

## REAL AND NOMINAL WAGES

No more crucial test of the fitness of a Government to rule has been afforded for many years than that presented by the financial situation which now confronts both the Commonwealth and the States. While unhappily the Federal Government are not exhibiting the courage required to face it, the States, including our own, are revealing courage and vision. As Mr. Hill's speech on Tuesday showed, he quite recognises the gravity of the position, which is intensified by the astounding proposals of the Federal Budget. It depends on the extent to which his sense of the gravity of the position is shared by his followers in and out of Parliament, whether his task is simplified or whether his plain ultimatum that "wages and salaries must be reduced" finds them, like the apostle in his unregenerate days, "kicking against the pricks." His statement of the damage done to our financial stability by accumulating deficits, now amounting to nearly £4,000,000, and by drought and falling prices reflected in a loss of income to the State exceeding £8,000,000, to say nothing of the inequitable treatment by the Commonwealth of South Australia as one of the smaller States, is eloquent of the necessity of sacrifice by the whole community if the State's accounts are to be balanced and its credit restored.

The people of the States are engaged in a sick-bed contemplation of the errors and follies of the past, and it is earnestly to be hoped that some permanent good will come out of this valuable exercise. Governments and Parliaments are blamed rightly for the existence of the morass in which Australia is floundering, but Governments and Parliaments are not autocrats. They are the holders of delegated powers, and if these powers are wrongly exercised the ultimate responsibility is with the people who elect them, and whose manifest duty it is to keep a close eye on their proceedings. Italy to-day presents a dramatic example of what comes of a democracy leaving everything to the politicians, as was done in that country for many years before Mussolini usurped the powers which had been so flagitiously abused. The results of a widespread indifference to the public interest are shown in various ways. Democracy equally commits suicide whether it allows Communistic extremists to dominate its affairs or reckless politicians to play ducks and drakes with its resources. Democracy is as much in need of being made safe for itself as the world of being, in Wilsonian language, made safe for it. The £12,000,000 lavished on the "bush capital" of the Commonwealth for example, was no secret disbursement. Extravagance in the Federal sphere ran its headlong course in the sight of everyone, and could have been pulled up with a round turn at any time had the people willed. It is to public opinion, even more than to Parliament, that Mr. Hill is now addressing his appeal for support in what he rightly calls the "grave task" before him. His facts and figures have given them, as well as Parliament, "food for serious thought" and an incentive for "concerted action."

Without which, as he justly adds, there can be no hope of a return of prosperity. To strengthen his appeal we have the expert authority of Professor L. G. Melville, who, as a member of the State Advisory Committee on Finance, is now at close grips with the problem—for the statement that Australia's troubles are well within her own control, and that their conquest is inevitable if they are faced in the right spirit—in the spirit, for example, in which the Allies faced the German when, after submerging Belgium, they descended

like an avalanche on France. The word then was sacrifice, and blood and treasure were lavished in almost limitless quantity to withstand the frightful onset; and so it will be if sacrifice, falling equitably on all classes, is made the watchword now.

But, as Professor Melville is able to demonstrate, the sacrifice, if it is universal, as it should be, is rather nominal than real. Although political economy has received from Carlyle the designation of "the dismal science," there are times when it is useful to refresh the mind with its first principles, and the present time is one. The natural rate of wages, as Mill tells us, is dependent on the proportion between those who work for hire and the amount of capital available for their employment. When the laws of political economy are allowed to operate freely, both capital and labor receive their remuneration from production; but, disregarding the laws of political economy, legislators have discovered a new basis for the remuneration of labor, namely, the cost of living. But the cost of living itself is determined by production. If the amount produced is small, the cost of living rises; and then (quite naturally) there is a demand for higher wages. But the higher the wages the greater is the cost of production, and so the difficulty repeats itself like a recurring decimal. We have been for many years flouting the laws of political economy only to discover that they are as unswerving as those which govern the tides; and the moment has now come for concentrating supreme attention, as the economists would have us do, on production and for removing all obstacles which hamper it, conscious that by its unrestrained expansion it would automatically reduce the cost of living. Increased efficiency is sometimes spoken of as the only thing that matters; but we are reminded by Professor Melville that what is quite as necessary is a lowering of the cost of production, so that our commodities can be brought within reach of consumers at home and abroad. The distinction between a real and a nominal wage is that the one is based on the wealth produced and the other on the wealth that ought to exist but does not. The professor would substitute the real for the nominal wage, with the firm conviction, justified by the laws of political economy, that a fall in nominal wages would be accompanied, or immediately followed, by a fall in prices and rents. Both prices and rents are governed by the ability of people to pay them, and not by the wishes of tradesmen and landlords, who would speedily become rich "beyond the dreams of avarice" if they had any say in the matter. But they are as much bound by the laws of political economy as the wage-earners, and must take what they can get. It is on her exports that Australia depends for her prosperity. They are the gauge, as Professor Melville insists, by which our ability to meet our liabilities is estimated by our creditors overseas. "Annual income £20, annual expenditure £19 19/8; result, happiness. Annual income £20, annual expenditure £20 0/8; result, misery." Mr. Micawber's famous apothegm is no less true of nations than of individuals.

Adv. 11-7-30

## MUSIC IN THE LUNCH HOUR CONSERVATORIUM ORGAN RECITAL

The fifth of a course of ten midday organ recitals designed for the pleasure and recreation of students and business folk was given on the Elder Hall instrument yesterday by Mr. John Horner. Opening with the seldom-heard overture to "Julius Caesar" (Handel), in three sharply contrasted movements, the recitalist gave a great rendering of the maetoso, and played the allegro vivace with the art that conceals art. The final grazioso proved also to be Handel at his excellent best, and received a worthy rendering.

Basli Harwood's great C sharp minor sonata followed. The composer-organist at Ely Cathedral and Christ Church, Oxford, provided in this a remarkable contribution to pure organ music, and the player rose to his opportunities. The tremendous allegro appassionata movement that came first arrested attention

by depth and clarity. The ensuing andante charmed with its limpid grace, and the final maetoso and fugue might have been written around Carlyle's definition of pure music—"A vast, unfathomable, inarticulate speech, that leads one for a moment to the verge of the Infinite, and permits one for an instant to gaze into it." Mr. Horner's rendering of this noble work was marked by high and reverent artistry. After a cello solo, an aria by Tanaglia, played by Miss Gwenneth Thompson to the recitalist's organ accompaniment, the audience was able to enjoy Charles Gounod's scintillating musical joke, "The Funeral March of a Marionette." This, though obviously intended for orchestral treatment, came out well, and proved that organ humor, though rare, can be made real. The recital closed with Marco Enrico Bossi's "Marcia di Processione," a characteristic example of the great Como Cathedral organist's skill, heard at its best by reason of the player's right registration, felicitous phrasing, and triumphant technique. The next recital, on July 17, will include works by Bach, Rheinberger, and Max Reger.

Adv. 14-7-30



MR. J. McC. BLACK

botanist, who has been awarded the Sir Joseph Verco Medal by the Royal Society of South Australia for distinguished scientific work. Mr. Black, who is in Britain, will represent the society at a botanical conference to be held next month.

Reg. 15-7-30

## Professor Wilkinson Made Doctor Of Medicine

The Sydney University Senate has awarded the degree of Doctor of Medicine to Professor H. J. Wilkinson, professor of anatomy at Adelaide University, for his thesis on "The Innervation Of Striated Muscle," described as an original contribution of distinguished merit. Dr. Wilkinson, after graduating M.A. in Adelaide, took his medical degree in 1925 at Sydney University.

In 1927 he was appointed Senior Lecturer and Demonstrator in Anatomy at Sydney University, and in the following year was awarded a Rockefeller Foundation Fellowship. After extensive research in universities in Europe and America, he was appointed in March last to the Chair of Anatomy, University of Adelaide.

Adv. 16-7-30

## "FAKED ITS BOOKS"

£500,000 A YEAR NOT ADMITTED

## STRICTURES ON AUSTRALIAN FINANCE

"In South Australia since the war we have had deficits of £500,000 a year greater than we have admitted in our accounts," stated Professor L. G. Melville, in an extension lecture at the University last night.

"This amount," he said, "we should have raised annually by taxation, but we raised it by loan instead. Australian democracy has faked its books and consistently spent more than its income. A nation cannot for long avoid the consequences of such questionable actions any more than an individual, and the longer the end is deferred the worse it must be. I be-

lieve that the best results would be secured if each State and in the Commonwealth there were established an economic council whose responsibility it would be to review the economic actions of the Government and to report to Parliament just as the Auditor-General to-day reports to Parliament on the financial actions of the Government."

### Secession

Professor Melville said if South Australia now turned its eyes longingly towards secession it would only be because it was unable to obtain redress from the burdens that Federation had placed on it.

The inequitable distribution of the costs of Federation, he said, was pressing with great severity on South Australia, Western Australia, and Tasmania. Unless some relief were secured the financial position of South Australia threatened to become extremely damaging to the people of the State. The tax on the people of South Australia to support secondary industries in other States had become so great when combined with local taxation that the only apparent escape was to make the standard of living lower than those in other parts of the Commonwealth; but this the Federal Arbitration Court would not permit unless it could be persuaded to make an exception in the case of South Australia. The court had decided that an industry which could not pay award wages should not exist.

### Destroying Economic Equilibrium

The effect of the tariff had been to weigh very severely on the export industries of States such as South Australia, and had helped to destroy the economic equilibrium of those States. Unless some further assistance were forthcoming from the Commonwealth, South Australia would have to look forward to heavier rates of taxation and a lower standard of living than the other States. In such circumstances secession was likely to become a more acute question than it had been in the past. The present tendency was to increase their burdens rather than to provide them with compensation. The recent increases in the tariff prohibitions, and the embargo placed on imports, must aggravate the troubles from which South Australia was suffering, while the recent Budget and particularly the Sales Tax would have the effect of making it more difficult for South Australia to regain her balance.

Reg. 17-7-30

## FAKED BOOKS CHARGE SUPPORTED

### "No Provision For Depreciation"

## NEVER HAD SURPLUS

The Auditor-General (Mr. Rogers) commented approvingly yesterday on Professor Melville's charge, in his lecture on Australian finance, that Australian democracy had been faking its books. The specific complaint was that in South Australia we had had since the war a deficit of £500,000 a year greater than we admitted.

"I only wish we had had Professor Melville on the warpath years ago," said Mr. Rogers. The State Audit Department, he hinted, had been a voice crying in the wilderness.

### BAD BOOKKEEPING

"The plain fact is that since 1914 we have never had a surplus, though this has not been shown in our public figures. Before last year, when an Act was introduced to correct it, no provision was made in any Government department for depreciation through wear and tear. In the railways there have to be big replacements. No amount was set by year by year to meet this expense.

"When Mr. Hague was Treasurer he did not want to find the money for railway depreciation, and he avoided putting the amount on the revenue Estimates.

"In soldier settlement we have been charging interest against the loan when we knew well we would not get back the loan itself, let alone interest."

"In the Irrigation Department we have been providing for interest on the capital cost of works, knowing well that the undertaking was over-capitalised already."

"It is the same all along the line. Eventually wasted assets have to be replaced, and there is nothing put by to meet the loss."



Mr. W. E. Rogers