

DEBT CONVERSION BILL THROUGH FEDERAL HOUSE

Dissenters Allowed Extra Time

FURTHER PROTECTION FOR TRUSTEES

Canberra, July 2.

The Debt Conversion Bill, to give effect to the 22½ per cent. reduction in interest, and embodying all the details of the conversion, passed all stages, with amendments, in the House of Representatives tonight. One amendment provides for the extension from 14 to 21 days of the time allowed for bondholders to signify dissent from conversion if they wish. Another amendment provides for dissent to be indicated to certain specified people.

In a striking broadcast appeal for the loan tonight, the Federal Treasurer (Mr. Theodore), who introduced many technical amendments to the Conversion Bill in the House today, said that the conversion operation would be launched in the middle of July, and would be closed in about the first week of August.

"If a large number of bondholders fail to accept the invitation to convert, their action will imperil the success of the whole rehabilitation plan, for it cannot be expected that all other sections of the community shall make their sacrifice if the bondholders are unwilling to make theirs," said Mr. Theodore, in support of the £556,000,000 loan conversion campaign.

Mr. Theodore emphasised that, if the plan broke down through bondholders failing to convert, the bondholders themselves would suffer most through the failure.

Wise to Accept

Mr. Theodore said he did not maintain that the economies involved in the plan, or the conversion of the public debt at a lower interest rate, would of themselves alone restore industry and create prosperity, but he did say that these steps were an indispensable preliminary condition to a general restoration.

With Government finance on a sound basis, and the heavy interest burdens lifted off the taxpayers and off industry, the credit resources of the community could be more effectively used and devoted to the employment of the people in productive enterprises.

Get Rid of Pessimism

"We must endeavor to bring about a changed mental attitude and get rid of the gloom and fear and pessimism, and look forward with hope under the new economic order, with a view to re-establishing activity and confidence," declared Mr. Theodore.

"Individuals and heads of business organisations should adopt a mood of expansion and activity.

"We want everyone to do things, to buy things, to make things. This is the most obvious common sense. We must not stop spending our incomes, but assist in the general recovery by using our financial resources judiciously and not in a miserly fashion."

Difficult Bill

Grappling with one of the most difficult Bills that has ever come before it, the House of Representatives today settled down solidly to the consideration of the Debt Conversion Bill in the Committee stage. It went through this and eventually was passed after 11 p.m.

The debate was of such a technical character that progress was slow, and members prepared for a late sitting, if not an all-night one, as tomorrow the Government intends to bring down the third vital measure of the reconstruction plan—the National Emergency Finance Bill, which deals with the reductions of pensions, salaries, and social services. It will be the first business in the House.

SENATE DEBATES PLAN

Propaganda Denounced

Canberra, July 2.

Senator Kneebone, of South Australia, declared his disapproval, during the resumed debate on the Government's rehabilitation proposals, of the propaganda methods employed by some sections of the community that would be affected.

Other Senators voiced resentment at the many communications they had received from persons who hoped to sway their views.

Speaking on the motion for the printing of the Premiers' Conference papers, Senator Kneebone (Lab., S.A.) said he intended to vote against every measure introduced under the rehabilitation plan.

When asked to suggest an alternative, he quoted the decisions of the last Federal Labor Conference, embodying proposals for monetary reform. This policy, he said, must remain the policy of Federal Labor until altered by a further conference. He would continue to adhere to his Labor pledge—a pledge to his "bondholders."

It was an extraordinary attitude for the Government to adopt the plan after its determined stand for so long in accordance with Labor principles. A tremendous change had come over the Ministry in a few weeks.

"Plan Will Break"

He failed to see how the plan would survive for three years, as intended. He believed it would break through its own weight long before that period had expired.

"If this scheme is to operate for three years," Senator Kneebone said, "there is no need for elections in the meantime. What is going to happen if one of the signatories to the plan is defeated at the elections?"

Urging the abolition of State Parliaments, he said if Australia could not balance one national Budget, the difficulty was only increased by having to balance six State Budgets as well.

"Cowardly Method"

The Premiers' Plan was incomplete. It dealt with the readjustment of Governmental finance. What about the real problem of getting Australians back to work? In a few months the number of unemployed might reach 50 per cent.

The cuts under the plan were a cowardly method of solving the nation's

Technical Amendments

The Treasurer (Mr. Theodore), who is guiding the Bills through, is displaying great energy. He submitted numerous technical amendments to the Conversion Bill today, and he was persuaded to agree to the extension from 14 to 21 days of the time allowed for bondholders to signify dissent from conversion if they wished.

As the result of another amendment, it is now provided that dissent is to be notified, not to the Commonwealth Treasurer, but to:—

(a) In the case of securities issued by the Commonwealth—to the registrar of inscribed stock at the Commonwealth Bank at Sydney, Melbourne, Brisbane, Adelaide, Perth, Hobart, Launceston, Rockhampton, or Townsville.

(b) In the case of securities issued by a State—to the registrar of stock or principal officer of the Treasury in the State concerned.

Authority to Trustees

Mr. Theodore also announced the addition of new clauses giving express authority to trustees to convert their Government securities, and giving them immunity from legal action against them for having converted, or for having failed to signify dissent.

Long discussion took place on an amendment moved by Mr. Riordan (Lab., Qld.) that the loans should be converted to a new flat rate of 3 per cent. On a division it was defeated by 47 votes to 8. For the amendment were Messrs. Riordan, Beasley, James, Lazzarini, Eldridge, Watkins, Lacey and Dr. Maloney.

Referring to Mr. Riordan's amendment, the deputy leader of the Opposition (Mr. Latham) said that some small bondholders would be worse off than old age pensioners. It was intended now that the reduction in interest rates should be permanent. It would be an important obligation, therefore, for Parliament to ensure that if anything was done to restore anything to those making sacrifices under the reconstruction plan no section of the community should be overlooked in the restoration.

"Sold to the Opposition"

Mr. Beasley supported Mr. Riordan's amendment.

Irritated by the tactics of a number of Opposition members, who treated them with studied contempt, Mr. Beasley and his supporters retaliated by opposing many of the Treasurer's amendments, and frequently calling for divisions.

With an air of disgust, Mr. James, a member of the group, declared that the Government had sold out, lock, stock and barrel, to the Opposition.

Mr. Theodore—Mr. Lang has agreed to these things.

Mr. James—If he has, he is just as big a criminal as you are, as far as these matters are concerned. I will not follow him in this.

problems, and had been described as epudiation.

Senator Kneebone said that, irrespective of his personal views, he did not approve of the propaganda methods that were being adopted by certain sections of the community which would be affected under the plan.

Australia Over-organised

Senator Brennan (U.A.F., Vic.) said that the circulars and other communications that were being received by members of Parliament over the plan were further proof that Australia was over-organised. He did not think the rank and file of the organisations concerned were in accord with the views and requests contained in the communications with which the National Parliament was being inundated.

He had received a circular from a section of the Commonwealth public servants. It was surprising to find those people viewing "with horror and indignation" the proposed cuts in their salaries, when nearly 400,000 persons were walking the streets without jobs and without money. This was unpatriotic. This circular did not express the views of the general body of public servants.

Communications had also been received by Senators from various forms of soldiers' organisations, Senator Brennan said. It had been made plain by members of both Houses that they viewed with distaste the necessity of having to touch soldiers' pensions. But he believed that the soldiers generally could be depended upon to show the same spirit in a time of crisis in peace as they showed in the war.

Many Claims for Exemption

Senator Brennan said the Australian workers were in a favorable condition because wages had almost constantly been rising.

Senator Rae (Lab.)—What we have we'll hold.

Senator Foll—What about those who have nothing?

"We are paying the price of our lavish expenditure," Senator Brennan said. "All parties and all classes shared in that spending. They must now all join in the sacrifices necessary to retrieve the nation from the consequences of its folly. That is an aspect that I hope will be borne in mind by those who are inundating us with their claims for exemption.

"If the nation is not prepared to vote sacrifices on itself at a time of great necessity, it is a proof that democracy is a failure, and the only thing then open would be a choice between an anarchy on the one hand and a dictatorship on the other."

The debate was adjourned, and the Senate rose until 11 a.m. tomorrow.

WILL OVERSEAS DEBT BE LIGHTENED?

PLAN IS BUT FIRST PHASE, SAYS BANKER

Extension Of Industry Comes Next

Sydney, July 2.

"The things we have to realise in connection with the financial plan is that it is but the first phase," said the manager of the Bank of New South Wales (Mr. A. C. Davidson), in an address to the Chartered Institute of Secretaries today.

"This phase," he continued, "is concerned with the cutting down of expenses, and is to be followed by the positive phase of reconstruction—one of individual, private activity. Governments do not, and cannot, initiate new industry."

The Government, he added was too slow to deal with the present situation without causing disturbance, and it was impossible to look to the Government for new industries that must be necessary. Institutions and associations would not be of much use. The call was to the directing class, which must not be hampered by Government regulations. The extension of primary and secondary industries was the second essential in the recovery of the country. The range of Australian exports would have to be increased.

Treasurer's Hopeful Hint

Canberra, July 2.

An indication that the Commonwealth Government may approach the British Government for a reduction in the Commonwealth's overseas debt if the Premiers' Plan is successful, was given by the Treasurer (Mr. Theodore) in his broadcast address on the loan tonight.

Mr. Theodore said that, while the Hoover plan would relieve Australia to the extent of £3,000,000 a year, it seemed that the Government would have to look for some permanent relief in addition.

Unless commodity prices in the overseas markets increased, the Commonwealth would find it increasingly burdensome to meet the heavy payments of the public debt domiciled abroad, as well as the huge proportion of exchange involved in overseas remittances.

"If the rehabilitation plan is carried out effectively, and Australia gives an indication to the world that she is facing her internal problems in the right spirit," said Mr. Theodore, "I am certain that Britain would meet us in a reasonable and generous spirit in any rational proposals we may put to her to ease our burdens in that country."

New Zealand Imposes 3d. In Pound Emergency Tax

Wellington, N.Z., July 2.

A special emergency tax of 3d. in the pound on all salaries, wages, and income, earned and unearned, irrespective of sex, is the chief provision of an unemployment Bill which was read a

first time in the House today.

The Emergency Tax Bill will operate for one year, beginning on August 1, and the revenue expected is £1,250,000 which, with a Government subsidy, will make £2,500,000 available for unemployment relief.

Domestic servants employed at private homes are the only persons exempt from the tax. The existing flat rate unemployment levy of £1 10/ yearly which is paid only by men, will be reduced to £1 a year.

GIVING EFFECT TO PLAN IN S.A.

Premier May Introduce State Bill on Tuesday

The Premier (Mr. Hill) in the Assembly yesterday, in reply to the leader of the Opposition (Mr. Butler), said he hoped to introduce on Tuesday the legislation ratifying the decisions of the Premiers' Conference.

Mr. Hill added that he was waiting for a communication regarding the amendments to the Loan Conversion Bill in the House of Representatives.

It was necessary to see what these were, so that the State Bill could conform with the Federal legislation.

Two Committees Support Plan, Third Opposes It

The Broadview and Hindmarsh local committees of the A.L.P. support the Premiers' plan, but the North Adelaide electorate committee opposes it.