

## **Policy Launch Speech: Herbert Evatt, Opposition Leader (ALP)**

***Assembly Hall, Market Street, Sydney 15 October 1958***

“Since its recent and calamitous Budget the Menzies Government has finally forfeited the respect and lost the confidence of the Australian people. It has broken every major pledge with which it won office in 1949. I name only a few - to put value back in the £; to abolish all restrictive controls: that taxation could and would be reduced.

Its complete inefficiency and reckless expenditure in the vital matter of the nation's defences have brought protests even from some of its own supporters in the Parliament. The Government's manipulation of interest rates by failing to support the loan market destroyed the confidence of small investors in the market. As a direct and intended result increased interest rates injured the family man, all sections of industry, commerce and agriculture. Taxpayers who get no interest themselves have had to find hundreds of millions of pounds for public works both Commonwealth and State. Inflation has inflicted the utmost hardship on the "new poor," i.e. all those on fixed incomes. Key exports have been priced out of overseas markets. In consequence the Australian community has been harassed by fits and starts with import restrictions. Vital Commonwealth projects, belonging in whole or part to the people of Australia, such as the Commonwealth Oil Refinery, Amalgamated Wire- less, Commonwealth Handling Equipment Pool and the Commonwealth Shale Oil Project, and the West Australian Whaling project, have been wantonly sold. There has been reckless overseas borrowing in an attempt to postpone the day of reckoning for this spendthrift government. Worst of all perhaps is this Government's neglect of the children of Australia. Child endowment for the second and subsequent children has been unaltered for the past ten years. Why has all this happened? Because the Menzies Government was and is a tired and lazy administration.

In fact, since 1949 the Liberal Party, under Mr. Menzies, has tricked its way to power. Their victories have been deceitful. For them the day of reckoning has come. Nowhere in its recent barren budget did the Government recognise its responsibility for securing and maintaining full employment. We are back to the early depression days when anti-Labour governments said it was the unemployed man's own fault that he had no job-that he was an "unemployable." What has happened to the lip service this Government used to pay to full employment? Conveniently forgotten because it is more profitable for big business to have pools of unemployed to draw on. The secret objective of the Government's backers now appears to have been achieved-they have a permanent unemployment pool. Its full number varies, but it averages well over 100,000 unemployed. For the workers are being put in their place, and when they get a job, there is the fear of losing it. What of the government and private industry? The national income paper shows that the income of

Australian companies after tax has shown a steady to downward trend for the last five years. Last year the profit figure was 1 £296 million. And we should remember that this figure includes the big corporations who have continued to report bigger profits. The little companies must have shown a sharp fall.

The Menzies Government has failed dismally in its handling of the nation's finances. It was elected in 1949 on solemn promises "to get prices down ... .. to put value back in the £," "to restore the purchasing power of social service payments. Through its fatuous theory that if controls were removed prices would fall it let loose a raging inflation. In the first three years of office of the Menzies Government prices rose some fifty per cent. That effort was responsible for ruinous taxation. I remind you of the Horror Budget of 1951 52 which inflicted additional taxation of £205 millions a year including punitive sales tax at the rate of 66 2/3rds per cent. The little horror budget of March 1956 most deceitfully introduced three months after an election imposed additional taxation of £115 ½ millions on goods including petrol, motor cars and spare parts.

The results of the Government's incompetence are an inflated costs structure, the pricing out of world markets for Australian exports, a pool of unemployed, temporary collapse of the loan markets, injury and loss to the farmers, insufficient funds for housing, inadequate funds for services and development of the States, injustice in social services, heavy direct and indirect taxation imposing an undue and discriminatory burden on lower and fixed incomes as well as upon small and middle businessmen, high interest rates, a near depression and a bleak outlook for the future.

These trends must be halted and reversed; this will take time; Labour alone has the will, the courage and the capacity to do it. The Government's budget of this year is wholly negative; even its use of Central Bank Credit merely keeps the level of expenditure to that of last year, which was then insufficient. It contributes nothing to curing our many economic ills. Its outstanding characteristic is its hopelessness, at the best, it is "stay put." Labour believes the economy is badly in need of a sharp stimulus. Labour's social service programme will help to provide this. Extra monies so expended will go directly in stepping up money circulation many times and will increase the demand for locally produced foodstuffs and manufactured goods, opening up avenues of employment and not only lightening the load of unemployment benefits but bringing increased revenues to the Treasury. Labour, therefore, comes to this election with a positive programme to revitalise and restore the economy.

We are determined to give every practicable help to the key problems of rural industry and rural export. There must be substantial expansion of social services and repatriation payments. For one thing, the purchasing power of existing social services has been continuously reduced as a result of the Menzies inflation. The result is that the true purchasing power of the Australian pound has been reduced to a relatively greater extent than the currency of any Western democracy. To inflation and profiteering has been added the burden of high interest. The effect of this has been felt not only among employees but in all sections of the community. In other words, while one reason for substantial increases in social service payments is the demand for justice and restoration

more striking reason is that conditions of slump and recession threaten the community as a whole. Take for instance this piece of evidence. Civil employment of males instead of expanding as it had previously done with the continuous flow of migrants and school "leavers," has been almost stagnant, so that between May 1956 and May 1958 the number of males in civil employment was reduced from 1,481,700 to 1,473,100. I repeat that Labour must activate the economy and the necessary stimulus can be provided by meeting just and equitable claims of child endowment, repatriation and pensioners.

The task requires courage and patience and care. But the basic resolve of Labour is to promote the welfare of all our people to advance Australia and Australians. With your support, nothing will make us deviate from that course. Labour serves no vested interest; its members come from all sections of the people. We believe that the function of government is to guide and lead the community along its own freely chosen path. Our methods are the methods of true Australians and we visualise the governments of the Commonwealth, of the States and of the local authorities as an integral part of the Australian people all working together for the common good.

The aim of the Australian Labour movement in these Commonwealth elections is to lead the people of Australia back to full employment, social justice and economic security and, through higher production, to rising standards of living. We will not count the battle won till we have a truly democratic society in which the welfare of each one of us is the objective of all of us. Unhesitatingly and absolutely rejecting all forms of totalitarianism, whether of the Left or of the Right, we stand for the development of a free, independent and enlightened nation, within the British Commonwealth of Nations, democratic and national in content, pledged to protect the human personality from arbitrary invasion by the State, to safeguard free elections under universal adult, equal and secret franchise with government by the majority with recognition for rights of minorities and guaranteeing the rule of law and justice to be the right of all.

Why was it necessary for me to speak of rehabilitation of the Australian economy? Because I am absolutely convinced that the first important task we must face is to repair the damage done by the Menzies Government. Our first fundamental task is to cure the Menzies recession by restoring the purchasing power of the community. If we do that and overseas conditions improve, it will not be long before we again have an economically virile community, and the prosperity and welfare which will enable us to guide Australia to new heights of well being. We must first break the Menzies recession and then build for a sound future for our beloved country and for all the children of Australia. Labour will bring vitality to the handling of our great national affairs. Let me deal more closely with a serious economic injustice which the Menzies Government has perpetrated in large measure by financial juggling and perversion of Australia's financial system. The financial system is the basic mechanism of economic relations and we propose to make it perform its proper constitutional function as a servant of the people's needs. The Menzies Government when it came into office found the Commonwealth Bank playing its proper active role in the economy. Its vigour in support of the interests of the people and in fulfilling its charter was resented by the Menzies Government. It is the apparent belief of Mr. Menzies that private profit seeking banks should not only exercise their legitimate

function of providing competitive credit with the Commonwealth Trading Bank, but should also dominate the highest financial policy of the country, as they used to do in the days of the dark depression of the 1930s. Some months ago the Menzies Government introduced legislation to hinder the competition of the Commonwealth Trading Bank with the private banks, and also to weaken further the jurisdiction of the Commonwealth Bank, as a Central Bank, over the private banks. This legislation was defeated in the Senate but it is vital to the interests of the people of Australia that it should not get another chance. The Labour Party has pledged its opposition to the legislation and believes that the Australian people are equally opposed to it. The Democratic Labour Party voted steadily with the A.L.P. against the Bill and Senator Arnold and other sick Labour senators gallantly rallied to the Cause.

On banking policy in general the position of the Labour Party is clear. The events of past years have shown, first, that the private trading banks cannot lawfully be nationalised and, second, that the Commonwealth Trading Bank has the ability to defeat most of the unfair competition of the private banks. Despite every bit of restraint and pressure that the Menzies Government could bring to bear, the Commonwealth Trading Bank has grown from one of the smaller banks into one of the largest. The people of Australia have shown that they want the Commonwealth Trading Bank and, with fair competition, the private banks would have no hope of destroying it. The London Economist accurately described the malevolent policy of the private trading banks towards the Commonwealth Trading Bank: "If this ogre" (i.e. Commonwealth Trading Bank) cannot be, entirely banished, there is everything to be said at least for disassociating it absolutely from the Central Bank in order to promote harmony, trustful cooperation and sheer self respect among the trading banks." (December 7, 1957).

The private banks have succeeded in bringing such pressure to bear on the Liberal Country Party Government, that the people of Australia must vote out the Menzies Government to protect the authority and powers of the people as sole owners of the Commonwealth Bank of Australia that is definitely an issue in the elections. Serious damage has been done to the Commonwealth Bank by the insidious administrative and executive pressure of the Menzies Government.

I have referred to the case of the collapse of the bond market leading to a sharp increase in bank interest rates. That was one striking case of government pressure without open instruction. Australia's banking legislation provides that the Treasurer has ultimate control over the policy of the Commonwealth Bank. It is this power which has been used to destroy four aspects of the Commonwealth Bank's work for Australia so that additional profits may revert to private banks and associated financiers. The Mortgage Bank Department of the Commonwealth Bank was set up by the Labour Government to make long term loans to farmers on mortgage. The amount to be lent was originally a fair share in the profits of other Commonwealth Bank departments plus its own profits. The Menzies Government has stopped any capital allocation from other departments so that the advances of the Mortgage Bank Department are now virtually pegged despite the desperate need of farmers for reasonable finance.

Tonight, I undertake that the Labour Government will ensure that sufficient transfers to the Mortgage Bank Department are made to accord full credit opportunities to farmers. The total of government and semi government securities held by the Commonwealth Bank in 1957/58 was less than in 1951/52. This is a serious situation. The reduction appears to have been particularly heavy for local authorities, and these bodies have been forced into the open market to borrow at high rates. Labour will ensure that the Commonwealth Bank is permitted to participate fully in local authority loans. Through the Industrial Finance Department the Commonwealth Bank was the first bank to participate in hire purchase finance in Australia. Under the Chifley Labour Government it exercised an invaluable influence in keeping hire purchase interest rates down. The Bank gained a leading position in this field. This will be restored by open, fair and frank competition.

The Labour Party's policy on hire purchase finance is to maintain the necessary and really vital principle of consumer credit. But it is also vital that exorbitant interest rates be prevented through the active participation of the Industrial Finance Department of the Commonwealth Bank or the Commonwealth Trading Bank. No doubt this policy will encourage the State to prevent further interest exploitations by hire purchase companies through appropriate legislation, and the Commonwealth Government may be enabled to pass certain supporting legislation. The hire purchase business of the Industrial Finance Department rose rapidly in the three years before the Menzies Government came to office, and the Department participated in all forms of hire purchase and always at reasonable interest rates. Mr. Menzies, watching the interests of the private banks, rapidly put a stop to that. Hire purchase finance was restricted to producers' equipment and the total amount lent by the Commonwealth Bank has been pegged for the last seven years at around £16 million. In June 1953 the advances on hire purchase of private finance companies were only £73 million. In June last they were £277 million over £200 million increase while the Commonwealth Bank still remained pegged at £16 million. This was a shocking discrimination by Mr. Menzies against the people's bank. Acting in accordance with a general plan, the private trading banks all jumped on the profiteering hire purchase band wagon. If re elected, the Menzies Government would carry on its vindictiveness further and try to further restrict the hire purchase activities of the Commonwealth Bank by legislation as well as pressure. This Government apparently fears for the profits of their friends.

The Labour government will initiate an active hire purchase policy by the Commonwealth Bank of the Commonwealth Trading Bank to force down excessive interest rates, and conduct hire purchase transactions on fair and reasonable terms. An arrangement will be made by the Labour Government to introduce a system of personal loans by the Commonwealth Trading Bank, like that recently adopted by several private banks in Britain. A special feature of the Commonwealth Bank's or the Commonwealth Trading Bank's activities be the hire purchase loans mentioned and personal loans to newly mairried couples to give them some reasonable help in setting up home. The interest rates on these loans will, if necessary, be subsidised and repayment periods will be extended if children are born before the loan is paid off. The Labour Party is concerned about the load of debt with which many young married couples are often

burdened and believes that the cooperation of the Commonwealth Bank or its trading department would assist in giving many young Australians a good start in married life. A first objective of the Labour government will be to reduce interest rates. I have indicated how competition by the Commonwealth Bank will help in this direction. Equally, we believe that, under present circumstances, the rate on Commonwealth Bonds can be reduced. Bond rates all over the world are falling but the Menzies Government is making no attempt to join in the move. It believes in high interest rates and delights in the interest happy society of exploiters it has helped to create. High interest and high profits go hand in hand. Indeed it is only in Australia that interest rates in recent years have always risen and never fallen. In the United Kingdom, in the United States and in Canada, rates have fallen by at least one half per cent in the last six to nine months. The United States Government can now borrow long term at a little over three per cent. The first Commonwealth loan floated after Labour returns to office will also be down at least one half per cent to four and a half per cent. We intend to curb this desperate and almost insensate, seeking after high interest and we have no doubt that it can be done. Development of Australia and its Territories has been and will be hindered by the suicidal policy of high interest rates. Our constant policy after this loan will be to further reduce the rate of interest.

Lower interest rates are most important for home construction. A great part of rent and a great part of the real cost of owning one's home is interest. Labour believes that high interest rates and an adequate building programme cannot be reconciled. Indeed, the 25 per cent cut in housing commencements from 84,000 in 1951 to 69,000 in 1957-58 was largely due to the Menzies Government policy of high interest. The high interest policy was in part specifically designed to cut housing and now the Government sheds crocodile tears over the results of its own actions. Labour believes that every Australian must have the opportunity to own his own home; but Labour, also believes that no man should be denied the opportunity to rent a home. The Menzies Government's policy is to prevent all building for rent by public authorities it wants to leave a profitable and clear market for the private landlord. With present interest costs and high deposits and with funds to borrow cut to the bone, most young men have little opportunity to buy a home and we all know how hard it is to find one to rent. The Government's policy of preventing construction for letting was put through in two steps. Funds to the co operative building societies were restricted by the banks; and then the States, with a gun at their heads, were offered a renewal of the Housing Agreement on condition that they lent a part of the money to the building societies.

Labour will ensure that the co operative building societies receive all the funds they require through the banking system, at reasonable rates of interest, and under government guarantee. Labour will restore them to a position at least as favourable as they used to occupy. Labour will also grant adequate finance to the Housing Commission and the War Service Homes Division and will ensure adequate finance from the banks to individuals and building societies. Labour will raise the maximum advance which the War Service Homes Division has been permitted to make since 1951 and it will require the banks to raise the maximum loans which they are at present making. Under Menzies the State Housing Commissions have been granted this year between only one half and

two thirds of the amounts they received in 1953 54; Building Societies are receiving less from banks and insurance companies than at any time since the war and bank advances on mortgage have fluctuated greatly. Under Labour the supply of new homes will be constant and adequate while sub standard houses will be progressively replaced. Under Menzies bank interest rates have twice been increased for housing purposes by administrative action. Under Labour the rates will be reduced by the same administrative action. The Menzies increase burdened not only persons who were borrowing to build or buy a house for the first time, but also all persons who were still paying off a house for which they had borrowed. Labour's policy will give practical benefit to both prospective home purchasers and existing ones.

Under Menzies it is virtually impossible for a couple to borrow enough money to build or buy a house from the War Service Homes Division, or from a bank or insurance company or building society, unless they hold land and cash to the value of at least £1000. Only the Housing Commissions have houses to sell on a small deposit. Labour will ensure that any couple marrying in this country or coming here from overseas should have the right to borrow enough money to build or buy a home which they require and can afford. Homes provide the main key to the solution of the problem of migration. From the very first this principle has been expressed by the Labour Party. Our earnest desire is that both Australians and New Australians shall be adequately housed and protected from the exploitation of profiteering interests they often suffer.

Sir Douglas Copland has made some valuable observations on the problem of homes. He has stressed the crucial point that the rate of demand for new houses will increase very rapidly. The rate of demand will increase, especially from those in the age group of the early twenties. These age groups will increase by 40 per cent between 1955 and 1965 and by over 70 per cent between 1955 and 1970. Consequently, the current demand for homes will increase very rapidly after 1961 or 1962. For this reason we should be building at the very least 75,000 homes now, and increasing the rate rapidly to 82,000 per annum. The grave errors of the Menzies Government with its "fits and starts" approach have characterised its policy on home building. The building of homes dropped to below 70,000 whereas it was 80,000 five years ago. At the very time when finance was desperately needed to counter the housing crisis, Menzies denied there was a crisis and claimed that more money for homes would cause further inflation of prices. He subsequently and sulkily reiterated.

I believe that a vigorous policy along the lines Labour proposes will eliminate the housing shortage. We will then be able to go straight ahead with the project of renovating or demolishing the many unsuitable or sub standard houses, which are a blemish on our Australian way of life. Labour insists that all our people must have homes. We shall strain every nerve to achieve this objective. Viewing prudently the great problems of further investment, we can say that the only real limit to home building should be shortages of manpower and materials. Labour will guarantee that the artificial restraint of finance will be removed. Last June there were nearly 10,000 fewer men engaged on new building of all kinds than seven years before and still there were 4200 fewer employed than a year previously. I assure my fellow Australians that the Labour government will

see that jobs are found for all the unemployed in the industry. We will give it practical assistance to grow to its full capacity, in our view it is an absurd situation to have side by side a grave housing shortage and a declining building industry.

A Labour government will strain every effort to finally overcome the housing lag within a period of three years. To do so, Labour will make available money where it is most needed, and at reasonable interest rates. This, we believe, will mean homes for young people about to marry; relief for the aged, thousands of whom are forced to live in slums; and direct assistance to those potential purchasers who have sufficient for a deposit but who are prevented from obtaining the balance because of the high interest rates charged. Labour's policy will provide work for all idle builders and building workers, and the suppliers of builders' materials. Labour's policy will mean the revitalisation of the timber and saw milling industry which, because of the Menzies policy, was plunged into a serious slump.

The well being of the family is at the very centre of Labour's policy. The family is the most important unit in society and there Australia's future must, in a real sense, be determined. I have stated our resolve that all Australian families shall be properly housed jobs and homes for all is Labour's policy. The whole nation has become aware of the inadequacy of Australian schools. In May, the Labour Party presented to the Parliament petitions signed by over 120,000 patriotic people demanding Federal action.

The petition was sponsored by the Teachers' Federations with the assistance of Parents' and Citizens' organisations, Social Welfare bodies and Trade Unions in every State of the Commonwealth. The signatories represented a body of public opinion of great national significance. The Australian education systems face difficulties resulting from increased population, the migration scheme and an increased social demand for secondary education. The children entering the secondary schools in 1959 will be the age group born in 1947 when our birth rate was the highest on record. The teachers entering the profession are drawn from the age group born in the late thirties when our birth rate was at its lowest point. Therefore, a threefold crisis exists, shortage of teachers, a tidal wave of students and insatiable demands for school accommodation beyond the resources of the States. The migration scheme alone has brought 250,035 children under 14 to Australia in the years 1950 to 1957. We are equally determined that the children shall receive full educational facilities and opportunities. The Labour government intends to make an immediate and urgent examination of primary, secondary and technical education.

The Murray Report shows clearly that there will never be full and adequate university education unless primary, secondary and technical education are also advanced. The Labour government will appoint a fully representative committee similar to the Murray Committee to examine and report on the needs of primary, secondary and technical education. All parents know the difficulties under which scholars are struggling. We believe that education must be revitalised especially from secondary schools upwards. Indeed the need for a great advance in technical skills and for more training in craftsmanship, as well as professional training at universities, is now apparent to all. The number of children in the 14 to 18 group will have increased by no less than 80 per cent

between 1955 and 1970. If we take account of the need for giving secondary education to more scholars because of the demands of modern technique, then we should double the numbers attending secondary schools between 1955 and 1970. In 1946 the people by referendum of the Federal Labour Government, gave power to the Commonwealth to grant "benefits to students." Labour's Commonwealth Scholarship Scheme then opened up great possibilities of university training for Australian youth. A Labour government would ask the committee we will appoint to examine the possible extension of the plan so as to ensure that lack of finance would deprive no promising Australian boy or girl of his basic human right to a fuller education.

I now state Labour's most important proposal. We intend to restore the value of child endowment payments to approximately their values during the Labour Governments of nine or ten years ago. Since then the purchasing power of the £ has been slashed by the Menzies inflation of prices. The cost of the increased endowment will be £58.5 millions per annum but in the present depressed state of the economy we believe the endowment payments will greatly help to increase the basic purchasing power of the community as well as to repair most of the grave injustices, caused since 1950 by the Menzies inflation of costs. The Labour government will double endowment for the first child from 5/ to 10/ a week. We will raise the endowment for the second child from 10/ to 17/6 a week. We will double the endowment for all other children from 10/ to £1 a week. Year after year, during Budget debates, the Labour Party in Parliament has sought analogous increases from the Menzies Government on no occasion was the government agreeable. It is eight years since endowment for the first child was fixed by the Menzies Government at 5/ a week. Prices have risen catastrophically since then. It is ten years since endowment for other children was fixed at 10/ a week. Prices over that period have risen 95 per cent, so that 10/ has become worth just over 5/. Our proposal will substantially restore relevant values which existed under the Chifley Labour Government. As a practical help to Labour's educational objectives it is proposed to extend child endowment to include full time students from 16 to 18 years. Labour will double the maternity allowance to reach £30 for the first child, rising to £35 for the fourth and subsequent children.

Our final plan for help to Australian families is the proposal to organise an Australia wide national system of free dental treatment for children under 16. The care and upkeep of children's teeth is of tremendous importance both to them and to national health. The National Plan of Dental Treatment for Children will be worked out in cooperation with the State Governments, and the Australian Dental Association. You will see that the immediate policy of the Labour Party can justly be described as a family policy. Let me summarise the proposals. They are: An intensive stepping up of home building; special loans for newly married couples to help them set up house; hire purchase free from extortionate interest rates to be developed fully through the Commonwealth Bank of Australia; doubled maternity allowance; virtually doubled child endowment; child endowment for full time students up to 18; the commencement of a plan for free dental treatment for children under 16; a special committee with power to examine adaptation of the principle of Commonwealth scholarship scheme to secondary and technical school students. Labour proposes also to restore the value of social services to those other

groups who rightly rely on the community for support. Our objects again are two fold to help restore value to the pensions; to revive purchasing power in the economy. Labour will increase invalid and age pensions generally by 10/ a week to £4/17/6 a week. This is separate entirely from the supplementary pensions scheme recently announced by the Federal Government.

Wives' allowance to invalid pensioners will be increased by 15/ to £2/10/ per week. All classes of widow's pensions will be increased by 15/ a week. Existing funeral benefits will be trebled. We are specially concerned about the pension for totally and permanently incapacitated returned soldiers. This will be raised immediately to the basic wage as an irreducible minimum. The increase will not be permitted to affect possible qualifications for other benefits, the intention being that T.P.I. servicemen and their dependents will not be prejudiced by the lifting of the pension for the T.P.I. to the basic wage for the time being. Service pensions will be increased to £4/17/6 a week, and the wives' allowance will be lifted from £1/15// to £2/10/. The time has come when medical and repatriation hospital attendance and treatment should be available to all returned servicemen and nurses of the First World War irrespective of whether war entitlement is established. If physical arrangements permit, hospital treatment in repatriation hospitals will be extended to veterans of the Second World War. A scheme will be drawn up to apply these principles after consultation with officials of Returned Soldiers' organisations. In the unanimous opinion of the Repatriation Committee of the Federal Parliamentary Labour Party, Section 47 of the Repatriation Act passed by the Curtin Government during the Second World War (providing for the benefit of the doubt in all cases of disputed entitlement or assessment) is not being observed by some of the tribunals.

Labour will take two steps to remedy this grossly unjust situation. First, we shall provide for a special judicial officer to make an enquiry in every case where the question of onus of proof or benefit of the doubt is in question. This is the practice in Britain where it has been most successful, Lord Denning, one of England's greatest judges, having reviewed cases where complaint has been made that the protective provision for "onus of proof" and "benefit of the doubt" has been ignored. Secondly, we shall review and strengthen the Returned Soldiers' Legal Service Bureau which was founded by the Labour Government in 1942 for the purpose of the Attorney General's Department giving free legal advice to returned servicemen. There is much evidence that the Bureau needs strengthening for the benefit of all Australian servicemen.

In relation to War Service Homes, the Labour Party will see to it that the "Waiting Period" now in force is substantially reduced immediately and ultimately eliminated. The provision of War Service Homes will be treated as a top priority. The Act should not be utilised to prevent applicants applying to the division to have existing mortgages accepted by the department. The Act authorises this but, on Ministerial direction has prevented thousands of ex servicemen enjoying the lower interest rate applied to War Service Homes. This is a grave injustice and it will be remedied by a Labour Government. These social service and repatriation adjustments will cost a total of £87.2 million. In view of the Menzies inflation, past and present Labour believes that this amount is the minimum

necessary to restore these benefits to a just and proper level. Further, the outlay will substantially increase consumer spending, helping to eliminate elements of slump in the economy. Much of the extra payments will be spent on butter and will indirectly support the rural industries.

The development and expansion of primary production in Australia is of vital importance to all our people. Mr. Reg Pollard, M.P., outstanding Minister for Agriculture in the Labour Governments of Curtin and Chifley, sees as a first requirement a policy of expansion and closer settlement. A succession of good seasons together with farm mechanisation and improved production practices have tended to obscure the need to increase rural holdings and to make available more holdings from properties not adequately utilised.

We must afford fair opportunity for the land settlement of farmers' sons and other Australians whether native born or new comers. In ten years our population has increased by two million. It should increase by more than two million in the next ten years. Yet the number of persons working permanently on rural holdings has fallen from 401,000 in 1949 to 398,000 persons in 1957. This too, notwithstanding the fact that in the same period of time, 8000 returned servicemen from World War II were settled on the land under the Labour Government Soldiers Settlement Scheme. Making allowances for mechanisation it is obvious that a courageous civilian land settlement policy is essential for Australia's future welfare and the building up of our rural exports.

A Federal Labour Government will endeavour to arrange with State Governments, not only for the early completion of returned soldier settlement, but for the commencement now of a new civilian land settlement scheme based on similar lines to the Chifley Labour Government's very successful Commonwealth State Soldier Settlement Scheme. This plan should, incidentally, create a further stimulus and demand for the products of every section of Australia's manufacturing industries. The Bureau of Agricultural Economics, the State Soldier Settlement Authorities, C.S.I.R.O., are well equipped to help in the organisation of a plan of this character. The physical and financial resources are within Australia's capacity. The plan is an urgent national necessity. Today large areas of productive land are virtually idle or little used. Many thousands of young men desire, but cannot obtain, access to land. Often when land becomes available young Australians wishing to purchase but with very limited resources are outbid by large land holders who hold far more land than is reasonably necessary. Land aggregation is a stark tragic fact. Only a Labour Government will have the initiative and courage to push on with closer and more productive settlement.

Labour pledges itself to the youth of Australia especially those of the rural district that this great new Australian Land Settlement Scheme will be promoted and carried out on a basis of Australia's permanent need for primary production it is a national policy based on our greatest asset of all Australia's good earth. No object is more important than the steady expansion and marketing of our primary products. But at present the matter is one of desperate urgency. In times like the present, the Government must fight hard and relentlessly for the Australian farmer in every practical way. I pledge the Australian

Labour Party first to consult with the representatives of producers organisations in relation to their problems and needs. As in the crisis of World War II and post war Labour Leaders Mr. Curtin and Mr. Chifley (with Mr. Pollard as Minister for Agriculture) I pledge them all practicable administrative, governmental and financial aid. They will remember what Labour did in the war and post war years. A similar crisis threatens again. They should put their trust in a Labour Government. They will never be let down. It is essential, therefore, to secure for Australian farmers an adequate price return.

I believe that only a Labour Government will guarantee such a return. The Chifley Labour Government co operated with State Governments and made Commonwealth wide organised marketing of wheat a reality. In 1948 the Labour Government guaranteed the cost of production price for five years on all wheat consumed locally together with a quantity not exceeding 100 million bushels for export annually. This plan largely the work of my colleague, Mr. Pollard has worked splendidly and has twice been extended for five year periods by subsequent governments.

The wheat grower has gained reasonable security to 1963 owing to the establishment by Labour in 1948 of the price guarantee principle. From Labour's principle anti Labour Governments do not dare to depart. Prior to World War II the dairying industry was probably Australia's most depressed rural industry. During the war it was greatly helped by the Labour Government of Mr. Curtin, and in 1946 the Chifley Government arranged a five year price guarantee to cover the whole of the industry's butter and cheese production. The plan – again- The Pollard plan was most successful and popular in the industry. When the 5 year plan of the Labour Government ended in 1952 and again in 1957 it was renewed by the Menzies Government but a major and detrimental change was made. Instead of a price guarantee applying to all butter and cheese production as it had under Labour's scheme, the guarantee was limited to cover only butter and cheese consumed in Australia and the amount for export included in the guarantee was limited to twenty per cent of local consumption. This has meant that, with a lower Australian consumption per head, due to unemployment and lower standards of living since the Menzies Government took office, together with a heavy fall in the price of export butter and cheese, the dairying industry has been confronted with a very serious fall in its income.

A Labour Government will guarantee to the industry positive action in two ways. First, by causing the Australian families to obtain increased purchasing power. That proposal has already been described. Second, by providing help to meet losses sustained by the farmers through depressed export prices. One of the greatest difficulties facing butter and wheat producers is that, owing to the fearsome inflation of prices since 1949 under the Menzies Government, the production cost of butter has increased by  $2\frac{1}{4}$  to  $4\frac{1}{3}$  and of wheat from  $7\frac{1}{1}$  to  $14\frac{1}{6}$ . No wonder our primary exports tend to be priced out of certain overseas markets. For the season 1957/'58 the wool export income was down £150 millions compared with the previous season. The adverse effect on the nation's economy was great. Despite the fall of prices the Menzies Government remains apathetic and appears to regard the situation as beyond remedial action. At the point of sale of their

product, Australia's ninety thousand woolgrowers individual sellers are left to the tender mercies of a comparatively few wool buying groups. Woolgrowers lack the marketing organisation of Australia's sixty thousand wheat growers, who can face the wheat buyers of the world with a single co operative selling agency.

The Labour Party's enquiries suggest that most growers would favour the retention of a wool selling auction system associated with a reserve price protection supported by legislation. Others would propose wool selling by appraisal instead of auction. It is believed that either of these systems would result in fairer prices than those at present determined by a few wool buyers and speculators and those taking part in forward buying operations. In the latter case it is possible that a combination of buying interests has joined together to injure the growers' interests.

A Labour Government will ask wool growers to elect representatives to assist in the preparation of a marketing plan. This plan, after consideration by the Government, will be put to a ballot of growers for them to accept or reject as they see fit. Labour will support the basis of the sugar agreement which was first enacted by Commonwealth and Queensland Labour Governments many years ago and which is still continued in principle. The Labour Party is deeply concerned at the complacency with which the Menzies Government has recently negotiated reductions in export meat prices of up to 15 per cent. We will ensure that the Meat Agreement is a real protection to producers and will push vigorously for alternative markets if Britain proves unable to absorb our production at payable prices. This industry's welfare is vital both to returned servicemen and to civilian settlers. Much of its production is exported. It is a family and one man producers' industry and as such it is entitled to all necessary support to ensure that those engaged in it obtain adequate Australian standards of living.

A Labour Government will support any practical and soundly based organised marketing proposal submitted by the industry. Sales tax imposed because of the dried fruit content in other food commodities will be repealed. Labour assures practical help and assistance for all primary industry and its products. Primary producers must now realise that the interest of Australian exports requires Australian ownership and control of an adequate fleet of overseas ships. No nation can be sound or safe without effective control of the ships required to take its surplus produce to world markets and to bring to its own shores supplies from other countries. One of the great historical foundations of Britain's overseas trade was its famous mercantile fleets. Today nations like Norway, Sweden and Denmark are striking examples of the contribution which can be made through shipping to the nation's economy. Australia should follow. How few farmers realise that Australia has no ownership or control, either governmental or private, over any overseas shipping line. This is deplorable whether in peace or war. It is injurious to our economy and to our defence security. Australia's freight bill for the carriage of our overseas trade costs £100 million. This is a major item in our overseas balance of payments position, and a big factor in the cost of our rural industries. Ever since the sale of the Commonwealth overseas ships this nation, its farmers, and traders have been shamefully exploited by overseas shipping companies, linked to some extent with the inter State shipping

combine. The Labour Government will see to it that steps are taken to bring into effect legislation to regulate freight and secure reasonable charges to and from Australia. As overseas shipping charges for freight bear very heavily against our primary producers and traders, so too the costs of land transport are almost intolerable. Great distances must be covered in transporting goods within Australia. Road transport is now of increasing importance. Costs of road building and maintenance at the standard required by modern transport are ever increasing. A Labour Government will arrange that the full proceeds of the petrol and diesel fuel tax is allocated to States, Municipalities and Shires and released to them as needed.

A five year plan for roads will be introduced. The Commonwealth will assist financially to complete a four lane arterial highway between the capitals of the five mainland States and between Hobart and Launceston. This is also vital for defence purposes. It is essential also that the development of all forms of transport should be co ordinated by Commonwealth and State. Labour will therefore give support to the balanced development of road, rail and sea transport. Our aim will be to improve efficiency and, as a result, reduce the enormous burden of costs to industry and trade. Standardisation of rail gauges will be supported and negotiations will be resumed with the State Governments for the continuation of a standard gauge line from Kalgoorlie to Fremantle and from Broken Hill to Adelaide via Port Pirie. In that event all Australia's mainland cities will be linked by the standard gatige from Brisbane to the Indian Ocean. Again costs will be reduced.

In connection with interstate transport, the reconstruction of the Interstate Commerce Commission, as provided by the Constitution, will be proposed. The Commonwealth Shipping Line will be retained and compete actively with the interstate and overseas shipping combines to secure reductions in overseas and interstate freight charges. To the very successful Trans Australian Airline will be restored the right of full competition which has been impinged upon by the Menzies Government.

All these proposals are aimed at cheaper costs of transport which is the very life blood of modern trade and commerce. Another great burden to industry is the excessive cost of motor vehicle, fire and other insurance against damage to property or loss of profits. Last year the costs of this type of insurance, quite apart from the losses suffered and recouped, were over £40 million. Labour will consider setting up a Commonwealth General Insurance Office to provide or increase free competition with the private insurance companies. In this way it will be possible to force down costs. The fair balance of finance between the Commonwealth and the States has been completely upset by the Menzies Government. Look at these figures. Since 1949 the States and their authorities have been forced to increase their national debt by no less than £1,139 million it has more than doubled in that time while the Commonwealth actually reduced its debt by £83 million. In the same period the Commonwealth interest bill has increased by only £2 millions a year. The Commonwealth now receives (from the States and others) more interest than it pays, while the States' net interest burden has increased from £32 millions to £88 millions a year in the last nine years. This violent discrimination against the States occurred during the administration of the Menzies Government. It has no parallel in

Australian history nor, I believe, in the history of any Federal Constitution. Under the Financial Agreement of 1928 a general settlement of many aspects of State public debt was achieved and supported by Constitutional backing. But by the discriminating policies of the Menzies Government, this financial agreement is rendered out of date and almost unworkable. The Labour Government will institute an immediate inquiry into the division of the burden of public debt between Commonwealth and States. The present practice of the Commonwealth raising money by taxes and lending it to the States at high interest rates will receive critical attention. Some of the increase in Commonwealth grants to the States in recent years has been caused solely to help the States to pay interest to the Commonwealth on moneys raised by taxes. This is absurd and offends the spirit and perhaps the letter both of the overriding Financial Agreement and of the Constitution.

The well being of both States and Commonwealth are of supreme interest to the Labour Party. It is the States which mainly or entirely provide or control vital community services such as health, agriculture, hospitals, water supply, railways, roads and housing. All these are services by the States to the people of Australia as organised "States". What has happened is a complete denial of the spirit of Federal cooperation. The vital question of Australian development is prejudiced by this financial chicanery on the part of the Menzies Government. It has reached sub dimensions that the States become the servants of the financial dictators who are the Commonwealth Government. How can the loan market and capital projects be considered fairly and impartially under these conditions? Once again, I say that an overhaul of the Financial Agreement is needed, not so much in the interests of the States or in the interests of the Commonwealth, as in the interests of all people of all the States who constitute the one Australian people committed to the Constitution which is by law binding on all. I have already indicated that we propose to give immediate help to the States and local authorities, by allocating in future the whole petrol and diesel fuel tax for road construction and maintenance.

We propose also to abolish pay roll tax on wages paid by local authorities (except local authority business undertakings). Pay roll tax is iniquitous, not only because it is a direct charge against employment, but adds disproportionately to the costs structure. At a more suitable time in the future, pay roll tax should, in my view, be selected for elimination. These specific measures, together with proper adjustments in general Federal State financial relations, will, I believe, start the States on the long road back to their full constitutional role of providing basic services to the people without financial discrimination against them by the Commonwealth either in respect of loans or their share of reimbursement monies.

I now refer to our industrial policy. The Labour Party is the party of the wage and salary earner, men and women alike. The Trade Union movement has always been integrally associated with the activities of the Australian Labour Party. Labour's industrial policy closely corresponds with that of the A.C.T.U., the A.W.U. and the Trade Union movement. Agreement has been reached with the A.C.T.U. on the principles I now state:- We agree with the A.C.T.U. and the Trade Union movement that the 1953 Federal Court decision to abandon cost of living quarterly adjustments was disastrous to the economy,

and had the effect of enriching powerful groups of employers at the expense of the wage earners who were prejudiced for years by the elimination of cost of living adjustments to the Commonwealth basic wage.

Even now the effect of the decision is still injurious to the economy. It is another significant element in the lack of purchasing power which has brought in its wake unemployment, idle industrial capacity and an economic set back. Today, there is a real fear by the worker that he may lose his job. The Labour Government will support and insist upon full employment of our people. The Labour Movement does not believe that the problem of inflation is ever solved by allowing real wages to fall as prices rise. In its own direct sphere of action a Labour Government will recognise the right of Commonwealth public servants to cost of living adjustments. We shall intervene before the Industrial Commission in association with the A.C.T.U. and the A.W.U. to seek immediate restoration of cost of living adjustments. The Australian Labour Party is pledged to the principle of the right of women to be paid Equal Pay with men for work of equal value. This principle will be supported at the proper time before the Commonwealth Industrial Commission and also put into application in the Commonwealth Public Service.

The principle of equality was recognised in the Treaty of Peace after World War I, in the decisions of the I.L.O. and in decisions of the Queensland Industrial Court. The statement laid down in the Treaty of Peace after World War I was the "principle that men and women should receive equal remuneration for work of equal value". Further we shall propose a representative Commonwealth inquiry to review in the light of social and economic standards what is a reasonable standard of living for the wage earners under modern conditions. The trade unions and the Australian Labour Party both regard excessive legalism and procedures of punishment and penalties for contempt and injunction cases as calculated to interfere with the basic approach to mediation and conciliation. This view will be stressed both before the tribunals and any proposed amendments of the law. Recognising the vital importance to industry of steady recruitment of Australian youth to skilled trades, action will be taken both in conjunction with the States and before the Federal Court, to support the improvement of the conditions of apprenticeship to encourage apprentices to acquire the maximum possible technical skill, without wage disability, and with adequate time off for study. Labour Government will also immediately review the provisions of the Commonwealth Public Service, relating to furlough of members of the service, and take immediate action to review the position so as to improve the present value of the Superannuation unit.

In the Commonwealth Public Service, the present value of the Superannuation unit is 17/6. This figure is small, having regard to the very large increase in living costs during the Menzies regime. Immediate action will be taken by the Labour Government to review the position. The Joint Council of the Commonwealth Public Service Unions was party to an agreement with the Commonwealth Public Service Board to make certain increases in superannuation but this agreement although made in 1957 was not put into effect by the Menzies Government. The primary cause of male employment remaining stationary for two years in non governmental factories has been insufficient purchasing power.

However, new machines, new processes of production and modern techniques have helped to increase productivity so that, to use the Trade Department's Survey of Manufacturing Industries Report of 1958, higher output has been achieved "at lower cost, particularly in terms of Labour." This reference to reduction of labour costs in spite of higher output is most significant and serious from the point of view of employees and the public interest. It is clear that mechanisation and automation have to some extent contributed to the startling reduction of the male labour force, especially in 1956/7 and 1957/8. The precise contribution of automation or mechanisation is not easy to measure. In the United States it is said that "employment is lagging far behind the general recovery from the recession." It has been estimated in the United States that, if and when production reaches the boom level of 1957, unemployment will remain at 4 million or 6 per cent. of the labour force "because of significant changes in production methods," Here in Australia the coal industry, especially in New South Wales, illustrates how mechanisation has been accompanied by a large increase in profits and wholesale dismissals from employment. The result is that some towns in coal areas are being hit very heavily. Jobs are not readily available or suitable and transfer to other districts or other jobs presents great hardship to workers and their families. All this proves the vital need for advanced planning to guard against possible ill effects both of mechanisation and automation. Generally it proves the need emphasised by the Trade Union movement for insisting upon a positive plan to assure employment and security of workers to the maximum possible extent.

The coal position has reached the stage where a plan for rehabilitation of some of the coal towns is needed. Important secondary or auxiliary industries will have to be established or the character of the towns and districts will be drastically altered. All this requires advance planning and adherence to it. It is small satisfaction to those who fall by the wayside from mechanisation that the coal owners' profits have reached record heights. In the Federal sphere a Labour Government will, in association with the A.C.T.U. and the Trade Union movement, arrange wherever possible with the States concerned and the industry for the appointment of special industrial tribunals with jurisdiction affecting the whole subject matter of automation and mechanisation. Coal is so precious a natural fuel that it must be treated as an instrument of national survival during external threat of war. There is scope for organised export but, in the event of a defence emergency, all forms of indigenous fuel would have to be safeguarded, as was proved during World War II.

The Menzies Government's complete sell out of the shale oil industry's assets contrast, very unfavourably with the policy of the United States Government, which insists upon the protection of shale oil projects where deposits, though much less productive of oil than in Australia, are regarded as national assets and fully protected. The profiteering economy which has prevailed over recent years has resulted in a serious lack of balance in our overseas trade. Thus, the Menzies Government finds it desirable to restrict imports to conserve our overseas sterling and dollar funds. But import restrictions have not been imposed so as to ensure that the goods we need most are the ones to be imported. Take the example of cars. Import licences are given and cars to a certain value can be imported. In our economy there is a persistent demand for extravagant cars and other commodities and profits on these luxury goods are higher than profits on everyday goods.

Consequently, the importer prefers to import them. Labour will ensure that when import licences are given, the licence will be used for the import of those things which the people of Australia need most. Labour will eliminate trafficking in licences. At present the cost of many goods is higher than it should be because some importers must buy licences from other importers who are not using them. The real importer who risks his money in the proposed trade and makes all the necessary arrangements for imports should obtain a return: but Labour will not tolerate racketeering or black marketing by those who use the import licensing system to exploit others by increasing costs to the detriment of trade. Labour undertakes to have a full investigation of the import licensing system with a view to its simplification, the removal of anomalies and its replacement in due time by appropriate tariff measures. At all times large and more receptive export markets must be sought both for our primary and secondary products.

The Menzies Government has been placidly content to watch trade flowing or rather slowly percolating through traditional channels, at a slow and stately pace. When traditional markets temporarily falter or fail, the policy has been to cut imports rapidly rather than plan ahead for alternative and additional outlets abroad. In this field Australia has immense chances. It is geographically placed very close to an area of remarkable importance, an area in which are concentrated the greatest proportion of the world's population, and an area in which living standards, although low, are improving. Furthermore in the area immediately north of Australia are some of the main sources of oil and rubber, two commodities which Australia must import.

It is realistic to assume that the people of the Middle East, Africa and Asia will also rapidly increase their buying power both by internal development and by obtaining a greater share of the proceeds from their own resources. Australia should anticipate and promote extensive increases in trade, particularly of its primary products, with the peoples of the vast area which is our near North. The Labour Party has again directed attention to the need for extending our trade with China, particularly in wool. The Minister for Trade, Mr. McEwan, recently agreed with Labour's principles and said that Australia should endeavour to export to all countries. However, the Australian Government Parties seem to be disinclined to trade fully with China for in the House one Minister adopted the phrase "We neither discourage nor encourage trade with China". This appalling approach has been rightly called a "no hoper" attitude by a leading Sydney newspaper. China is just one example of many in which living standards are gradually increasing and trade opportunities are growing. There has been an almost complete failure by the Government to appreciate the changing pattern of trade taking place throughout Asia and South East Asia. Many opportunities have been missed. They should be secured by Australian exporters. We need people who will "go out and sell" Australia's primary products.

A leading Sydney Daily condemned the Government's double talk. In trade you must be for or against; if you are for trade you must go out and sell. Labour's view favours trade with all countries, whatever their internal government, so long as there is no legal and defensible embargo. In the present crisis of our exports an independent approach may help our export status and lead to permanent improvement.

It is only in a buoyant economy, in which there is a fair and equitable distribution of resources and adequate provision for housing, schools, jobs, hospitals, homes and social services, that a full intake of migrants will always be received smoothly and without dislocation. It is a significant commentary on the present rather stagnating economy that the inflow of migrants of working age appears to have temporarily declined in the last two years. It was a Labour Government which introduced the migration programme; but it was introduced at a time of growing economic activity, and employment was quickly found. Labour wants to see the migration inflow retained, but greatly desires to guarantee stability of the conditions necessary for healthy migration conditions in which adequate housing and jobs are fully available both for Australians and for the migrants. A migration programme, to be fully successful, must set out to eliminate any feature which will mitigate against the ready absorption of migrants into the life of the community. Labour sees migration as a part of the whole process of Australian social and economic development, and not merely as an aspect which can be looked at in isolation.

The New Australians are welcome in Australia. Labour greets them in true friendship and will, in comradeship, assist to its utmost their assimilation into the Australian nation. They know now that this assimilation must be based on their unreserved acceptance of our political democracy and our social and trade union standards, and on the adequate provision of employment, housing and essential services. Many cases have been brought before us indicating that at times migrants have not been given the justice to which everyone should be entitled. The Labour Party undertakes to have an impartial judicial examination made of every restriction imposed upon individual migrants, whether they affect migration to Australia of members of families already here, naturalisation of migrants in Australia or migrants who may be liable to or threatened with deportation from Australia. We believe that injustices have occurred in a number of cases. We will examine all such alleged injustices and see that justice is accorded to all without fear or favour.

Labour, under the guidance of Mr. Chifley and Mr. Calwell, with help from myself, laid the foundations of the post war immigration scheme. We know now that the New Australians are aware of our initiative, which opened the doors of this great democracy to them, their families and their friends. The New Australian is also aware of the political slanders which our opponents perpetrate to deceive them. In one false and malicious pamphlet the Liberal Party alleged that Australian Labour's "Democratic Socialism has nothing to do with the social democracy as it is known in Europe." This is a deliberate and gigantic lie. It was my duty to represent the Australian Labour Party at the Congress of the Social Democratic Parties in Vienna last year, which was attended by representatives of Social Democratic Parties throughout the world, including the British Labour Party, the Italian Social Democratic Party, the Canadian Co operative Commonwealth Federation, the French, the German, Belgian, Dutch, Norwegian, Swedish, Danish and Finnish Social Democratic Parties. The Hungarian Social Democratic Party in Exile was represented by the famous Socialist Democrat Mrs. Anna Kethly. Social Democracy is the same here in the Australian Labour Party as it is in those nations of Europe. Attempts to deceive our New Australian friends have largely

failed, and I appeal to them to support Labour which is the party of social democracy, social progress and which is irrevocably opposed both to Communism and Fascism. As the Commonwealth Parliament lacks a general legislative power over health, activities in this field, generally speaking, must be pursued in conjunction with the States. This was the course followed in relation to the great T.B. Eradication Campaign initiated by the Chifley Labour Government in 1948.

Labour will seek the long term cooperation of the States for the conduct of vigorous research and educational campaigns in relation to cancer, poliomyelitis, all forms of mental or nervous illness especially cases of retarded children heart, associated diseases and industrial diseases. Several compassionate and important cases of illness and injury, for which the necessary treatment is only available abroad, have attracted public support and no doubt the Commonwealth should always be prepared to assist such special cases; e.g., the case of the crippled patient brought forward in Parliament by Mr. G. Duthie, M.P. The Labour Government will endeavour to plan for the establishment, in cooperation with the States and the Australian Dental Association, for a complete and free national dental service for children up to the age of 16 years. We look with confidence to the full cooperation of the dental profession and assure them that what is contemplated will be in accordance with the high standards of Australian dentistry. Vast numbers, some forty per cent. of the population, are disentitled to Commonwealth Medical Benefits or the major portion of Commonwealth Hospital Benefits. Labour plans to give these benefits a truly national scope by repealing the Menzies Government's requirement that, in order to obtain them, the patient must be a member of an approved registered organisation. At the same time we shall encourage voluntary insurance. During our first term we will, in conjunction with the States, formulate a plan for a National Hospital Service capable of meeting all demands adequately financed and under the administrative control of the States. The plan of hospitalisation without charge and without means test will be submitted to the States for their approval. An Arbitrator, acceptable to both parties, will be appointed to resolve questions in dispute between the chemists of Australia and the Government as to their basis of remuneration for the supply of Pharmaceutical Benefits.

Labour will set up a committee of qualified persons to examine all means for the abolition of the Means Test, to report on schemes already in operation in New Zealand, the United Kingdom and other countries and to make recommendations as to methods to be followed, the basis of finance and the period over which it should be accomplished. The great cost of abolishing the Means Test prevents that objective from being accomplished at one step. Whilst the Means Test remains there will be anomalies and injustices; it plainly imposes a penalty on thrift. Yet its abolition should not be permitted to affect the prior claim on the community of those who have little or nothing apart from the pension. One special aspect of the problem will be dealt with by a Labour Government. The amounts involved in cash or property which a person may own and still receive a full pension are, in the case of a single pensioner, £209 and, in the case of a married pensioner couple, £419. It is eight years since any adjustment of these amounts has been made. Since that time money values have declined very sharply. In Labour's view the single pensioner should be able to have at least £400 without affecting the

pension and the married pensioner couple £800.. From time to time the maximum has been raised and not without justification but the minimum amounts have remained static, and it is the most needy section of all who have been specially penalised as a result. Labour believes this is a serious injustice. It will take immediate steps to rectify it on the lines suggested above.

The case of the Australian aboriginals demands immediate attention. Disabilities, from which they suffer under Commonwealth Acts, in particular the Social Services legislation, will be removed and at an appropriate time power for the Commonwealth Parliament to assume full responsibility for aboriginal welfare will be sought by referendum of the people. Individual aboriginals have shown that they can take their place in community life and the time has come for all aboriginals to be given the human right to fair social and economic opportunity with their fellow Australians. The privileges and standards now enjoyed by Australians will be extended to the aboriginal peoples on the basis of common Australian citizenship.

A Labour Government would grant full voting rights for the Northern Territory and Australian Capital Territory Members in the House of Representatives. A Labour Government will create a Minister for the Northern Territory and North Australian Affairs, and create a fully elected Legislative Council with referred powers. A Commission of three will be set up to administer a fifteen year development plan affecting agricultural and pastoral industries; mining and secondary industries; and all forms of transport. A survey will be undertaken to ascertain the part to be played within the development plan by the Commonwealth and private investment. Taxation concessions will be granted for fixed periods in order to encourage a growth of population and encourage private investment. To assist aboriginals in their rights and duties as citizens a special representative Advisory Committee will be set up.

Labour gives unwavering support to the principles of the United Nations Charter, which are based on the just settlement of disputes. Also basic is the acknowledgment of the right of all peoples to determine their own form of government and their own policies, both domestic and foreign, in accordance with the provisions of the Charter, which forbids the use of force or the threat of force except under and in accordance with the terms of the Charter. But Labour is concerned not merely to assist in the settlement of disputes when they occur, it is far more important to see that conditions are created which will remove the probability of disputes. Many aspects of the principles of the United Nations Charter, such as self-determination, the trusteeship system, and provision for economic development, are directed towards this end. It was the Labour Governments in which I was Foreign Minister which made a major contribution to the inclusion at the San Francisco Conference after World War II of such vital principles as full employment and self determination, and which also opposed the unrestricted practice of the arbitrary veto.

There are many ways in which an Australian Government can act directly to reduce areas of international conflict. One of them is to ensure strong representation on diplomatic and trading levels in those countries where disputes are most likely to arise. In our view it is wrong to concentrate diplomatic representation in the capitals of our known

allies and friends, and to neglect those capitals in which the major task of diplomacy must be carried out successfully if peaceful international relations are to be assured, It is on these grounds that Labour favours the recognition of all governments which are proved to be in effective control, notwithstanding our opposition to their internal forms of government. It believes too, that all nations should be members of the United Nations which is the great centre of international diplomatic action. To cut off relations with a country with whose policies or philosophies we disagree, to exclude such a country from the community of nations centred at New York, is to contribute to tensions and sources of open conflict which it is the purpose of diplomatic relations to eliminate. At a decision taken at the Federal Conference, Labour affirmed that its policy was to make appropriate personal contacts by visits and exchanges with all countries and it is our belief that some situations of tension which are currently of major concern would not have developed had there been this contact at an earlier stage between the nations concerned. The virtual absence of any contact between the governments and the peoples of China and the United Nations members has led to an exaggeration of misunderstanding and natural intensification of differences.

In relation to the problem of New Guinea, Labour believes that a solution in the interest of the peoples of the island and in the security interests of Indonesia and Australia could be evolved and agreed upon by discussion and negotiation. As we see it at present, we must contemplate the possibility of eventual administration of the whole island of New Guinea as one unit under the supervision provided for by the Trusteeship Council together with some administering authority. The actual administration could be committed to one nation and it seems only right that in New Guinea two thirds of which is administered by Australia, the administration of the whole island could best be entrusted to Australia in the event of the Netherlands giving up their administration of West New Guinea. Under the Charter the final objective must be self determination for the New Guinea people themselves.

In this final solution for New Guinea, Australia's administration of its Trust Territory and of Papua will have played the most important part. We bear heavy responsibility to assist the people of the Territory to stand on their own feet to enjoy a measure of prosperity, to control and ultimately to take their place in the world as the equals of the citizens of more advanced countries. Recent events in New Guinea, however, have tragically highlighted the inadequacy of some aspects of the present Government's administration. In what way does the policy of the Labour Party differ from that of the present Government? Fundamentally, it differs because we in the Labour Party have always accepted the equal rights, the equal humanity under God of all human beings. We believe that it is our duty to assist the peoples of New Guinea to achieve prosperity and self-determination through their own energies and their own talents.

Local councils should become real organs of local self-government. We shall take steps to increase the present inadequate representation of the native people in the Legislative Council of the Territory and to ensure that native representatives are men who have the confidence of their constituents. The economic development of the native people should be pushed forward by the fullest development of the co-operative movement, by

increased assistance to those who wish to acquire equipment (such as copra driers and cocoa fermentaries) for the processing of their crops, by relaxation of the outmoded restrictions on the ways in which the people can spend their savings. We would ensure that natives have the opportunity to rise to positions of responsibility in the Public Service to the limits of their ability and experience. The peoples of New Guinea are at many different stages in their gradual adaptation to the conditions of the modern world. There is a vast difference between those in the towns, who live and work beside Europeans, and those in many of the Highland and mountain villages whose lives have so far been much less affected by modern conditions. Progress cannot reasonably be held up as it is at present till the least advanced are ready to move forward. Opportunities might be given to these different groups according to their capacities. And under a Labour Government they would be given.

There is no time for delay. I repeat that Australia should oppose any attempt by Indonesia to supplant the Netherlands Government in West New Guinea. If Indonesia attempted that by force or threat of force that would be a violent breach of the Charter. For the chapter of the U.N. Charter dealing with nonself governing territories provides that the objective of each such territory is self government and self determination for the native peoples. Similarly if the Netherlands abandoned Dutch New Guinea the case for Australian administration of the whole island would be just as strong if not stronger. We seek friendship with the Indonesian people and the Labour Party policy favours the establishment of a regional pact between Australia, Indonesia and Holland for the security and development of the future of New Guinea. But we could not possibly accept a situation created by aggressive action on the part of Indonesia to seize West New Guinea contrary to the U.N. Charter provision. New Guinea is pivotal for the defence of Australia as was proved in the war against Japan. And the defence security of the Australian people was gained by the heroism and self sacrifice of both Australian and U.S. troops in the whole area of New Guinea; and it remains for all times a hallowed place in which the gallant and devoted services of the New Guinea natives themselves should never be forgotten.

We express profound dissatisfaction at the defence administration of the Menzies Government. The condemnation of the Government is widespread and includes some government supporters with wartime service. Recently the Sydney Morning Herald referred to what it called "The Government's shocking defence record". And on another occasion it stated "The Government has shown bitter resentment of criticism of its defence policy. Yet it has done nothing to rebut the criticism". In the period 1950 - 58 the Menzies Government expended a total defence vote of more than thirteen hundred million pounds. What is there to show for this colossal, indeed, astronomical sum. There has been immense waste, not only in the negligent purchase of expensive and outmoded equipment, but also in a top heavy barracks administration which allows extravagant expenditure and pointless exercises and demonstrations of force. Labour believes that Australian forces should be coordinated and equipped to provide us with a real defence system.

Labour believes that, with real drive at the Cabinet level, it will be possible to convert our forces into a really effective striking or defensive unit and, at the same time, save many millions of pounds at present frittered away. Technical developments of the last few years have completely altered defence problems but there is no sign that the Menzies Government has yet got beyond the stage of proposing to do something sometime. It is, according to the Journal already quoted, a defence policy built on a complacency which is "unshakable". The Sydney Morning Herald said only a month ago: "The facts speak for themselves. Our Navy is dwindling away; the R.A.A.F. is equipped with obsolescent planes fit only to cope with second rate air forces; our Regular Army could barely maintain two battalions in the field, and the C.M.F. would require a minimum of five months to find an operational division. As for equipment, the modern weapons promised our forces have not materialised." And further: "By persisting with a skeleton National Service Scheme which serves no practical military purpose whatever the Government has knocked the props from under its own selected defence showpiece, the Mobile Brigade Group. It has become abundantly clear that the choice has to be made between continuing National Service and having an operational Regular Brigade." What of the Brigade Group? Let me quote from the same authority: "The Brigade Group is under strength; it altogether lacks reinforcements; its weapons are obsolescent; its logistic problems are unsolved. Yet this is the force which the Prime Minister puts forward as Australia's contribution to regional security." Then in answer to the query what is behind it, the Sydney Morning Herald asks what could Australia provide in the event of sudden emergency, and it replies: "Immediately a handful of warships of doubtful value, and two air squadrons flying out of date planes. After five or six months, an infantry division armed with World War II weapons and desperately short of transport." This is, of course, scandalous and means that many of the 1,300 millions of pounds have been poured down the drain.

A Labour government if elected would immediately commence, as a matter of supreme urgency, a complete overhaul of the defence administration in Australia. The Labour Party has favoured integration of the four administrative departments and the three Services. The Government makes misleading and inept speeches but Parliament has not even been given a copy of the Morshead Report. But Labour would seek his advice and that of other distinguished wartime leaders like Robertson and Bennett in World War II, and also that of experts from the U.K. and U.S. who are aware of Australian combat conditions and New Guinea. Labour's Army policy is that of voluntary service in peacetime. The National Service system costing over £110 million since its inception has been a costly failure. It has killed the voluntary basis of the C.M.F. from which most of our great fighting leaders emerged. The Government has admitted this by its partial surrender of the universal principle and the introduction of the birthday ballots. The call ups have swamped the C.M.F. units with reluctant trainees and have turned what should be a privilege and a duty into a compulsory drudgery alienating parents and employers. Labour refuses to believe that 60,000 young men can't be found out of the more than one million of military age to serve in the C.M.F. voluntarily if it is given a sound equipment and training policy as well as a definite role.

The Labour Movement must never forget what the nation owes to the leadership of Curtin in 1941-5 and proudly recall the effort of our servicemen, especially those who died in New Guinea, till modern equipment arrived from U.S.A. and U.K. After all the original conception of the citizen army was adopted by Labour before World War I and militia forces in World War II greatly aided the returning A.I.F. veterans. The last eight years have been marked by an extravagant, yet reckless approach to defence. Budgets have included large over estimates £ 17 million in the last year and policy changes typically a "fits and starts" government have destroyed the morale of many servicemen. Defence with its huge capital demands simply has to be efficient and we are convinced that far greater defence effectiveness can be gained at a much lower price. Inseparably bound to Defence is the important question of supply and logistics.

The past two years has shown a sharp decrease in the skilled and highly trained personnel of naval dockyards, ordnance and aircraft factories. These establishments should at all times be kept fully occupied in the filling of orders from Navy, Army and Air Force. These orders should be so planned as to secure maximum production at a minimum cost. Whilst ample money has been made available to make this possible, on several occasions the money has not been so used. This has resulted in substantial dismissals of men whose know how and skill will be hard to replace in a period of emergency. If orders from the Services are not forthcoming, these factories should be used to do work for other Government Departments or for private industry so as to keep the establishments fully manned. In 1957 Mr. Menzies admitted that the Navy lacked ships of the appropriate kind and that too little had been spent on equipment for the Services. He announced that the Air Force was to be re equipped with new fighter aircraft which were to be manufactured in Australia. Within three months he announced that type was wholly unsuitable for Australian conditions. Many similar instances of gross incompetence could be recorded.

In all these respects the Menzies Government's vacillation and incompetence have been really frightening. No attempt has been made to coordinate the functions of the three arms of the services or to eliminate waste and duplication of activities. I repeat this. Labour will seek the best advice available, both locally and from our Allies abroad, and will undertake a complete review of the existing defence organisation from the ministerial level downwards. Organisationally a very strong case can be made for integration of both departments and services. But we must examine the Morshead Report and secure information. In the field of international affairs the Labour Movement emphasises as of most vital importance the role of conciliation and peaceful intervention to end or prevent war; second, agreement as to the elimination of armaments, including the effective prevention of the use of atomic and hydrogen bombs by any nation and a similar agreement on the use of conventional weapons.

The development of nuclear bombs has reached such dimensions that the people of the world are faced with the stark spectacle of a possible nuclear world war endangering the very fabric of the earth, its atmosphere and the great bulk of its peoples. Einstein, the great scientist made an appeal to world leaders from his death bed, and he and other Nobel scientists referred to the prospect of nuclear war with a sense of what they called

'desperation'. This desperation was due to the vacillation and delay by leaders in arranging political talks at the highest level, aiming at the effective prevention of the use of nuclear weapons by any nation and similar agreements on conventional weapons. In the opinion of the Australian Labour Movement summit talks by the leaders of the Great Powers have been and still are essential and, as is well known, we have striven consistently and repeatedly to bring these about and to support them on every occasion where they have been suggested.

It is not merely nuclear war which threatens destruction to mankind, but it is the most acute and terrible form of warfare. Success in reaching permanent agreement of an effective character with full security, including orderly inspection of armaments, would have to be accompanied by similar agreement to prevent the use of what are called, with great irony, 'conventional' weapons, where the area and intensity of destruction exceed everything that the great portion of World War II provided. We have never given up the attempt to support conciliation and agreement. At times the task would appear hopeless but, both in seeking summit talks and nuclear and armaments agreement, we have been persistent and consistent. The Labour Movement decided this "That in years to come the nation's true greatness will come to be measured by its courageous approach to the solution of these tremendous problems here and now".

Professor Marcus Oliphant's recent address called "Science and the Future of Humanity," is a convincing plea by a great Australian and a great Britisher, who states that unless science becomes "of humanity and is felt as well as appreciated with the intellect, it may well provide the means for mankind to destroy his civilisation and possibly all life on this planet." In the words of Sir 'Winston Churchill "There lies before him if he wishes, a golden age of peace and progress. There only remains for him to conquer his last and worst enemy himself." Great questions arise involving fundamental morality. The real question in nuclear warfare is whether it is more horrible to kill women and children with the sword than to kill or maim all mankind with radioactive dust? Professor Oliphant points out that each side in the cold war has emphasised the grave effects which must follow war with nuclear weapons; each also asserts that such weapons would be used if the other made any military aggression. Oliphant again points out that this attitude is either gigantic bluff springing from mutual fear or a strange determination to preserve war, or threat of war, as an instrument of international policy. He quotes General MacArthur who said that this experience again emphasises the utter futility of modern war and its complete failure as an arbiter of international discussions. He said that those who lack the enterprise, vision and courage to try a new approach 'fail completely in the most simple test of leadership."

It is important for all to note that Professor Oliphant said that those who believe that atom bomb tests should cease are apt to exaggerate the effects of radiation due to fall out from tests 'thereby destroying the very solid reasons which exist for a halt to tests'. Oliphant continued in his address to state that there is evidence that publication of experimental results, or conclusions drawn from known facts, which are at variance with an officially proclaimed opinion has been deliberately prevented when the scientists carrying out the work are public servants. Strangely enough, says Oliphant, this lack of candour is apt to

be practised most extensively by those who are most vocal in their opposition to the undoubted lack of democratic freedom in the Soviet countries. His conclusion is that the world 'now stands on the brink of catastrophe'.

Weapons have been tested and are now in the armouries of the nuclear powers, which release energy equivalent to the detonation of 20 million tons or more of high explosive. Such weapons have a radius of destruction such that the largest of the world's cities can be destroyed completely by a single weapon, even if it falls several miles from target centre. A recent official estimate in the United States shows that many millions of people within the United States would be killed in a major attack with these weapons upon the centres of population and industry. He approves of the words of Bertrand Russell who said 'You are faced with this simple situation. Do you wish the human race to continue? if so, you can never have another World War'. He went on to say 'I hope most profoundly that men will care enough about their own species and about what it can achieve, to forego the rather futile old games of power which men played for centuries and which now are no use. I do not feel confident of it. I think it quite possible that before the end of the present century no human beings will exist.' On July 14th last Professor Oliphant made a plea for the suspension of nuclear tests. He argued that nuclear tests should be stopped 'because of the possible danger to world health. He emphasised that the full significance of strontium 90 one of the potentially dangerous isotopes from the fall out of nuclear tests were not yet known. He, therefore, contended that nuclear tests should stop because of the two possible views about the effects of radiation from tests - one that it was harmful and one was that it was not.

The decision made should be the one that is on the side of safety. In Australia the National Radiation Advisory Committee expressed the opinion in relation to the Antler series of weapon tests held at Maralinga in October 1957 that the radio active cloud left continental Australia 'without significant fall out occurring' and the explosion took place far enough above ground level that 'ground debris was not involved'. However, the Committee declared that the question of strontium 90 from the fall out and testing of nuclear weapons 'is currently being considered by a National Radiation Advisory Committee. In due course an evaluation of the situation will be made available'. It can be assumed from Professor Oliphant's address that he was dissatisfied with the rather curt and unsatisfactory report of the Committee. On August 9th, the Scientific Committee of the United Nations General Assembly reported in a very different sense. The U.N. Committee said that to stop nuclear weapon explosions would 'act to the benefit of human health'.

Radioactive contamination is an environment resulting from explosions of nuclear weapons and constitutes a growing threat that is world wide. This involved, said the Report, "new and largely unknown hazards to present and future populations. Further these hazards by their very nature were beyond the control of the exposed person. The cessation of the contamination of the environment by explosions of nuclear weapons is one of the steps which in the opinion of the Committee would act to the benefit of human health. The fair conclusion to be drawn from the U.N. Report is that those who decide to continue tests of nuclear weapons are refusing to obey the U.N. findings that stoppage of

nuclear tests would aid the health of mankind. That is the point of Oliphant's comment; and the Australian Committee gave an unconvincing report as opposed to the more detailed report of the United Nations. Oliphant's conclusion of July 14th was in effect vindicated by the United Nations Committee. If, as I hold to be correct, the conclusion, in accordance with the findings of the U.N. 15 nation expert committee, that the health of human beings would be aided by the stoppage of nuclear tests, then the only way both of prudence and love for humanity and especially of children both born and unborn would be in favour of stopping nuclear tests. This approach would be in strict accordance with Labour policy as declared by the Federal Conference. But this great question may soon be solved by the Big Three nuclear powers who will shortly confer.

The British Labour Party speaking through Mr. Aneurin Bevan has declared that a British Labour Government would feel compelled to stop all British nuclear test explosions independently of other powers. On the other hand the United Nations' move favouring a suspension of all such tests, has U.S. support. There seems at long last after many bitter disappointments to be strong recognition by the Big Three that the nuclear tests must stop. I am proud of Australian Labour's courageous pioneering advocacy of stopping tests. I believe public opinion has at last been awakened. And I feel certain that much untold suffering will be avoided by early agreement between U.S., Britain and Russia.

An Australian Labour Government would exert every possible effort towards reaching the agreement we favour. The question should be made part of summit talks aimed at nuclear disarmament in 'conventional' weapons. Labour's view is clear. We advocate reforms aimed at social and economic justice for all. This policy is one illustration. But lasting peace and justice will only come "from the gradual, cumulative interaction of many new policies and many great reforms; a conscious, persistent effort to strengthen the deliberative institutions of the U.N.; the submission of all legal conflicts to the International Court; the building up of international legislation and administration for the greater happiness and prosperity of mankind. But these new policies can never triumph until the arms race has been ended, and the nations have thus decided that they will finally abandon the use of force". Those great human and christian aims are the objectives of the Australian Labour Movement and an Australian Labour Government will spare no effort to achieve them. The fate of all mankind and the children of the world is involved. Australian Labour must and will play a full and active part. As one approach to restoring equity to the income tax system, the Labour Government will accept as allowable deductions, verifiable fares or reasonable transport costs incurred by employees to and from their place of employment. Fares are a heavy burden to many employees who are forced by the housing shortage to live far from work or who are forced by the employment situation to find work where they can, no matter how far from home.

Labour believes there are many anomalies and inequities in the Sales Tax Law. An outstanding example is the imposition of 8 1/3 per cent tax on household furnishings and equipment for domestic use, including floor coverings, refrigeration and stoves. Labour will eliminate Sales Tax on certain basic household necessities. A reclassification of these commodities will be made and Sales Tax will be removed from all but the

extravagant models and items in the group. By this means relief will be obtained for the ordinary family in respect of their main home equipment.

The question is how these payments are to be financed; that is, from the Commonwealth in the shape of child endowment, pensions, social services and repatriation benefits and other payments. The increased social service and repatriation benefits to which I have referred will cost £37.2 million. Other benefits in taxation (payroll tax, sales tax in relation to household furnishings and the dried fruit content of certain foodstuffs, petrol and diesel tax part year) cost of living adjustments and health benefits could raise the total cost to £119.7 millions in a full year. Only half this amount will be required for the present financial year ending June 30th, 1959. The last figure of £119.7 millions will be greatly reduced by several factors. The natural expansion of the economy has in past years yielded, apart altogether from changes in taxation rates, an additional annual Commonwealth revenue of approximately £100 million. The Federal Treasurer confirmed this in his Budget speech last year. The 1958/59 Budget indicates that revenue from this source will fall appreciably this year. Labour's stimulation of the economy will restore this figure at a very conservative estimate to £50 millions per annum. Moreover, the Government has made a practice of over estimating Defence expenditure, transferring unused Defence Appropriations to Reserves and later re transferring them to Consolidated Revenue Fund for expenditure on items other than Defence. In 1956/57 an amount of £66 millions was treated in this way by the closure of the Strategic Stores and Equipment Reserves and the Defence Equipment and Supplies Trust Account. Having regard to this factor and to savings that obviously can be effected by the elimination of waste, a substantial sum will be available from the amount of £190 millions appropriated for Defence Services in 1958/59. The restoration of full employment should save the sum of £5 ½ millions now expended on unemployment benefits. The actual deficit would be, therefore, far less than the sum of the Menzies deficit and our proposals. Certain of the contra Estimates referred to above (over estimate of defence, saving of unemployment benefits, expansion of economy) will lessen the cost by £50 millions, leaving a nett additional sum to be financed of £69.7 millions. There is no doubt that the present state of the economy absolutely demands budgeting for a deficit, i.e., planning to spend more than the estimated revenue. In an important speech delivered on October 10th last, by Mr. Warwick Fairfax (Chairman of Directors of John Fairfax Ltd.) it was said, after a close analysis, that the state of the Australian economy was one of "relative stagnation". I quote "Now the period of five years that I have taken is quite long enough to balance seasonal conditions, the ups and downs of the wool market and all other overseas circumstances. I repeat the result is not satisfactory; and while Australia is indeed advancing in total population and total wealth, yet industrial progress, employment, and the standard of living are relatively stagnant."

The Menzies Government has already budgeted for a deficit of £110 million, although this has been caused by the destruction of the loan market and the slump we are now experiencing. If that deficit of £110 million were increased by the full amount of the possible expenditure (gross) of an additional £19 million, there would be a real stimulus to a stagnating economy. In practice, moreover, expenditure of the kind proposed, designed as it is to increase economic activity, to increase the number of people

employed, to increase the number and value of commodities produced and consumed, must increase revenue. The Labour Party is acutely aware of the need to avoid inflation. We have suffered too much from the Menzies inflation. We know that it is the man on the fixed income and the pensioner who are so hard hit by inflation. At the same time Labour knows that there must be help in the shape of social services, repatriation benefits, building of schools, the payment of pensions, hospitals, roads, and so on, to the limit of our material resources. In our view, it is no more difficult to provide these things in time of peace than it is to provide the requirements of war in times of war, and Labour succeeded under the Curtin/Chifley Governments in doing that without financial difficulties. We regard the cries that these benefits cannot be financed as mere excuses, indeed a typical attempt to prejudice Labour by those who do not wish to see these benefits enjoyed by the community lest their own privileges and profits should somehow be diminished. I come back to the question of finding the money. The most simple answer is: "It is already in the Budget there is no need to find the money."

The Menzies Government proposes this year to spend from taxation revenue £132 million on capital works and allocate £102 million to reserves - the Loan Consolidation and Investment Reserve. Here is £234 million wrongly charged against revenue £234 million of provisions for the future for which you are to be taxed now. On the other hand the Menzies Government proposes to charge £78 million of defence expenditure to Loan Funds. But clearly this amount should be charged to revenue. So there is a nett surplus of £156 million in the budget for this year. The total cost of Labour's proposals is less than this year's real surplus. Some years ago the practice grew up of paying for government works out of taxation. But the Menzies Government is not content merely to pay for some capital works out of taxation. Now they pay off loans too through the device of the Loan Consolidation and Investment Reserve. They have forgotten the circumstances under which it was prudent to use taxes for capital purposes now they claim that under all circumstances they not only can, but must do so.

Let me point out too that the present true revenue position, amply sufficient as it is to finance Labour's basic proposals, has been gravely weakened by the policies of the Menzies Government. A healthy revenue position comes from a healthy economy. The backbone of the economy is the host of private industries farming, manufacturing, trade and other services. It is in these industries that the bulk of the Australian people work. There is one simple fact about the economy, which every elector should grasp and consider. Less men are in private employment at this moment than two years ago when the Menzies Government was last re-elected to office. With that election the growth in the number of private jobs for men practically ceased. Two years and no increase in jobs! Two years in which the number of men seeking work increased by more than 100,000. Two years of stagnation and increasing unemployment. What a calamitous term of office! We all know why it happened. The Menzies Government on its return to office celebrated at your expense with the Horror Budget (No. 2) of March, 1956. They imposed £115 million of new taxes and increased interest rates still further. Since the Horror Budget we have had unemployment, last year's drought and now world recession and the collapse of export markets. And still the Menzies Government does nothing but bewail the fact that its revenue has fallen. Labour's proposals are designed to reawaken and restore the

economy. Our first aim is to restore Australia's post war expansion and with that expansion the revenues of the Commonwealth will expand too.

The Government will have expanding revenues to meet the expenditure necessary to restore the economy. We are living in a virile, dynamic age and the lifting of the Menzies dead hand will give new life and vigour to the Budget as well as to the economy. The finance of our proposals will come in large part from the effects of the proposals themselves. Labour recognises that there will be some little time before its proposals restore the vigour of the economy and put new life into the bond market. We have many problems before us but the least of these problems is the internal financial one. It is true that the Menzies Government intends to obtain some of its finance for this year from Treasury Bills and it is true that in this financial year (which ends in June next) Labour will have to obtain some additional finance from Treasury Bills. But this additional finance will not be the full amount of our proposals. These proposals can probably be made operative for less than six months of this financial year and so we may need to issue only a relatively small amount of additional Treasury Bills. But these Treasury Bills will be working for the economy. They will be stimulating demand and restoring private employment. This is what Treasury Bills are for. Labour does not believe that Treasury Bills should always be repaid and never used. Labour repaid £235 million after the war worth nearly £500 million in present prices.

The Menzies Government proposes to limit its Treasury Bill borrowing this year to the £110 million necessary to fill the gap caused by its mismanagement of the economy and of the loan market. None of their Treasury Bills will be used to stimulate the economy. Next year they would probably have had to issue more because the economy would continue to stagnate. Labour's use of Treasury Bills will remove the need for further issues. Treasury Bills exist to be used and Labour will use them when necessary. The Menzies Government is dragging us back to the absurd orthodoxy of the depression years, before the genius of Lord Keynes was universally recognised. Back to the time when public works were cut back to "What the loan market would raise". The depression orthodoxy which said that, with every tenth man unemployed, we could not afford schools or hospitals or even money to maintain our railways in working order. Lord Keynes lived to destroy this absurd and fatal orthodoxy and now there is hardly an economist to be found who will subscribe to it. Be they American, French, German or English, they unite in saying that central bank credit exists to be used when the economy is depressed or stagnant and men are unemployed. And their view is the view of the governments of the world.

The United States is at this moment using central bank credit to climb out of the recession. So with Canada. But the Menzies Government sits back tired and very lazy and leaves things to take their course. Labour will guide its policy on these matters by the proved needs of the economy. As private employment is restored Labour will reduce its use of Treasury Bills to the actual needs of the moment. Labour will pursue a truly responsible policy of full employment and stability of the currency for the greater welfare of the people of Australia. Labour will judge by facts and not by discarded financial shibboleths. Nor are we unmindful of the excess profits already being made by a small

group of monopolies and combines. We will watch carefully to see that the benefits of an expanding economy do not go solely for their benefit. Labour will stand ready with an excess profits tax to use if the time requires it and will not hesitate to impose just and equitable taxation on those who can afford it and we shall certainly use the full resources of legislative authority against any return of the Menzies inflation.

The finance of the Labour Government's proposals can be summarised simply. The revenue required is already in the present Budget. Treasury Bills can be allocated and appropriated to public works, the payment for which is covered by taxation already imposed or authorised. Labour's proposals are designed to restore the economy and are, to that extent, self-financing'. Treasury Bills will be used to tide over the gap in public loans until revenue and the loan market are revitalised. Taxation on a just basis will be planned but held in reserve to be used only if the facts of the economy justify it.

The other side of the financial problem stems from the collapse of the bond market under the Menzies Government. This year they expected to raise only a net £35 million from the public as compared with £100 million in the last year of the Chifley Government when prices and incomes were only half the present level. What a condemnation of the Government! What a picture of the way the Menzies Government has destroyed confidence in itself and in the Bond Market! Much of it, of course, is deliberate. The Government itself prohibited the Commonwealth Bank and discouraged the private banks from lending to it in order to prove that no funds are available for the essential needs of the Australian people.

The other part is a mixture of incompetence and out of date nineteenth century financial policy. Interest rates were deliberately raised to choke off investment in housing and, as a direct result, bond prices fell. Naturally, the small investor still tends to look on bonds with some suspicion he has had his fingers burnt once already. Naturally, in a profit inflated economy, the big investor can find higher and higher rates. High profits for the big monopolies and high interest rates go hand in hand.

Labour's policy on interest rates has already been stated. Once again we follow the sound teachings of Lord Keynes and Lord Beveridge. In step with the rest of the world we will reduce interest on government bonds to a reasonable level and with the bond rate other interest rates will tend to fall. This, in itself, will, after the first impact, increase the flow of savings into bonds. The investor will realise that holding bonds does not necessarily mean both falling purchasing power and falling capital value. The value of existing bonds will rise and this will encourage further investment. But Labour will take more positive steps to encourage the supply of funds for essential public purposes. The Menzies Government has shown extraordinary vigour in borrowing from overseas it has gone to the United States, to Canada, to Switzerland and now to the United Kingdom, and everywhere has picked up a few crumbs at high interest rates. The vigour of its overseas borrowing contrasts strangely with the Government's indifference to borrowing internally. Many of the countries of Europe have, in recent years, experimented with new forms of borrowing. Some have tied the capital value to the cost of living, some to gold, the United Kingdom has tried premium bonds in which the interest (but not the principle)

is distributed as substantial prizes every six months. Nearly all these schemes have been a success and have raised large sums of money. We are convinced that a fresh and vigorous approach for funds along some or all of these lines would be equally successful in Australia.

The Menzies Government, after years of repeated and continuous goading by the Labour Party has at last introduced some "special bonds". Mr. Crean, Dr. Cairns and I demanded this course during the 2nd "Horror" Budget debate of March 1956. But the approach of the government is very half hearted and reluctant. The new bonds have only one feature, they protect bond holders against loss from further rises in interest rates. There is no other protection in the special bonds. But the Labour Party will not raise but will reduce interest rates. Following the stated and accepted principles of Lord Keynes' genius, we believe that a low interest rate policy would be in conformity with Australia's best interests. Even the Board of the Commonwealth Bank of Australia recognised this at the end of World War II. It said "In the post war period it will be desirable to continue the policy of cheap money which has proved so helpful during the war.

A rise in interest rates would make the problem of the public debt more difficult and would moreover rebound to the disadvantage of patriotic citizens who have already subscribed to war loans. It would also aggravate the difficulties of the housing problem. The continued absorption of the community's savings by their use in new investment will be encouraged by low interest rates. In securing the highest possible level of employment such a policy will be of considerable importance. All this was stated by the old Bank Board in 1946. Yet Mr. Menzies and the private banks treated this careful and sage advice with contempt. A fresh and vigorous approach in accordance with the fiscal principles laid down by Keynes and Beveridge will transform the government borrowing situation in Australia. We believe that the Menzies Government approach "You won't lend so we'll tax you" arises from ignorance, laziness and a desire to serve vested interests. It is fundamentally unjust in casting the whole burden of public development on the taxpayer while leaving the big profits of private development to the wealthy.

We believe that the policy of restoring the basic purchasing power of the economy together with our policy of stimulating the loan market will in fact restore the stability and prosperity which Australia now lacks. In a sense Labour promises more than this programme, it pledges a way of life. There is a positive and a negative approach to the problems that beset mankind. It is the traditional Labour pattern to seek a solution of those problems, whether they be external or internal, through an application of certain guiding principles which are as much philosophical as political. In the conflict of ideas and the welter of proposals which contend for the support of free people there emerges one central fact. It is that man was born not only to be free but to enjoy that freedom in the sight of God and his fellowmen.

That freedom entails the device of a society in which men can live together as equals in opportunity, with equal rights of access to the needs, the aids, and the protections, that will ensure succour in economic adversity, security in old age, guaranteed standards of

living, progressive adjustment of the needs of the family, fair distribution of the national wealth, and the maintenance of adequate standards of health, housing and social services. These are but the primal needs of a society which thinks in terms of a more abundant life for those who contribute during their life time to that society's welfare. It is in the full realisation of the principles in practice that Labour pledges itself to attack and conquer the problems that are involved in a policy of live and let live whether that be in the sphere of human relations wherein we live together within the boundaries of our race and nation or in the wider sphere of international relations where we co exist in an age of nuclear power.”

Source: Compiled from original documents.