Building Societies

Over this last week a number of startling things have been happening. For a day or two there was a run on building societies and an immense amount of concern over the future of the societies was shown. Luckily, confidence in the building societies was restored and a run spreading through those building societies into the banking system itself was averted.

That particular incident, however, and the employment figures announced over the weekend gave the government an enormous fright.

Bank Funds

As a result there has been a release of funds from the Reserve Bank into the banking system. The government, at the same time, is issuing statements saying the credit squeeze is off, allegedly telling the private banks to lend to individuals.

I doubt if it is going to be much easier for individuals to get funds as a result of these moves. Many of the trading banks are themselves in debt to the Reserve Bank as they have been forced to go to the Reserve Bank at punitive rates of interest to cover their present position.

The release from statutory reserve deposits may do little more than enable the banks to get, to some extent, out of the hands of the Reserve Bank. However, the Reserve Bank has released something over $112,000,000 to the private and to the Commonwealth trading banks.

$6000,000,000 increase in money supply needed

I have estimated that traders, business people and farmers all around Australia between them will need $6000,000,000 more this year to finance the same level of activities as last year. That figure is worked out in this way: the total money supply is about $25,000,000,000. If a small manufacturer needs $100,000 a year in stock and raw materials those items will have increased in value by 20 or 25% because of inflation. Therefore, whereas last year he needed $100,000 to cover those items, he will now need $120,000 to do it. The same thing can be said for everyone in business, whether in farming or secondary industry or retailing - it does not matter.

Thus more funds are needed - 20 - 25% more than last year and that comes
to $6000,000,000 when you take in business right around the country. If more funds are not available, the only consequence is for people to cut down their level of activities. If you are a grocer you will have to cut down on the number of lines you have on your shelf and that makes it harder, of course, to provide a good service to the community.

So an extra $5000,000,000 is going to be required. $112,000,000 against that is not really very much.

**Uniforms - Cairns - Murray Grey**

There was tragi-comedy in relation to Dr Cairns' second visit to China. It was cancelled and people thought that this was because of the run on the building societies. Then Dr Cairns said it was not cancelled for that reason but because the Chinese were not prepared to allow R.A.A.F. personnel to wear their uniforms in China. They had apparently worn these uniforms in China when they had unloaded the Murray Grey bull which was a gift from the Prime Minister to Chairman Mao, but they apparently were not allowed to wear them when they were unloading Dr Cairns to negotiate with Chairman Mao.

After a day or two of top level diplomatic negotiations a compromise was reached - the Australian government gave in. They could wear their uniforms in the aircraft but would have to change as soon as they arrived in China. I have no doubt that the government believes that that was an appropriate compromise.

**Leyland**

There have been reports this week in the press about the future of Leyland. This car manufacturer near Sydney employs 5,000 people. Many thousands more would be involved when one takes into account the many suppliers of that company - the component manufacturers and independant companies who are largely reliant on Leyland business.

Whether or not Leyland survives will depend on governmental decisions, but it is beginning to look as though the writing is on the wall. It needs only to be added that many of the things the government has done in recent times would have contributed greatly to the difficulty of this company.

**Unemployed**

The government has allegedly spent $1.3 million on two marble statues. It has spent approximately $640,000 on a painting called "Woman V". Can one really believe the sincerity of the Prime Minister when he said that this was a period of restraint. Perhaps restraint is over
because Dr Cairns said that the credit squeeze is over - for a second time.

I think that he has also said that the economy is sound and on top of that we get the news of 130,000 unemployed on the figures admitted by Mr Cameron.

Those figures have excluded school leavers. If they were included the figure is 160,000. I don't know who Mr Cameron thinks he is kidding or how long he can get away with the contention that school leavers are not people. If they are out of work their personal tragedy is just as difficult as anyone else who is unemployed. It could even be worse because someone who has just left school and is just starting out in life and who can't get a job is in a very difficult position indeed.

In June next year there will be over 100,000 school leavers unable to get jobs unless things change dramatically. Is Mr Cameron going to refuse to count them? When is the government going to be forced to give full figures?

In addition to that we need to know when the government is going to give us full details of those who are unemployed. We need to know those who are employed in the Regional Employment Development (RED) Scheme, those who are getting special relief as a result of tariff induced hardship and we need to know the numbers being trained under the National Employment and Training System (NEAT) because these are all people who could well have been unemployed under other circumstances.

Only when we know the total number of those actually unemployed and those involved in these three schemes will we know the measure of the government's damage to the Australian economy.