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TAX BURDEN ON INDUSTRY

SPEECH BY MR. E. J. CRAIGIE, M.P.
(Member for Flinders)

Delivered in the House of Assembly on November 6 and 21, 1940.

TAX BURDEN ON INDUSTRY.

Report of Speech by Mr. E. J. Craigie, M.P.

Mr. CRAIGIE (Flinders)—I move—

That whereas it is desirable that the tax burden shall be removed from industry so as to encourage the maximum production of wealth; and whereas the present method of raising revenue imposes taxes upon wealth producers in proportion to the success of their effort in production; and whereas the tariff policy of Australia increases the cost of production, imposes a burden upon primary industries, adds to the cost of constructing and maintaining social services and generally lowers the standard of living for all wealth producers. Therefore, this Parliament being anxious that early action shall be taken to give effect to those principles of justice and liberty for which the war is being fought, recommends—(a) That the State Government give early attention to the question of removing the tax burden from industry; (b) that the Federal Government be asked to abolish the tariff, sales and primage taxes with a view to preventing exploitation by monopolistic interests, thus lowering the cost of production and bringing about a higher standard of living for all wealth producers; (c) that the rent of land which arises by reason of the presence of the people be taken into the Public Treasury for the purpose of defraying the cost of government. Thus laying the economic foundation for that new social order promised after the war, and ensuring that those now engaged in producing munitions shall not at the conclusion of hostilities be forced into the ranks of the unemployed, but shall find avenues of employment awaiting them in the peace industries.

That a copy of this resolution be sent to the Commonwealth Government.

From time to time we hear much about a new social order which is to be established when hostilities cease. Although we hear of this from many quarters, up to the present nothing of a concrete nature has been indicated by any of the political Parties which would lead the general public to understand that we will have the promised change. When we look at the policy adopted by the Commonwealth and State Governments we realize that there is a lack of understanding of the economic principles necessary to produce a new social order. Most members are of the opinion that the Government has some mysterious source from which money can be drawn, and that if a few hundred thousand pounds is required for the purpose of giving assistance to any particular section of the community all that is necessary is to either float a new loan or increase taxation, and then everything in the garden will be lovely. Those who uphold this erroneous idea have overlooked the fact that the Government as such does not produce wealth. Before it can hand out assistance it must first by the process of taxation take money from those

who have been engaged in wealth production. We have been suffering from this policy, which is popularly known as "robbing Peter to pay Paul," over a period, and instead of conditions becoming better as a result of the Government's actions they are gradually going from bad to worse. The outlook is that the temporary prosperity which seems to be with us, due to the fact that we have a measure of inflation and that we are spending much time and money in producing things merely for destructive purposes, cannot last for all time and that the day of reckoning must surely come. If we are concerned about the future well-being of society we should give early attention to new principles which will make for the new social order when the war is concluded. This afternoon I want to make a survey of the taxation question. Under the ordinary rules of debate in this House one is confined to discussing a matter as it appears on the Notice Paper, and consequently only one phase of taxation can be dealt with at a time. This gives no opportunity to make a general survey and indicate the great burden which is placed upon the people. Realizing that it was not possible to discuss taxation under any of the measures introduced by the Government, I decided to place on the Notice Paper what one might call a "dragnet" motion, which gives me a sort of roving commission to deal with the whole question and to give information to the public as to what is taking place to-day. The subject of taxation is one which few members like to speak about. When Party members appeal on the hustings to the public they get as far away as possible from the question of taxation. No one likes to be told the extent to which he is being exploited by taxation.

I propose this afternoon to lay bare for the benefit of the general public information as to what has taken place since the Federation and to indicate what has been responsible for the position we are in. Chief Justice Marshall of the United States of America has said, "Taxation is the power to destroy." That is a correct statement. Any person approaching the question with an open mind must confess that taxation in Australia has destroyed our primary industry. There is no gainsaying that if we look the facts in the face. At the limited time at my disposal this afternoon I propose to deal with the various phases of taxation from the economical and ethical standpoints to see if they bear logical investigation. I then propose to ask leave to continue my remarks and so indicate later one way in which we can get upon a sound economic basis.

Mr. Macgillivray—I thought you would finish your remarks this afternoon.

Mr. CRAIGIE—I am not so optimistic as the honourable member. I would like to have the whole afternoon to discuss the matter but I do not think it would be wise for me to ask for leave to continue after 4 p.m. The

chief method we have in South Australia of raising revenue is income taxation. Last year the Government took from wealth producers the sum of £2,358,733. I do not think there is one member in this House who would say that the payment of income tax by the wealth producers of South Australia has any relation to the services which the Government renders the taxpayers and we should agree that payment to the Government should be in proportion to the services rendered. What do we find, however? In the first place, the income tax is most inquisitorial in its methods. If a man uses his labour and capital in the production of wealth he is compelled, once each year, to fill in a return answering dozens of questions revealing his financial affairs to Government officials who have no right whatsoever to know anything about them. Such a system should not be tolerated by anyone believing in the principles of justice. Moreover, the raising of revenue by this means is a very expensive system as it necessitates a huge staff of officers in the Income Tax Department to check up all those complicated returns to see that taxpayers do not put in more than they are entitled to. Also, it is a source of expense to the taxpayer himself because in view of the complicated nature of the return, many have not the capacity to fill in the forms and so are compelled to employ taxation agents or solicitors to do it for them, so that they may claim all the exemptions and deductions to which they are entitled. There is another feature which I would particularly impress on my friends in the Labor movement. Although many workers on the lower rates of pay may not directly contribute to revenue by means of income tax it does not follow that they do not make their contributions because the income tax does not "stay put." Business men regard it as an overhead expense and it is reflected in the prices of commodities. Ultimately, therefore, it falls on the consumers of goods and consequently many people who pride themselves that they are not concerned with income tax pay it indirectly and are altogether unaware of it.

This principle of collecting revenue by means of income tax is altogether wrong. We should, as representatives of the people, encourage everybody to produce wealth to the fullest extent. Instead, we regard the man who produces wealth as an enemy to society and tax each individual in proportion to the effort he puts forth. Surely that is a ridiculous system by which to raise taxation. We should give such people every consideration and regard the man who uses labour and capital in wealth production as a fine asset to the State and not impose taxation burdens upon him as we do under the present system. We frequently hear the theory expounded that taxation should be levied on the people in proportion to their ability to pay. That is a principle taught in universities throughout the world, but those conversant with universities would not expect sound economic principles to be taught in those institutions, realizing that they are largely subsidized by grants from vested interests and no principle of taxation likely to interfere with vested interests is taught in universities. We are engaged, as legislators, in looking after the business of the

State. It is a public business. As opposed to public business individuals are concerned with private business and not one member of Parliament would attempt to work his private business on the basis of ability to pay. For instance, if a man went into a shop to buy a pound of tea and he was dressed in the height of fashion, the shopkeeper would not take the view that, as he seemed to have a fair amount of this world's goods, he should be charged a higher price than the other chap, whereas Bill Bowyang, because he did not appear to possess so much of this world's goods, should be charged a lower price. No private business is worked on such a ridiculous system, yet we do not hesitate to use that unsound principle in the business of the State. Instead of raising revenue on the principle of ability to pay, if we adopted a principle of taxation on the basis of benefits conferred upon the individual by State functions, we would be on the right lines.

Mr. Whittle—So a man with an income of £200 would pay the same as a man with an income of £2,000.

Mr. CRAIGIE—Certainly. If the man earns £2,000 a year, provided it is earned without any legislative privilege, there is no more justification in the Government's taking any part of it than there is in the Government's taking part of the £200 earned by the other man. If we did not give certain sections privileges by legislative enactment there would not be the big incomes earned by some people to-day. Later, probably not this afternoon, I shall have the opportunity to indicate just how these big incomes are created and show the member for Prospect the way whereby justice can be done.

Mr. Whittle—The way to earn £2,000 a year?

Mr. CRAIGIE—If the honourable member earns it by service to the community he has a right to retain it and by no ethical creed has the Government a right to take any of it from him. I could deal with this aspect of the question at much greater length, but as there are other phases upon which I desire to touch I shall now deal with what is popularly known as stamp tax. Last year we collected in stamp duties £410,628. That is a further unjustified tax upon industry. Under our existing law, if a person merely makes a transfer of property he must pay £1 for every £100 of value transferred. Last year that tax returned £73,084. If a person is unfortunate, financially, and has to negotiate a mortgage on his home, one would think that a Government, which claims it is out to consider the interests of the public, would give consideration to and sympathize with him, but how is he treated? He is taxed 2s. 6d. per cent on his mortgage agreement. Last year the Government collected £11,293 from this source. Again, for every receipted account for £2 or more a stamp duty of 2d. is required. Last year this business charge returned £47,959 to the Treasury. Everybody will admit that if business firms have collectively paid more than £47,000 as stamp duty on receipted accounts it manifestly is taken into consideration on overhead charges and is placed on the price of commodities purchased by consumers. If we draw a cheque to pay an

account, enter into an agreement, or take out a bill of exchange we are taxed. Last year no less than £59,136 was collected in this way. There is no justification for this additional burden being placed on the people.

The next item concerns succession duties. Last year we were fortunate in obtaining £563,505. There is a notion that we can defend succession duties, inasmuch as they return to the Treasury some of the ill-gotten gains which certain people are alleged to have obtained during their life-time. Instead of waiting until people die it would be better to prevent them from accumulating these ill-gotten gains whilst they live. I was interested to read in yesterday's press that the Duke of Bedford died recently in Great Britain and left an estate to the value of £1,419,000. It has been said that the estate duties which went to the Government amounted to more than £700,000 and that the rest of the estate was left in trust for the Marquis of Tavistock. Why should the Duke of Bedford have been allowed to get away with rent from the rich lands he held in Covent Garden and then let the Government try to take a portion by way of succession duties?

Another phase of particular interest is motor taxation. Any man who has the temerity to purchase a motor car or truck to-day must suffer great disabilities. Transport facilities should be provided for moving produce from place to place at the lowest possible cost, and no disability should be placed in the people's way. The total collected by way of motor taxation last year was £680,335. But that is not all. In addition to the State taxation burden which motorists have to carry, they also have to pay Federal taxation. For example, a man who buys a motor vehicle has to pay a £40 duty on a single-seater, £60 on a double-seater, and £95 on a sedan. On the chassis 25 per cent is required if it is assembled in Australia and 35 per cent if it is assembled before it reaches here. Tyres and tubes are taxed 25 per cent, or 2s. 6d. per lb. weight, whichever will return the higher sum to the Commonwealth Treasury. There is also the burdensome tax on petrol. All these charges mean that transport costs which the people are called upon to pay become exceedingly high. Business people pass their motor taxation on to the public who do not own a motor vehicle of any kind. Before a man is able to go about his everyday business he must take out a licence. Last year a penalty of £229,836 was placed on people by way of licence fees in order that they could carry on their legitimate business. That cannot be justified, and should not be allowed to continue. Land tax is another form of raising revenue. Last year £320,316 was obtained. The total State taxes placed on industry for the year ended June 30, 1940, was £4,563,353.

It is interesting to make a survey of the growth of taxation since Federation. We adopted Federation in 1900-1. At that time the total taxation raised in South Australia from all sources was £240,000, or 14s. 8d. per head of population. When Federation was mooted arguments were advanced that when the Commonwealth Government was established

certain State departments would be transferred to it when lower State taxation and cost of Government would result. Unfortunately, that has not been realized. Whereas in 1901 we paid £240,000, total taxation in South Australia had risen last year to £4,563,353, or £7 12s. 11d. per head of population. Let us compare the effect of State taxation on production. For the financial year 1938-39, the last figures available, primary production in South Australia was £16,766,810, or £28 4s. 2d. per head of population. Factory production was £13,678,930, or £23 0s. 3d. per head. The total value of production for that year was £30,445,740, or £51 4s. 5d. per head. In 1901 State taxes took .25 per cent of production and in 1911 3.28 per cent. In 1921 it increased to 5.15 per cent and in 1931 to 9.31 per cent. For the last financial year, however, it rose to no less than 14.98 per cent. From 1901 to 1939 population in South Australia increased by 63.67 per cent, whilst production during the same period increased by 90 per cent per head of population. During the same period State taxation increased by no less than 950 per cent per head. These figures show the enormous burden which has been placed upon the community in South Australia. It is no wonder, when taxation on production has increased by 950 per cent and population itself by only 63 per cent, that we find producers in the unfortunate and parlous financial position they are in to-day. Another aspect is Federal taxation. In 1901-2 it amounted to £8,894,319, or £2 6s. 6d. per head. In 1939-40 the amount collected by the Commonwealth Government in taxes was £90,010,663, or £12 17s. 4d. per head. How is it that the people sit quietly and offer very little protest against this method of taxation? Let us now see how Federal taxation is derived. Last year taxation amounting to £90,010,663 was collected as follows:—

Customs duties	£34,830,306
Excise duties	18,994,600
Sales tax	12,196,175
Income and dividend taxes	16,430,313
Land tax	1,645,829
Probate duties	2,212,690
Flour tax	2,486,070
Entertainment tax	59
Gold tax	1,214,621
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	£90,010,663

During the last few days we have been told that there is a possibility that the existing sales tax will be increased to 10 per cent. This will be an additional burden on the people, particularly those with large families, because they consume large quantities of food and need much clothing. I want to quote a few authoritative pronouncements in regard to the imposition of the sales tax. Mr. William Green, of the American Federation of Labor, said:—

The American Federation of Labor has consistently opposed sales tax legislation because it represents an attempt to transfer the burden of taxation from wealth and from those who are able to bear it to the masses of the people and to those who are least able to bear the burden of taxation. The executive council regard this form of taxation as a movement to "soak the poor."

At the Dominion Convention of the Canadian Trades and Labor Congress, held at Niagara Falls, September, 1938, the following resolution was unanimously carried:—

Whereas the ever-increasing burden of indirect taxation is lowering the standards of living of the workers of this country; and whereas the carrying of unnecessary taxes by the workers of Canada should be alleviated by all possible means by the Federal Government; and whereas the imposition of the sales tax directly reduces the buying power of the masses of workers and their families and should be abolished immediately. Therefore be it resolved that this fifty-fourth convention respectfully and earnestly petition the Federal Government to abolish the sales tax.

These two pronouncements were made by recognized labour organizations in America. They pointed out the inequity of the policy of the sales tax because it falls heavily upon the section of the community least able to carry the burden. Several economic authorities have also made statements regarding the matter. Professor John Dewey, world-famous educator and Professor of Philosophy at Columbia University, says, "A sales tax is governmental blackmail on hunger and small income." Professor E. R. A. Seligman, Columbia University, says, "The sales tax sins against the cardinal principle of equality in taxation." John H. Gray, American University, former president, American Economic Association, states:—

The sales tax . . . is one more attempt to put the whole burden of taxes on the poor. It violates every canon of taxation accepted in the civilized world for 150 years. Professor Robert Murray Haig, Professor of

Political Economy, Columbia University, Adviser to California Tax Commission, speaking of the sales tax, said:—

I deliberately submit that any politician who has the interests of the small house owner and rent payer at heart cannot sincerely and consistently urge the substitution of general sales taxes for real estate taxes. So far as I am aware, serious students of public finance are unanimous in the opinion that sales taxes are regressive in their tendency and effect . . . to propose the substitution of general sales taxes for taxes on real estate as a measure of relief for the small man is an insult to the intelligence and an affront to commonsense.

These statements also show the inequity of the sales tax system. I come now to customs and excise duties. These represent indirect taxation and the people do not know exactly what they are paying. Many years ago in England people were concerned, as Governments are concerned to-day, regarding how revenue should be obtained. Suggestions were put forward that a direct tax should be levied. At the time William Pitt was alive. He was as astute gentleman, like some of the members in the Federal Government, and he referred to indirect taxation as being similar to plucking the goose without having too much squawking. He said:—

To attempt to levy a direct tax of seven per cent is a dangerous experiment and one likely to incite revolt. But there is a system

whereby you can tax the last rag from the back, and the last bite from the mouth, without causing a murmur against high taxes; and that is to tax a great number of articles of daily use and necessity so indirectly that the people will pay the tax and not know it. Their grumbling will then be of hard times, but they will not know that the hard times are caused by taxation.

That system is the same as the one we have in operation to-day. It collected over £66,000,000 from the necessities of the people during the last financial year. The total revenue which reaches the Treasury does not represent the total amount which comes out of the pockets of the taxpayers. Importers of goods make a profit on the tax as well as the goods themselves. They then pass the goods on to the retailers who in turn make a profit on the tax. By the time the goods reach the consumer he has to pay, not only the tax, but a double profit on it. In addition, when we impose duties on goods coming into Australia the people who produce similar goods in the Commonwealth take advantage of the protection afforded them by means of the tariff and artificially inflate the price of their goods. I am not overstating the position when I say that the increased cost of the general necessities of life, as the result of our tariff policy, amounts to at least £150,000,000 per annum.

I now want to refer to the benefits which are derived by certain companies operating in Australia. One is the Broken Hill Proprietary Company Limited. In 1939 it had a capital of £6,671,564. In 1940 it was increased by £4,725,372 to £11,396,936. It is popularly understood that the increase in capital took place because of premiums upon shares which had been sold by the company. I want to explode that idea now. Premiums on shares in 1936 amounted to £1,597,110, in 1937, £374,965, in 1938, £431,609, and in 1939, £413,922, making a total of £2,817,606. It would not be possible to achieve the increase in capital out of the premiums on shares, as revealed in the company's financial statement. Members are probably aware that last year shareholders of the company were able to enjoy the advantage of getting 64 free shares for each 100 shares held by them. If it were desired to purchase any of those free shares to-day it would be found that the quotation for them is 44s. For every 100 shares held, about £150 worth of shares were given to shareholders without cost. The company has paid some very nice dividends. In 1933, 1934, and 1935 the dividend was 10 per cent, and in the years 1936, 1937, 1938, and 1939, it was 12½ per cent. In 1940 the company could pay only a dividend of 10 per cent, but that was due to the fact that it watered its stock, so the 10 per cent was really worth more than it appeared to be. In subsidiary companies the company has shares amounting to £5,532,739. The shares and debentures it holds in other companies amount to £1,012,118. Its assets total £18,456,271, and its reserves total £4,896,682. Members may be aware that the company has an interest in Rylands Bros. (Aus.) Proprietary Limited, Stewart & Lloyd Proprietary Limited, Australian Wire Rope Proprietary

Limited, Commonwealth Steel Company Limited, Commonwealth Rolling Mills Proprietary Limited, British Tube Mills Proprietary Limited, Australian Iron and Steel Limited, and other well-known concerns. The company is in a position to exploit the people of Australia because of the privilege it enjoys.

I propose now to deal with the Colonial Sugar Refining Company. There is a tariff duty of £9 6s. 8d. a ton to prevent sugar entering Australia. That was not sufficient protection to satisfy the greed of the industry, and so an embargo was secured to prevent sugar from being landed in Australia, thus creating a monopoly. Australia produces about 800,000 tons of sugar. The people are charged £24 a ton for raw sugar, and being good kind-hearted Christian people we allow the foreigner to have the sugar we export at £8 4s. 3d. a ton. It seems to me that every Treasurer in this country should put more money upon the Estimates to provide additional mental hospital accommodation for people who submit to this particular form of robbery. It may be said that it is necessary to give the canegrower a chance. Senator McLeay, speaking in the Federal Parliament recently, said:—

The canegrowers do not get the benefit of the embargo, 81.31 per cent of the growers do not get enough to be assessed for Queensland income tax.

So the people are being bled in the high price for sugar while the canegrower does not get the benefit and we have a right to ask who does. During the past 29 years the production of sugar has increased by 100 per cent per acre, yet despite the use of modern facilities for production the canegrowers are not earning a taxable income. During the operation of the Sugar Agreement the wages of the sugar workers were increased by 68 per cent but the cost of living increased by 66 per cent during the same period so that the rise in wages was only 2 per cent, notwithstanding the high price we pay for this commodity. Who gets the advantage? Let me submit the following figures. The Colonial Sugar Refining Company has a very interesting financial record. The actual cash subscribed by shareholders was £2,425,000. The cash refunded to shareholders was £3,900,000.

Mr. Christian—In what way?

Mr. CRAIGIE—By cash bonuses. That is to say, the shareholders who subscribed the £2,425,000 had the whole of that sum returned, with the addition of 50 per cent through the issue of cash bonuses. Further, the stock was watered to the extent of £13,175,000. The present capital of the company is £11,700,000. In December 1934 this company was very kind to its shareholders and handed out one £20 share for each £20 share then held. In effect, this doubled the capital of the company. To-day, if one wanted to buy one of those free shares, according to the latest quotation he would have to pay £49 5s. for it. That is the way people grow rich without working. The assets of the company to-day amount to £23,000,000; do not forget that the shareholders put in only £2,500,000. The present capital is £11,700,000, and

£5,850,000 worth of shares were issued on the basis of one free share for each share then held. The point I desire to stress is that the trouble does not stop with the artificial inflation of the price of sugar, because it increases the price of jam, preserved fruit, and everything of which sugar is a constituent part. The fruitgrowers protest that because of the excessive price of sugar fruit is left to rot on the ground in many districts because it does not pay to process it.

Australian Consolidated Industries, formerly Australian Glass Manufacturers, is another interesting concern. Members will have a vivid recollection of the repercussions which followed when a monopoly was given to this company because Belgium was then unable to take our barley. The barley industry in South Australia suffered considerably because of the privilege granted to that monopolistic concern. It is a fairly healthy business. Its capital was, in 1940, £4,058,000. Shares in subsidiary companies—and I might say it has 15 of them—amount to £7,078,016. The profits made under the old name were very good because for many years the company paid dividends amounting to 15 per cent. Last year it had a spasm and decided to do something better for the long suffering shareholders by giving them 11 free shares for every four shares which the unfortunate shareholders possessed. Those free shares are to-day quoted on the Stock Exchange at 37s. 9d. each. Those free shares form one of the finest bonuses ever handed out by any public company in Australia. Naturally, having made this free distribution the company had to reduce the dividend and so the unfortunate shareholders had to be content with a mere 7 per cent as against the 15 per cent they previously enjoyed. However, as they are holding nearly four shares for each one they previously held, what appears to be a modest return of 7 per cent actually amounts to nearly 20 per cent in terms of paid up capital.

Let me now turn to another struggling concern—General Motors-Holden's—which is engaged in the manufacture of motor car bodies. I pointed out earlier the difficulties with which the motorists had to contend. In the year 1936 the shareholders of this company had to be satisfied with a miserable 65 per cent dividend. The directors evidently felt some considerable doubt about this return, so next year decided to increase the distribution to 81.2 per cent. They did not hand this out in cash, but decided to give a bonus of 784,200 free shares. This was in 1937. Having handed out those free shares the next year the directors decided to pay a dividend of 55 per cent again and in 1939 continued the good work with another 55 per cent. Altogether this company has paid 256.2 per cent in dividends on capital in the last four years. I think everybody will agree that that is a fairly decent return on capital. It illustrates what we are up against at present and it is nearly time that the public were advised of what is taking place.

I should now like to deal with an item which will appeal to at least some members—the tobacco industry. The smokers have contributed to the cost of Government taxes ranging up to 20s. a pound. Custom duties last year totalled

£4,095,459. Excise duty amounted to £6,286,748 or a total taxation on smokes of £10,382,207. If you ask the wise men of Canberra why they taxed tobacco they say "Don't you know it is for the purpose of fostering the tobacco industry of Australia?" It would, therefore, be interesting to ascertain just the value of the industry to the community. I find that in Australia we have 32 tobacco factories employing 5,644 hands, one half of whom are female workers. The total wages amount to £1,074,176. In addition there are the people trying to grow tobacco leaf in Australia. I do not know much about it, but I am told that Australian tobacco leaf is particularly good for the poisoning of aphids. The total value of the industry to the Commonwealth was £513,000. Instead of the smokers being taxed nearly £10,500,000 it would pay them to say to the 5,644 factory workers, "We are going to keep you for the rest of your lives. You need not do any more work, but may collect that £1,074,000 for doing nothing." To the poor chaps trying to grow the tobacco, of whom there are about 2,680, they could say, "We will pay you the £513,000 which you now earn without your growing any more leaf." If this were done the smokers would make a saving of £8,795,011 a year. Who gets this great advantage if the workers do not derive the benefit? We have what is known as the British-Tobacco-Australia Limited Company. It has a paid up capital of £9,619,186. It is a combination of several organizations—British-Australasian Tobacco, W. D. and H. O. Wills and Company Limited, the States Tobacco Company, and S. T. Leigh and Company. The net capital in 1937 was £1,218,556 and the dividend 13½ per cent. In 1938, on the capital of £911,478, the dividend was 10 per cent. In 1939, on a capital of £910,814, the dividend was 10 per cent, and, to show the House the high regard in which this company is held by the investing public, I may mention that the price to-day for shares is 51s.

Coming back once more to our motor friends, I pointed out previously that the motorist has rather a bad time in respect of State taxation, and I have shown the advantage which General Motors-Holdens have in regard to bodies. Let me now deal with rubber companies, to show how they fare under this policy. Take first, the Olympic Tyre and Rubber Company. This was established only in 1933, and it has a splendid record of profits. It has a capital of £439,072 and reserve of £144,000. Dividends have been paid as follows:—1936, 10 per cent; 1936, 12½ per cent; 1938, 13½ per cent; 1939, 14½ per cent; 1940, 14½ per cent. Although they paid those healthy dividends, it is not the whole of the record, because the actual profit on capital in 1938 was 26.4 per cent. In 1939 it was 25.18 per cent, and in 1940, 28 per cent. Most members will agree that those are fairly good returns on capital which primary production does not enjoy. The Goodyear Tyre and Rubber Company has a capital of £1,050,000, of which £300,000 is in 8 per cent preference shares and £750,000 in ordinary shares. The whole of the ordinary shares are held by

American interests and not by anybody in Australia. Dividends paid in 1937 were 16 per cent. In 1938 the dividends rose to 26 per cent, but in 1940 fell to 16 per cent. The reserve was £383,045. The Barnet Glass Rubber Company paid a dividend in 1937 of 11 per cent, and both in 1938 and 1939, 12 per cent. The company's capital amounts to £750,000, of which £200,000 is in 8 per cent preference shares and £550,000 in ordinary shares. Reserves amount to £120,815. Last, but not least, is the Dunlop-Perdriau Rubber Company, which has only paid 7 per cent dividends during the past four years. The sum of £930,000 is in 10 per cent preference shares and £3,765,655 in ordinary shares. Reserves total £781,405 and assets £6,358,876.

Mr. Christian—They went up in smoke the other day.

Mr. CRAIGIE—I realize that. I have shown sufficient to indicate that under Australia's tariff policy certain interests within the Commonwealth have the opportunity of exploiting the consuming public. Although we cannot do anything by passing legislation here, we can submit recommendations on the matter to the Commonwealth Government. We are concerned about the well-being of our industries and our prosperity, and it is right that we should interest ourselves in the question of trying to do something to overcome these monopolies. Let me give some information regarding agricultural machinery and the way in which farmers are exploited. In 1913 a farmer could purchase a 6ft. Massey Harris binder for £39. With 45 per cent duty placed on it to-day he has to pay £85 to £86 for the same machine. The Australian farmer pays £1,000 for implements which the Canadian farmer can purchase for £450. We have boots and shoes, most essential articles for the great body of people. There is a duty of about 50 per cent on boots and shoes which come into Australia. The result is that local boot manufacturers exploit the public.

We have been discussing housing operations during the past few days, but do members realize that there is duty of 30s. a ton on cement? Anybody who cares to look at the watering of stock and the big dividends paid by the Adelaide Cement Company and the South Australian Portland Cement Company will see the enormous privileges which they enjoy. I believe it is on record that a former Commissioner of Public Works in this State, finding that these interests were against him when tenders were called for certain public works which required cement, threatened that if they did not reduce their price he would import cement from Tasmania. That threat had the effect of bringing the companies to heel. There can be no doubt that an honourable understanding exists between firms of this nature, and the time is ripe when Parliament should protest against it. I do not blame the companies or their shareholders for the privileges they get. They are frail human creatures and if they can get in on the ground floor and exploit the public they are not to blame. The privileged class of the community does not represent

more than about 10 or 12 per cent of the population, yet the other class represents 88 to 90 per cent. Everybody in that class over 21 years can vote for the National Parliament and can return representatives to control and stop these practices. If the people are not prepared to do that at election time they should not complain about high prices and excessive profits. Heavy taxation like that I have mentioned can only greatly increase the cost of construction. It adds materially, too, to the cost of living. Anybody who looks through the Customs schedule will find that out of 125 lines of foodstuffs, 118 carry heavy duty and only seven are on the free list. What is the use of complaining about the high cost of living and asking for an increase in the basic rate of pay to meet that increased cost if we continue to add to the burden by means of taxation? We also complain about our housing problem. I have pointed out more than once that we tax everything that goes into the construction of a house, yet wonder why the cost of building goes up and the tenants have to pay a higher rent. We will not get anywhere unless we are prepared to give serious consideration to this phase of the question. As the days go by the standard of living will get lower instead of better, because with the war we will have an inflation of currency. We will add to the already enormous burden of a national debt and increase taxation in order to pay our interest bill. These costs are put on to production and the more the individual is taxed through it the less there will be for his use.

Another aspect is the effect of the tariff upon State instrumentalities, and I hope later to have an opportunity of showing that, not only does the tariff affect every individual in South Australia, but that it also materially adds to the cost of government, increases the cost of our social services and makes it most difficult for State Governments to balance their Budgets in the way desired. It is altogether wrong for the State Government to go cap in hand to the Commonwealth Grants Commission seeking a grant to compensate it for the disabilities suffered when, as a matter of fact, the State Government should ask for the removal of the disabilities. That would be the logical way of dealing with the question. I ask leave to continue my remarks.

Mr. CRAIGIE (Flinders)—Even though the hour is late I feel it is desirable that some further information should be imparted regarding my motion. We have heard much from time to time about the new social order to be established after the war, but nothing much has been indicated of how the foundation will be laid for that state. In my previous remarks on November 6 I intimated the evil effects of taxation so far as it concerned the private individual. When I was interrupted by the Orders of the Day being called I was just about to continue my remarks and show the effect of taxation in regard to State instrumentalities. The taxpayers have to maintain certain social services, and if we have the vicious system of raising revenue adopted by

the Commonwealth Government, which increases the cost of operating these services, then of necessity it will mean higher State taxation. I have previously pointed out that this has been an important factor in connection with our railway system. When the 30 trams which run on the Glenelg line were introduced they cost £5,000 each. The value of the imported parts of each car amounted to £1,700, and of that amount no less than £600 represented Customs duties. It means that those cars have to earn in fares no less than £720 a year to pay the interest upon the tax levied on their importation. When this is spread over the whole tram system, one will realize how the interest bill is increased. Not only are our hospital furnishing costs increased because of this absurd system of raising revenue, but also the medicines and other necessities required for the sick. We can relate the position also to our water services, road facilities, and forestry operations, and so on. On the gang saw imported for one of our South-East forests the Customs duty paid amounted to no less than £1,500. Because of these impositions operating costs on our social services will always be high, and this will necessitate heavy taxation. In 1940 the Federal taxation levied in South Australia took £5,609,597, or 18.42 per cent of total production. This represents an increase in Federal taxation of 450 per cent per head of the population since Federation was established.

If we consider these facts, coupled with the facts I previously placed before the House on the question, it will be seen that Federal and State taxation in South Australia are taking no less than 33.40 per cent of total taxation, or one-third of the total wealth produced. When we add to that the private taxation, which is permitted by tariff laws that give special powers to privileged individuals to exploit the community, it is well within the mark to say that more than 50 per cent of the total wealth of South Australia is appropriated by Federal and State taxation. This policy of Protection is one of the most disastrous things that could be operated.

A protective tariff is simply one of the many schemes and systems of private taxation by which in all ages the privileged few have lived from the toil of others. But it has been the most lucky of them all in concealing its true purpose from the people. The people have complained of rising prices, but have consistently voted for a system whose only purpose is to establish monopoly—monopoly of the home market. People complain of the enormous sums of wealth absorbed by the incomes of our mighty rich, and yet they have steadily voted for protection, thereby voting to increase the cost of everything needed in industry, thus pouring hundreds of thousands of pounds—or rather millions—into the private pockets of those whom the tariff has made rich. It adds millions to the sugar trust, the steel trust, the motor body trust, the tobacco trust, the rubber trust, and many others too numerous to mention.

We see privileged interests living in princely palaces and their employees living in tenements and shacks; and yet a number have assumed that protection pours its wealth into the pockets of the employees instead of their employers! For a long time we have seen labour wars, with strikes and lock-outs, panics and industrial depressions. And yet some have sought to abolish all this by continuing the very system of tariff taxation that has been in existence during all these years, and under which all these have occurred. The protectionist system has had a thorough trial, and it has worked. About us we see the sad fruitage. It has done all the things it was designed to do. The great accumulations of wealth all about us can testify to its efficiency. The Australian people have certainly been loyal to the tariff policy, notwithstanding they have seen want and fear steadily increase under it. Surely they have now been loyal long enough to the most infamous system for the plunder of labour that greed ever devised. The case against Protection can be rested on 10 points. First, because it represents special privilege; second, because it represents class legislation; third, because it builds trusts and monopolies; fourth, because it enables these monopolies to sell cheaper abroad than at home; fifth, because it robs the people without their knowing they are being robbed; sixth, because it employs public taxation for personal enrichment; seventh, because it obtains the votes of labour by falsehood and fraud; eighth, because it diminishes the wages of labour; ninth, because it diminishes our total wealth production; and tenth, because it builds up great fortunes by impoverishing the people. The most unfortunate part of the thing is that those who claim to be the friends of Labor steadfastly stand for a continuation of this policy of exploitation. It is most significant that the Australian Labor movement is the only Labor movement in the world that stands for the iniquitous protective system. It is in the interests of the rank and file of those supporting this Party to make an alteration at the earliest opportunity.

There is one way we can obviate the need of raising revenue along those lines, and that is to take the rent of land for public purposes. We are now taking a certain amount of that rent for State, Federal, and local governing purposes. What we need to do is to abolish taxation from industry and take those land values into the public Treasury instead of their going into private pockets. Land value is not an individual product, but is produced as a result of the collective efforts of the people. It is interesting to consider how the State of South Australia was developed. When it was proposed to establish the State land orders were sold in England for £81 each, and a person buying one was entitled to select a city acre and 80 acres in the country. The stipulation was that the colony could not be established until £35,000 worth of these land orders were disposed of. Although a considerable sum was raised, the sponsors were not successful in getting the necessary amount, and so a philanthropic body headed by George Fife Angas, Thomas Smith, and Henry Kingscote in September, 1835, paid

a deposit on 13,770 acres, and on May 25, 1836, the price was reduced and declared to be 12s. an acre instead of £1 as originally intended. Instead of the purchasers of the land orders getting 80 acres of country land they were entitled to 134 acres. Priority in selection of city acres was granted to holders of the 437 first land orders, and in March, 1837, they made their selection. The unselected acres were sold on March 27 and 28, 1837, and the total price realized for the whole of the 1,042 acres which constitute the City of Adelaide was £3,594 4s. It is interesting to note that the land which was then sold for less than £4,000 is to-day assessed at unimproved value for State land tax purposes at more than £11,000,000. The highest price the Government received for any acre of land in Adelaide was paid by Mr. W. H. Gray for a block in Hindley Street, the price being £14 14s. This shows clearly that there has been an enormous increase in values because people have come here in increasing numbers and engaged in the development of the State. The value which was low in 1837 has developed until it is now between £90,000,000 and £100,000,000. Instead of those entrusted with government using this increase for the benefit of those who created it, they have allowed it to go into the private pockets of certain people. That is why we are in our present unfortunate position.

There are two cases where this exploitation has taken place. Members may remember something about the Thorngate estate. John B. Thorngate bought four land orders at a cost of £324. For that expenditure he got four acres of land in the City of Adelaide, two in Rundle Street and two in Currie Street. He also got 540 acres of country lands. Much of that land is now in the North Adelaide and Prospect districts. In July, 1928, I attended a land sale at Brookman's Buildings. I did not do so on my own behalf, because my funds were not at a sufficiently high level to enable me to purchase land. Edmonds purchased a portion of a city acre, which was originally sold at 12s., at a cost of £1,680 per foot frontage. I then went along to the Lands Title Office and spent some time searching the records of the Thorngate estate. I published the result of my inquiries in a pamphlet entitled, "How to Get Rich Without Work." I showed that the initial expenditure of £324 by Thorngate had meant that the estate by July, 1928, had taken out of South Australia £622,988 as rent for land and the amount realized on sales of portion of land. They then had land to the value of £250,000 left of their original holding. It will be interesting to note that one acre, No. 137, in Currie Street is still in the possession of the Thorngate estate. The latest lease was taken on September 30, 1908, by John Barker for a period of 35 years, at a yearly rental of £750. He had to build a new hotel on the land before December 31, 1911, at a cost of £6,000. This is the acre on which the John Bull Hotel now stands. Instead of the lessees of the hotel paying £750 a year in rent they will pay many thousands of pounds, after having to meet the cost of improvements.

I learned of the generosity of this absentee landlord when making my search. It will be

remembered that at one time the King of Hanover Hotel was situated in Rundle Street. During the war that was not a popular name, so on October 8, 1915, Milne & Co., who had control of the hotel, secured permission from the absentee landlord to change the name to "Commonwealth Hotel" on condition that £500 was spent in alterations, with an addition of £91 a year to the rental from that date. It is time that we gave some attention to these facts and attempted to put a stop to what is happening.

There is another interesting case. I refer to the Featherstone estate associated with the Young Men's Christian Association. A town acre, No. 106, was purchased by Robert Gouger for £8 2s. Later it was purchased by William Paul Featherstone for approximately £500. In 1882 the Young Men's Christian Association leased the land from Featherstone on the following terms. It had to pay a ground rental of £1,600 per annum for 40 years, and it had to erect buildings to the value of £25,000. In addition it had to pay all rates and taxes. In 1922 the Young Men's Christian Association sought to acquire the freehold and it was successful in getting it on the following terms. It had to pay a deposit of £5,600, being 10 per cent of the purchase price, £13,077 on October 1, 1923, and the balance was to remain on the mortgage at 6 per cent for five years. During the 40 years the Young Men's Christian Association paid the Featherstone estate £64,000 in rent. It spent £27,000 in erecting buildings. In addition, it paid £6,000 in land tax, as well as other forms of taxation. It then bought at a cost of another £56,000 the building it had paid to erect. The Featherstone estate was in the happy position of getting a return of £153,000 for an expenditure of £500. In the purchase price there was included an annuity of £300 for each of the Featherstone three sons, the youngest of whom was 7 years of age. This was the position concerning a block of land measuring 123ft. by 148ft. We often hear our friends who are religiously inclined say that the people of the earth is the Lord's and the fullness thereof, and that God gave the earth for the equal use of the children of man. These children have had to pay £153,000 for the property. In connection with the Thorngate estate it is interesting to note that up to 1928, although it had been able to take £1,000,000 out of the State through the mere possession of land, not one member of the Thorngate family had ever set foot on South Australian soil.

Although we have people who claim to be the representatives of the working class and who say that they stand for justice and for the people getting a fair deal, they simply ignore these important facts. They are not prepared to offer any suggestions regarding these land values being taken for the benefit of the people. They prefer that revenue should be raised by taxing the food and clothes of the workers, and the building material that the workers need for the erection of their homes. They also tax the machines and tools needed by the workers when producing wealth.

Mr. Illingworth—Who believes in that?

Mr. CRAIGIE—The political Parties.

Mr. Illingworth—I have not heard of such a thing.

Mr. CRAIGIE—Apparently the honourable member has not paid much attention to the Party platforms. What I have said cannot be denied. The Labor Party has not attempted to have this value made available for the people. Instead the Party has taxed the needs and necessities of the people. It has gone one better than the other Party in the National Parliament in the desire to put further burdens upon the section of the community it claims to represent. The fact that my remarks are not being denied is evidence that they are true. The cases I have mentioned concern South Australia, but there is another interesting case which has reference to Victoria. When Melbourne was being established Henry Howey came from Sydney to deliver sheep at Williamstown. At the time an auctioneer was standing on a stump extolling the virtues of the city which was to be built. History records that Henry Howey listened to the auctioneer for a time and then decided to have what our sporting friends call "a bit of a flutter". He bid for 2 acres of land and paid £140 for them. He felt sorry for himself immediately he did so. He asked whether he could pay £14 as a deposit and forfeit the land, but the auctioneer refused. After paying the £140 Henry Howey secured the deeds and sailed away to sea. Within twelve months a storm arose and he was swept overboard and drowned. The sea-chest containing all that he had was sent to his relatives in the Old Country. Later, they came across pieces of paper belonging to their deceased relative, but they did not attach much value to them. However, things were happening. Gold had been discovered in Victoria and people had come from all parts of the world to dig for the precious metal. They landed at Port Phillip and Melbourne soon began to grow. Henry Howey's land was wanted for building purposes. The relatives of the deceased sailor were communicated with and asked to fix a price for the land. Not knowing anything about the matter they consulted a lawyer, who advised them not to sell the land but lease it.

The Howey family continued to lease the site, until land which was bought for £140 is assessed to-day, on unimproved values for land tax purposes at £1,051,000. Those who have been to Melbourne know the magnificent structure erected by the Manchester Unity of Odd-fellows. It is on one of the half acres bought by the sailor for £45. Its assessed value, unimproved, for land tax purposes to-day is £378,400 and that is a low valuation, because when the Manchester Unity wanted an area 199ft. x 64ft. it paid £386,750, and then it had to go to the expense of pulling down the old buildings before it could erect its present impressive edifice. One would have thought that the family which had been able to exploit the needs of the Australian community to the extent which this family had done, and which has been living in England in luxury on the sweat and toil of the people of Australia would have shown some generosity, but quite

recently when the Melbourne City Council wanted to secure 54in. of land so as to widen a foot-path, these good, kind people living on the fat of the land in England at the expense of the Australian people demanded £200 a square yard, whereas the Union Bank, which is not supposed to have any soul according to our Social Credit friends, gave the land for nothing, as did G. J. Coles and the proprietors of Hotel Australia. It is nearly time that some effort was made to get a return of this value for the people of Australia. In the city of Adelaide, as is well-known, the price of the original acres was 12s. The acre on the south corner of King William and Rundle Streets is assessed to-day at £292,876, which means that the rent of that acre of land for one week—not one year—is £281. I think even our Labor friends will admit that that is what might be called a fairly decent living wage. If a man can get £281 a week for permitting another individual to use the earth which, we are told in the Bible, was given to the people as their natural heritage, he is not doing badly. I should like to see the Commissioner of Crown Lands take his courage in his hands and say that the £281 per week shall no longer go into the pockets of the people who are not entitled to it, but that as Minister of the Crown he proposes to take it for the benefit of the people who have created it. This would enable him to remove some of the taxes on industry and I can tell from the kindly expression which is creeping over his face that he is likely to do it at no distant date. No one can deny that these values should go into the Treasury. It would not interfere with existing titles. Freehold titles to land would still be allowed as under the present system. All that is advocated is a change in the method in collecting revenue. One point which should be stressed is that if a man gives value to his holding because of money spent on improvements brought about by clearing or fencing, draining or cultivating, that is an improvement value and is exempt from contributing to revenue. Moreover, this is one form of revenue which “stays put,” because the land values tax cannot be passed on in the same manner as other forms of taxation.

Mr. Thompson—If the tax cannot be passed on, why is it that when the land tax is increased tenants of city properties have to pay an increased rent?

Mr. CRAIGIE—If the land tax is passed on it is because the whole of the rent is not being taken and the tenant is getting something for less than its value.

Mr. Thompson—If the unimproved taxation assessment is £100,000 and it is increased by £50,000 the tenant has to make it up.

Mr. CRAIGIE—I am afraid the honourable member gives too much credit to the landlord.

Mr. Thompson—I know it is a fact.

Mr. Craigie—If the honourable member thinks that is a fact he must be of the opinion that the landlord is a kind-hearted individual who is not getting as much from the tenant as

he could, but history shows that the landlord gets all that the traffic will bear.

Mr. Thompson—I simply referred to the passing on.

Mr. CRAIGIE—Every political economist agrees that it cannot be passed on. The democratic legislative Chamber which we have in South Australia will pass every form of taxation, apart from land tax, without question, but when a miserable farthing in the pound was wanted in about 1933 the Leader of the Opposition will remember—

The Hon. R. S. Richards—I remember that in the depth of the depression we were not allowed to continue the taxation put on by the previous Government.

Mr. CRAIGIE—Exactly, even if Mr. Thompson does not know it the democrats of that Chamber had a good idea that land tax “stays put.”

Mr. Thompson—I know it is passed on in many instances in the City of Adelaide.

Mr. CRAIGIE—If that is so the lessee has been receiving a favour at the hands of the landlord. The landlord has been letting him have that site at a lower price than it is worth, because no person can pay more than the actual economic rent of land without becoming insolvent.

Mr. Thompson—He increases the prices of his goods and the public pays.

Mr. CRAIGIE—The honourable member has overlooked the fact that prices of goods are determined by the law of competition. The person who is selling goods on the site on which the tax has been passed on by the landlord as alleged has to sell in competition with the other business man who has not had the land tax passed on.

Mr. Thompson—When the tax is increased it is increased all over the city, and not just at one corner.

The Hon. M. McIntosh—Exactly.

Mr. CRAIGIE—The Commissioner of Public Works is another, apparently, who knows more than the economists. The Minister and the member for Semaphore are aware that in addition to the persons selling goods on the high-priced locations, other people are selling the same class of goods in Norwood, Goodwood, Unley, North Adelaide, and elsewhere, where land values may be £40 or £50 a foot as compared with £1,500 or £2,000 a foot in Rundle Street.

Mr. Thompson—It is our unhappy experience that many of those people have been pushed out and the business has come to the city to the high-priced land.

Mr. CRAIGIE—That weakens the honourable member's argument. He is overlooking the fact that if the high land value tax is reflected in the price of commodities, then the prices of commodities sold on the £2,000 a foot land in Rundle Street should be much higher than the prices of commodities sold on the £40 a foot land at Norwood, but we all know from practical experience that people residing on the low value locations pay tram fares and leave suburban stores to buy their commodities in Adelaide, where the land values are high, because they can buy them at a lower

price, showing very clearly that the price of land does not affect the price of commodities. As a matter of fact, it is altogether the other way about, as we see if we go back to the first principles of primary production. If Mr. Thompson got 2s. 6d. a bushel for wheat he would not pay as high a price for land as if he were able to get 5s. a bushel.

Mr. Thompson—The honourable member commenced by saying that if the increased value were put on the people could not pay it.

Mr. CRAIGIE—I did not say anything of the kind. I claim that the price is determined by the law of supply and demand, the law of competition, altogether apart from any consideration of the rent value. As a matter of fact, it is the price you can obtain for your products which determines the amount of rent you will pay for the land upon which those products are to be sold.

The Hon. R. J. Rudall—We are getting a lot of supply without any demand now.

Mr. CRAIGIE—Some people have to make sacrifices for the common good, and I hope to be able to enlighten both the Commissioner of Crown Lands and the Commissioner of Public works. Although they may be somewhat irritated at present, in their calm and sober moments they will realize that they have imbibed quite a lot of valuable information. When it is suggested that revenue should be obtained from the unimproved value of land it is always said that it would press with great severity upon the small struggling farmer. That is the tale told particularly by distinguished members of the Liberal Party. In the early days when this Party was called the National Defence League its organizer strongly advised farmers not to have anything to do with this beastly land tax, because it would put them off the land. The following statement shows the land tax paid on some of our best farming land as compared with city acres:—

Hundred.	Area in Acres.	Unimproved Land		Land-Tax Paid.
		Value.	£ s. d.	
Boooleroo . .	69,120	338,672	1,058	7 0
Belalie . .	92,160	654,102	2,044	1 4
Barunga . .	82,560	426,778	1,333	13 7
Maitland . .	84,480	487,586	1,523	14 1
Bookpurnong	194,560	311,940	974	16 3
Pinnaroo . .	141,400	468,428	1,463	6 9
Gambier . .	62,730	453,434	1,413	17 1
Yaranyacka .	72,960	171,126	534	15 5

City Acres—

Acre No. 79. South side King William and Rundle Streets, £292,876 assessment; tax, £915 4s. 9d.

Acre No. 46. North side, King William and Rundle Street, £270,298 assessment; tax, £844 13s. 8d.

Acre No. 47. North side Hindley and King William Streets, £183,164 assessment. tax, £572 7s. 9d.

Acre No. 78. South side King William and Hindley Streets, £221,836 assessment; tax, £693 4s. 9d.

Acre No. 108. Imperial Corner, Grenfell and King William Streets, £237,830 assessment; tax, £743 4s. 5d.

It will be seen that three acres in King William Street pay £2,332 in land tax as against £2,044 paid by 92,160 acres in the hundred of Belalie, and £1,523 for 84,480 acres in the hundred of Maitland, which represents the pick of the agricultural land in the State. That effectively explodes the idea that the man in the country will be penalized under this scheme. We find that 1,000 acres of unimproved land in the mallee will not pay any more land tax than 1 foot of land in Rundle Street. The sooner that bogey is exploded the better it will be for all concerned. On Eyre Peninsula we have ten and a half million acres alienated from the Crown. That area pays in land tax one-third of the amount contributed by the 1,042 acres in the City of Adelaide. That is a striking comparison. If we had the system I suggest it would force land into use. Instead of being forced on to marginal areas settlers would be able to obtain better class land at a more reasonable rate.

Until this question is settled there is no possibility of anything like justice taking place. I know that any person who offers advice along these lines is always met with the statement that the scheme is not practicable. It is always practicable and always an opportune time to do that which is wrong, to impose further burdens on the people, but any person who comes out and expects to put before the community anything that is advantageous, anything that will work in accord with economic law and lay the foundation for a just social state is regarded as a crank and faddist by individuals who are not able to answer his arguments.

There is no reason why this question should not receive more consideration. It is not a new idea because probably the greatest economist who has ever lived has brought these matters prominently before the community. He wrote a valuable book called "Progress and Poverty" and I advise honourable members to obtain a copy, because there are chapters in it which should be read by every thinking person. History has proved that greater civilizations than ours have decayed because of their violation of economic and moral laws. That being so there is nothing to prevent our civilization from failing. If we are not sufficiently alert to look after our own social well-being, at least we have a duty to the children coming after us, to see that they get a better deal than we are receiving from our present social system. In the chapter "How Modern Civilization May Decline" Henry George wrote:—

What has destroyed every previous civilization has been the tendency to the unequal distribution of wealth and power. This same tendency, operating with increasing force, is observable in our civilization to-day, showing itself in every progressive community, and with greater intensity the more progressive the community. Wages and interest tend constantly to fall, rent to rise, the rich to become very much richer, the poor to become more helpless and hopeless, and the middle class to be swept away.

That was said 60 years ago and is equally true to-day. Henry George asks:—

Whence shall come the new barbarians? Go through the squalid quarters of great cities and you may see, even now, their gathering hordes! How shall learning perish? Men will cease to read and books will kindle fires and be turned to cartridges.

He went on to say:—

Whether in the present drifts of opinions and taste there are as yet any indications of retrogression, it is not necessary to inquire; but there are many things about which there can be no dispute, which go to show that our civilization has reached a critical period, and that unless a new start is made in the direction of social equality the nineteenth century may to the future mark its climax. These industrial depressions, which cause as much waste and suffering as wars or famines, are like the twinges and shocks which precede paralysis. Everywhere is it evident that the tendency to inequality, which is the necessary result of material progress where land is monopolized, cannot go much further without carrying our civilization into that downward path which is so easy to enter and so hard to abandon. Everywhere the increasing intensity of the struggle to live, the increasing necessity for straining every nerve to prevent being thrown down and trodden underfoot in the scramble for wealth, is draining the forces which gain and maintain improvements. In every civilized country pauperism, crime, insanity, and suicides are increasing. In every civilized country the diseases are increasing which come from overstrained nerves, from insufficient nourishment, from squalid lodgings, from unwholesome and monotonous occupations, from premature labour of children, from the tasks and crimes which poverty imposes upon women. In every civilized country the expectation of life, which gradually rose for several centuries, and which seems to have culminated about the first quarter of this century, appears to be now diminishing. . . . But there are evidences far more palpable than any that can be given by statistics, of tendencies of the ebb of civilization. There is a vague but general feeling of disappointment, and increased bitterness among the working classes, a widespread feeling of unrest and brooding revolution. . . . The civilized world is trembling on the verge of a great movement. Either it must be a leap upward, which will open the way to advances yet undreamed of; or it must plunge downward which will carry us back to barbarism.

Henry George then goes on to show how the threatened calamity may be averted. He stated:—

The reform I have proposed accords with all that is politically, socially, or morally desirable. It has the qualities of a true reform, for it will make all other reforms easier. What is it but the carrying out in letter and spirit of the truth enunciated in

the Declaration of Independence—the “self-evident” truth that is the heart and soul of the declaration—“That all men are created equal; that they are endowed by their Creator with certain inalienable rights; that among these are life, liberty, and the pursuit of happiness.” These rights are denied when the equal right to land—on which and by which men alone can live—is denied. Equality of political rights will not compensate for the denial of the equal right to the bounty of nature. Political liberty, when the equal rights to land is denied, becomes, as population increases and invention goes on, merely the liberty to compete for employment at starvation wages. This is the truth we have ignored. And so there come beggars in our streets and tramps on our roads; and poverty enslaves men whom we boast are political sovereigns; and want breeds ignorance that our schools cannot enlighten; and citizens vote as their masters dictate; and the demagogue usurps the place of the statesman; and gold weighs in the scales of justice; and in high places sit those who do not pay to civic virtue even the compliment of hypocrisy; and the pillars of the republic that we thought so strong already bend under an increasing strain. We honour liberty in name and form. We set up her statues and sound her praises. But we have not fully trusted her. And with our growth so grow her demands. She will have no half service! Liberty! It is a word to conjure with, not to vex the ear in empty boastings. For liberty means justice, and justice is the natural law—the law of health and symmetry and strength, of fraternity and co-operation. . . . In our time, as in times before, creep on the insidious forces that, producing inequality, destroy liberty. On the horizon the clouds begin to lower. Liberty calls to us again. We must follow her further; we must trust her fully. Either we must wholly accept her or she will not stay. It is not enough that men should vote; it is not enough that they should be theoretically equal before the law. They must have liberty to avail themselves of the opportunities and means of life; they must stand on equal terms with reference to the bounties of nature. Either this, or liberty withdraws her light! Either this, or darkness comes on, and the very forces that progress has evolved turn to powers that work destruction. This is the universal law. This is the lesson of the centuries. Unless its foundations be laid in justice the social structure cannot stand.

If our social structure is to be based on justice and liberty, the first step necessary is the abolition of taxes from industry and the collection of land rent for public purposes. Although some may scoff at this, they cannot justify the present state of society, and if they persist in their opposition to the principles of justice they may, in their time, suffer as other upholders of special privilege have suffered along the pages of history. It is, however, encouraging to know

that many are beginning to realize the need for basic reform, and as Henry George said:—

The truth that I have tried to make clear will not find easy acceptance. If that could be, it would have been accepted long ago. If that could be, it would never have been obscured. But it will find friends—those who will toil for it; suffer for it; if need be, die for it. This is the power of truth.

If we are to survive as a civilization and meet the changed conditions which will arise when our men return from the war after hostilities have ceased, we cannot continue under the old social order that has brought disaster in its train. The present state of society which has brought about the inequalities of wealth and poured riches into the laps of some, whilst

bringing poverty and misery to the masses, has been due entirely to the Party system of Government. Parties have been in control of the Government for all these years and must take the blame for the position in which the people find themselves. I thank honourable members for the great courtesy they have shown in giving me such an attentive hearing. I am satisfied that when they go on their election campaign they will realize that they cannot preach the old, old gospel they have preached for so long, because there is an awakening in the public mind, and people are beginning to realize that they cannot continue in the way they have, but must do something to establish a new social order of which so much is heard. I move the motion.