

Mr H. D. Evans: He said that once he got the Whitlam Government out of his hair we would be right.

Mr CRANE: It does not matter which Government is in office in Canberra, under the present fiscal policies the results will be the same.

Mr Bertram: You do not believe the Premier?

Mr CRANE: In 1912 the Commonwealth Bank opened its doors with £10 000. Seven years later, when receiving a deputation from people concerned about unemployment, the Governor of the Bank at that time, Sir Denison Miller, was asked, and I quote—

In your address in London, Sir Denison, you stated that to meet the necessities of war certain things had to be done by you which, before the war, would not have been dreamed of. You financed Australia for £350,000,000 for war purposes, and, had the war continued, you could have financed another £350,000,000. Are you now prepared to finance Australia £350,000,000 for productive purposes?

And Sir Denison replied, "I shall do my best", and he went on to say, and this is the most important part which members should remember—

The whole of the resources of Australia are at the back of this bank, and so strong as this continent is, so strong is this Commonwealth Bank . . . Whatever the Australian people can intelligently conceive in their minds and will loyally support, that can be done.

In other words, that which is physically possible can be made financially possible.

How much is it, Mr Speaker, that we need to get finance of this kind to service the capital needs of Western Australia? Here in this State 8 per cent of Australia's population provide 20 per cent of its income. There are so many things which need to be done and so little time in which to do them.

In 1937 there was a Royal Commission on banking the report of which ought to be the text book of every member of Parliament because it has a lot of the answers we need.

The SPEAKER: The member has five minutes.

Mr CRANE: There is so much to be done here. Water resources are at a premium. I mentioned earlier the comprehensive water scheme and yet we are told we cannot afford it. Surely this could be provided as a capital expense from such avenues as I have just suggested. We should

be considering bringing water from the north, or perhaps more particularly, looking at the possibility of using icebergs from the Antarctic.

It is interesting to note that Prince Muhammed al Faisal, Governor of Saudi Arabia, has suggested towing icebergs to Arabia to help the water situation there. In South Australia I understand there are two scientists, one a meteorologist, Professor Peter Schwerdtfager and Dr John Bye, who are investigating this very same possibility.

The southern parts of Western Australia, Esperance and Hopetoun, are devoid of water in the inland areas. We have a channel on the southern coast which was discovered by *HMAS Diamantina* several years ago. This channel is very deep and could be used for towing icebergs which could serve the comprehensive water scheme and supply water to the whole of our metropolitan area.

I believe we should set up in our university the same facilities as are provided in South Australia, to study the possibility of bringing icebergs through drift and current to Australia where they can be fed into our comprehensive water scheme. This would solve one of the greatest problems we have today. I understand from inquiries and investigations made, that water from icebergs is 10 times cheaper than desalinated water.

I am sorry to have taken up so much of the time of the House, but I have not said half of what I would like to say. I have given members a few ideas of what can and ought to be done.

Unfortunately we have very few statesmen left in Parliament. Nearly all members are politicians. The difference between a statesman and a politician is that a statesman thinks of the next generation and a politician thinks of the next election: so here is a challenge to us all.

Never before have we faced such a critical situation where, if we work together in Parliament instead of working in opposition and tearing each other's hearts and throats out, we will be able to achieve much more for the people who are relying upon us to serve their needs. I believe this is demanded of us and it is consistently in keeping with our Christian ethics.

Mr Tonkin: Do you mean you believe the Government should listen to our amendments?

*Sitting suspended from 6.15 to 7.30 p.m.*

DR TROY (Fremantle) (7.30 p.m.): Mr Speaker, Fremantle rates as the third busiest general cargo port in Australia. It is an important integrating point, so to speak, of the economy of Western Australia with the rest of the world.



Not surprisingly, it is frequently a point where the problems of that world economy first become evident.

The story of grain handling in the port is very instructive. This process has moved from labour-intensive bag handling to a highly automated capital-intensive industry effort. The new facility at Cockburn will soon be able to load ships at a rate of 5 000 tonnes an hour using a total team of 20 to 30 workers on a shift basis. It will be possible to discharge the whole of Western Australia's grain crop in less than three months of operation.

This story is not peculiar to grain handling. In the 20-year period from 1956 to 1976 the amount of cargo handled has increased from 24 million tonnes annually to 47 million tonnes annually. The labour force has decreased from 1 700 workers to 1 100 workers. The fixed capital investment has grown even more dramatically. Conservatively, it has increased by a factor of eight. The wage component of handling one tonne of cargo across the wharf today stands at about \$2.40 a tonne, compared with the 1956 figure of \$8.40 a tonne. That figure is adjusted for inflation.

Today ships are far bigger and more highly automated with smaller crews. Consequently, the wage component of the cost of sea transport for one tonne of cargo has also shown a dramatic fall. It is this phenomenon that has led to the decline in most of the outputs in this State.

The Robb Jetty Meat Works demonstrates the same process. Both the beef and the mutton slaughter chains are highly automated. Had they the number of animals to slaughter, the team of men could process a higher number with a decreased wage component in the cost, if only we had a market on which to sell our meat. Therein lies a huge problem for Western Australia.

The scene which is evident in the port is not peculiar to Fremantle. The July figures of overseas reserves which were published last week point to the fact that the processes seen in Fremantle are quite general in Australia. Exports for the month increased by \$76 million, while imports decreased slightly. There was a small net capital inflow. In total, as a country we are producing more, using less, and still have an increasing number of unemployed. Despite these efforts, our overseas reserves went down by \$325 million. They now stand at \$3 053 million after a bit of book fiddling with gold values. They are now less than they were before devaluation took place last year.

The increased loss from Australia has been caused by an increase in the so-called "invisibles". The particular item which causes the most concern is the huge mark-up in freight rates both to and from Australia. The high charges do not relate to Australian wage rates but rather to the fact that Australia has no significant merchant marine in international trade. We are entirely at the mercy of the overseas shipping corporations.

These corporations take no risks with the production of goods, be they primary or secondary. They take no risks with the actual sale or the finding of the market. But in the true tradition of pirates they are able to obtain a huge slice of Australian productivity with almost no effort and certainly no risk on their part. Successive conservative Governments in Australia have pursued policies which are in the direct interests of those pirates rather than in the interests of the people of Australia.

An organisation such as the Seamen's Union comes in for bucketing when it dares to pursue a different policy, that being a greater Australian component in the shipping to and from Australia.

In the areas of cargo handling, shipping, and meat we see a fundamental contradiction emerge; that is, the new value added at any given stage comes from the new labour component involved in the process. As a proportion, the fixed capital is showing a decreasing return of new value added. This process of a diminishing return on capital has been operating for a long time but it has been masked by a seemingly endless expansion of markets.

We have now reached a point, both locally and internationally, where capital costs involved to benefit from the new technology are so huge and the new value added so small—even if workers worked for nothing—that investment in the new technology has all but stopped.

At this point I would like to turn to another subject; that is, the boom in world trade which followed the end of the second World War. This is the subject which masked the problem to which I have just referred. The basis of this boom was the huge wealth of the United States of America.

In 1944 at Bretton Woods, an agreement was made whereby the United States Government guaranteed to convert the US dollar into a fixed quantity of gold. The currencies of other countries were then fixed in relation to the US dollar. The International Monetary Fund was set up to administer these arrangements. The



US stock of gold in Fort Knox was the international strong box. It amounted to \$30 billion in bullion in 1944.

Several things occurred in the interim. One was that Governments could borrow from the International Monetary Fund to tide them over the cyclical problems inherent in the capitalist system. It became the basis for Government deficit financing. The second thing was the United States set upon a deliberate, low inflation rate. By this means it could obtain goods and services from other countries, in part, for nothing.

By 1959 the early signs of problems were evident. The gold in Fort Knox was down to \$10 billion and dollars outstanding stood at over \$30 billion. These problems were the basis of, for example, the disagreements which de Gaulle had with the United States.

France was not alone in these problems. The British pound sterling which was relegated to a secondary but important role in 1944 was forced into having to devalue in 1967. This set off a chain of reactions and a run on the US dollar, and resulted in the subsequent economic upheavals we saw in 1968, for example.

From 1959 an endeavour was made to hedge against being caught with a pile of bills of credit which could not be cashed. This then opened up very large investments in the development of primary production. Western Australia was caught up in this process and we saw enormous investments, by our standards, being made. Our involvement was both transitory and accidental. We had very little real say in the process.

The pool of fictitious credits had grown so large that by 1971 the President of the USA (President Nixon) was forced to go off the gold standard. From the 15th August, 1971, the United States would no longer guarantee its own money and, indeed, would not pay the outstanding bills.

The immediate effect was that the dollar devalued to around one-third of its value prior to the 15th August. It might be noted that up till that time Australia was fixed in a direct relationship to the US dollar and it also devalued following the US dollar. No longer was there to be any fixed base for international exchange. The pool of outstanding credits then became the basis for speculating into and out of the currency of every country. It acted as a guarantee that no country would be free of inflation.

From August, 1971, to December, 1972, Australia's overseas reserves went down by \$4 000

million. Today's reserves stand at \$3 053 million. This gives an idea how big the problem is.

These problems then began to have an explosive effect on trade. The price of oil had been reckoned in dollars from 1944. After August, 1971, the oil-producing countries were receiving less than a quarter in real terms. In one hit in 1974 they quadrupled the price in dollar terms; it barely got them back to the 1971 earnings. Everyone is well aware of the consequences, including the need to seek alternative energy sources.

Hoarding and stockpiling have become commonplace. Every worker knows the consequences of this problem when he buys a jar of coffee or a pound of tea. It has recently been proposed to do the same kind of thing with grain.

The boom saw a rapid build-up of productive capacities around the world in almost every sphere of endeavour—steel production, ship building, motorcar manufacture, textiles, and petrochemicals. The list is very long.

In 1944 the keystone of the enormous expansion of credit was the wealth of the United States of America. In 1971, the United States was virtually announcing it could not pay its debts. Its balance of trade for 1977 shows a debit of over \$12 billion for the first six months of the year. The estimate for the full year is in excess of \$25 billion.

What we are now seeing unfold is a stepping up of the trade war. In Japan, for instance, as the shipbuilding industry cut back, internal use of steel fell. Exports of steel to Europe and the United States increased, but even then only 80 per cent of capacity was being utilised. While Prime Minister Fraser was in Europe, Japan was asked to cut back steel exports to Europe by 50 per cent because Japan's penetration of that market had caused under-utilisation of resources in Germany, Belgium, Britain, and France. The same thing will occur with the US market which Japan has penetrated. The United States needs to do this because of its own balance of trade position. A cut-back in steel production will result. Not a great deal of arithmetic is required to determine the implications for Western Australia.

Already the minimum options in the iron ore contracts are operating. The six-week closedown at Mt. Newman points this up. Further cut-backs must mean renegotiated contracts. One has only to observe the item in this morning's newspaper regarding sugar contracts which were negotiated until the end of 1978.

The hard economic realities of the iron ore industry have been pointed out to a succession of our political leaders who have visited Japan. The leaders include the President of the ACTU (Mr Hawke), the Secretary of the TLC (Mr Cook), the then convener of shop stewards at Cliffs Robe River (Mr Marlborough), the Prime Minister (Mr Fraser), and last but by no means least our own Premier (Sir Charles Court). They have been told to face the prospect of a production cut-back or the negotiation of a lower price. We might note that our iron ore is the cheapest of Japan's three main sources, the other sources being India and Brazil.

The prospect then for the Pilbara in iron ore is fewer jobs or decreased real wages, or both. When one notes that the main attraction of the Pilbara has been the promise of high incomes, one starts to realise the politically explosive nature of the problems of carrying out the policies that the Japanese industrialists have asked our leaders to carry out.

It is no accident that this year each of the iron ore companies in the Pilbara had a far more intransigent attitude to negotiations of wages and condition contracts than ever before. Herein lies the basis of the so-called increase in industrial action.

In the period since 1971 we have seen a transfer of income from the working class, from the middle class, and from the small businesses, to the huge corporations which are primarily overseas owned.

For the working class there was a temporary respite in 1973-74. Wages and pensions momentarily kept pace with real inflation. The large corporations were able to blame, confusingly, the plight of the small businesses on to this temporary phenomena.

Events since 1974, as the working class, middle class, and small businesses suffer a further fall in income, once again illustrate that the real beneficiaries are the huge corporations.

The main agent for this redistribution of income on behalf of the corporations has been Governments on both a State and Federal level.

We have witnessed a great cut back in the area of public spending where the working class and middle class might be expected to benefit; that is, on health, education, road funds, and social welfare. From the same group we have seen increased payments to the Government in almost every conceivable area. The taxpayer is paying out more in taxes and charges and receiving far less in

return. In real terms tonight's Federal Budget does not do much to help; it is a little bit of a sop to middle income earners and that is all.

Federal Government receipts in the last Budget went up by 22 per cent. Government spending was scheduled to increase by 12 per cent, and at that it was scheduled to keep level with the anticipated rate of inflation. Whilst there were reductions of substance in the items of expenditure in services to the taxpayer, there were huge increases in concessions to the large corporations.

That occurred, of course, in the last Budget, and small businesses have also seen a very big increase in all manner of Government charges. No longer can it be said that their main problem is large increases in wages.

The processes we are seeing unfold then are: (i) a crises of excess productive capacity with a consequent trade war, and one might note here the remarks of Mr Kakuda, the Prime Minister of Japan, when he was first elected, and he said that the situation was similar to the 1930s where they had to fight to keep markets and sources of raw materials; (ii) a declining proportion of new added value for fixed capital invested, and hence no big investment plunge, and again this is something that takes place not only in Australia but right around the world; (iii) and we continue to see inflation as the destruction of the fictitious credit pool created in the period 1944-1971 proceeds.

The prospect for the economy then is an increasing number of youths who will never find a job and a decreasing number of jobs available. There will also proceed to be further reductions in standards of living despite our economy being capable of producing more.

This is a crisis of the private enterprise system, to wit, capitalism, and this is precipitating a political crisis. These problems are not peculiar to Australia, but let us recapitulate some of the political events.

Since 1971 we have seen four Federal Governments and one bloodless *coup d'etat*, and today's opinion polls are indicating further change. I ask members to go back to compare that with the seemingly idyllic days stretching between 1949 and 1964-65.

The conflict of interest between the huge corporations on the one hand and the rest of Australia on the other has shown itself in a move to the right inside the Liberal Party at both Federal and State level.

We have witnessed police, both State and Federal, being used in industrial disputes—the like of which we have never seen before. We



have seen the threat to use the armed forces in at least two major disputes, and one would have to go back many years to remember anything like this.

We have seen Government departments used as propaganda divisions of the Liberal Party, and I refer of course to the Department of Labour and Industry and to the Premier's Department—two classic cases.

We have seen a more direct Government manipulation of the media than ever before, the most overt example being more interference in the Australian Broadcasting Commission. A less well known but more recent example is the direction to Channel 7 which culminated in the sacking of one journalist and the resignation of another. I might say to people in the gallery because of the way some people gesticulated: journalists beware.

We have seen the biggest co-ordinated raids on youth in recent times, and of course that took place some weeks ago at Scarborough Beach.

There is an implied threat in the Governor's Speech to which this debate is a nominal address and that threat was to members of Parliament themselves. There are proposals for new legislation in order to bring members to heel if the need arises.

We have seen an increasingly hysterical attack on unions and union leaders in the face of a very low level of industrial disputation. Unionists have been fined and goaled when they endeavoured to protect their rights to jobs and to maintain wages at least at a level commensurate with the inflation rate.

It might be of interest to note that the real crisis or problem involved in the Transport Workers' Union dispute in North Fremantle was in fact in regard to a protection of jobs. Over a 10-year period or thereabouts, the number of jobs available in this area has been cut back by more than 50 per cent.

Last week in this House we witnessed a shameful attack on one man who was accused virtually of espionage. The accusation was made without substantiation. The purpose of the accusation was to isolate this man from his own membership.

On the one hand we have a Government which makes pious statements about collaboration with some sections of the union movement, while attempting to attack and divide unionists who are prepared to defend their membership on the other.

As has been illustrated, we are part of an international economy. Indeed, we have a Government which politically supports our domina-

tion by the international corporations. These corporations dictate terms to the workers in the individual nations and States. What must become clear to workers in the iron ore industry, for example, is that they will need real contact with the workers in India, Brazil, and Japan, if they want to resolve successfully the questions facing their futures. The workers in each of these countries have far more interests in common than they have differences, and they are certainly fighting the same boss. Undoubtedly this will reflect in meetings of workers from this State with workers from other parts of the world.

In no way should this be taken to mean meetings between bureaucrats—be they from Washington, Moscow, Peking, or Tokyo.

The primary aim of the huge corporations and their political spokesmen is to divide the working class. They hope to be able to turn a dispossessed middle class against the working class in order to maintain their own power.

Internationally they are prepared to threaten the total destruction of man. We see today, for example, moves to develop the neutron bomb, which has a preference for people.

Internally within the Liberal Party there is a sharp turn to the right, and we saw a classic example of this last week with the jingoistic remarks of Mr Sinclair—virtually the National Country Party and the Liberal Party are one and the same.

Inside the Labor movement we see an increase in the activities of the National Civic Council which is now and always has been an agency of the Central Intelligence Agency. This, of course, is only one of their initiatives inside the Labor movement.

In conclusion it is clear that capitalism faces an enormous economic crisis. It will attempt to temporise the political problems thus created by sliding towards a more authoritarian and autocratic society, but it will be unable to resolve the problems in the interests of the vast majority.

Private ownership of the huge concentrations of wealth stands in the way of any further development of this highly socialised system of production. Man cannot go back to a system of individual production. If he is to survive the private ownership this means of production must be discarded. An era of real public ownership and control must begin; that is, socialism.

**MR SPRIGGS** (Darling Range) [7.55 p.m.]: I rise to support the Address-in-Reply moved by the member for Cottesloe and I rise, Sir, with a great deal of pride and pleasure, pride at being