

All Governments Agree To 20 p.c. Cut

DRAMATIC DECISION

Pledges By Prime Minister And Six Premiers

CONFERENCE TO SIT UNTIL EXPERTS' PLAN ADOPTED

Delegates Work In Harmony

BANKS WILLING TO HELP

Melbourne, May 26.

The Prime Minister and the six State Premiers pledged themselves, at the Premiers' Conference today, to the adoption of the economy plan proposed by the economic experts co-opted by the Loan Council committee. It was unanimously agreed to accept the recommendations of the experts that there should be a 20 per cent. reduction in controllable Government expenditure.

The recommendations of the experts, if carried out, will result in savings of £28,000,000 in a full year. It was decided that it should be left to the discretion of each Government to make the necessary reductions in the manner most suitable to it.

The Conference has decided that it will remain in session until the whole of the plan of the experts has been adopted. That will mean that it will be obliged to suspend session from time to time to enable the various Governments to pass legislation contingent on the adoption of the proposals.

The absence of friction between delegates was a feature of the conference today. Representatives of the Federal Ministry and the State Ministers are working for the common end. The conference today provided a demonstration of the willingness of the financial institutions to work in harmony with the Governments in the task of financial rehabilitation.

The Conference made considerable progress in its efforts to find a solution of Australia's economic problems.

The report of the Loan Council sub-committee, which met the bankers last night, was presented by the chairman of the sub-committee (Mr. Jones, M.L.C.).

The report revealed that the savings banks had accepted the principle of reduction of interest. The reduction will probably amount to 1 per cent. on deposits. This is provisional on the trading banks agreeing to make a similar reduction.

The following delegates attended:—
The Commonwealth—The Prime Minister (Mr. Scullin), the Federal Treasurer (Mr. Theodore).

Victoria—The Premier and Treasurer (Mr. Hogan), the Minister for Public Works (Mr. Jones).

New South Wales—The Premier and Treasurer (Mr. Lang).

Queensland—The Premier (Mr. Moore) and the Treasurer (Mr. Barnes).

South Australia—The Premier (Mr. Hill), the Chief Secretary (Mr. Whitford).

Western Australia—The Premier and Treasurer (Sir James Mitchell), the Attorney-General (Mr. Davey).

Tasmania—The Premier and Treasurer (Mr. McPhee), and Hon. Minister (Mr. C. W. Grant).

When the Conference was resumed this morning the chairman of the Economy Committee of the Loan Council (Mr. Jones) submitted a report on the meeting held the previous night with representatives of the banking institutions. The report stated that the representatives of the banks expressed the view that a conversion of debt on the lines suggested in the experts' re-

by private trading banks upon fixed deposits was correspondingly reduced.

Administering Salary Cut

The expert committee spent the afternoon discussing proposals for the application of the reduction of 20 per cent. in Government expenditure, upon the basis of expenditure for last year. It was agreed unanimously that all Australian Governments should endeavor to make the suggested reductions.

The conference declined to commit itself to the method of reduction suggested by the expert committee, namely, that the reduction should apply as a flat rate over all types of expenditure. It was resolved that it be left to each Government to achieve the necessary economies under any differential rate or by any other method it desired.

£12,000,000 Loan Suggested

It was agreed that Professor Melville should work with the Under-Treasurers as actuary.

Mr. Scullin pointed out that the banks' intimation that credit facilities would be provided for industry and would facilitate the absorption of unemployed might be true, but time would elapse before industry would want the advances. He thought that the conference ought to put forward a £12,000,000 loan, to be underwritten by the banks, to tide over the immediate position. There were advances to Governments and wheatgrowers and unemployed to be considered.

After discussion as to the position of loans issued by local bodies and taken up by insurance companies, Mr. Barnes asked what was the legal position. Mr. Theodore—You have full statutory powers. Legally, there is a right to insist on any compulsory con-

EXPERTS' PLAN

The four recommendations made by the experts were:—

1. A 20 per cent. reduction in all adjustable Government expenditure, as compared with expenditure for 1929-30.
2. We are of opinion that, with the reduction mentioned in item 1, a conversion of the whole of the internal indebtedness in Australia is possible at a reduced rate of interest, equivalent to a reduction of 20 per cent. as compared with 1929-30. This would give a relief to the Budgets of this item of Government expenditure, proportional to the reduction suggested for the other items.
3. It is important and possible to bring about an immediate and progressive reduction of private interest by arrangement between the associated banks, Government Savings Banks, and other institutions.
4. In our opinion, and from information gathered, it should be possible, if the steps suggested in items 1, 2, and 3 are taken, to raise a substantial loan in London towards meeting unavoidable current commitments. We believe that by the adoption of the above proposals a restoration of financial stability will be brought about, and that they offer the best means of overcoming the pressing problem of unemployment.

WHAT WILL CAUCUS DO?

Possibility of Split

Canberra, May 26.

If Mr. Scullin and Mr. Theodore agree to reductions in expenditure to the extent recommended in the expert committee's report, an extraordinary political situation is likely to arise in caucus.

While the steps taken might go far towards rescuing the Commonwealth from its difficulties, the Government, judging from the political temper of Labor members, will be risking another party crisis, comparable to the split that led to the withdrawal of Mr. Lyons and his five followers.

Although the extreme radicals have formed a separate group under Mr. Beasley, there are many members left who are uncompromisingly opposed to anything with the flavor of wage cuts or reductions in pensions. With this section, the argument that the cost of living has fallen by 20 per cent. means nothing.

If the Government persisted in its plans in defiance of these members, there is every prospect that a further devastating split would occur in the party, which definitely would rob the Government of its majority.

If the Government's economy measures were adequate, it would probably be enabled to put them into effect with the help of the Opposition. The position would then be exactly as it would have been had Mr. Scullin adhered to his original policy when he returned from abroad, except for the loss of six valuable months.

In the absence of the Prime Minister and the Treasurer, the Attorney-General (Mr. Brennan), as senior Minister, will lead the House of Representatives when it meets tomorrow.

It is understood that, in view of the hopeful atmosphere at the Melbourne Conference, and the desirability of the continued attendance there of Messrs. Scullin and Theodore, the Opposition will refrain from taking advantage of their absence in regard to tactical matters in the House.

The first item on the notice paper is

"ALL WORKING TOGETHER"

Mr. Hill Pleased With Progress

REDUCING DEFICITS

Melbourne, May 26.

Expressing keen satisfaction at the progress made at the Premiers' Conference today, the Premier of South Australia (Mr. Hill) said tonight that the conference had settled down to the definite and determined intention of making its work a success.

"All States are working well together. There is no friction with representatives of the Federal Ministry, and representatives of New South Wales are now working as keenly as anyone else," he said. "The conference tackled the task of eliminating or substantially reducing the deficit of £39,000,000 which, under present conditions, will accrue at the end of June, 1932, hampered by the fact that in that year the national income will be £450,000,000, compared with £650,000,000 for 1927-28, while the Government expenditure will be £194,000,000, compared with £184,000,000 in 1927-28. The expenditure in interest, exchange, unemployment, and sinking funds increased in the same period from £57,000,000 to £84,000,000. Today the conference appointed a committee of experts to recommend means of giving effect to the proposed reductions in interest charges by a conversion loan, and another committee has been appointed to advise on the Commonwealth and State legislation necessary to carry out this plan. Negotiations are being made with banks, insurance companies, and other financial institutions."

CO-ORDINATION OF TRANSPORT SERVICES

Closing Railway Lines BOARD'S REPORT

The activities and proposals of the Transport Control Board are set out in its first report, which was issued yesterday by the Minister for Railways (Mr. Denny). The policy of the board in fixing fares and freights and charging licence fees is explained, and the report contains a list of nine more routes to be "controlled" in the near future. Enquiries are to be made regarding the closing of unprofitable railway routes.

"Both the Royal Commission on Railways and the Transport Board are doing excellent work at very little cost to the State," said the Minister. "The report which the board has furnished satisfies me that the problem of co-ordination of railways and motor services is being dealt with effectively. The board consists of Messrs. J. Sincok (chairman), W. P. Bishop, and G. A. W. Pope, all of whom are public servants."

Unprofitable Railways

"The Railways Commissioner, with whom the board has had many interviews," writes the chairman, "has supplied a list of the railway lines on which the working expenses exceeded the revenue in 1929-30. The board proposes to enquire whether it would not be in the best economic interests of the State to close some of these unprofitable railways, and the Commissioner is now preparing necessary data regarding the following lines:—

- Adelaide to Willunga.
- Mount Barker Junction to Victor Harbour.
- Gawler to Angaston and Truro.
- Eudunda to Robertstown.
- Balhannah to Mount Pleasant.
- Monarto to Sedan.
- Mundoorra to Port Broughton.
- Gladstone to Wilmington.
- Yeelanna to Mount Hope.
- Wandana to Penong.
- Kimba to Buckleboo."

PROSPECTING PARTY MASSACRED

New Guinea Natives Kill Ten Men

ANOTHER MISSING

Sydney, May 26.

The story of how Mr. Eric Baum, a prospector, and nine Kanaka carriers were massacred in New Guinea is told in the mail received from there today.

Mr. Baum had discovered gold on a tributary of the Watut River, and had 12 carriers with him. Much of the food used by the party was obtained from natives of the Cooka Cooka tribe. According to the three Kanaka survivors of the tragedy, the Cooka Cookas brought in sweet potatoes and yams in bags, and were paid at regular rates. Mr. Baum noticed that the bags became lighter and lighter, and he remonstrated with the sellers, who answered impudently. He became exasperated when a bag was delivered almost empty, and refused to pay for it. When the bag was refused, Mr. Baum was seized by the arm by the natives and hit on the head with a stone-headed club. He was probably killed instantly. The natives cut off his head and opened the body. They decorated the body and sang round it in triumph.

They kept the Kanaka boys surrounded, but suddenly set upon them. Nine were killed. Three escaped and hid in the bush for days, and it was only by skilful bushcraft that they escaped. They eventually arrived at the camp of a prospector and friend of Mr. Baum, who was working only a mile or two from the scene of the massacre. The news was sent to Salamoa, and Mr. Feldt, district officer, with an armed party of native police, is now in pursuit of the murderers. Mr. Alfred Belfield, one of the oldest prospectors in New Guinea and Papua, is also missing, and it is supposed that he has been killed by natives.

Figures At The Conference To Restore Australia's Credit



Mr. Scullin (Prime Minister), Mr. Theodore (Fed. Treas.), Mr. Hill (Premier, S.A.), Mr. Whitford (Chief Sec., S.A.), Mr. Hogan (Premier, Vic.), Mr. Jones (Works Min., Vic.)



Mr. Lang (Premier, N.S.W.), Mr. Moore (Premier, Q'ld.), Mr. Barnes (Treasurer, Q'ld.), Sir J. Mitchell (Premier, W.A.), Mr. Davey (Attorney-General, W.A.), Mr. McPhee (Premier, Taa.)

Experts Who Evolved Plan



Professor Copland Professor Giblin Professor Melville Professor Shann

Premiers' Conference Decision

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What Other Papers Say

Melbourne, May 26.

The "Argus," in a leading article, says, a proposal to reduce by 22½ per cent. the total interest charge upon the public debt redeemable in Australia is very drastic. The necessity for balancing Budgets has been admitted for some time, and there is nothing attractive, nothing showy, and nothing dramatic in the steps that have been taken to that end. A positive assurance will be required, however, that the Scullin Ministry is off with its old loves before the saner elements in the community will centre their hopes in the plan to which Mr. Theodore has professed support. The task of removing any misgivings rests with the Ministry, and it cannot be said that Mr. Theodore, on behalf of the Ministry, has discharged that obligation. The inference to be drawn from the speech by Mr. Theodore, however, is that taxation and the reduction of interest are to take precedence of departmental economies.

Sydney, May 26.

The Sydney "Morning Herald," in its leading article, writes:—After the exhibitions of changing of front by the Prime Minister and the Premier of this State during the past few months, there is no inherent impossibility in their acceptance, from the present Melbourne conference, of the thorough-going scheme for financial overhaul which they have hitherto resisted. Dare these Labor demagogues resist reform any longer? The chief compulsion put upon them is the perception by both the Federal and New South Wales Governments that default in payment of their own employes is imminent. So near is the collapse that Federal Ministers have had to give way in spite of party consequences, whatever they may be. The time has come when drastic all-round revision of the costs of all Governments, and of all services within the community, literally forces itself upon Australia. The alternatives are wholesale default or a welter of inflation, which would soon amount to the same thing.

Opponents of economy, who have for months been refusing to recognise the precipice towards which they were heading, have now shrunk back from its brink.

INCOME TAX INCREASE DEPLORED

Business Men on Experts' Suggestions

While commending the Committee of Experts on the general recommendations made to the Loan Council on economy, representatives of Adelaide commercial organisations consider that the proposal to increase the tax on income would defeat one of the vital objects of the movement towards the rehabilitation of the Commonwealth.

Mr. G. J. Cowie, now president of the Associated Chambers of Commerce, said yesterday that a proper summing-up of the experts' proposals could not be made until the complete report was available. In such portions as had been disclosed, the first impression was that a further increase in income taxation might, to a considerable extent, defeat the essential objective of increased production and the extension of industry, by curtailing the capital available for that purpose.

"Mr. Theodore's suggestion that preference dividends would have to be restricted," said Mr. Cowie, "is, in my opinion, unwise, for unusual enterprise is entitled to adequate reward."

Mr. Cowie said he regretted that the

committee had not included a recommendation providing for a simplification of taxation forms and returns, to ease the cost of their compilation.

The proposed reduction of public service salaries should, to a material extent, be brought about by a curtailment of overlapping and unnecessary services. A reduction of interest rates would quickly follow the restriction of Government borrowing and a more settled political outlook.

"It is obvious," he said, "that the yield from Commonwealth loans today in a few instances over 15 per cent., has been brought about by the inflation proposals and by the lack of a genuine lead towards balanced Budgets by the Federal Government." When considering the question of economy, the fact should not be overlooked that hoarding funds is not true economy. It is the wise utilisation of money in forwarding the interests of individuals and of governments which brings prosperity to the community."

The secretary of the Chamber of Manufactures (Mr. H. E. Winterbottom) said that cuts had to be made in every direction, and hardships had to be faced whether as the result of reduced income or increased taxation.

Two Years to Reach Obvious Conclusion

"The wonder is that Australia has taken nearly two years to arrive at a simple and obvious conclusion," said the president of the Adelaide Chamber of Commerce (Mr. N. H. Taylor).

"While fully realising the necessity to balance income and expenditure, it is to be regretted that the committee of experts has thought it necessary to suggest an increase in the income tax," said Mr. Taylor. "This has already reached a figure where it has ceased to be sound, and any further increase can only have the effect of defeating its own ends."

Labor Party Viewpoint

The secretary of the State branch of the Labor Party (Mr. F. F. Ward), discussing the recommendations of the experts, said the basic wage should never have been reduced by 10 per cent., and further reductions were unjustified. The Labor Party would not approve of maternity grants and old-age pensions being reduced, and he thought the Federal Government would refuse to take such action. People who were comfortably placed should not receive a grant, and some soldier pensions should be stopped or reduced.

The fundamental weakness of the report was that it contained no definite proposal for absorbing unemployed. Industry should be stimulated immediately by an expansion of credit. The only practical proposal at present before them was the issue of fiduciary currency for reproductive work and helping farmers.

Would Community Benefit?

The president of the Trades and Labor Council (Mr. Dawes, M.P.), said the proposal to cut maternity allowances and pensions was likely to mislead. It did not follow that benefits accrued when there was a reduction in a section of expenditure. This was the case only when the money saved was spent to the greater benefit of the community.

Lang Group Attitude

Mr. T. P. Howard, secretary of the United Trades and Labor Council and the Lang Plan Campaign Committee, said trade unionists were opposed to reductions in wages and pensions. If these pensions were tampered with he felt sure the Lang group in the Federal Parliament would withdraw its support of the Government.