

# Policy Launch Speech: Earl Page, Leader (CP)

## 2FC Radio Studio

“The Country party's policy is to expand industry provide more jobs, and give greater security.

The Country Party seeks to make careers for the young, provide care for the old, and give permanent work to the whole adult population. To secure these objectives it is necessary to lay down a comprehensive programme of national reconstruction based upon the fundamental facts of our economic life. The Country party has such a programme for the immediate problems of the depression as well as for the future. The Country Party realises that though there has been some improvement owing to last year's rise in wool and the present rise in wheat. Australia's position is still full of difficulty and danger.

At this election Australia has to give a decision on two momentous issues, the questions are:

- (1) Can and shall Australia's policy be one of economic isolation from the rest of the world, or must we follow a programme of cooperation and friendliness?
- (2) Shall private enterprise or Government enterprise conduct the major part of national development?

On both these questions, the policy of the Country party is definite. The Country Party stands for the greatest possible measure of economic co-operation with the world for mutual advantage, and advocates a continuance and expansion of private enterprise and individual effort. Economic nationalism means a rigid discipline of the people and domination by the bureaucrat to which the people of Australia will not submit. The cult of self sufficiency is the very negation of freedom. If the negative policy of economic nationalism is cast aside as unfitted for the temperament of the people, and as unhealthy for the future of the world, then certain fundamental truths must be recognised in order that the positive policy of goodwill and co-operation can operate.

First, we must be prepared to buy as well as to sell. We should start with the British Empire, by applying the formula of the Ottawa Treaty.

In Australia, it is fundamental that the country-side is the starting point for all employment. Any policy which does not assist the export industries to compete on a basis of work conditions would only make the inevitable adjustment more severe and prolonged.

The Country party's national reconstruction plan aimed at expanding old and securing new markets by exploring new avenues, reducing costs of production and overhead, such as debt, interest, equipment, freights, marketing charges, taxation, etc. The internal adjustment necessitated by this policy as well as the adjustment of our relations with other countries would take time. In the meantime a stabilised exchange rate,

home consumption prices for other products such as already operated for butter and dried fruits, freight subsidies on such export items as fresh fruit, immediate reciprocal arrangements to ensure a market for our wool, and the lightening of the overburden of debt upon industry—these things could assist to keep up values, assure employment in town and country, and promote national stability.

To-day, there is no such thing as a world price for wheat and butter in the formerly accepted sense. World-wide barriers preventing the normal exchange of commodities had resulted in abnormally high prices for essential foodstuffs within highly protected areas and ruinously low prices for the surplus production seeking a payable market outside. No country producing large exportable surplus of wheat and butter can keep solvent on prices prevailing on the so-called "open" market to-day, and Australia, in common with other countries, cannot escape the necessity to provide for a fair price for that part of our wheat and butter production which is consumed in Australia. This has now been achieved for the butter industry.

The Country party states that, it must be done also for the wheatgrower before the coming harvest in accordance with the recommendations of the Interim report of the Royal Commission.

So far the Government has brought down no measure for the permanent improvement of the wheatgrowers' position, and the last three harvests the Country has been compelled to fight for temporary assistance. We strongly objected to the passing of discriminatory conditions attached to these grants which made them in effect a dole, while assistance through tariff protection to secondary industries is given without any such conditions. The Australian wheat farmer is entitled to receive for his wheat consumed in Australia a price commensurate with his costs and the Country party's immediate policy is a home consumption price. Prosperity cannot, however, be fully restored to the wheat industry without reduction of costs, interest, equipment, and rent, and improved international trade.

It is essential that growers' costs of production should be relative to their prices. Country party policy is to reduce tariffs, abolish land tax, bring down freights, and to reduce production costs in the wool industry. The present position is so serious that immediate action must be taken.

In regard to meat, the Country party will fight with all its resources the threat of restriction. The Country party supports the proposal for a Meat Council brought forward by the pastoral industry.

The citrus, apple, pear, and other fruit industries could be materially assisted by ensuring profitable export of their surplus production. The Country party is prepared to support adequate freight subsidies towards this end.

The Country party's policy in regard to tobacco is an effective differential rate of excise secured by lowering the excise on tobacco made from local leaf, with, if necessary, a temporary rationing of imports.

The Country party, supports the continuance of the present stable exchange rate until world prices showed substantial improvement. This materially assisted to maintain

values in the workers' homes as well as on the farm. The Country Party favours the holding of an expert inquiry to advise as to what exchange rate would best secure equilibrium between costs and prices in the export industries. A body competent to inquire into and advise on this question would render a national service in reporting also on the banking system, the value of the system, and the direction in which possible improvements might be evolved.

It is opposite to-night, to state my own position with regard to the Commonwealth Bank and to give the lie direct to the statement that any of my legislation has crippled it. Legislation passed by the Bruce-Page Government has enormously increased the functions, prestige, and business of the Commonwealth Bank. Its ordinary trading operations were in no way restricted. The amendments made were additions to and not restrictions upon, its powers.

The Commonwealth Bank, when first founded by the Labor party, was sterilised by the deliberate withholding of the control of the note issue which, against Mr. King O'Malley's advice, was given to the Treasury. In 1922 I put before the country a policy of expansion proposing to add to the Commonwealth Bank, central banking functions. In 1924, as Treasurer, I increased the importance of the bank and its usefulness by appointing a board of directors independent of political control. I gave these directors control of the note issue with the right to issue against gold, made provision for increasing the capital of the bank to £20,000,000 through loans by the Commonwealth, the issue of debentures, and through the capitalisation of accumulated profits; gave the bank the right to fix and publish discount and rediscount rates; and made obligatory the settlement of clearing house operations through the Commonwealth Bank. In 1925 I further increased the power and value of the bank by creating the Rural Credits Department to finance orderly marketing of primary produce, which, up to the present, has advanced almost £60,000,000 for this purpose.

In 1927, I separated the savings bank from the general bank and made it possible to use the savings bank funds for assisting building homes and co-operative factories, and thereby enlarged its capacity and usefulness. "This legislation provided machinery which, when Mr. Lang's policy or repudiation caused the closure of the Government Savings Bank of New South Wales, could immediately permit a reopening of the bank as an integral part of the Commonwealth Savings Bank.

I also provided in the Commonwealth Housing Act of 1927 facilities which can be used to improve materially the position of numbers of home owners in the cities and elsewhere, who have suffered through unemployment or lessened earnings during the depression. The facilities provided by this Act can be used to enable an owner so affected to compromise with his existing mortgagee and substitute a mortgage on long credit foncier terms at a low rate of interest.

A comparison of the figures of the bank when Labour left office in 1918 and at the present time shows wonderful progress under the changes I have made in the management of the bank. The improvement in figures varies from 600 to 1000 per cent in the 18 years' span. Its influence has never grown at a greater pace than in the last ten years since I made the principal changes.

Financial depressions, such as the present however, always reveal the need for further evolutionary changes to strengthen the system in the future. The Country Party therefore proposes to ask the independent committee of inquiry into exchange also to examine the whole question of Australian currency, banking, and the various schemes for credit reform or expansion which had been put forward in Australia from time to time.

Many producers are hard pressed by economic circumstances over which they have no control. It is only the merest justice that something should be done by the nation at large to ensure that those who have heroically stood up to their responsibilities and saved Australian credit in London, and enabled the nation to sail into smoother waters, should not be destroyed. They were being driven to hip point where it was a question whether they would stand up to their obligations with virtual slavery to themselves and their families for life, or whether they would choose the easier path of bankruptcy.

It is certain that the present position can not continue without bringing national disaster of a magnitude which would react detrimentally upon the whole financial structure of the Commonwealth. They have to protect their foundations, for in them lies their security as a nation. To do this there has to be some kind of debt adjustment which will infuse new life into many producers who feel that neither they nor their children will ever overtake the seemingly hopeless over-burden of debt brought about by the fall in world prices and the consequent drop in the capital value of all Australian producers' assets.

Each State has found it necessary to provide some means of giving relief. While the State schemes have given a stay to the position, they do not go to the root of the trouble, and the scheme proposed by the Country party in co-operation with the United Australia party is put forward, not to supplant, but to supplement those schemes already in operation, in order that a constructive remedy might be applied. It is known from the experiences of the State schemes that a majority of creditors will be only too willing to accept a composition arrangement which would return in cash a proportion of the capital they seemed doomed to lose.

The object of their scheme is to restore every producer a position in which he would not be weighed down by the constant tear and worry of pressing creditors, and in which his former activity would be freed from the psychological burden this imposed upon any conscientious man. At the same time, the Country party wishes to place him in a position where he could, by his own efforts, definitely assure that his future will not be prejudiced by a continuance of prices based upon the present low world parity. Further, he must be enabled to look forward to a rise in prices and values without the fear of creditors stepping in to realise their securities as soon as their equity was apparent. State legislation offers an opportunity of holding off the evil day and giving encouragement to the debtor, but of itself it does not provide the means for a rapid and permanent relief. The basis of the proposed scheme is finance. A State authority, armed with the necessary legal power to protect the producer, and backed by money to finance his current expenditure, could arrive at a position where all creditors could be called together and advised as to their future prospects of recovering all, or portion, of their debts.

The Country party has prepared a detailed scheme which will give immediate relief. The New South Wales farmers' relief legislation passed by the Stevens-Bruxner Government is more comprehensive than any other form of relief legislation. The organisation existing in New South Wales allowed the Country party's debt adjustment scheme to be operated without delay. Other State Governments, could easily adapt their legislation so that the money might be made available for debt adjustment, provided they would find finance to meet producers' current expense during the period of supervision.

The Country party's scheme proposes that the Commonwealth will pass special legislation against any constitutional difficulties so far as the Federal Bankruptcy Act is concerned, and thereby place the State authority in a position to adjust each producer's position. The main points in the scheme are:—

1. A stay of proceedings against all creditors applying for relief.
2. Establishment of the farmer's position on the basis of what it would be if immediate liquidation took place: this to be the starting point for negotiating debt adjustment.
3. Provision for farmer's business and estate to be conducted under supervision during the period of stay, pending reconstruction, and for equitable distribution of income.
4. The authority invested with control of the scheme to endeavour to arrive at a proposal, or scheme, involving adjustment of debts which reconstruct the farmer's financial position in such a way that he would have a reasonable chance of carrying on successfully and meeting his commitments.
5. It is useless approaching any creditors with a composition, or arrangement, involving scaling down the debt without being able to offer an immediate consideration. The chief class of immediate consideration will of course, be cash, and this is an essential when dealing with unsecured creditors. Others available would include power to offer and effect a writing down of Crown duties; power to offer secured creditors quarterly interest payments at a rate agreed upon over specific periods; power to offer guarantees on behalf of the Crown.
6. A proposal for a composition, or arrangement, to be submitted to a meeting of creditors and accepted by a majority.
7. Provision of finance if the composition, or arrangement, includes carrying on under supervision after acceptance. The Commonwealth Government to accept full responsibility for the provision of money for all purposes other than carry-on and administrative expenses.

It was estimated, said Dr. Page, that an average advance would not exceed £400 per producer. On the basis of 30,000 producers taking advantage of the scheme, the total cost to the Commonwealth would be £12,000,000 spread over, say, three years.

So far as the Commonwealth revenue will be insufficient to meet the expenditure, loans can be floated as required, the interest and sinking fund in respect of which will

be a charge on Commonwealth revenue, thus making all moneys available for this purpose free of interest.

As the Commonwealth provided sinking fund, repayments by the farmer to the State rural banking agencies would make a revolving fund available for lending on long terms to farm purchasers. This capital being free of interest when pooled with ordinary rural bank funds would reduce the rate of interest chargeable to the producer as well as save him all the charges inseparable from frequent renewals of his loans – which materially added to his interest outgo.

In order to eliminate the needless waste of public and private capital which overlapping or impracticable Government schemes of production have always entailed, and to secure a common agricultural policy, I suggest the formation on a voluntary basis of an Australian Agricultural Council on the lines of the Loan Council, and obviously if the threatened restriction of our exports could not be averted there will have to be some co-ordinating authority in Australia to determine what action should be taken in respective States.

All that the Australian Agricultural Council would determine was a common policy for agricultural development and expansion to prevent cut-throat competition in the marketing of Australian goods as a result of chaotic production.

The Country party, congratulates the Government on having reduced the taxation imposed by the Labor Government to the extent of £10,000,000, but much remains to be done, especially in regard to those taxes which increase interest rates and production costs. Such taxes are the property income tax, the land tax, and the primage on British goods and excessive tariffs generally, all of which the Country party is prepared to abolish.

Three years ago, the Country party placed before the people a comprehensive policy of tariff reform which it considered vitally necessary to enable factories to absorb the workers and to enable primary industries to become profitable again. By continued vigilance and insistence, the Country party has been able to ensure the acceptance of a measure of such reform, but the composition of the Australian Parliament did not enable its acceptance in full. Though three years have passed, the need for the reforms which I set out in 1931 is as vital to Australian Country party has, therefore, no hesitation in restating the principles of its 1931 policy, and again insisting that they be carried out by the next Parliament.

The Country party proposed that all embargoes should be subjected in future to Parliamentary approval, and that tariff duties must be ratified within six months of their presentation. This plank has now been made law. We proposed that the discretion of Ministers in the admission of tools of trade under by-law items should be minimized by means of a more detailed tariff schedule. This principle has also been accepted by the Government to the extent of eliminating a large number of items from by-law control, although still much remains to be done in this regard. Nearly all the embargoes are gone, and the same may be said of the surcharges. Some remain, such as the embargoes on glass. But when we come to examine the schedule itself it is surprising how small has been the impression made upon it.

Though it was generally understood prior to the last election that all parties opposed to the Scullin regime would refuse to re-validate the Scullin tariff for a single day after they gained office, the present Government revalidated these Labour schedules,

and used them as the basis for reconstruction, despite the fact that a great many of those items had been raised by the Scullin Government without any inquiry by the Tariff board.

The real test, therefore, is not whether the existing schedules show a retreat from the Scullin duties, but whether they show any appreciable measure of return to the pre-Scullin levels. Nothing speaks more eloquently of the need for further changes than such a comparison, and nothing can be produced which is greater justification for the Country party's attitude towards the existing tariff."

The Country party in 1931, proposed to refer a carefully-planned basis of investigation to the Tariff Board to determine (1) what industries were essential and natural; (2) what industries hampered the progress of others by raising their costs; (3) what secondary industries were a drag on primary industries; (4) what was the maximum possible preference they could grant first to Great Britain, on goods not produced here commercially in exchange for preference on our own products, and secondly on goods obtained from other countries. Such an investigation had not been made, and was essential before tariff policy could be put upon a stable basis.

During the past three years we have had, first, wholesale acceptance of tariff increases made by the Scullin Government without advice from the Tariff board then haphazard references of items to that body, followed by spasms of action and delay in implementing their recommendations.

There are still more than 60 Tariff Board inquiries made in 1932 and 1933 concerning which no reports had been made available. Obviously such a policy leads to uncertainty in business, lack of confidence in Government tariff policy, suspicion in British minds whose goodwill must be sought, and breach of Ottawa Treaty provisions which provided for prompt action based on Tariff Board inquiries. The Country party believes that such a general investigation would reveal what industries were worth protecting and what industries were not, that it will give stability to tariff policy and the trading relations between Australia and the rest of the world.

During the life of the last Parliament, there has been a growth of public opinion in favour of reverting to the more moderate pre-Scullin duties and the Country party, in co-operation with Tariff Reform Leagues of Australia, had laid down a more detailed policy which might be stated thus:-

- (1) Reduction of the existing tariff to the general level of the 1921-28 tariff so far as British duties are concerned, and use of the balance over and above the preference, to bargain with other countries for favourable trade treaties.
- (2) Primage on all protective items and raw materials to be eliminated.
- (3) Immediate reductions in all commodities not being commercially manufactured in Australia, particularly machinery and tools of trade.
- (4) Specific duties to be applied solely on goods which are subject to violent fluctuations in price.
- (5) The principles embodied in the Ottawa agreement to be given full effect to, and an extension of the treaty sought, with a fuller measure of Empire preference.
- (6) Downward revision of the tariff, where necessary to secure trade treaties with foreign countries.

(7) Items n.e.t., and concession items in the tariff to be scheduled as far as possible, so as to minimize the exercise of Ministerial discretion.

Many Customs duties against British and foreign goods to-day, include an unnecessarily wide margin above what is required to protect efficient Australian industries and the Country party considers that effect could best be given to its moderate tariff policy by the use of these superfluous margins above the general level of the 1928 tariff in making, first, extensions of the Ottawa Treaty for the expansion of our intra-Empire trade; and, secondly, reciprocal treaties with other countries for the widening of our necessary world markets.

A policy of this kind would enable the Country party to escape from the impasse into which we are drifting, both in trade relationships with Great Britain and with other customer countries.

The adoption of such a policy will smooth out the threatened difficulties with Great Britain in regard to meat and butter exports. It will prevent such blunders as the embargo on glass followed swiftly by Belgium's prohibition of meat of a value seven times as great as the glass imports. It will make possible the removal of the Italian quota and the German embargo on our wool. A consideration of Australia's absorptive capacity for various finished products clearly indicates the field on which concessions might be made without injury to any worth-while Australian industry.

The Country party is satisfied that concentration upon lines possible to be made here, on a mass production basis, and the admission on favourable terms of the specialized lines mentioned, will secure trade concessions for our major exports into Great Britain and other customer countries. Such a policy would provide sufficient "quid pro quo" to overcome the difficulties facing us in our trade with Great Britain, Germany, Italy, France, and other countries which threatened to restrict our production. This policy will make willing rather than unwilling customers.

A conference between the leaders of British and Australian industry will easily find definite spheres of co-operation in which action will be mutually advantageous.

The Country party's policy is to give that degree of protection required to establish or retain primary and secondary industries necessary for the prosperity of the community.

The Country party's test for Government assistance is –

(1) Would the industry supply the Australian demand? (2) Would it sell at a reasonable price? (3) Could it attempt to export?

Industries that conform to these standards can be certain of sufficient protection being given to ensure their continuance on lines of efficiency.

No policy which contemplated reconstruction on a national scale could ignore the transport. In 1929 the Bruce-Page Government established the Australian Transport Council to endeavour by co-operation between Commonwealth and States to co-ordinate the design and activities of the Australian transport system, road, rail, air, and marine. One meeting has been held before that Government left office, and subsequent Governments had allowed the project to lapse. The Country party is prepared to revive this Council on a voluntary basis, and, later, on a statutory basis, if possible.

The Country party, offers a constructive policy of vigorous action which can lift Australia from depressed conditions and avert the disaster which threatens us through curtailment of our markets. The Government of Australia cannot afford to grope blindly towards recovery as during the past three years. It must define, and follow, a planned policy of national reconstruction based on fundamental facts, guided by economic principles, and directed towards a permanent and real prosperity.

The panic of fear which existed during the Lang regime in New South Wales, and the panic of uncertainty bred by the unstable policies of the Scullin Labour Government, have passed. Sane financial policies, backed by the substantial bulwarks of the Loan Council and the Commonwealth Bank, have restored our credit abroad, rehabilitated Government finances, and encouraged money to flow more freely for Government loans. A comparative confidence has been restored, an achievement which can be sustained only if we tackle frankly the problems which the early days of the depression revealed, and the solution of which the world position indicates and the local position demands.

The prices of our exportable products on which prosperity depends are still, in most cases, below costs of production. Our exporting industries are weakened from their unassisted fight to provide means to pay Australia's obligations overseas. Many of our producers are loaded with debts they cannot pay. Unemployment is twice as high as five years ago. One in five is workless. The world is in a ferment with restrictions and retaliations and receding markets. These are realistic, and they must be faced, the Country party's policy is to obtain markets for our producers, work for our people, and security for investment."

Source: Edited transcript compiled from The Sydney Morning Herald 16 August 1934, Page 11 and The Age.