption that we have the tremendous deficit which the Acting Treasurer has forecast, should the present depression continue, and that the diversion of sinking fund moneys represents an additional 2s. 6d. in the £1. The new taxation proposals, which total £3,700,000 for the eight months of the financial year that remain, represent about 25 per cent., or 5s. in the £1. Those three items in the aggregate total 9s. 2d. for every £1 which the Treasurer would require in the event of his worst expectations being realized. No provision whatever has been made for the other 10s. 10d. in the £1.

On the other hand, if the Acting Treasurer's most optimistic estimate should prove to be right—and I hope that it will—we shall still have a deficit of from £1,120,000 to £3,120,000. Assuming there is a revival of trade, and a realization of the honorable gentleman's

best estimate, he has budgeted to bridge the gap of from £8,000,000 to £10,000,000 to the extent of something under £7,000,000; therefore, he has budgeted with his eyes open for the deficit that I have mentioned in the event of his best hopes being realized, and for a deficit of from £5,120,000 to £8,120,000 in the event of his worst fears being borne out. Surely, the very least that could be expected of any government in such a position, even though only eight months of the financial year remain, was to budget to make income and expenditure balance on the most favorable estimate. Indeed, that would not go nearly far enough. It is the duty of the Government to endeavour to secure a balance upon figures taken at least at a point half way between the estimated minimum and maximum deficits. Had the Government budgeted to balance its accounts on the expectation that the figures would be adverse to the extent of mid-way between the Treasurer's best and worst estimates, we could have supported it with a little more enthusiasm than we can now. To do that, it would be necessary so to cut expenditure that, in the remaining eight months of the financial year, there would be an additional saving of £4,000,000, equivalent to £6,000,000 in a full year. Undoubtedly, that would be very drastic action; but I believe that we have reached the stage when it ought to be taken, and that if it is not taken a very much more drastic reduction will have to be made next year. The reduction that I have suggested would involve a 20 per cent. cut on all controllable Commonwealth expenditure. If it were made immediately we might be able to continue permanently on that basis; but I believe that if it be not done now, next year we shall have reached such a pass that possibly a 25 per cent. or even a 30 per cent. cut will be absolutely inescapable, and a degree of hardship will be inflicted which can be avoided if the Government will take its courage in its hands and do the right thing. Why does the Government persist with its Micawber-like attitude of waiting for something to turn up to enable it to carry on indefinitely upon a basis of expenditure that is far beyond our present means? It has no ground

whatever for expecting that next year's revenue will be even nearly so good as that of this year. Certainly, next year's income tax receipts, which will be based on this year's income, will be very much lower than this year's collections, which will be based on last year's income. There are in this community persons who still will not realize how much poorer as a nation we are to-day than we were two or three years ago, when the prices of the commodities that we produce in large quantities for export were so much higher than they are now. But, surely the combined intelligence of Ministers is sufficient to enable them to realize that fact. It must be obvious to any one who thinks at all, that Australia's national wealth is almost entirely, or at any rate very largely, dependent upon the values placed by the world upon the huge exportable surplus of our staple products, and that any fall in world prices which affects those commodities, affects us as a nation. There has been a tremendous fall in the world's prices for almost all commodities, manufactured goods or raw materials, and the people of all countries are feeling the effects of this decline in values. We in Australia are suffering to a greater extent than are the people elsewhere, for the simple reason that values for the particular commodities which we produce for export have fallen further than those of other commodities. The prices for manufactured goods have come down somewhat; but to nothing like the extent of the fall in prices of raw materials. Thus our primary producers have been hit harder perhaps than other sections of the community. It is only when we examine in some detail the current prices for the commodities which Australia produces for export that we realize fully how serious has been the diminution in our national income, as compared with our position only two or three years ago. As is well known to all, our principal export commodity is wool. For about six years prior to 1929 our average wool cheque was in the neighbourhood of £70,000,000. This year it will be about £30,000,000. In other words, as regards wool alone, the loss in our national income will be approximately £40,000,000. Wheat ranks next in value among our principal export commodities. It is difficult, at the moment,

to assess the average price which will be received for our exports of wheat this year; but I believe that we shall have to be content with at least 2s. per bushel less than we have enjoyed in recent years. If, as seems likely, our exportable surplus this year should be 150,000,000 bushels, a reduction in price of 2s. per bushel will mean a further drop in income of £15,000,000. Another important export commodity is dairy produce. Butter today is selling at 6d. per lb. less than at the corresponding period of last year. If our exportable surplus this year should be in the neighbourhood of 54,000 tons—I do not consider this an over-estimate, because our exports have been as high as 65,000 tons and the average is about 40,000 tons—a decline of 6d. per lb. will represent a further loss of £3,000,000. Fruit and meat prices also have fallen lately. So also have world's values for metals of all descriptions. The Commonwealth Year-Book for 1926-27 shows that our export of metals, the product of mines and quarries in Australia, in that year were £20,000,000. That figure has been cut at least in half this year, because spelter has fallen from £25 per ton to £14 per ton, and lead, copper and tin have also declined seriously. Except for comparatively insignificant items our exportable products are almost wholly made up of wool, wheat, dairy produce, meat, fruits and metals, and it is safe to assume, from the figures which I have quoted, that our national income this year from the pastoral, agricultural, dairying, meat, fruit and metal industries will decline by between £60,000,000 and £70,000,000. Probably the figure will be £70,000,000. In 1927-28, we received from the sale of these products £132,000,000, so the decline in value represents a reduction in our national income of about 50 per cent. for the same volume of goods.

We have to ask ourselves if this is merely a passing phase in our trade position, or if it is likely that the markets for these commodities will so suddenly recover that we shall be justified in maintaining governmental expenditure at the same rate as hitherto. I think that prices for these commodities must recover somewhat, for the simple reason that present values are so far below the cost of pro-

duction that unless some upward tendency occurs soon large numbers of producers and manufacturers in all countries will be driven out of business. But he would be a very sanguine man—indeed he would be a super-optimist—who predicted a full recovery in the value of these products to the levels of the last few years. I think that possibly prices will recover to the extent of two-thirds the rates ruling in recent years. If my assumption is correct, it is obvious that the prices for all manufactured goods, and the cost of services generally, must be forced down to the new level of two-thirds the average prices for our staple exports during the last two or three years. If this is done, we shall be able to continue to produce for export; if it is not done, our primary producers will be unable to carry on.

Unfortunately, this Government is taking no steps whatever to assist in bringing about, at the earliest possible moment, a proper relationship between the prices of manufactured goods and the cost of services, and the prices of primary products. On the contrary, its action lately in imposing high tariffs and embargoes has had the effect of retarding any tendency to a proper adjustment in the relationship of commodity prices and cost of services. Indeed, the present Government seems to be anxious, not merely to keep the prices for all manufactured goods and the cost of services at the old level, but, if possible, to increase them. A question was asked in this House this afternoon about the cost of fencing wire, a commodity largely used by our primary producers. It had relation to a report in the press only the other day that the manufacturers of fencing wire and wire netting were increasing their prices practically to the extent of the duty imposed on fencing wire in lieu of the bounty. To encourage the manufacture in Australia of requisites essential to primary producers, former governments legislated for the payment of bounties in preference to the imposition of customs duties, thus ensuring that price levels should approximate freetrade import rates. This policy was to the advantage of primary producers, who have to sell their commodities in open competition in the world's markets. But this Government recently made a drastic

alteration. It withdrew the bounty payments and imposed, instead, customs duties, with the inevitable result that prices of fencing wire, galvanized iron, &c., are now being increased to the limit permitted by the tariff. It is clear to all that this Government does not really appreciate its obligation to our primary producers, who, to-day, are practically without a living wage, owing to the serious decline in world's prices for their wool, wheat, and other exportable products. Formerly the people as a whole through the Government, bore some portion of the burden of carrying on these secondary industries on an artificial basis. Now it appears that the primary producer and the users of these commodities will have to bear the whole of it. It should be the duty of this Parliament so to modify the tariff as to make it possible for costs of production in secondary industries to be brought to a more reasonable price relation to the value of our export staple products. The recent increases in customs duties, and the imposition of super taxes, have been retarding the natural fall in price levels.

We have heard a good deal lately about the need for equality of sacrifice. I agree that this is very desirable. Already the primary producers, as I have shown, have suffered heavily owing to the tremendous drop in the world's prices for their exportable surplus products, and I suggest that some sacrifice should now be expected of those who cater for the needs of our farmers. I have lately had brought under my notice some extraordinary examples of hardship, and I shall cite one or two instances to bring home to honorable members the true position of our primary producers. Recently, when I was touring through a wheat-growing district in New South Wales, I met a number of returned soldier wheat-growers. I asked one of them what his own crop was like, and, in reply, he said that if rain had come three weeks or a month earlier he would have had a magnificent crop, but, as things were, he would find it hard to carry on. He explained that a day or two prior to my visit an officer of the Rural Industries Board—the body which, in New South Wales, finances returned soldiers in

farming operations—had inspected his farm for the purpose of estimating the value of his crop. This officer told him that, owing to adverse weather conditions, he could expect no return from one-half of his cultivation, and a bag per acre from the other half.

Mr. C. RILEY.—What district did the honorable member visit?

Mr. PATERSON.—The Murrumbidgee area. The representative of the Rural Industries Board told this young man that, judging from the appearance of his crop, if rain had come a month earlier he would have had twelve bags to the acre. This returned soldier, I may add, was not grumbling at his ill fortune. He merely stated the facts, and was accepting the blow with remarkable fortitude. Another instance that came under my notice was the plight of two young men, who had invested £16,000, representing the whole of their capital, in the purchase of a small station property two years ago believing that wool-growing would continue to be profitable. As the full purchase price was £43,000, they arranged a mortgage for the balance, and also borrowed sufficient to stock the property. They had obtained two seasons' wool clips; but the price obtained was so low that the other day these young men interviewed the man from whom they had borrowed the money and advised him to take over the property, as they could not possibly meet their interest liabilities this year. Although these young men had lost the whole of their capital, they were not complaining; but, like the returned soldier wheat-grower, they accepted the inevitable with praiseworthy courage and philosophy. I now invite honorable members to consider the sacrifices that have been and are being made by thousands of primary producers such as these young men to whom I have alluded, and compare their position with that of the public servants of New South Wales, some of whom are complaining bitterly about a cut of 8½ per cent. in their salaries. It is amazing, to my mind, that this Government is not taking some action to ensure equality of sacrifice so far as that is possible on the part of every person in the community. The effect of the increased duties, super taxes, and embargoes which

have been placed upon imported goods has been to retard the natural fall in price of manufactured articles, a fall which would be desirable for many reasons, and would bring them more into conformity with the prices of our exportable products. We were told some time ago that the embargoes and increased duties had been imposed with the object of improving the trade balance; that that policy was not governed by ordinary economic considerations, but represented special action taken by the Government to meet a particular emergency. Some of us asserted at that time that the very high rate of exchange, together with our poverty as purchasers, would be quite sufficient to restrict imports without the imposition of super taxes and embargoes. That has been proved. Only the other day I saw some authoritative statistics which showed that the decline in our imports has taken place in almost exactly the same proportion in those goods which come into the country duty free, as in those upon which increased tariff duties have been imposed.

The only successful method of increasing the volume and value of our exports—and I take it that all honorable members feel that the best means of getting out of our financial difficulty is to increase our export production—is to bring about lower production costs. That cannot be achieved with the present tariff millstone about our necks. Some of the flat rates of duty which have been recently imposed for protective purposes are, compared with the ordinary ad valorem duties, absolutely absurd in the light of the present fall in the value of the goods. Flat rates, which possibly represented 40 per cent. or 50 per cent. previously, now represent as much as 100 per cent. Our first duty as a parliament is to remove crushing customs duties from the essential machinery of production. I should like to impress on the Government the absolute impossibility of encouraging exports under the existing tariff policy. Some people believe that our trade balance and overseas credit can be best improved by greater production for export. I am one of those who believe that. There are others who seem to cling to the belief that the only way to improve our trade balance is to restrict imports by raising

the tariff, thus increasing the cost of production. The restriction of imports by means of an ever-increasing tariff has the effect of putting a brake on export by adding to the cost of production. To ask men to increase production for export in order to improve the exchange position, and at the same time increasing their costs by the imposition of prohibitive tariffs—to ask them to open up new markets while prejudicing those markets against them by embargoes and an absurd tariff policy—is like requiring a horse to pull a load up a steep hill, and at the same time putting on the brake in order to keep the vehicle from slipping back.

If we maintain the prices of manufactured articles in this country at a higher level than prevails anywhere else in the world, it must have the effect eventually of debasing the standard of living in Australia. Some persons argue the opposite, but my contention is that if high prices be maintained many articles which ought to be in the homes of the poor people, as well as in those of the well-to-do, will be quite out of the reach of the great mass of the people. Therefore, the standard of comfort must be lower than it ought to be. I believe that only in a policy of sane tariff reform leading to lower costs does there lie any hope for the future. If such a policy be followed, we may expect to have our people re-employed at the best wages that Australia can provide for them, taking into account the amount of our national income. We must remember that it is impossible to take a quart out of a pint pot, though some persons evidently seem anxious to make the attempt.

Meanwhile the immediate task before Parliament is to balance the budget as was promised by the Prime Minister in July, and in accordance with the undertaking entered into by him with the Premiers of the States in August last. This revised budget falls very far short of achieving that desirable end. Those honorable members who are concerned about the future of their country are profoundly disappointed with the Government's financial proposals. To budget deliberately for a deficit of anything from £1,000,000 to £8,000,000 merely because the Government is afraid to make those economies

which it knows should be made is not the way to restore our national credit. Such action must injure our credit, which is low enough as it is. What is the position in New Zealand? We have heard in the past a great deal about our enormous national debt, and that Australia is carrying a tremendous load of debt per head of population—State and Commonwealth. It is indeed a very big debt, but the fact remains that the national debt of New Zealand is greater per head than the national debt of Australia—State and Commonwealth combined. Yet New Zealand's credit is so good that her 5 per cent. bonds are worth on the London market £102 10s. as compared with £75 for Australian bonds. The credit of South Africa also is thoroughly sound, and her 5 per cent. bonds are worth £100 15s.

Our credit would not have fallen so low if the Government had had the courage to face the situation as it should have done. I can speak for the members of my own party, and, I think, for every honorable member on this side of the House, when I say that had the Government brought down proposals to economise sufficiently to balance the budget it would have had the unqualified support of every member on this side of the House. The Government should have taken steps to honour the two pledges to which I have referred. Those promises were made not by us but by the Government, yet we would be prepared to support the Government in any measures of economy designed to carry them out. Evidently, the Government is prepared to break its own word in this matter, because it lacks the courage to do what it knows ought to be done. I support the amendment moved by the Leader of the Opposition.

Mr. ARCHDALE PARKHILL (Warringah) [5.15].—I should have thought that in a debate of this kind when, one might say, the fate of the country is hanging in the balance, at least some honorable members on the Government side of the House would have risen in their places to defend the Government's financial proposals. I should have thought that there would, perhaps, be some honorable members on the opposite side who would have ranged themselves behind the

pledges given by the Prime Minister in July last, and the undertaking entered into by him in August with the Premiers of the various States. I had looked for some pronouncement from them which would have had the effect of maintaining and supporting our national credit, without which we can achieve nothing in the present crisis. Evidently, however, the statement of the Acting Treasurer is to go unsupported, and no reply is to be made to the devastating criticism levelled against the budget by the Leader of the Opposition this afternoon. In the course of a clear, forceful and analytical speech, the Leader of the Opposition exposed the hollow hypocrisy of the Government's proposals, and pointed out how far those proposals fell short of what our national honour demanded should be done.

Mr. SPEAKER (Hon. Norman Makin).—It is not proper for the honorable member to suggest that anything dishonorable has been done.

Mr. ARCHDALE PARKHILL.—Of course I bow to your ruling, Mr. Speaker, However, I shall say it outside.

Mr. SPEAKER.—The honorable member will not be in order in saying it here.

Mr. ARCHDALE PARKHILL.—The platforms of this country will ring with the statements I have just made regarding the inadequacy of these proposals to meet the situation. Everyone now admits its seriousness. If the Government had brought down proposals in accordance with the terms of the Melbourne agreement—that agreement which was signed by the Prime Minister himself after he had conferred with his cabinet—we on this side of the House would have done our utmost to assist it. While I am prepared, even now, to support the Government in any reasonable proposals, I shall not remain silent when I see it perpetrating cruel injustices on sections of my fellow citizens. I blame the Government for not having the courage to cope with the situation in its early stages. The gravest doubts were expressed as to the wisdom of the departure of the Prime Minister (Mr. Scullin) for England at such a critical period. However, the right honorable gentleman signed an undertaking that certain action should be taken by the Government, and nothing can convince me that

it was not the bounden duty of the Government to place those proposals before this House promptly. Instead, it vacilated and allowed the position to become more acute. It was only after the result of the New South Wales elections had been announced and the problem had become alarmingly dangerous and difficult, that Parliament was called together. As far back as last August, Cabinet agreed that certain action should be taken, but it was as late as the 3rd October last before the Acting Prime Minister (Mr. Fenton) stated—

The Cabinet has met and discussed the whole financial position. Proposals to balance the budget, submitted by the sub-committee of the Cabinet, were discussed and were approved substantially as presented. It was agreed that the expenditure must be reduced at the rate of approximately £4,000,000 a year.

He asserted that the party would meet on Monday, the 27th October, and that Parliament would be called together on Thursday, the 30th October. That announcement is definite. Cabinet agreed to reduce the budget by £4,000,000 per annum. Now, after all that delay, the Government comes down with a proposed reduction which is, comparatively, a mere bagatelle.

It is apparent from the financial statement of the Acting Treasurer (Mr. Lyons) that the honorable gentleman did his utmost to persuade the Government to agree to a more satisfactory and effective arrangement. A close examination of his speech makes it obvious that, while it embodies the Acting Treasurer's desires to a certain point, the pruning knife has been used severely, and party interpolations are numerous. I give the Acting Treasurer all credit for his endeavour to give effect to the honorable intentions of his leader, and realize that his endeavours have been checked by the party. Certainly, the proposals advanced fall deplorably short of what is necessary.

Three different opinions are advanced by different sections in this chamber. There are those who believe that the position can be righted only by strict economy, the payment of our debts, and a reduction in the cost of production. Another section apparently wants us to pay our way, but at the same time desires to maintain our fictitious rates of wages and standard of living, without advancing any definite plans to enable that to

be done. Like all weak people, adherents of that section are floundering in the morass of political expediency and moral cowardice. In that category I place the Government. Then there is a third section, composed of members who are prepared to repudiate the nation's debts rather than reduce wages or extend hours of labour, believing that therein lies their easiest political path. I believe, definitely, that the salvation of Australia lies only in the adoption of the first method. By resorting to the inflation of currency, under the guise of "stabilization," "extension of credit," or any other fanciful name, we should merely impose upon our people hardships similar to those placed on their workers by the central powers of Europe. And the result would be the same. Despite the poverty and misery inflicted upon those unfortunate people, their governments eventually have had to return to the only sane course, that which we on this side advocated at the last election, and advocate now, the first of the three proposals that I have enunciated. Only by such methods can we conform to honorable principles, and lift Australia out of the slough of financial despondency into which it has temporarily fallen.

Mr. A. GREEN.—By lowering wages?

Mr. ARCHDALE PARKHILL.—Actually, it would not lower real wages. It is possible to increase the currency and give our workers wages nominally twice as high as those at present paid, but these would not purchase half as much as do existing wages. I do desire, not the reduction of real wages, but a re-adjustment of the position to provide that everybody shall make an equal sacrifice in the effort to stabilize the country. The second method to which I have referred is a weak and cowardly way of dealing with the difficulty, while the third course is utterly dishonest, and unworthy of a responsible government. It is just as dishonest for a nation to refuse to pay its just debts as it is for an individual to do so. Any nation that is prepared to resort to subterfuge in an endeavour to evade its liabilities, by issuing valueless paper money, and similar efforts to undermine the national stability, must inevitably reap the financial whirlwind that has been the reward of other nations which have adopted such methods.

This Government has failed utterly to effect the economies which it promised in August last, when it entered into an agreement with the States. It then made a distinct compact with the Labour Premiers of Victoria and South Australia, and the National Premiers of the other States. All were to live within their revenues and endeavour to balance their budgets. To give effect to that undertaking it was necessary to act in a manner which is disagreeable to any politician. No cabinet, either National or Labour, likes to reduce the wages of its civil servants, or to impose grinding taxation upon the people. However, the Premiers returned to their respective States perfectly trustful of the good faith of the Commonwealth. They honoured their undertakings, and performed their disagreeable tasks.

Mr. MORGAN.—And the Commonwealth Government “squibbed”.

Mr. ARCHDALE PARKHILL.—That is what it amounts to. This Labour Government is the only one of the seven which entered into the agreement which has failed to honour its undertakings, not only with regard to economy but also with regard to taxation.

Mr. A. GREEN.—Such action is quite in accordance with the National policy, but it is pretty hard for a Labour Government to carry out.

Mr. ARCHDALE PARKHILL.—The honorable gentleman is trying to be nasty, and at the same time justify the supine attitude of his Government. He is not prepared to stand up like a man and make a speech to defend that attitude. The most effective defence that his Government can put forward is the feeble excuse that the task is not a pleasant one. Was it pleasant for Mr. Hogan or Mr. Hill, the Labour Premiers of Victoria and South Australia? Could anything be more contemptible and more pitiable than that excuse, offered in extenuation of the inaction of the Commonwealth Labour Government at a time when Australia is passing through the most critical period in its history?

Mr. NAIRN.—They are a pack of popularity hounds, that's all.

Mr. SPEAKER (Hon. Norman Makin).—Order! I require the honorable member for Perth (Mr. Nairn) to withdraw that remark.

Mr. NAIRN.—I withdraw it.

Mr. ARCHDALE PARKHILL.—When addressing the Loan Council last June, the ex-Treasurer, the honorable member for Dalley (Mr. Theodore), stated—

The Treasurers feel, however, in view of the difficult outlook generally, that it is proper and advisable for them to urge upon all Governments the need for the utmost economy with regard to expenditure, also that it is essential for the budgets of the Commonwealth and the States to be balanced for the forthcoming financial year.

Neither of those essential things is being done by this Government. Speaking at the Royal Agricultural Show luncheon on the 17th April of this year, the honorable gentleman, who was then Treasurer, said—

Australia is heading for bankruptcy. There will be a diminution of £30,000,000 in Commonwealth revenue, and £50,000,000 less to spend. The facts are so obvious that whether we like it or not, we shall be compelled to resort to economy; economy by governments and economics by communities as well.

He went on to say, and honorable members will be amused when they hear the quotation further—

I am confident people will give full credit to the Government that faces the position honestly.

It cannot be said that this Government has faced the position honestly, and no credit can be given to it. Its present proposals are of no practical use in meeting the situation.

When the first budget was introduced earlier this year, the Opposition proposed reductions in expenditure totalling about £4,000,000. I remember advocating, among other things, that the proposed vote of £1,000,000 for unemployment relief should not be expended, because the responsibility for dealing with unemployment rested with the States. The supporters of the Government howled at me at that time for even suggesting that this money should not be made available to relieve the sufferings of the community. It was said that it was imperative that the money should be voted so that relief works could be put in hand. But what has been done with that money? No less

than £850,000 of it—all that was available—has been paid to South Australia to relieve its impecuniosity. The statements of honorable members opposite that it was imperative that this money should be made available for relief works for the unemployed have been proved to be gross hypocrisy.

Mr. FRANCIS.—The money has been used to help in paying South Australia's interest bill.

Mr. ARCHDALE PARKHILL.—That is so. I suppose that it has been used to assist in meeting the cost of the new Adelaide railway station, or something of that kind. At any rate, the unemployed have not received the slightest benefit from it.

The total reductions in expenditure that the Government has been able to achieve amount to £1,230,000; but against these reductions there have been increases totalling £800,000—£400,000 in additional pension payments, and £400,000 in increased exchange charges. The net result of all the Government's economies has been a reduction in expenditure of a paltry £430,000 in a total expenditure of £65,587,770. In the circumstances I consider that I am justified in saying that the Government has made no serious effort to reduce its expenditure. That must be the opinion of any one who looks at the situation without prejudice or party bias. I propose to deal in detail with some of the proposals of the Government.

It is intended to effect a reduction in the salaries of Ministers and members. The Government has been forced by considerations of simple honesty to bring forward this proposition, but it is seeking to bring about this reduction by a mere subterfuge. The reduction is to be made in the form of taxation at the time of the payment of the salaries. It is being done in this way in order to make it easy to return to the original remuneration at the earliest possible moment. The general public can see through this artifice. It is petty meanness of this kind that bring honorable members of this and other Parliaments into disrepute.

Mr. A. GREEN.—That is not so.

Mr. ARCHDALE PARKHILL.—In my opinion it is so. If the Government had come forward boldly and proposed

a straightout reduction of members' salaries to £500, or if it had even proposed a straightout reduction by 10 per cent. something could have been said for the proposal, but to effect a reduction by means of taxation of the kind suggested is petty and mean. No doubt, the first opportunity will be taken to restore the remuneration of members to £1,000. Honorable members opposite will greedily revert to that figure on the first favorable occasion. I repeat that such conduct brings upon membership of this Parliament public opprobrium.

It is proposed to reduce the salaries of certain public servants, but no salaries affected by the Government's proposal are to be reduced below £725. The Leader of the Opposition has already dealt clearly and penetratingly with this proposal, and has shown the sham and hollowness of it. Out of 40,000 Commonwealth public servants, only 440, including members of Parliament, are to be taxed. Nothing more grotesque could be imagined than this proposal for meeting the difficult financial situation which faces the Government. I am confident that, with few exceptions, all the members of the Commonwealth Public Service would be willing to submit to a graduated reduction of their salaries in these difficult times. They feel, as a matter of fact, that they are being put in a false position by the Government's proposal to tax only the higher salaries, and they would be quite willing to agree to reductions similar to those which are being imposed upon State public servants. If the Government would introduce a properly graduated tax or salary reduction to apply to the Public Service generally, it would be able to save, not a mere £60,000, but probably £1,000,000 out of the £11,000,000 paid annually to the Public Service. The present proposal must inevitably bring the Government into contumely.

Mr. CROUCH.—Would the honorable member tax every public servant?

Mr. ARCHDALE PARKHILL.—I am not required to answer the questions of the honorable member for Corangamite (Mr. Crouch), but I have already said that I consider a graduated reduction on a general basis to be fair and reasonable.

The Government's proposals in regard to payments to sinking funds are unsatisfactory and unworthy. They amount, in a measure at least, to a repudiation of the terms upon which money has been borrowed both at home and abroad. If the honorable member for Corangamite had loaned money privately on certain securities, he would not at a later stage be prepared to hand back the securities on the promise of the borrower to provide securities not quite so good as those originally given. Although the honorable member would not do that in his private dealings, he is quite prepared to do it in his public operations.

Mr. CROUCH.—I am not.

Mr. ARCHDALE PARKHILL.—That is to the honorable member's credit.

Mr. CROUCH.—The cases referred to by the honorable member for Warringah are not parallel.

Mr. ARCHDALE PARKHILL.—I thought the honorable member would get out of it in some way. If the Bruce-Page Government had adopted the methods that this Government is resorting to in order to balance the public accounts, it could easily have finished each financial year with a surplus. But it would not descend to using reparation payments for current purposes as this Government has already done, and it certainly would not have dreamt of defaulting in sinking fund payments as this Government is now proposing to do. The raiding of the sinking funds by the Bruce-Page Government would have been severely criticized by the members of the Labour party, who were then in Opposition; yet some of those same honorable members now seem to think that such a practice is quite right.

I have said on other occasions in this House, though it was not popular to do so, that our expenditure under the federal aid roads scheme should, in present circumstances, be greatly reduced. I know that some honorable members of the Opposition, who represent country electorates, disagree with my views on this subject. They regard expenditure on main roads as essential in the interests of the primary producers. Generally I do not disagree with this view, and equally desire to see good roads in the country. Yet if in my own garden I could not

afford ironite paths I should have to be satisfied with something less costly, and, similarly, I consider that as we cannot afford to lay down expensive concrete highways, which are used in competition with our railways, we should be content to put down less expensive roads, for the time being at any rate.

An amount was provided in the first budget for the repatriation of excess coal-miners. This money has not yet been spent, and I do not think that any hardship would be done to any one if the spending of it were deferred for a considerable time, if not altogether.

I have referred previously to the extended holiday which the honorable member for Reid (Mr. Coleman) is enjoying at the expense of this country. His absence from Australia for such a protracted period is neither more nor less than a public scandal, which the Government should not have allowed to occur. It is said that he did good work at the meetings of the League of Nations, but according to the reports of those meetings he was unable to answer many of the questions put to him. It would appear that the honorable member proved himself to be quite incompetent for the work required of him. A Minister acquainted with the administration of the territories, and able to answer any questions that might be put to him, should have attended the meetings of the League. One report of the League meetings states—

Mr. Coleman was subjected to considerable questioning in regard to matters concerning the administrative service in the territory. At the request of Lord Lugard (Britain), he said that he would have included in the next report particulars of the numbers and rate of pay of each grade of officers so as to distinguish the administrative staff from the technical staff.

Replying to another question by Lord Lugard, Mr. Coleman said "he could not give any details as to the nature of the proposed scheme, without reference to his Prime Minister." Lord Lugard also asked whether Mr. Coleman was satisfied royalty was sufficiently high to meet the expenditure on the gold-fields." Mr. Coleman said he was not in a position to indicate what the future lines of government policy might be.

Mr. A. GREEN.—If the honorable member had a full report of the meetings of the League, he would see that the honorable member for Reid (Mr. Coleman) made a most informative speech.

Mr. ARCHDALE PARKHILL.—No man should be sent to the meetings of the League unless he has a full knowledge of the subjects to be dealt with, and is able to satisfy the representatives of other nations that Australia is properly administering the territories over which she has a mandate. Obviously, the honorable member for Reid could not give those assurances, and, therefore, apart from the question of cost, his representation of Australia can only be regarded as unsatisfactory.

Mr. THOMPSON.—He has had a great holiday.

Mr. ARCHDALE PARKHILL.—At the request of the Government, the honorable member for Reid—a man without administrative experience—investigated the administration of Australia House. The publicity which has been given to his investigation is belittling to the prestige of the Australian High Commissioner. If I, a private member of this House, attempted to investigate the affairs of the Amalgamated Engineering Union of which you, Mr. Speaker, are a member, they would properly resent my intrusion. Yet a private member of this House has been sent abroad to inquire into routine matters and details of administration of the office conducted by the High Commissioner, who is Australia's representative at the heart of the Empire.

Dr. MALONEY.—He was man enough to say that he was not competent for the job.

Mr. ARCHDALE PARKHILL.—He realized his limitations; but, apparently, the Government did not. I should not have objected had the Acting Prime Minister (Mr. Fenton), when in London, undertaken an investigation of the administration of Australia House.

Mr. A. GREEN.—Mr. Coleman has done his work well.

Mr. ARCHDALE PARKHILL.—Since the present Government came into office twelve months ago, four of its Ministers have been abroad. For instance I have yet to learn what good

has resulted from the visit of the Acting Prime Minister to England and America.

Mr. ANSTEY.—The honorable member agreed to his going, and cheered him on his departure.

Mr. ARCHDALE PARKHILL.—I should also like to know what the Minister for Markets and Transport (Mr. Parker Moloney) is doing in England besides inspecting Australian goods at Harrod's and Selfridge's.

Mr. A. GREEN.—The honorable member said that he had no objection to Ministers going abroad.

Mr. ARCHDALE PARKHILL.—Then there is the Attorney-General (Mr. Brennan) who, beyond making a speech at the meeting of the League of Nations, has done very little since he left Australia. Why does he not come home? His brilliant qualities should be at the disposal of the Government in Australia in these critical times.

Mr. ANSTEY.—Members of the Opposition unanimously agreed that the Attorney-General should go abroad.

Mr. ARCHDALE PARKHILL.—I did not say so. I am now exercising my right to protest against his long absence from Australia.

Mr. C. RILEY.—The honorable member attacks the Attorney-General behind his back.

Mr. ARCHDALE PARKHILL.—I am not attacking the Attorney-General behind his back; as a public man I am entitled to voice my protest against his absence from Australia at this time. Having carried out the work which he was appointed to do at the Assembly of the League of Nations, the Attorney-General should have returned to Australia instead of careering round the countryside of England at a time when Australia can ill-afford the expenditure that is being incurred.

Before leaving Australia the Prime Minister said that he would not return empty-handed; but so far there is little evidence of his having achieved anything worth while. All he seems to have accomplished is to have gained the sympathy of the people of England because of the actions of his colleagues in his absence. The Government's attempts at economy are a byword. It has not made an honest attempt to reduce expenditure:

it has not been untrammelled by political considerations, otherwise it could have saved at least £4,000,000.

A study of the Government's taxation proposals suggests that it has sought the most cruel form of taxation to impose on the workers of Australia. In one year it expects to take £44,000,000 out of the pockets of a little over 6,000,000 people by means of customs duties. It has also imposed a tax on tea. I can imagine with what joy the announcement of this tax was received by many persons in the community. I fancy that I can hear the applause of the workers in Brunswick and other industrial centres of the Commonwealth, when Labour members tell their constituents that, in addition to taxing their beer and tobacco, the Government has imposed a tax of 4d. or 6d. per lb. on the family tea. The sales tax has also been increased as a means of getting the country out of its financial difficulties. The presence in the chamber of the honorable member for South Sydney (Mr. E. Riley) reminds me of a speech he made in the recent election campaign in New South Wales, in which he told the electors that the Federal Government would have the courage to increase the sales tax. He did not tell them that that tax was directed at those at the base of the pyramid—the workers—while the more wealthy sections of the community, at the apex of the pyramid, would be unaffected by it. Nor did he tell the electors that the Government which had the courage to increase the sales tax was not game to reduce the allowances of members of Parliament. A few weeks ago the honorable member for Macquarie (Mr. Chifley), speaking on the solidarity of the Labour caucus, said that nothing in the civilized world is equal to this expression of human endeavour which is so solid and united. Yet within a week that magnificent structure which he called upon every one to admire, was tottering on its foundations. We hear of divisions with twenty ayes and sixteen noes. The whole of this morning was spent by the caucus in watering down a previous motion to make it so innocuous that no one can understand it. The Government's taxation proposals will hit the worker hardest of all, and will prevent the downward trend in the cost of living. The taxation imposed by this

Government is so heavy that I do not know how the workers outside those in the sheltered industries will be able to carry on. One of the undertakings given by the Commonwealth Government at the Melbourne conference was that the Commonwealth would not further encroach on the field of taxation which rightly belonged to the States. The Acting Treasurer's (Mr. Lyons) financial statement included this paragraph—

The new income tax proposals relate principally to income from property. The object aimed at is an increase in property taxation, which, with increases by the States, will result in property bearing a fair burden in the plan of budget re-adjustment.

Clearly, this amended budget is an infringement of the Melbourne undertaking; it proposes a shattering inroad on the States' domain of taxation. The honorable gentleman further stated that the new proposals "are designed so as to spread the additional burdens equitably over the whole community without unduly entering the fields of taxation on which the States rely". Are we to infer that in addition to the imposts which this Government now threatens, the States also are to increase their income taxes? If that happens, the country will be in a desperate state. Already the Government has found that the last increases of duties on beer and spirits have reduced instead of increasing the revenue, and they cannot proceed further in that field without risking an undue sacrifice of income. That is true also of tobacco and other heavily taxed commodities. The limit of taxation has been reached, and it is time that the Government realized that Australia cannot be taxed into prosperity. I have never heard of a more unfair proposal than that relating to the tax on income from property. The Government proposes to raise an additional £1,500 000 from income tax, the bulk of which will come from the most deserving class in the community—the thrifty people of small incomes. The exemption of income from property is to be reduced from £300 to £100, and will disappear entirely when the taxable income reaches £200. On such income, the Government proposes to levy a further tax of $7\frac{1}{2}$ per cent. This means that the small property-owner, who by industry, rigid thrift, and stern self-denial, has saved a few thousand pounds,

while his neighbour has been punting his money away on the racecourse and wasting it on pianolas and motor cars, is, in his old age, to be taxed into penury. The Acting Treasurer hypocritically says—

All fixed income from property, including interest, is in a relatively better position today than last year because of reduced commodity prices. In these circumstances, income from property may fairly be required to provide more taxation.

Is that not true also of public servants in receipt of salaries of less than £725 per annum, and of unionists in sheltered industries whose wages are at the peak, while their fellow unionists are struggling for a crust? The Government's proposal will mean that a widow, who has an income of £200 from bonds and property, will be required to pay as much income tax as a man in receipt of a salary of £750.

Dr. MALONEY.—It is not just.

Mr. ARCHDALE PARKHILL.—It is not, and the Labour party should not stand for such inequality. A person with an annual income of £300 from property will pay £29 8s. 4d., whilst a man with a salary of £1,000 a year will pay only £34 10s. 3d. Such inequalities cannot be justified. Many people with a small income from investments have little or no margin above the amount sufficient to maintain them; they are too proud to lean on the State, but because they have won a bare competence an additional 12s. 6d. per week is to be extorted from them. What encouragement is there for people to provide for their old age instead of relying on pensions and other forms of eleemosynary aid? It is little wonder that the number of applicants for the old-age pension is increasing and that its annual cost to the country is mounting steadily. I protest emphatically against this injustice to a most deserving class. People have been advised to inculcate into the minds of their families the principles of thrift and independence. The Commonwealth Bank employs a most talented woman, Miss Janet Mitchell, to lecture on thrift and encourage people to make provision for their old age. Its banking chambers are placarded "Buy a bond; look after your old age". When people act on that precept instead of leaning on the Government, they are threatened with

punitive taxation. The thrifty folk, who mostly comprise the middle classes, are the best assets to the nation. The wealthy people can look after their own interests; I hold no brief for them, although I believe they are entitled to justice, and I shall see that they get it. I have no concern for the waster who will not work, otherwise than finding him work to do, but I am concerned with the thrifty class who are being deliberately plundered by the present Government. This penal taxation is wrong. Over 80 per cent. of the workers are dependent upon private employers. How is employment to expand under constantly increasing taxation? If by taxation the Government takes all profits out of industry, how are the unemployed to be absorbed? This taxation system is economically unsound and unstatesmanlike, and it arises from the failure of the Government to shoulder the responsibility of reducing the cost of administration. If it had had the courage to reduce expenditure to the point of hurting, the finances would be on a better basis. But with the exception of a few unprotected non-unionists in the Defence Department, nobody is seriously affected or worried by the Government's economy proposals. The truth is that no real economy is being practised. As recently as the 30th October the Sydney *Sun* reported that the Prime Minister (Mr. Scullin) had said, in the course of a radio-telephone conversation with the Acting Prime Minister, that the financial position in London was most difficult, and stressed the necessity for adhering to the programme laid down at the Melbourne conference. Because the Government has lacked the courage to do that, and because of its general incapacity to stand up to its job, the Commonwealth is in a serious financial depression, and there is little hope of financial and economic salvation from the present Administration.

Sitting suspended from 6.18 to 8 p.m.

Mr. CURTIN (Fremantle) [8.0].—One readily recognizes that the session that has been summoned on this occasion has to deal with about the most important economic problem Australia has yet faced; and I should have imagined that the Opposition, which has a history to answer for in connexion with this problem, would rather

have faced the future than have concentrated as it were the whole of its criticism upon what it alleges to be the sins of omission of the present Government during the last few months. I doubt if political audacity has even been greater than in the case of men, who, in a period of unprecedented difficulty and acute depression—when, as they say, the national income has fallen by about £150,000,000, when the prices of our principal staples have been almost cut in half and when the revenues of the Government have been depleted and inevitable expenditure increased—have the hardihood to expect an achievement which they themselves failed to accomplish during years of comparative industrial opulence. They failed to balance their budgets when prices were high, when the national income was buoyant, when the industries of the country were comparatively prosperous and when the great majority of the people were employed. If they have a policy it surely involves putting the past behind them and, instead of holding inquests on what has been done by others, to look to the future to discover, if possible, means by which the present position may be rectified. We could then engage as a sort of economic council in a dispassionate examination of the question. But the speech of the Leader of the Opposition (Mr. Latham) this afternoon, far from suggesting anything towards elucidating the problem or discovering solutions for it, was rather directed towards converting the community towards the political standard which he himself holds up. It was a speech delivered, as I heard it, with a view to vote-winning rather than to problem-solving.

There can be no question that the whole of the utterances of representative leaders of the party opposite during the last few weeks have been directed very largely towards endeavouring to throw the whole onus of the present situation on the present Government and its supporters, rather than to presenting the facts in their entirety so that the public might realize clearly that this problem is not innate to Australia, but is one that has arisen because, shall I say, of the financial bank-

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ruptcy of civilization. There is not a country in the world irrespective of whether it can or cannot for the moment obtain budget equilibrium that is not faced with economic difficulties almost identical with those confronting the people of Australia.

Mr. GREGORY.—That is not so.

Mr. CURTIN.—It is. Whether a country has one policy or another, in the major sense the mass of its people are suffering because of the impossibility of marketing their products profitably. That applies to the United States of America equally with Great Britain, and to Germany equally with Belgium, and it applies to Australia. Our difficulties are due not to any physical impairment of our productive apparatus; they have not arisen because of any slothfulness on the part of our people. Indeed, almost paradoxically it may be said that at no other time in the history of this continent has the production of the soil been so bountiful as it is at the present moment; yet it remains a tragic commentary upon the situation that this abundance of nature which has been fructified by man's industry and genius has contributed nothing towards the solution of our difficulties.

Dr. MALONEY.—And people are starving.

Mr. CURTIN.—In the midst of plenty, there are, as the honorable member says, many people who are starving.

There are two groups of problems. There is the problem of Governmental finance, the problem of managing the affairs of the nation as a sort of national executive, and there is deeper than that, and largely responsible for it, the problem of the effective and profitable employment of the resources of the people. It is my judgment for what it is worth that there can be no budgetary equilibrium in Australia, either for the Commonwealth or the States, so long as 200,000 of our people are out of work and our industries are incapable of carrying on effectively.

Mr. NAIRN.—What is the remedy?

Mr. GREGORY.—To take more money from the people.

Mr. CURTIN.—That is a rather cheap kind of sneer, because if honorable

members challenge me on the point, I shall cite chapter and verse for the extraordinary increases in revenue which the previous Government extracted from the people of this country; I shall point out that, whether through indirect or direct taxation, our predecessors inherited a certain revenue, and all they did each year was to inflate it and meet every problem either by not paying their way or by extracting more revenue from the people and industries of this continent. Honorable members need not challenge me on the point; the testimony is there for whoever likes to look at it. The last two budgets presented by the Nationalist Government showed deficits, so that the dishonour, which it is said by the Opposition to attach to this party because of its inability to meet the expenditure out of revenue, is one that attaches to themselves. If to fail to pay one's way each year is a cardinal offence against national honour the Labour party is not the initiators of this chapter of obloquy in the national history. It has been written by others in circumstances less justifiable than the present.

The Leader of the Opposition in his amendment suggests that all would be right if we were to adopt and carry into legislative effect the programme considered by the Premiers in August last at a conference at which Sir Otto Niemeyer was present. I have some figures showing the result of the first four months, operations of the States and the Commonwealth, and the deficits of the Commonwealth and the States at the end of October. If it be a tribute to certain Premiers that they have agreed on paper to the establishment of budgetary equilibrium for their States we are entitled to ask how far the performance squares with the declaration of intent. At the end of the first four months' operations of the present financial year the States showed the following deficits:—Western Australia, £748,000; Victoria, £3,781,384; New South Wales, £5,306,280; Tasmania, £210,474; South Australia, £1,495,293; Queensland, £674,248. These States which, according to the Leader of the Opposition, definitely undertook to balance their budgets, these States, which are setting, so we are told, an example

that the Federal Government should follow—which are doing the unpleasant things referred to by the honorable member for Warringah (Mr. Archdale Parkhill) and whose conduct is said to be something that shines out as a bright light in contradistinction to the manner in which the Commonwealth Government is behaving—have as a result of the first four months' operations of the current financial year shown an aggregate deficit of £12,215,679.

Mr. GREGORY.—What is the Commonwealth's deficit?

Mr. CURTIN.—It is £5,900,000 on four months' operations. I ask honorable members to put the question fairly to themselves—in what respect is the August agreement, which apparently has become a sort of Ten Commandments for the Governments of Australia, being observed by the States? They are in the cleft stick of financial embarrassment just the same as the Commonwealth. They find that, however well intentioned may have been their promises, every step they take along the road of the Niemeyer plan makes it increasingly difficult for them to realize their financial expectations. Every reduction in wages, every rationing in employment, every diminution in the purchasing power of the community, reacts upon the taxpaying capacity, and as a result the revenues which have been forecast by the Treasurers, Commonwealth or State, have not been, and will not be, realized. All the talk that there was a sort of sacred covenant entered into in Melbourne last August, and which this Government is the one ignoble administration in Australia to disonor, falls absolutely to the ground in the face of the reality. The reality is that, whatever be their intentions or their readiness to subscribe to the conception of budgetary adjustment, the facts have not permitted the Treasurers' budgets to be adjusted. While it may be argued in a most sophistical way that the first two or three months of the financial year are always the worst, that the income tax assessments have not been issued, and that there is a piling up of arrears from the previous year as a result of certain book-keeping arrangements, the first three months of this year in comparison with

the first three months of any previous year prove to be by far the worst from the stand-point of budget equation; and I say, quite frankly, that I see no expectation of the finances of the Commonwealth or the States being adjusted on an even keel in the next twelve months.

The problem that confronts us has taken years to grow. From 1914 Australian governmental finance has been complicated and embarrassed by the tremendous piling up of interest charges. Of the taxation estimated to be collected this year by the Federal and State Governments, 62 per cent. will be paid in interest and sinking fund charges. Out of every pound which the Railways Commissioners of the Commonwealth and the States collect in rates and fares, 7s. is paid in interest and sinking fund charges. While this terrific incursion into the ordinary revenue of the nation is made for the purpose of satisfying the claims of bond-holders, how can it be expected that any industrial enterprise will pay? And if industrial enterprises cannot pay—and what is true of the railways is true of almost every other industrial and productive enterprise in the nation—how in the name of common sense is it to be expected that the nation, which is merely a reflection in a corporate sense of the individual life of the people, can have its finances adjusted upon an even keel?

It is true that honorable members opposite have a policy. That policy nakedly and unashamedly stated by the honorable member for Warringah (Mr. Parkhill), in so far as it affects the public servants, is that he would reduce their salaries by a graduated cut. He would reduce every one. That remedy, although not likely to contribute towards the rejuvenation of Australia's economic life, might certainly contribute towards a bookkeeping adjustment of national finances, and might permit of 70 per cent. instead of a 62 per cent. share to bond-holders. I do not say that the great financial interests of Australia would not cheerfully endorse and even welcome such a policy. But I put this question to this House and to the country: Are all the problems of nations to be solved by the operation of a policy of

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depressing the wages of those who are the poorest of this and every other community.

We were told in the course of the speech of the Leader of the Opposition (Mr. Latham) that there are those in this community who, apparently, meeting in a corner of this building, are recreant, not only to their trusteeship as representatives of the people, but also to any conception of national decency, that they would repudiate the obligations of this country in a variety of ways, and that because of their overt acts which, apparently, commenced only this week, it has become impossible to rectify Australia's overseas financial position. The truth of this matter goes back far beyond any particular meeting held in Canberra this week. The attack upon Australian securities commenced a year ago. The onslaught upon the credit of this country did not originate with any decisions that may or may not have been made in the Labour caucus, and, after all, international finance is concerned, not with opinions, but with facts. With respect to opinions, I suppose that few persons have any great admiration for the political stability of the South American republics. Their policies apparently would not be endorsed by the right-thinking, and, shall we say, influential statesmen of Europe, but that does not prevent South America from being a fruitful field of investment for international capital. It does not prevent the Argentine railways from being built out of funds secured in Europe and for the most part floated on the London stock market. Whatever may be the opinions of Englishmen regarding the politics of the South American Republics, the fact remains that so long as those countries are a profitable field of investment, money is poured into them from all over the world.

Mr. MORGAN.—The Argentine has one of the most conservative governments in the world.

Mr. CURTIN.—There are conservative governments everywhere. One of the most conservative is the present Federal Government. In any event the problems of this country are definitely related to the world problem, which, in essence, is that productive power on the

part of the peoples of the world has greatly outstripped the means of exchange; in other words, the facilities available for the exchange of goods and services are inadequate when measured by the tremendous mass of goods and services that have to be exchanged. I need not cite evidence in support of that contention. I simply remind this House that in 1914 when the great war commenced there was withdrawn from the fields of production in Great Britain and other countries not thousands but millions of men who had previously been engaged in the performance of the industrial services of civilization. These men went forth to war. They were engaged in 101 forms of activity, which, from the standpoint of production, could be said to be entirely useless. These men were consumers instead of producers of goods. They left behind them, as it were, a residuum of labourers who, by reason of the stimulus given to production by the necessities of war, were able so to augment the productive efficiency of mankind as to make food, clothing and other commodities available to civilization, if not upon the same standard as before the war, at least upon a living standard. In addition all the requirements of war were provided by this diminished army of labourers. When the war ended and this enormous army of men attempted to return to the fields and to the workshops, they found that they had to a large extent been supplanted by junior labour and young women who had been trained in industrial vocations. Their services were not required and there was no place for them as labourers. Then the doctrine was sounded, and its echoes reverberated through this chamber this afternoon that the remedy for unemployment was that everybody should take less, that we should take a retrograde step and bring about a lower standard by asking the workers to work longer hours for less pay.

Mr. LAZZARINI.—Produce more and take less.

Mr. CURTIN.—That is what it amounts to. That is no remedy for unemployment. In fact the remedy is really in the opposite direction. Mr. Henry Ford, in his book, *My Life and Work*, said that

if it ever came to a test whether dividends should be paid or wages lowered, he would abolish dividends.

Mr. WHITE.—His employees were paid on piece-work.

Mr. CURTIN.—Mr. Ford did not even suggest that wages should be reduced.

Mr. ARCHDALE PARKHILL.—The honorable member is quoting only one section of what Mr. Ford said.

Mr. CURTIN.—The honorable member is himself an adept at picking out particular allusions to reinforce his arguments. I submit that in quoting Mr. Ford, I have not misrepresented his general conclusions and until the honorable member for Warringah can show that I have, he has no right to challenge my quotation.

I now come to a consideration of the position of Australia. First of all the existing depression has been brought about mainly because the enormous in-pouring of loan funds into this country from overseas has ceased. Honorable members opposite have lived on overseas loans during the whole period of their political existence.

Mr. GULLETT.—What of the State Labour Governments?

Mr. CURTIN.—I am dealing with the Commonwealth as a whole and not with individual States. Furthermore, were it not for the fact that these loans were regularly available to meet Australia's overseas obligations, this financial crisis which now faces Australia would have developed years before. It has emerged for three reasons. It is not unassociated with the political changes that have taken place in Australia. There are those overseas who detest and fear the advent of Labour Governments in Australia.

Mr. ARCHDALE PARKHILL.—They have every reason to fear Labour Governments.

Mr. CURTIN.—They fear them because they know that Labour Governments are concerned more with the well-being of the people of this country than with the appreciation of the fixed incomes of those who have invested in government securities.

Mr. PARKHILL.—What does that mean?

Mr. MAXWELL.—That means repudiation.

Mr. GULLETT.—Put it in plain English.

Mr. SPEAKER (Hon. Norman Makin).—Order!

Mr. CURTIN.—It is no use honorable members on that side dodging issues that are bound to be raised throughout the country. I say frankly that I do not regard the claims of bond-holders, either inside or outside of Australia, as superior to those of the men and women who are engaged in the industries and productive enterprises of this country.

Mr. ARCHDALE PARKHILL.—Are their claims equal?

Mr. CURTIN.—The honorable member can reason that out for himself. Every step that has been taken in recent years, more particularly since the partial revival of the gold standard in Europe, has had as its effect, if not its purpose, the appreciation of the value of the stock held by bond-holders in Australia.

Mr. FRANCIS.—The value of stocks has fallen.

Mr. CURTIN.—That is not so. It is pointed out that every fall in prices has the effect of increasing the purchasing power of the incomes of those who have titles to the public debt.

Mr. LATHAM.—And of all persons on fixed payments.

Mr. CURTIN.—That may be so, but the number of those in receipt of fixed wage payments in Australia is not very large.

Mr. LATHAM.—It includes the Commonwealth public servants.

Mr. CURTIN.—If we are to arrive at right conclusions, it is necessary to keep distinct the valuation to be placed upon income derived from property or investments as against that to be placed on income derived from personal exertion. I say, definitely, that in respect of any policy of taxation that is submitted to this House I shall always endeavour to ensure that its incidence falls most heavily upon those who derive incomes without personal exertion.

Mr. GULLETT.—It always has.

Mr. CURTIN.—Then what is the honorable member growling about?

Mr. GULLETT.—Taxation is being increased to "save the skins" of public servants who belong to unions.

Mr. CURTIN.—I feel certain that the Deputy Leader of the Opposition would pay his intelligence a compliment if he refrained from interjecting for ten minutes. I say candidly that the whole policy, which is rooted in the Niemeyer philosophy, means two things.

Mr. GULLETT.—It means "pay our debts".

Mr. CURTIN.—Even to keep silent for ten minutes is apparently too great a task for the Deputy Leader of the Opposition. This policy, as I understand it, involves, first, a deflation of all incomes in Australia, except those derived from investments in government stocks. Secondly, it means that because of the fall in prices, and the consequential fall in the national revenue, an increasing proportion of the national revenue must be diverted towards meeting the charges incidental to the national debt.

Mr. LATHAM.—What does the honorable member intend to do about it?

Mr. CURTIN.—I shall come to that later. Mr. J. M. Keynes, in his work, *The Economic Reconstruction of Europe*, says that there comes a point when the problem of meeting the national debt is insoluble by orthodox methods.

Mr. GULLETT.—What is the honorable member suggesting?

Mr. SPEAKER.—Order!

Mr. CURTIN.—Judging by the interjections of the Deputy Leader of the Opposition one would imagine that this was an assembly of the honorable ladies of the Australian Women's National League. The essence of the governmental difficulty in Australia to-day is entirely due to the enormous payments from governmental revenues that are necessarily made in meeting our public debt.

Mr. WHITE.—Does that explain the honorable member's motion in caucus?

Mr. CURTIN.—It does not. Neither does it explain the honorable member's presence in this chamber. So long as these enormous demands are made upon the national revenue involving as they do the imposition of tremendous taxation so long will it be impossible to have an economic re-adjustment in Australia.

Lord Buckmaster, ex-Chancellor of the Exchequer, said on 3rd January of this year—

The war debts are crushing us all. They should be reviewed with a view to their cancellation. A country can be paid only in gold, goods, or services. No country can be paid in gold. If in services or goods what becomes of your own industries?

Mr. GULLETT.—Is this a repudiation speech?

Mr. CURTIN.—No. If the Deputy Leader of the Opposition (Mr. Gullett) feels so disposed he can visit Elsternwick next week and take the text of this quotation with him: *The Financial News* in its issue of 20th October said editorially—

The best of economists see clearly the inevitability of a re-arrangement of war and reparation debts. They stand in the way of world recovery and must bulk larger as time passes.

They have reached that stage in Great Britain. In Australia, irrespective of what the national income is, £55,000,000 has to be employed this year in meeting interest and sinking fund charges due by the Commonwealth and the States. It has to be recognized that if our tax income reaches any point below £55,000,000 we must default in our payments to bondholders. If we collect only £55,000,000 in taxation what is to become of the claims of invalid and old-age pensioners, of the widows of soldiers, or the payment of services of government. Obviously if that £55,000,000 is absolutely sacred—and I say not one word against its payment—

Mr. GULLETT.—Oh, no!

Mr. CURTIN.—Honorable members opposite refer to public servants as members of a sheltered class, but I object to the class of bondholders who are entitled to a minimum income of £55,000,000 each year, taken from the resources of this country, irrespective of the declension in the national income, being regarded as an absolutely sheltered class immune from any responsibility.

Mr. GULLETT.—Who are they?

Mr. CURTIN.—If it is a question of deciding who represents the sheltered class I should say it is the bondholders and not the public servants, who for the most part are usefully engaged in the

services of the Commonwealth and whose remuneration is determined by a properly constituted authority.

Mr. GULLETT.—Why does the honorable member not object to Mr. Hogan taxing the public servants in Victoria?

Mr. SPEAKER (Hon. Norman Makin). I have repeatedly called to order certain honorable members who have been persistently interjecting, and in this respect the Deputy Leader of the Opposition (Mr. Gullett) has been very prominent. I ask honorable members not to offend again, otherwise I shall be compelled to take further action. Honorable members should realize that the debate cannot be carried on satisfactorily if such conduct is permitted.

Mr. CURTIN.—It has been said that the Labour party in essence stands for a gross and deliberate inflation of the note issue as against any proposal to reduce wages—that if given the choice between the two proposals the supporters of the Government favour inflation of the note issue.

Mr. LATHAM.—Obviously, that is true. Repudiation is favoured by some honorable members opposite.

Mr. CURTIN.—Mr. E. C. Dyason, who collaborated with Professors Brigden and Copland and Mr. C. H. Wickens in preparing a treatise on the Australian tariff, at the request of the Government of which the Leader of the Opposition was a member, has said—

The Australian currency stands as the most stable of the currencies in the world in recent years.

He further says, in connexion with the process of deflation which is put forward and which in essence is involved absolutely in the process of wage-cutting, that rapid inflation and deflation of the purchasing-power of money are mischievous. He continues—

The present programme of attempting to increase the purchasing-power of our money by perhaps 30 per cent. (for the ludicrous reason that the Bank of France won't behave itself) is as mischievous, and may be as damaging to the social fabric as the opposite policy, advocated by the Reds, of wholesale inflation.

Mr. GREGORY.—What does he say concerning a reduction of salaries by 10 per cent.?

Mr. CURTIN.—Coming to certain decisions and resolutions alleged to have been reached this week, let me point out that Mr. Dyason says—

We do not realize in Australia that the doctrine of greater monetary stability has become respectable—that such men as Mr. John Maynard Keynes, Sir Josiah Stamp, Professor Cassel and Sir Henry Strakosch regard its achievement as the outstanding social necessity.

There is not a word about wage deflation there. He then makes this declaration, to which I subscribe and which I regard as the pivot upon which economic equilibrium in Australia can be established. He says—

The Board of the Commonwealth Bank can adopt it to-morrow and, probably, cure within a reasonable time (say two years) half, but not the whole of our present ills.

The implication in that statement, which I submit for the consideration of honorable members, is, in effect, that the Commonwealth Bank Board has the power to cure within two years one half of the present ills from which the Commonwealth is suffering.

Mr. GULLETT.—No.

Mr. CURTIN.—Professor Brigden stated in a speech delivered in Brisbane on the 22nd October that at present an inflation of the note issue is justified. Mr. Harold Burston, the financial writer of the Melbourne *Herald*, remarked last week that under stable conditions a temporary expansion of the note issue would be justified.

Mr. LATHAM.—Under normal conditions it is done every year.

Mr. CURTIN.—What are stable conditions?

Mr. LATHAM.—Normal conditions.

Mr. CURTIN.—I am entitled to remind honorable members opposite that if they had had their way in 1910, 1911 and 1912, just as they seek to have their way to-night, there would have been no Commonwealth note issue to-day. I remind this Parliament also that if the considered political and financial principles of honorable members opposite have remained static, as if they are the inheritors of the policy of the Liberal party, the stand which they took in those years would have left the nation without the services of a Commonwealth Bank. Those honorable members who say that

we can cure all our economic difficulties by reducing the expenditure of the Commonwealth by £4,000,000 do not give any details.

Mr. LATHAM.—We went fully into details concerning every penny.

Mr. CURTIN.—The position has changed considerably since then.

Mr. LATHAM.—Due to the vacillation of the Government.

Mr. CURTIN.—Governmental expenditure can be reduced in a variety of ways; but the question is whether the system proposed is right and proper. Everybody recognizes that it is a gospel of perfection to reduce governmental expenditure in Australia. Honorable members opposite would reduce our railways expenditure only by reducing wages. They would not presume to reduce interest to bondholders. Reduce every one, the national expenditure in every way except by reducing the payments of interest to bondholders. Reduce everyone, they say; but regard the bondholders as absolutely sacrosanct!

Mr. ARCHDALE PARKHILL.—Does the honorable member say that they should not get their money?

Mr. CURTIN.—I am not saying anything about that.

Mr. MAXWELL.—Should the people of Australia who borrowed these sums from the bondholders, and promised, not only to repay the amount, but also a certain rate of interest during the currency of the loan, honour that promise?

Mr. CURTIN.—Yes, decidedly. We should honour every obligation. We should honour our obligation to every man and woman in this country, who by virtue of his or her citizenship is entitled to a reasonable subsistence. My reply to the honorable member for Fawkner (Mr. Maxwell) is that if necessity compels a contraction of the public revenues of this country; if national conditions make it impossible to satisfy all the claims that can properly be lodged against the nation, should those of bondholders be treated on a different basis from those of invalid, old-age, and soldier pensioners, and men and women entitled to just wages? Do I understand the honorable member to say that it is right to reduce by statute

the claims of invalid, old-age, and soldier's pensions and those who have the right to wages?

Mr. MAXWELL.—The honorable member is begging the question. The classes mentioned were all parties to the borrowing of money. They borrowed the money and made certain promises to repay which ought to be honored.

Mr. CURTIN.—I agree. I put this conception of the case to the honorable member for Warringah (Mr. Parkhill): These persons lent money to the Australian nation at a time when prices were high and when the purchasing power of their investments was at a given figure. Is it suggested that, irrespective of what might happen, these persons are entitled to the full speculative value of their investments if they appreciate?

Mr. ARCHDALE PARKHILL.—If wages are fixed when the cost of living is at a certain figure, does the honorable member think that they should remain at that rate when the cost of living is reduced? That is my answer to the honorable member's question.

Mr. CURTIN.—The Leader of the Opposition (Mr. Latham) this afternoon endeavoured to show that, but for the policy of this party, the magic wand of Nationalism would be waved in the city of London, and that our overseas obligations would be funded. He said, in effect, that so long as there are Labour Governments in Australia, Australian securities in London will be imperilled and subject to attack, and that the only way to keep them at par on the London market is to return him and his colleagues to the ministerial benches. One would imagine that the political opinions of the Australian people are important factors in determining the flow of capital either to or from Australia. I venture to assert that there are two reasons why Australian securities have been attacked overseas. The first is that a diagnosis of the last seven years of Australian economic history must suggest to the intelligent observer that the country was undeniably drifting in respect to its economic position. In support of that contention I shall cite a few facts. First, let us bear in mind that for about six years we had an excess of imports over exports to the

extent of over £70,000,000. Secondly, all our Governments, State and Federal, were showing deficits, and in addition we were living upon funds borrowed overseas amounting annually to £30,000,000. Then, too, it was patent to any one who analysed our economic life that our system of transportation, in which was invested a large portion of the loans floated by the States, was becoming unprofitable. Therefore, any keen penetration from outside into the fabric of Australian economic life would at once have shown that our position was gradually reaching a state of crisis. Let me summarize, first from the stand-point of what is termed budget equilibrium. During the time that honorable members opposite were in charge of the affairs of Australia, our exports were inferior to our imports to the extent of £70,000,000, and in addition, we borrowed annually for five years £30,000,000, or in the aggregate, £150,000,000. The fiscal budgeting of this nation, therefore, disclosed a deficiency of £220,000,000.

Mr. LATHAM.—Those figures relate to both the States and the Commonwealth; there was a very small increase on the part of the Commonwealth.

Mr. CURTIN.—That does not matter. The financial agreement for which honorable gentleman opposite were responsible, and which they forced upon the country, made it impossible for overseas investors to distinguish between the securities of a State and the securities of the Commonwealth.

Mr. LATHAM.—That does not answer the point which has been raised.

Mr. CURTIN.—It does, in this respect, that the honorable gentleman today talked about financial equilibrium and the balancing of budgets, although during the six years that he and his colleagues occupied the treasury benches of this Commonwealth the nation became indebted to the world to the extent of £220,000,000.

Mr. LATHAM.—By reason of State borrowings.

Mr. CURTIN.—That is beside the point. The honorable gentleman says that the attack upon Australian securities is due to the political views of the party that now holds the reins of

office. I say that it is the natural outcome of the fiscal history of this Commonwealth during the years that honorable gentlemen opposite were in power. It is due to facts, not to opinions. It is true that Australia's credit was being attacked. But the cause of that attack was that our credit was being impaired, both internally and externally; externally because we were gradually getting further into debt to the rest of the world, and internally because of the influence of new forms of transportation and the enormous overhead cost of our railways. Our railways were not paying, and they had invested in them a large part of the loans that were floated by the States. In addition, the States were showing deficits. With the exception of one government, all the States, as well as the federation, showed deficits in 1928 and 1929. Is it any marvel that, on the facts of the situation, the London money market came to the conclusion that Australian stocks were not so reliable an investment as they had been in years gone by, and that the credit of Australia was not so good? If honorable members opposite wish to be furnished with details, I can give them chapter and verse.

I am amazed at the logical processes of a mind which imagines that the world comes to a conclusion with respect to the financial condition of a great country as the result of opinions expressed at one or two meetings within the space of a fortnight. The financial difficulties of this nation, the loss of confidence overseas, and the accentuation of the problem of public finance in Australia, are inseparably associated with what happened during the period that the Government which honorable members opposite supported was in power, and are the natural and logical outcome of the improvident policy which their Treasurer carried into effect. Argue as they will, those are the facts of the situation. I appeal to the testimony of reality. I ask, is it true that in a period of six years Australia went behind fiscally to the tune of £70,000,000? Is it true that it borrowed, £30,000,000 a year?

Mr. LATHAM.—It is not true.

Mr. CURTIN.—I am referring to Australia as a whole. The problems with

which Australia is faced to-day—the unemployment of 200,000 men, high taxation, the attack upon Australian securities, and the fall in our credit level—are now attributed to the vacillation of the Ministers who at present sit upon the treasury bench; but last year and the year before they were, not attributed to the Ministers who then held office. According to the previous Government, the States were then responsible; but according to honorable members opposite, the States are not responsible to-day. That kind of clap-trap would be an insult even to the members of the Australian Women's National League.

I have here an interesting editorial note in *The Financial Review of Reviews and Investment Survey* of September, 1930. It deals with certain stocks, which I assume include Australian stocks. The opinion of the editor is given in the following terms:—

. . . For many months past they have found it profitable to "bear" almost every popular security. It is not generally realized what an effect these "bear raids" have upon the market. Theoretically, if a stock is sound, a few points depreciation ought to bring investors into the market, but the contrary is actually the case. Holders are frightened when they see prices falling, and sell, so that when there has been a long period of falling markets the "bear raids" have a sort of snowball effect. The "bears" select certain popular stocks to attack; they sell short of a large quantity; the price is at once marked down, and, seeing this, the investing public sell also, thus enabling the "bears" to cover their bargains at a profit. And so it goes on.

I venture the opinion that the new speculative aspects which have marked the exchanges of London and New York have had a considerable influence in this onslaught upon the value of Australian securities.

In conclusion, I wish to say a word or two in regard to the future. First, I would ask this Parliament to consider the undesirability of allowing the banks to peg the rate of exchange at whatever figure they care to choose. To begin with, the pegging of exchange by banks in Australia has not been done in the interests of Australia, but has been resorted to simply as a measure of protection by each of the banks in order to prevent competition in regard to their transactions, whether they be telegraphic or other transactions. To avert competition, among themselves; and to make

more emphatic the tremendous power which they have exercised upon the life of this continent, they have arbitrarily pegged the rate of exchange at a figure that does not square with the ordinary operations of supply and demand.

Mr. STEWART.—To the detriment of producers and exporters.

Mr. CURTIN.—As the honorable member for Wimmera (Mr. Stewart) knows, the producers and exporters are being exploited as a result of the pegging of exchange.

Mr. GREGORY.—At the request of the Government.

Mr. CURTIN.—The Government has had nothing whatever to do with it. As a result of legislation passed by the previous Government, this Government has no power over the monetary policy of Australia, and cannot interfere with its banking policy. I believe that, instead of contemplating a budget for one year, it is imperative that the Parliaments of the States and of the Commonwealth should contemplate a much longer period, in order to adjust the finances of the nation in the executive sense. An attempt ought to be made to survey the position over a period of three, if not of five years. I remind honorable members that the present situation in Australia has been germinating for more than a decade, and that it has emerged very largely as the result of what has taken place in connexion with the charges that have been made for the flotation of loans and the enormous demand upon our revenues for the purpose of paying interest. Therefore, it cannot be definitely coped with or checked in one year. Any attempt to cope with it in that period would be bound to fail, irrespective of the complexion of the government in power. Honorable members opposite, if they were to attain to office, would not be able to balance the budget this year. The Government that they supported has the ignoble record of deficits in years of prosperity. How in the name of goodness could they accomplish in this year of depression what they failed to accomplish in years of prosperity?

Mr. LATHAM.—This Government, in three months, has beaten that record.

Mr. CURTIN.—I suggest three courses to meet the present situation. Firstly, the banks should be compelled to unpeg

the exchange and allow it to operate naturally. Secondly, the Commonwealth and State Parliaments should contemplate, if not a five-year period, at least a three-year period, within which to restore financial equilibrium. Thirdly, I believe that the Commonwealth Bank Board should be compelled to restore—

Mr. GULLETT.—“Compelled,” is an appropriate word to use.

Mr. CURTIN.—Then I will say that the Commonwealth Bank Board should be persuaded, directed or encouraged. I shall content myself with stating that the board should restore the note issue to the *per capita* requirements of the Australian people. I need not go into the details. I merely remind honorable members that to-day the note issue is down to nearly £7 per head of the population, whereas formerly it was well over £9 per head. I further remind this Parliament that one of the contributing factors in the economic embarrassment of the Commonwealth has been the deliberate contraction of the note issue by the Commonwealth Bank Board. Further, the apparently concerted endeavour on the part of the financial institutions and the large investing industrial elements to deflate wages and commodity prices in Australia has caused prices to fall so rapidly that it has been impossible for industries to check the tremendous downward momentum. We cannot hope in a few months, or even a couple of years, to retrieve completely the position.

Mr. MAXWELL.—What does the honorable member mean by the *per capita* note issue requirements of the nation?

Mr. ARCHDALE PARKHILL.—He has been skirting around the subject all the time.

Mr. CURTIN.—If the honorable member for Warringah (Mr. Archdale Parkhill) will restrain himself and not pose in this House as the sole fountain of wisdom, I shall endeavour to reply to the honorable member for Fawkner. Apparently the honorable member for Warringah does not understand the exact nature of the problems confronting this country. I admit the fallibility of the human mind. I regret my own personal limitations, and I grieve that I am unable to resolve the financial difficulties confronting my country. In reply to the

honorable member for Fawkner, I may say that for many years the amount of Commonwealth notes customarily in circulation was £4 10s. in the hands of the public and £10 in the custody of the banks. An examination of the present position shows that the notes actually issued have been reduced in the last five years. When I spoke of the restoration of the note issue to the *per capita* requirements of the people, I had in mind the fact that if the issue were of normal dimensions it would be possible for insurance companies and trading banks to give much needed assistance and relief to many clients who, although in possession of unquestioned security, are, at the moment, unable to obtain finance to carry on their undertakings. I believe that large numbers of farmers and graziers are to-day in trouble owing to the difficulty of obtaining that accommodation which is vital to the successful harvesting of their grain, or the realization of their wool clips. I am convinced that if these people could get the requisite accommodation from the banks, they would be able to carry on successfully. Believing this course to be essential in order that the industries of the nation may be carried on, I submit that the policy I have outlined should receive earnest consideration at the hands of honorable members. I conclude with this observation: If, next week or next month, Australia became involved in a great war, those controlling our various banks and financial institutions would not talk about Australia's impaired credit, which, we are given to understand, makes it now so difficult to finance the wool clip and grain crops, but, without any apparent difficulty they would be able to finance the frightful tragedy of an international war with all that celerity which, in the history of a nation, marks the black magic of money power policy.

Mr. R. GREEN (Richmond) [9.5].—I listened with a great deal of interest to the remarks of the honorable member for Fremantle (Mr. Curtin), and I must confess that it was only towards the end of his speech that I received any enlightenment about his proposals. For the most part the honorable member indulged in generalities. He avoided details, because

obviously he had no solution to offer for our financial difficulties other than the repudiation of Australia's national obligations. On that particular aspect of the matter the honorable member cleverly skated over thin and dangerous ice. He talked about the claims of Australian bondholders, and the only inference to be drawn from his remarks was that a solemn compact entered into by the Commonwealth Government should be repudiated if to honour it should be inconvenient. I was especially careful to note the honorable member's statement upon this particular point. He declared that the claims of the bondholders were not as paramount as the claims of those engaged in industry. Analysed, that statement means that, in the honorable member's view at all events, the interests of bondholders are as nothing compared with the claim of the wage-earners.

Mr. ARCHDALE PARKHILL.—He would not admit even that the bondholders had equal claims.

Mr. R. GREEN.—The Commonwealth Government voluntarily offered certain security in return for subscriptions to its various loan issues. That security is the honour and integrity of the Australian people. We cannot now deliberately violate a contract of that nature. The honorable the Leader of the Opposition (Mr. Latham) this afternoon quoted certain extracts from the prospectuses of two loans issued in London, and one issued in Australia as evidence of the nature of this financial contract. If now we dishonour our obligations, the Westminister Bank, which is a large creditor of the Commonwealth, could not step in and take charge of our railways or our customs administration. As a sovereign people we should not tolerate any such action. No one can deny that the Commonwealth Government has made binding contracts with its bondholders, and as honorable people we must stand up to them.

Mr. ARCHDALE PARKHILL.—There can be no degrees in repudiation.

Mr. R. GREEN.—Towards the end of his speech the honorable member for Fremantle stated that in the last seven years the Commonwealth debt had been increased by £220,000,000. He would have the people believe that this was the

result of the financial policy of the Bruce-Page administration. I remind the honorable gentleman that of the sum mentioned, £207,000,000 represented debts incurred by the Commonwealth on behalf of the States, and that the increase in the Commonwealth public debt during the term mentioned was slightly under £13,000,000. Many of the State Governments, on whose behalf the Commonwealth raised £207,000,000, were of the same political complexion as the honorable member himself, so his reference to the "ignoble record" of the preceding Nationalist governments is beside the point. Already, in four months of the present financial year the Government, of which he is a supporter, has been responsible for a deficit greater than the accumulated deficits of the various Nationalist governments during the preceding seven years.

Mr. PATERSON.—And this government is budgeting for a still greater deficit.

Mr. R. GREEN.—I know it is. The Acting Treasurer (Mr. Lyons) admitted the other day that if trade conditions improved, the deficit this year might be anything from £8,000,000 to £10,000,000, but that if trade did not revive, it might be £15,000,000. As to the deficits disclosed in the administration of the various States, I need only remind honorable members that enormous losses on the working of State railways are responsible for their present difficulties, and, to some extent, at all events, Commonwealth legislation is responsible. We have in Australia developed the unfortunate practice of governing, not by Parliament, but by cabinet. Cabinet performs executive acts, the result of which is to impose taxation on the people. We are familiar with the imposition of tariff duties by means of schedules prepared and tabled by the Government. Customs duties are simply a form of taxation. Since the present Government has been in office it has introduced many tariff schedules, not one item of which has yet been discussed by Parliament.

Mr. LATHAM.—And the schedules have been full of mistakes, necessitating frequent alterations.

Mr. R. GREEN.—One schedule, introduced by the Acting Prime Minister, had to be altered next day, and was altered

again a few days later. These frequent alterations threw the business community into such a state of confusion that it did not know what to do. That is why business men are going bankrupt. Many of the troubles confronting commercial men at the present time may be traced to the ineptitude of the Cabinet. This practice of imposing tariff duties without consulting Parliament cuts across a long accepted principle of British political justice, which lays it down that there shall be no taxation without representation. The elected representatives of the people in this House have had no voice whatsoever in the imposition of these amended duties. Recently, this pernicious practice was carried a step further. While Parliament was not sitting, the Cabinet, by an executive act, actually put into the hands of a private company, power to impose taxation on the Australian people. This was done by imposing an embargo upon the importation of galvanized iron, leaving the firm of John Lysaght Limited, the sole manufacturers of such iron in Australia, a free hand to exploit the Australian consumers as it thinks fit. The guarantees given by the representatives of that company are not worth a twopenny dump. I am thankful that the bill designed to give effect to this arrangement has yet to pass another place. There, I trust, it will be dealt with as it deserves. I am sure that the people of Australia are opposed to the action of the Government in thus attempting to take the power to impose taxation out of the hands of Parliament.

In my opinion much more effective work would be done if we could meet here as a united Parliament to discuss the measures necessary to rehabilitate the finances of the country. Unfortunately, under the system of party politics, there are some members of this House who are prepared to allow the support of their party to get the better of their duty to the country. It is also true that established parliamentary procedure stands in the way of a free discussion of the Estimates on a non-party basis. During a national emergency such as this, Parliament should be free to consider the budget on its merits, and to make what alterations it thinks fit. Under the present system, however, the Estimates are prepared by

cabinet, and introduced to the House as a printed document which cannot be varied by Parliament. A member may register disapproval only by moving that a reduction of £1 be made in a vote of perhaps £10,000,000, and if that motion be agreed to it is regarded as a vote of no confidence in the Government. The result is that Cabinet brings forward the Estimates, and Parliament has to swallow them willy-nilly. I suggest that the revised Estimates should be brought before the House for discussion; that they should be considered by honorable members on their merits, and that desirable alterations should be accepted by the Government.

According to the financial statement before us, it is proposed that certain savings shall be effected. Among the expenditure proposals on page 8 of the Acting Treasurer's statement are savings on estimates amounting to £1,230,000, of which £500,000 is to be saved in the Postal Department. Other economies amount to £375,000 to be saved on miscellaneous works, services, &c. The House has been given no indication as to how these savings are to be effected. The first we learn of them is when the statement is laid before us, and now no variation can be made. It is quite likely that after the matter has been discussed a majority of honorable members might be in favour of further reductions. Nothing can be done in that way, however. Cabinet has made up its mind. If the Government will agree to listen to suggestions for economy from Parliament, I for one undertake to seek no party advantage from it, nor will I join in any movement that may be construed as a motion of censure. My sole object is to do my best as an elected representative to restore Australia to the position she should never have lost.

I regret that no information has been forthcoming from the Government regarding the presence here of the distinguished visitor, Sir Otto Niemeyer. The Ministry has not played the game in connexion with this gentleman's visit. The Acting Prime Minister has been asked many questions in this House on the subject, none of which he has answered satisfactorily. One such question was asked only this morning, and

Mr. R. Green.

again we were fobbed off. Sir Otto Niemeyer is in Australia as the guest of the Commonwealth. He has made a public statement as to why he came here. The Prime Minister, before leaving Australia, made various announcements as to the reason for Sir Otto Niemeyer's presence. Mr. Hogan, the Premier of Victoria, also had something to say on the matter. The honorable member for Dalley (Mr. Theodore), when he was Treasurer, made certain statements as to why Sir Otto Niemeyer was in Australia. [Quorum formed.] Dealing with the same subject, the Acting Treasurer (Mr. Lyons) said—

Mr. Theodore found difficulty in his way as Treasurer, and he conferred with the British (Labour) Government, which consulted with the Bank of England. The bank suggested to Mr. Snowden that it would be prepared to send Sir Otto Niemeyer to Australia, a request which was acquiesced in by the (Federal) Cabinet. Sir Otto Niemeyer came at his own expense.

Mr. LYONS.—I have to admit that my statement in that regard was not strictly accurate, although I thought it was true at the time.

Mr. R. GREEN.—Why has not the House been told the truth regarding the matter? The only speeches which the Acting Prime Minister has made in this House were read by him, but in none of them was there any mention of the reason for Sir Otto Niemeyer's visit to Australia. He leaves the inference to be drawn that there is connected with the visit something of which he is ashamed.

Mr. LATHAM.—Not at all. It is only that those on that side of the House are frightened of Mr. Lang. They have no minds of their own.

Mr. R. GREEN.—Sir Otto Niemeyer published details concerning his visit to Australia, and they have not been officially contradicted by any person of importance. In view of the great importance attached to Sir Otto's visit during the recent New South Wales State elections, the people of Australia are entitled to know the facts. The attitude of the Acting Prime Minister (Mr. Fenton) in the matter may deceive his followers, but it does not mislead honorable members on this side. The reason why he has made no reply to Sir Otto's statement is that he has no adequate reply to give.

Mr. LATHAM.—It has been admitted by the Acting Prime Minister that Sir Otto Niemeyer came out under agreement with the Commonwealth Government.

Mr. R. GREEN.—Sir Otto Niemeyer's advice was sought by the Loan Council. I am positive that he attended meetings of that body at its invitation. He tendered certain advice, but I am unable to learn whether it was accepted or not. That gentleman came to Australia at the request of the Commonwealth Government, and it was extremely regrettable that he should be treated in such a churlish manner. It is certainly not the usual kind of hospitality upon which we in Australia pride ourselves. However, the repudiation of Sir Otto Niemeyer by the Commonwealth Government is on all fours with its repudiation of its other obligations, some of which were referred to by the honorable member for Fremantle (Mr. Curtin), the only honorable member opposite with sufficient courage to speak on the subject.

The Government deny having repudiated the nation's obligations. I shall give a few instances of repudiation, over which honorable members opposite may ponder at leisure. Recently, a conference was held in Sydney. It consisted of Mr. Graves, President of the New South Wales Branch of the Australian Labour party, Mr. Bird, Secretary, Mr. Saidy, Vice President and Mr. Martin, Organizing Secretary, representing the inner group of that organization. The Sydney Trades and Labour Council was represented by Messrs. Garden, Hooke, King, and Voigt. They, of course, are outside the Labour movement! Still, they conferred with the other gentlemen, and certain resolutions were carried. One was that our war debts should be cancelled, and another that a five year moratorium should be declared with respect to interest payable on oversea Government loans. To-night the honorable member for Fremantle quoted extracts, divorced from their context, in an endeavour to prove that certain eminent people were in favour of repudiation, and specifically in favour of the cancellation of our war debts. He endeavoured to make them appear to say things that he himself was not prepared to say, or was

ashamed to say. Recently the Acting Prime Minister found it necessary to explain by whom our war debts were chiefly contributed. Three-quarters of them were subscribed in Australia. I believe that about £81,000,000 is owing overseas, and more than three times that amount in Australia, the principal subscribers being our savings banks, insurance companies and friendly societies. About £92,000,000 was subscribed by our savings banks, whose funds represent the savings of thrifty people; as a rule those representing the least financial section of the community. If we cancelled our war debts we should repudiate that £92,000,000, part of the accumulated savings of some 4,000,000 thrifty people. The funds of life insurance companies also represent the savings of the thrifty. Many such people take out industrial policies and pay 6d. or 1s. a week on the lives of their children in order to have something set aside for a rainy day. Possibly the Acting Prime Minister will tell me off-hand how much our life insurance companies contributed to our war debts. I think he said that the amount was £65,000,000. Cancellation of our war debts would bring privation to many, particularly in cases where the bread winner died, and the insurance upon which his wife and kiddies depended was dissipated by the repudiation policy of the Government. Yet the Labour party says, "Cancel our war debts!" Another source of contribution to those debts are the funds of friendly societies—I think to the extent of £13,000,000. Such bodies cater not for the well-to-do in the community, but for thrifty workers who desire to obtain certain social service. It is upon such folk that repudiation would react. And the Labour party says, "Cancel our war debts!" Many people give a cursory glance at the newspapers and think, "We have no particular interest in war loans. We have put nothing into them". But indirectly they are interested; through the savings banks, life insurance companies, and friendly societies.

I shall instance yet another form of repudiation on the part of honorable members opposite. The honorable member for Calare (Mr. Gibbons) promised the farmers that if he and his colleagues

were elected, primary producers would be paid 6s. or 6s. 6d. a bushel for their wheat, within twelve months. What has he done about it? Why, repudiated his promise! When the Wheat Marketing Bill, which proposed a guarantee to primary producers of 4s. a bushel for their wheat, was brought down, the honorable member did not even try to split the difference and have the guarantee fixed at 5s. a bushel. He remained dumb, and repudiated his promise, and that has been the attitude of the Labour party throughout the piece. It has made promise after promise, knowing definitely that it could not fulfil them. When the time came it repudiated its promises. On the 7th May last the Prime Minister promised that returned soldiers would have, not only preference of employment, but preference when it came to dismissals. On the 5th November the honorable member for Balaclava (Mr. White) asked the Postmaster-General how many employees had been dismissed from the Postmaster-General's Department. It was then disclosed that the number was 2,292. Of that number 1,429 were returned soldiers, 1,144 of whom had been in the department for two years and over. The definite promise made by the Prime Minister was repudiated. A similar state of affairs applies to the Department of Public Works. Since the 30th June last, 775 employees have been dismissed from that department, 332 of whom were returned men, temporary employees. That is the way in which the Government keeps its promises. [Quorum formed.]

I have to direct attention to still another act of repudiation. I refer to the repudiation of the decisions of the Premiers' Conference held in Melbourne last August, and to which the Prime Minister was a party. The resolution carried at a meeting of the Parliamentary Labour Party a few days ago showed that a majority of the party is in favour of repudiating the definite promises made by the Prime Minister. Where is this repudiation to end?

Mr. LEWIS.—It has not started.

Mr. R. GREEN.—It will be remembered that some time ago the Commonwealth Government agreed not to enter any further upon the field of income

taxation, but to leave it to the States. Yet a few days ago an income tax assessment bill was introduced which in effect repudiated that undertaking. It appears that the honorable member for Corio (Mr. Lewis) spoke truly a moment ago when he said that repudiation had not yet started.

Mr. LEWIS.—That is not what I said; it is a lie.

Mr. ACTING DEPUTY SPEAKER (Mr. Chifley).—Order! The honorable member for Corio must withdraw that remark.

Mr. LEWIS.—On a point of order, I wish to ask whether the honorable member for Richmond is in order in making untrue statements?

Mr. ACTING DEPUTY SPEAKER.—The honorable member must withdraw his statement.

Mr. LEWIS.—I withdraw.

Mr. R. GREEN.—I do not propose to discuss the proposal of the Government to increase the taxation of income from property except to say that it is a direct blow at the thrifty classes in the community who try to make provision for their old age. There are many people in our midst who have saved money by taking out life insurance policies, or who have received small legacies, the proceeds of which they have invested in property in the belief that the return would keep them in their old age. But this Government proposes that such people who have an income of £200 a year from these sources shall be taxed to the extent of over £20 a year. In other words these people, who are receiving less than the basic wage, will be viciously taxed. I understand that a person with an income of £300 a year from property will have to pay more than £50 a year taxation. Such persons will, therefore, pay more income taxation than persons in receipt of £1,000 a year from personal exertion, although their income may be the fruits of the savings of a lifetime.

The iniquitous nature of this proposed taxation should be brought under the notice of the general community. The Government is seeking to tax the most deserving class in the community, namely, the thrifty middle class—people who are

neither actually poor nor actually well-to-do, but who possess only a bare competence with which to maintain themselves. Income from superannuation funds is not regarded as income from personal exertion, so that persons who live on income from superannuation will also be very heavily taxed. It appears to me that the Government is so much against reducing its general expenditure that it is prepared to tax any one and every one without regard for justice.

Reference was made this afternoon to the proposed tax on certain civil servants. It is deplorable that only 1 per cent. of the Civil Service should be called upon to pay this special taxation. Only 441 officers out of more than 44,000 will be taxed.

I could go on with this sordid story for a long while, but I have said enough to show how inept the present Government is to deal with the existing financial position. I suggest once again that, seeing that the Government is not prepared to resign and let a new Government attempt to straighten out the position, it should make it possible for the collective brains of this Parliament to be used to formulate ways and means of correcting the financial position, which certainly should not be allowed to drift as it is drifting at present.

Debate (on motion by Mr. NAIEN) adjourned.

ADJOURNMENT.

SIR OTTO NIEMEYER'S VISIT—£28,000,000 CONVERSION LOAN.

Mr. FENTON (Maribynong—Acting Prime Minister) [9.54].—I move—

That the House do now adjourn.

I take this opportunity of informing certain honorable members who have asked questions in regard to the visit to Australia of Sir Otto Niemeyer, that I shall not be able to reply to their questions until an answer has been received to a communication sent to Sir Otto Niemeyer, asking whether he is prepared to release for publication the information contained in certain cablegrams. If his reply is in the affirmative, I shall be able to give honorable members the information they desire; but if Sir Otto is not willing to release the cablegrams, I shall not be able to reply to their questions.

Mr. LYONS (Wilmot—Acting Treasurer) [9.55].—I wish to inform honorable members that the Commonwealth Government is issuing immediately a conversion and redemption loan. The main purpose of this loan is to provide for the conversion of the 6 per cent. Commonwealth loan which falls due on 15th December. At the same time, cash subscriptions are being invited to pay off those holders in the maturing loan who are unable to convert, and also to provide for shortages that have occurred in the conversion of certain State securities.

The loan has been sanctioned by the Australian Loan Council, and the terms which have been approved are in accordance with recommendations that have been made by the Commonwealth Bank. Investors are being given the option of three currencies, namely:—A two years' currency carrying interest at 6 per cent. per annum, a ten years currency at 5½ per cent., and a twenty years' currency at 5½ per cent. These terms will apply both to conversions and cash subscriptions, and have been designed to meet the convenience of all investors.

As I have already stated, the major portion of this operation deals with the Commonwealth loan repayable on 15th December. Originally the December loan totalled £60,000,000, but the conversion operation of March last and redemptions from sinking fund and other moneys have reduced the outstanding indebtedness to approximately £20,000,000. As £2,000,000 of sinking fund moneys will be available to pay off holders who are not in a position to convert, the amount to be covered on the 15th December is £18,000,000. In addition, it is necessary to provide for a shortage of £600,000 on a Northern Territory loan which recently matured, and for £9,400,000 of State securities maturing in the near future.

In present circumstances, when there is much unemployment and business conditions are difficult, higher rates of interest than those offered would not be fair to the taxpayer or helpful to the revival of trade and employment. In fixing the terms, the Loan Council has tried to hold the scales evenly.

I need hardly emphasize the great importance of this loan operation, and how

essential it is, in the national interests, that the loan shall be successful. The financial situation at present is exceedingly difficult. Not even in the war time were the financial problems of Australia more formidable than they are to-day. The Government, therefore, earnestly seeks the co-operation of all who have the welfare of the Commonwealth at heart. We are determined to meet our national obligations promptly and fully.

HONORABLE MEMBERS.—Hear, hear!

Mr. LYONS.—With the aid of the people and of the great financial institutions of the country, which are the trustees of the savings of the people, I am confident that the loan can be carried to success. I am sure the Government will also have the invaluable assistance of the press in making the conversion a success.

Mr. LATHAM (Kooyong) [9.58].—I am glad, indeed, to know that the Loan Council has accepted the advice of the Acting Treasurer, and that the course which he has consistently advocated will be adopted with respect to the conversion of these loan moneys. I think it is wise to give the options to which the Acting Treasurer has referred. This action of the Government and of the Loan Council—for it is the action of the Government as well as the Loan Council—will itself do a great deal to assist to improve the credit of Australia. I do not wish to refer to other proposals which have been made for avoiding the taking of the usual course in conversion loans. I will content myself with saying that, as Leader of the Opposition, I join whole-heartedly with the Acting Treasurer in emphasizing the importance of making a success of this conversion.

It will be a test of the confidence of Australians in their own country. I join with the Minister in inviting the co-operation of all interests in the community to make this loan a success as a patriotic duty. I sincerely hope that the loan will be a real success; and I assure the Acting Treasurer (Mr. Lyons) and the Government, to which we on this side are politically opposed, that anything that the Opposition or those whom it represents can do to ensure the success

of the loan will be done willingly. I congratulate the Acting Treasurer upon the announcement that he has been able to make to-night.

Dr. EARLE PAGE (Cowper) [10.1].—I congratulate the Government and the Acting Treasurer on having at last announced the terms of this conversion loan; but I regret that such a short time is being given for the conversion. Experience has shown that much more than the four or five weeks that still remain before the 15th December is necessary to make a loan of this magnitude successful. However, the terms that are being offered should appeal to investors throughout the Commonwealth, particularly the option to accept a term of twenty years at $5\frac{1}{2}$ per cent. The present position of Australian Government stocks in Australia, London and New York, is no proper indication of the soundness of the Commonwealth. It is absurd that our position in the loan market should be so much worse than that of New Zealand. Our bad position is largely due to so many irresponsible persons having made statements which have injured Australia's credit. There have been, for instance, suggestions of repudiation which the Prime Minister (Mr. Scullin) has had to deny on many occasions. Those suggestions have come only from organizations associated with the Labour party. No such suggestion should ever have been made in connexion with any Australian loan. I am also glad to see that the suggestion recently made that contributions towards this loan should be compulsory has been abandoned. The proposal to inflate the currency, which is now being raised, will, I hope, receive a summary dismissal at the hands of the Government. I suggest that the best way to make this loan a success is for the leaders of the Labour party to put it beyond question that they will not tolerate any suggestion which tends to depreciate Australia's credit; that they will make it clear that no one of any significance or position in Australia will do anything, either directly or indirectly, to evade the complete fulfilment of Australia's obligations.

Question resolved in the affirmative.

House adjourned at 10.30 p.m.