

Mr. MENZIES (Nunawading). - I have the honour to second the motion moved by the honorable member for Hampden. Before referring to various political matters which are involved in the consideration of the Governor's Speech, I should like to take this opportunity of saying how pleased I am to find myself associated with a motion of this kind on my first appearance in this Chamber. I have two particular reasons for this feeling. The first is that the honorable member who moved the motion brings back into the public life of Victoria a very illustrious Victorian name, and I consider that it is a great distinction to be associated with a gentleman of his name in performing a function of this kind.

My second reason gives me some personal satisfaction. Seventeen years ago my father, who was then a member of this House, was associated with the moving of the adoption of the Address-in--Reply, and I think that all I need say to those honorable members who were contemporaries of my father, and many of whom have received me with great kindness on his account, is that I should consider myself fortunate to perform my public duties with the same degree of disinterestedness and energy as he constantly displayed.

Mr. BROWNBILL. - Was not Mr. Kirton to second the motion for the adoption of the Address-in--Reply?

Mr. MENZIES. - I do not know anything about that. I have not seen Mr. Kirton, and I am afraid that the honorable member will have to put up with his substitute. I desire to say a few words about the gentleman who preceded me in this Chamber in the representation of Nunawading. I think it is proper that I should express my appreciation, and, indeed, the appreciation of my electorate, for the ability and energy which were constantly displayed by Mr. Greenwood as the representative of Nunawading.

I have no desire to say too much at this stage, because I have been able to discern on the faces of some honorable members a look of expectation not immediately connected with the hearing of a speech by me.

Mr. COTTER. - Tell the Country party your views about marketing legislation.

Mr. MENZIES. - I should like very much to do so, and I shall seek an early opportunity of telling those honorable members about it. In the meantime, honorable members will perhaps pardon me for not devoting any portion of my speech to the discussion of a measure which may or may not be placed before the House, but which I hope will be dealt with on its merits, if it is submitted to Parliament. I do, however, desire to refer to the financial position of the State with particular reference to one or two aspects. I was more than interested to read in the last annual report of the Railways Standing Committee an extremely valuable suggestion for the constitution of a Public Works Committee. I do not know if I have correctly quoted the name of the proposed Committee, but it was to be in substance a Public Works Committee. That suggestion seems to contain the germ of a most important method of dealing with our financial affairs. In my opinion, the beginning of true economy is a direct sense of individual responsibility for the way in which money is spent. The man who earns his own money is not as a rule likely to spend it recklessly. If we could give to every individual member of Parliament the opportunity of criticizing public expenditure at the right time and of learning about proposals before the money was spent and before commitments were made, I believe that there would be a greater feeling of satisfaction, not only on the part of honorable members, but also on the part of the community generally.

At the present time there is a considerable feeling outside Parliament, rightly or wrongly, that the

expenditure of public money is not sufficiently public - if I may use that expression - but is something which proceeds from a comparatively limited governmental source, and that the opportunity the ordinary man has of dealing with it is a purely post-mortem one. He may read the annual report of the Auditor-General, and he is told therein what money has been expended and how it has been spent, and, perhaps, how it should not have been spent. He is told the same things by the Public Accounts Committee, but he is not sure whether honorable members have had a full opportunity of dealing with proposals for substantial expenditure and of being able to criticize in the House those proposals before they have been carried into effect. For that reason I warmly applaud the suggestion made in the report of the Railways Standing Committee, because I believe that it indicates the general desire that we should assume that responsibility for the expenditure of public money which we ought to assume, and which, I think, we are ready to assume. For many years we have been told that there is a movement in favour of economy. In fact, if I may say so, economy has become almost a time-honoured political slogan. I do not think that we shall have the sort of economy that we want until we do shoulder the responsibilities which I have just mentioned.

Let us assume that we have effected every reasonable economy. We are still told by all parties that there must be increased taxation during the coming year. About the nature of that increased taxation I certainly should like to say a few words. As I understand the position, every Government which is proceeding to the task of obtaining increased revenue, and which proposes to raise it through taxation, has one broad choice. It may tax unproductive money, or it may tax productive money. The distinction which I want to draw is between taxation which either primarily, or in its ultimate incidence, falls upon industry, and taxation which is directed to the loose money of the community - the money already referred to by the honorable member who moved the adoption of the Address-in-Reply as money spent on luxuries and amusements. I think that I may add to what the honorable member suggested should be exploited for taxation purposes, the money spent upon something which does not appear to come within the category of luxuries or amusements - the money spent on betting. That is the choice, and I certainly express the hope that any proposals that are brought down for increased taxation will direct themselves rather to what I term the idle money of the community - that is, the money upon which the community does not depend for its existence. I dare say that most people would agree with that as an abstract proposition; but, unfortunately, many people do not agree with it when it comes to be put into concrete application. For instance, we have had quite recently - if I may remind my friends on the Opposition side of the House of some of their illustrious colleagues in another Parliament - the spectacle of a Ministry seeking to balance the Budget by bringing down extensive proposals for super-tax upon incomes, and turning its back upon any attempt to tax amusements, upon any attempt to raise revenue from the idle moneys of the community. It set out to impose taxation upon the incomes of the community beyond a certain point.

Mr. POLLARD - The incomes of the idle rich.

Mr. MENZIES. - My friend who has just interjected - I am glad to meet him in the same Chamber - shares the fallacy of the gentleman who was responsible for the taxation proposals to which I have referred: the fallacy of thinking that taxation upon income, particularly upon larger incomes, is taxation upon the idle rich.

Mr. POLLARD. - You seek to place it on the poor people's amusements.

Mr. MENZIES. - I shall tell the honorable member exactly how I propose to place it. In the first

place, let me say that I do not believe that there are very many idle rich in this country. There may be a great many people who earn substantial incomes, and in nine cases out of ten they do a mighty lot for those incomes. But the point about the proposed taxation to which I have referred, and which, no doubt, is regarded favorably by the whole of the Labour party, is that it endeavours to place the whole of the financial burdens of the country upon those whose income exceeds, as it works out, £9 a week. So that the so-called idle rich, who earn £500 or £600 a year and upwards, are to be invited to carry the financial burden which ought to be carried by the whole of the community. The justification for that is, I suppose, a two-fold one. I presume that the first is that those are the people who can afford to pay, and, therefore, that the proposal is economically sound. The second justification for a party proposal of the kind is, I venture to think, that those are the people who are the Labour party's opponents, and on both grounds they will be taxed. Let us put the two grounds together. It does not matter much which we select. Let us look at the result of that kind of taxation. Is it believed that the capital of this community belongs to a few individuals? Is it not realized right through informed political circles at the present time that the industries upon which all the working men and women of this country depend are financed, not by large individuals, not by people of enormous private resources, but for the greater part by a large conglomeration of comparatively small investors? In other words, is it not realized that the very prosperity of secondary industry in this country, industry calling for large capital, depends upon the maintenance of a constant flow into that industry of the savings of people with great varieties of income? In other words the capitalist of Victoria is very frequently the man who is earning £500 a year and saving £50, the man who is earning £1,000 and saving £150. Such men are the capitalists of the community. They save up their money and put it into industry. They are the men whom we have to see behind all the open talk about bloated capitalists. They are the men who are going to be hit, and hit most promptly, by the provision of the super-income tax.

Mr. CAIN - To the man earning £500 the cost will be 11s.

Mr. MENZIES - What will it cost the man who earns £600?

Mr. CAIN - Less than £1.

Mr. MENZIES. - I hesitate to disagree with the honorable member on that point, but it, does not sound right to me. Unfortunately, my income does not happen to be £500. I do know that I work all January, February and March for the Government and then I begin to work for myself.

Mr. POLLARD.- Your method is to tax a man according to his method of spending his money.

Mr. MENZIES - My method is to tax money on which people are not depending for their livelihood. My desire is to emphasize the proposition that beyond a certain point, taxation upon income is a tax upon money which would otherwise be saved. Every £100,000 withdrawn from the savings of the community is withdrawn from the industries of the community. In the last resort, the Government, which thinks that it is going to hit the right man by placing a super tax on income, is going to hit the wrong man by greatly increasing the already large volume of unemployment. I venture to think that there is very little escape from that proposition. It is all very well to say to a man who is on a wage - and everybody can appreciate the difficulties of his position, which I do not propose to seek to minimize - "We will net increase the price that you pay to go to the movies." But we have to make up our minds that the time may come when our choice will be between increasing the price that he has to pay for his amusement or putting his job in jeopardy. The choice between those two propositions is one in regard to which I venture to think no honorable member can have any doubt as to how he should act.

Reference has already been made by me to the possibility of taxing betting. I do not profess to be an expert on betting or on the volume of it, but I know that my friend, the Leader of the Country party, has some information on the matter. I read with very great interest the speech that he made during the election campaign, when he stated - no doubt on good grounds - that the volume of betting in Victoria alone is £40,000,000 a year. It seems an extraordinary thing to me that we should be discussing financial difficulties in a State which has £40,000,000 to burn year by year.

Mr. HOGAN - It is the same money over and over again.

Mr. MENZIES. - Yes. That applies to many industries, but the money is going from one person to another. It is on the wing, and I believe that we ought to bring some of it down. I believe that, if the community can afford to hand around for casual considerations a sum of money which totals £40,000,000 in the course of a year, then the people who are getting - only occasionally, I know - the benefit of the inward flow of that money, ought to be prepared to contribute some share of their winnings to taxation.

Mr. HOGAN - The totalizator is the most perfect machine to effect that desirable result.

Mr. MENZIES. - Unfortunately, though the totalizator may be a very perfect machine for assessing a portion of the volume of betting, it seems to me to be also a perfect machine for increasing the total volume. I do not think any one can regard with equanimity the evil of the already great volume of gambling that goes on. For those reasons I hope that when we see the financial proposals by which it is intended to balance the ledger of the State, we shall find that the extra money that we want is to come out of the sources to which I have referred, and is not to come out of those industries which are much more important to the State than are the industries conducted in other countries, and which are largely responsible for the amusements of the State.

Mr. DUNSTAN - To what other industries are you referring?

Mr. MENZIES - I was referring in particular to the moving picture industry.

Mr. DUNSTAN - I meant the industries which you said are much more important than industries conducted elsewhere.

Mr. MENZIES - I am referring to the great primary and secondary industries of Victoria.

Mr. DUNSTAN - I notice that you have been giving some attention to the primary industries lately