use in this State for the purpose of carrying on our essential industries. The Government proposes to support the motion and will take every possible action, should it be carried, to put it into effect.

On motion by Hon. C. G. Latham, debate adjourned.

MOTION—FEDERAL SENATE VACANCY.

As to Reference to Electors—Ruled Out.

Mr. SPEAKER: The member for East Perth has on the notice paper a notice of motion with respect to a reference to the electors as a means of filling the Federal Senate vacancy. I point out that the choosing of a person to fill a casual vacancy in the Senate is governed by Section 15 of the Commonwealth of Australia Constitution Act, 1900, and by the Joint Standing Orders for the election of a Senator, and that such Standing Orders cannot be suspended by this House. Standing Order No. 1, page 93, provides that whenever Parliament has been informed that the place of a Senator has become vacant, a motion shall be made that the President and Speaker do fix a day and place for the choosing of the Senator by both Houses sitting together, such sitting to be not more than 14 days after the date of such motion. For these two reasons, as well as for others, I rule the motion out of order.

House adjourned at 5.29 p.m.

Legislative Assembly,

Thursday, 10th September, 1942.

The SPEAKER took the Chair at 2.15 p.m., and read prayers.

QUESTION—LIGHTING OF MILITARY VEHICLES.

Mr. SEWARD asked the Minister for Mines: 1, On how many occasions since the 11th May was Colonel Hoad informed by letter of breaches by the Allied Forces of the Lighting of Vehicles Order? 2, What replies to such letters were received from Colonel Hoad.

The MINISTER replied: 1, A military liaison officer representing Colonel Hoad attends each Civil Defence Council meeting and he has been kept verbally informed of breaches. 2, Replies were generally to the effect that the Army was masking vehicles as opportunity offered. Latterly the council was informed that Military Headquarters had approved of a new type of mask. Details were supplied and the liaison officer was advised that in the council's opinion, it would not improve the position, being not in accordance with civilian restrictions.

LEAVE OF ABSENCE.

On motion by Mr. Wilson, leave of absence for two weeks granted to Hon. W. D. Johnson (Guildford-Midland) on the ground of ill-health.

BILL—FEEDING STUFFS ACT AMENDMENT.

Second Reading.

Debate resumed from the 8th September.

MR. BOYLE (Avon) [2.21]: The Bill provides for a much-needed extension of powers for the policing of the Act, which was originally passed in 1928. At present, as the Minister explained, there is a limitation of powers when proceedings are taken in the court, and the Government seeks to amend this state of affairs by including in the definition of "analyst" an official attached to the staff of the Government Mineralogist, in addition to the analyst attached to the Department of Agriculture. At present only two analysts are qualified to issue reports and give evidence, and unless the Bill is passed the rules of procedure in court and the policing of the Act will be handicapped.

Question put and passed.

Bill read a second time.

In Committee.

Bill passed through Committee without debate, reported without amendment and the report adopted.

BILL—INDUSTRIAL ARBITRATION ACT AMENDMENT.

Second Reading.

Debate resumed from the 3rd September.

MR. McDONALD (West Perth) [2.23]: I agree with the Minister for Labour that this is an important Bill. It is not only important in itself, but also because it is associated with considerations regarding the economic structure of our State. Members will recollect that by Section 121 of the Industrial Arbitration Act the court is required every June to make a declaration of the basic wage to operate during the ensuing 12 months; and by Section 124A the court is empowered at the end of the first, second, and third quarters of each year to consider any variations in the cost of living, and if it thinks fit to adjust the basic wage by increasing or reducing it according to the variation in the cost of living which has occurred during the preceding quarter. This power to adjust in accordance with the quarterly variations of the cost of living during the currency of the basic wage for each year is admittedly a discretionary one. The court may increase the basic wage at the end of any quarter by the full extent of the rise in the cost of living during the preceding quarter, or reduce it to the full extent of any fall in the cost of living; or may adjust it to allow part only of the rise or fall in the cost of living, or refuse to make any adjustment in respect of the cost of living variation in the preceding quarter.

As the Minister clearly pointed out to the House, ever since legislative provision was made in 1930, allowing for variations in the basic wage for cost of living fluctuations, the cost of living adjustment has always been made by the Court, whether the adjustment meant a reduction or an increase. But when in February of this year the court had occasion to consider the quarter ended the 31st December, 1941, it found that during that quarter there had been an increase in the cost of living but declined to make any adjustment in the basic wage by reason of that increase. Again, when the court came to consider the same matter at the end of the quarters ended the 31st March, 1942, and the 30th June, 1942, and found that the living costs had risen in each of those quarters, it still declined to make any increase in the basic wage by reason of the increase in the cost of living during those quarters. The increase during the quarters ended December, 1941; March, 1942, and June, 1942, was 4s. 5d. At the end of 1941, the basic wage for Western Australia, as declared by the Western Australian court, was, in terms of real purchasing power, 4s. 5d. a week above the basic wage standard declared by the Federal court; and the basic wage standard declared by the Federal court operates in respect of 70 per cent. of the workers of Australia.

For reasons which I will deal with later, the court declined to increase the basic wage by reason of the cost of living advances which had occurred in the three quarters I have mentioned. If the court had increased the basic wage to the extent to which the cost of living had risen during the three quarters I have mentioned, it would have increased it by 4s. 5d., and if it had done so the basic wage in Western Australia, as declared by our own Arbitration Court, would have been 5s. 11d. above the basic wage standard laid down by the Federal Arbitration Court.

Mr. Cross: When were those figures up to?

Mr. McDONALD: These figures apply to conditions as at the 10th February, 1942.

Mr. Cross: How does the basic wage in Western Australia compare with that operating in Sydney today?

Mr. McDONALD: I shall give those particulars in a few minutes.

Mr. Warner: Who awakened the member for Canning?

Mr. McDONALD: The basic wage today, if there had been no increase by reason of fluctuations in the cost of living, would have been 1s. 5d. above the basic wage standard laid down by the Federal Arbitration Court, whereas, as I previously remarked, if the increases in the cost of living that had taken place during the three quarters had been allowed for by the State Arbitration Court, then the basic wage here would have been 5s. 11d. a week above the basic wage laid down by the Federal tribunal. The short question between the Government and the State Arbitration Court is whether the court should have accepted the increases in the cost of living, thereby making the State basic wage 5s. 11d. a week above the Federal basic wage standard, or whether the court was right in respect of those three quarters in refusing to recognise the cost of living increases, thereby

causing the State basic wage to be only 1s. 5d. above the standard laid down by the Federal court.

In refusing to grant an increase in the basic wage commensurate with the increase in the cost of living during the three quarters I have mentioned, the State Arbitration Court exercised the discretion that was conferred upon it by the Industrial Arbitration Act, the provisions of which require the court to exercise that discretion in considering whether to grant an increase in the basic wage commensurate with the rise in the cost of living. The Bill under discussion seeks to take away from the Arbitration Court in future the discretion which it now has in determining whether it will increase the basic wage by adding to it the cost of living increase which has occurred in the preceding quarter, or to decrease the basic wage corresponding to the reduction in the cost of living that may have occurred during that particular period. By means of the Bill the Government says that the discretion now vested in the Arbitration Court in this respect shall be taken away from it, and the cost of living increase or reduction in the basic wage quarter by quarter shall be automatic. The Government desires that that should be mandatory. As soon as the Government Statistician reports to the court the extent to which the cost of living has risen or fallen, then the court merely records that the basic wage shall be increased or reduced to the extent of the variation in the cost of living. As I say, that is the short point—whether the industrial tribunal of this State shall have discretionary powers in relation to increasing or reducing the basic wage to the extent of the variations in the cost of living.

All are agreed—the Government is agreed; the State Arbitration Court is agreed; I think the people of the State as a whole are agreed—that we should maintain in Western Australia the best standard for the employees and for our industries, as well as for the economic prosperity and advancement of the whole of our people. The question is whether that can best be conserved by our present system under which the court has discretion in this particular matter, or by removing that discretion and making it automatic that the basic wage shall be varied upwards or downwards according to the fluctuations in the cost of living. Briefly, the Arbitration Court was of opinion that by refusing to increase the basic wage in the three quarters mentioned, it would be adopting the long view in the best interests of employees, industry and the prosperity of the State. As against that view, the Government apparently considers the attitude of the Arbitration Court was not in the best interests of the employees, our industries, or of the prosperity and advancement of the State. During the course of his second reading speech the Minister said—

> The President's declaration would mean that though the cost of living continued to increase, quarter by quarter, the workers of this State would not get one penny extra in the basic wage rates to compensate them for the rise in the cost of living.

He further pointed out that the war might last for three years or for many years, and I understood him to suggest that on the attitude of the Arbitration Court the workers, for the period of the war—whatever the increase in the cost of living might be—would be debarred from any increase in the basic wage in order to compensate them for the reduction in the purchasing power of their nominal wages. I do not think that is a true interpretation of the judgment of the President of the Arbitration Court. Under the provisions of the Act which the President is called upon to administer, the court has to consider quarter by quarter what has been the variation in the cost of living, and at the end of each quarter has to exercise its discretion—not permanently but at the end of each quarter—whether the basic wage shall be increased or decreased in relation to the fluctuation in the cost of living.

Mr. Cross: Has it been done that way in the Eastern States?

Mr. McDONALD: What the President of the Arbitration Court did was this: He exercised discretion in respect of the quarter ended December, 1941, and declined to vary the basic wage. He exercised his discretion at the end of the March quarter and laid down a similar policy, and he made a further exercise of his discretion at the end of the June quarter and still maintained the same policy. The result of his view, as I have mentioned, is that in terms of purchasing power the basic wage of this State would have come down to a stage where it would have been 1s. 5d. above the basic wage standard laid down by the Commonwealth Arbitration Court. If the matter is left to the State Arbitration Court under the

existing law, the court will be required at the end of the September quarter of this year to review the whole matter again, and once more exercise its discretion as to whether or not there shall be any increase in the basic wage to compensate for the cost of living increase during the quarter ended September, 1942. At the end of the December quarter, 1942, the court will again be required to consider the matter and make a fresh exercise of its discretion whether there should be an increase in the basic wage by reason of the increase in the cost of living during that quarter. So for all future quarters there must be, at the end of each quarter, a new consideration and a new exercise of discretion.

As I read and comprehend the remarks of the President of the Arbitration Court—although he has exercised his discretion in a certain way during the three past quarters—there is nothing to prevent his exercising his discretion at the end of the September quarter by deciding that the basic wage shall be increased to the amount of the increase in the cost of living during that quarter. So it may be in any future quarter. I think it would not be fair to the President of the court to suggest that in future, if the law is allowed to stand as at present, he will decline to carry out his statutory duties of exercising his discretion, quarter by quarter, and having once reached a decision in past quarters against increasing the basic wage, will shut his mind in the future to any considerations that may justify an increase of wage rates to compensate for the increased cost of living. I think it needs to be very carefully borne in mind that whatever the view of the President may be under this section in the exercise of his discretion in the three quarters last past, there is a possibility, and I say a probability, that he will exercise his discretion in future quarters or in some of them—perhaps in all of them—in such a way as to grant an increase to the workers that will compensate them for increases that have occurred in the cost of living.

The Minister stated that the President of the court—he is the deciding factor and I suppose would be regarded as having been chiefly responsible for the policy laid down in respect of the three quarters I have mentioned—was not concerned with monetary policy. I want to deal with that point first of all in relation to this Bill. The accepted position in industrial matters in Australia for the last 40 years has been that the determination of wages and conditions shall be vested in industrial or arbitration tribunals. For this there are two reasons. The first is that an arbitration court or tribunal is specially qualified to deal with these matters, because it is composed of men who are experts in the particular calling and has the facilities for hearing argument on both sides and for receiving evidence from all parties who wish to tender evidence. It is therefore an expert tribunal. The second reason has been to remove the question of wages and conditions from the arena of party politics. I think it can be said that this position has been observed in Australia during the last 40 years.

In February last, however, the Commonwealth Government, by National Security Regulation No. 76, decided to intervene in the matter of wage conditions throughout Australia. By so doing, it over-rode the State Arbitration Court and, to some extent, the State law. I take no exception at all to the action by the Commonwealth Government. Whatever may have been the accepted position regarding the determination of wages in the past, it is reasonable—it might well be essential—that the national Government at a time like the present as a matter of high national policy and under its defence powers should take a hand in the regulation of the wages of employees in Australia. So I take no exception to the Commonwealth Government's intervention in the realm of the fixation of wages. I may mention that the Commonwealth could not have intervened except in time of war and under its defence powers. In time of peace it would have no power to over-ride the State law or the determinations of State arbitration tribunals. It is a war measure under the Commonwealth defence powers and prompted by the paramount obligation to maintain the effective defence of Australia.

I make no apology for spending some little time on this matter because it is one of great importance. A discussion of the economic position of our State in relation to wages would be fruitful to this Parliament. We have not had a discussion on the subject for many years. In relation to this Bill, I want first of all to examine the policy of the Commonwealth Government—the policy it has adopted under the inescapable pressure of war and defence, and which it

has laid down, and which this State has to and is prepared to accept, because I want to see how far this Bill is in accordance with the policy which has been laid down by the Commonwealth Government, and to find out what that policy is. There is only one way, and that is to examine the National Security Regulations and from them ascertain what the policy is. The Federal authorities began in February of this year with regulation No. 76, which has been referred to by the Minister. By that they pegged the remuneration of all employees whose remuneration was determined by any industrial tribunal. They said to the workers of Australia, "Your remuneration shall not be increased or decreased; it shall remain permanent and stable for the duration of the war"; and to that general principle they made certain exceptions. The only exception relevant here is this one—

> Nothing in this part shall prevent the payment or acceptance of any altered remuneration where the alteration is in consequence of any automatic adjustment which, in pursuance of any law or any award or determination of an industrial authority or of an industrial agreement, follows a variation in the cost of living.

Those words are important in determining the Commonwealth Government's policy. The contract of the worker is contained in his award or industrial agreement and in the relevant legislation that applies to him; it may be a Federal Arbitration Court, or it may be the State Arbitration Court, or Federal arbitration laws, or the State arbitration laws.

Under Federal awards, I understand, it is provided that the basic wage shall be increased automatically in accordance with any change in the cost of living. That provision is incorporated in Federal Courts' determinations, and embodied in individual awards. It provides for an automatic variation in the wage in accordance with the change in the cost of living. I understand that by the law of New South Wales the automatic variation of the basic wage in accordance with the cost of living is also part of the law of that State. Further, I understand that in the other States, including Western Australia as I have said, there is no provision for an automatic variation in the basic wage as there is under New South Wales law and under Federal awards. In those other States, as in Western Australia, there is a discretionary power in the appropriate tribunal as to variation in the basic wage following variations in the cost of living. Now, when the Commonwealth Government decided to crystallise the wage contracts of the employees of Australia, it apparently decided not to vary those contracts. It took the contract under each jurisdiction as it was, and said, "We crystallise that contract. We do not break it, but we crystallise it, stabilise it."

So that in those jurisdictions where there was automatic adjustment of the basic wage following cost of living variations, the Commonwealth Government, by National Security Regulation No. 76, crystallised the automatic variation which applied in those jurisdictions; but it did not attempt to extend the automatic variation into any other jurisdiction. In all the other jurisdictions it stabilised the contracts of the employees as they were, namely contracts by which they got a certain basic wage, which basic wage, in respect of cost of living adjustments, could be varied at the discretion of the appropriate tribunal. That is what, as I read the regulation, the Commonwealth Government did. It carefully refrained from extending the automatic variation of the basic wage to any State in which it did not at that time apply; and it carefully abstained from any interference with the discretion as to variations in any State where that discretion was part of the existing law.

If that had not been the Commonwealth Government's original intention, that Government had ample opportunity to make a clearer expression of its intention, because, as the Minister has told us, on representations which were made by his Government upon refusal of the State Arbitration Court to increase the basic wage, the Commonwealth Government made a further National Security Regulation, No. 257, and instead of saying in that further regulation, "The automatic adjustment of the basic wage shall be extended to Western Australia," it carefully abstained from any such provision. What the Commonwealth Government did was to transfer to the Premier of this State, and of any other State where discretionary adjustment obtained, the same discretion whether or not the Premier would increase the basic wage that already existed under the present law. That is what the regulation said under which the Premier made an order granting cost of living in-

creases in the basic wage to employees in this State. The regulation says—

> The power only operates where the local tribunal has been applied to to grant an increase in respect of the cost of living—

and then goes on to say—

> The Premier of that State, if satisfied that it is desirable so to do in the interests of the defence of the Commonwealth or the more effectual prosecution of the war, may by order published in the "Government Gazette" adjust and amend the basic wage in accordance with the change in the cost of living as indicated by price index numbers.

So we find that after the first regulation had been made by the Commonwealth Government, and after the State arbitration tribunal in its discretion had declined to grant an increase in the basic wage because of increase in the cost of living, the Commonwealth Government comes along and uses in its regulation conferring the power on the Premier the same word that this Bill now invites us to strike out of our existing Act.

Mr. Triat: That does not make it good law.

Mr. McDONALD: This is good law, quite good! I shall not go into the law; there may be a good argument about it. I do not believe in raising any legal points about these regulations. We want to find the best thing to do. We do not want to enter upon any legal argument about constitutionality. When the Commonwealth Government conferred on the Premier power to grant increases in the basic wage in respect of cost of living, it used the word "may." It used the very word that the Bill now before the House invites this House to strike out in order to insert the word "shall." When the Commonwealth Government found that, in the exercise of its discretion, the State Arbitration Court of Western Australia had declined to grant the cost of living increase in the basic wage, the Commonwealth Government still provided that the matter should be discretionary, and it still inserted—after all that knowledge—in Regulation 257, made in June last, the word "may" to indicate that the power was a discretionary one.

More than that—and this is a matter of no small importance to the workers, to the Commonwealth Government and to the people generally—the Commonwealth Government said, in conferring the power upon the Premier, "You can only grant these increases quarter by quarter, at the same times and for the same periods that the State Arbitration Court could have granted them. At the end of each quarter you must exercise a fresh discretion as to whether or not you are to grant an increase in the basic wage." The Commonwealth Government further said to the Premier, "The only reason for which you are authorised to grant an increase in the basic wage is that you are satisfied at the end of a quarter that it is desirable to do so in the interests of the defence of the Commonwealth or the more effectual prosecution of the war." I agree with the Minister when he said that this particular difficulty should have been resolved by the Commonwealth Government. In my opinion, it is against the spirit and the propriety of the Constitution that the Commonwealth Government, which is charged with the defence of Australia, does not itself come to a determination on this matter, but places on the State Premiers the obligation to come to a decision on a matter of such high policy.

That is not their job; it is the Commonwealth Government's job, and I agree with the Minister when he said that the Commonwealth Government should itself have come to a determination on this point. Having once invaded—and justifiably invaded—the field of wage regulation, the Commonwealth Government should then decide all relevant issues in connection with that particular matter. To my mind, it is perfectly clear that the Commonwealth Government has definitely refused to set up the automatic variation in any State where the law provides there shall be a discretion exercised as to such variation. It is also abundantly clear that the Commonwealth Government will not allow even the Premier of the State to make a long-term decision whether or not there shall be increase or decrease in the basic wage. It is again abundantly plain that the Commonwealth Government, in its statement of high policy on wage regulation, has said to the Premier, "You can only grant these increases if at the end of each quarter you consider the matter and satisfy yourself that the defence of Australia or the effectual prosecution of the war requires you to grant these increases." That is the policy laid down by the Commonwealth Government.

Does this Bill follow that policy? So far from there being a discretion as required by the Federal policy as to increases in the basic wage for cost of living, this Bill automatically destroys that discretion. Whatever the circumstances may be, whether the

needs of defence or the prosecution of the war do or do not demand an increase in the basic wage for cost of living, under this Bill the increase must automatically be made. Under this Bill there is no discretion to be exercised quarter by quarter. There is no consideration to be given to the defence aspect, which the National Security regulation says shall be the basis of any increase. All of that is completely eliminated by this Bill, which is the direct opposite of the high policy of defence which the national Government has laid down in these regulations for the control of the wage question in this State. We cannot afford to ignore the clear expression of policy contained in these regulations. When the Commonwealth Government made them in these terms, I am of opinion that it had taken the trouble to inform itself of the position in the various States, and that it knew the basic wage standard in Western Australia was far above the basic wage standard laid down by the Federal Arbitration Court.

The Commonwealth Government also knew that when it pegged the wages of 70 per cent. of the workers of Australia on the Federal basic wage standard, it had pegged them at a figure 5s. or 6s. below the basic wage standard of our State. I venture to think that when the Commonwealth Government declined to extend the automatic principle to our State, and told our Premier that he could only increase our basic wage quarter by quarter after exercising his discretion and considering the defence position and so on, the Government probably knew or thought that the Premier, in his discretion, might decide at any quarter that the best interests of the workers of this State and of the State itself might not be served by an increase in the basic wage, which would continue the level of 5s. 11d. per week above the basic wage standard of 70 per cent. of the people of Australia. I think that the Commonwealth Government very possibly had that in view; but whether it did or not, it laid down this policy of discretion being exercised quarter by quarter upon certain specified considerations of defence and the war effort, and deliberately and clearly declined to set up any system in this State which was opposed to the exercise of that discretion. In other words, it deliberately declined to adopt the automatic principle contained in the Bill before the House. I mentioned all that matter of policy because the paramount policy for this State must be the declared policy by the Commonwealth Government as a matter of defence.

I turn now to another aspect of the Bill. That might be referred to as the merits of the Bill, leaving out of consideration the views of the Commonwealth Government. Everybody is agreed that in normal times the basic wage should be adjusted in accordance with the variation in the cost of living. The great objective of any wage system is to maintain stable purchasing power, and if times were normal nobody could possibly question the justice to employees of variations in the basic wage to ensure the preservation of a stable purchasing power for their wages. But what we have to consider today is the fact that we are not living in normal times but in the most abnormal times this State or this world has ever seen, and we have to consider how far we can afford to continue what we all agree would be a perfectly proper practice in normal times. I, for one, in normal times, would not for a moment question the propriety of a system allowing for variations in the basic wage to coincide with variations in the cost of living.

When this particular section was put into the Industrial Arbitration Act in 1930 this State, with other countries, was, as the Minister rightly said, facing a period of deflation. Costs were falling and wages were falling with them, but the Legislature of that year was most careful to provide that the Arbitration Court was not compelled to reduce wages, although living costs had fallen. It was most careful to give the court discretion.

Mr. Triat: We are not in favour of reducing wages.

Mr. McDONALD: I will deal with that in a moment. In introducing the Bill in 1930 the Minister for Works said—and I quote from page 2020 of Vol. 2 of "Hansard" for 1930-31—

> The Government does not ask the House to say to the Arbitration Court, "You shall do this," or "You shall do that." All we say to the court is we shall remove the restrictions from you which determine that you can only fix the basic wage once in 12 months, and we shall give the court the right to say that when a fluctuation occurs in the cost of living that increases the value of wages paid, the wage may be brought back to a point in accord with the cost of living.

That is to say, the Minister pointed out that he was not going to place on the court any obligations for an automatic adjustment. He was clearly going to give it the discretion whether or not it would reduce wages, even though the cost of living may have fallen. The Minister rightly said that in those very distressing times the court in fact did reduce the wages quarter by quarter on a parity with the cost of living. But I do not think the court did so from any wrong view of its powers. I think it will be found that it did so because it was reluctantly compelled to realise that industry could no longer pay wages at the same rate when costs were falling to such a degree. In his opening speech the Minister said something about those reductions. I agree with him that they were very distressing reductions for employees in this State. I am also prepared to say that it is open to very serious question whether they should have been made.

Possibly had we known, or had the court known, as much in 1930, 1931 and 1932 as is known now about monetary matters, the court might well have said then in accordance with its power, "Although the cost of living has fallen for the preceding quarter, we do not intend to reduce the wages of employees." I am prepared to concede that. The Minister pointed out that the court did in fact reduce the wages quarter by quarter, corresponding to the fall in the cost of living. He quoted some remarks of Mr. Somerville made on the 1st June, 1932, when that gentleman said—

> The figures just announced by His Honour are in accordance with the instruction by Parliament. In the meantime this court can only in this manner carry out the definite instruction of Parliament and give another spin to the suicidal cycle of reduced wages which is reduced purchasing power causing reduced employment followed by a further reduction in wages.

It is therefore clear that whether he realised or not that the court had a discretion all the time, Mr. Somerville deplored the automatic reduction of wages following a reduction of the cost of living in the preceding quarter.

Mr. Patrick: He seemed to read "may" as "shall."

Mr. McDONALD: He may have been under a misapprehension.

The Minister for Works: He was not directed by the President either.

Mr. McDONALD: The President had his own views, and it may well be that he felt his discretion should be exercised in such a way as would maintain employment rather than keep wages at such a level that employment could not be maintained. However, I do not want to go into that. All I want to say is that Mr. Somerville, as an authority on wage regulation, in 1932 deplored what appeared to him to be a compulsory reduction of wages following a fall in the cost of living in the preceding quarter. He deplored what he thought was an obligation to make an automatic adjustment of the basic wage in accordance with the cost of living. He deplored that because, as he pointed out, it gave a still further spin to the spiral of deflation. We are now being asked in this House to do just what Mr. Somerville deplored. We are asked for the future, to take all discretion away from the Arbitration Court and to establish that automatic regulation of the basic wage following the statistician's figures as to cost of living in which Mr. Somerville saw so much suffering and so much accentuation of the economic difficulties of the State.

It is true that at the present time we are on the up grade in the cost of living, and if it were just the basic wage for cost of living we would be on the up grade in adjusting the nominal figures of the wages in this State. I am afraid, however, there is nothing more certain than that after this war there will be a recession in the cost of living, and there may be a recession in the basic wage. People who are now receiving £15 a week—perhaps double or treble their ordinary wages—will go back to the basic wage at the conclusion of hostilities, because there will be no overtime and no war loading.

Mr. Hughes: What about our new order?

Mr. McDONALD: I think the new order——

Mr. Withers: Is all bosh!

Mr. McDONALD: —will not mean very high wages, but what I would call, security for all. It will not mean a high standard of living which the community cannot support.

Mr. Fox: Only for a few!

Mr. McDONALD: No. Today, as I have said, we are on the ascending scale. Next year, or at some future time, we will be on the descending scale. It is too much to hope that we shall always be ascending—even after a world war—in the real wages or salaries enjoyed by the whole of the community. When we come to the descending

period, then, if we pass this Bill, the old automatic principle which Mr. Somerville deplored will be back again in all its fury and in all its devastating effects which he so graphically portrayed.

The Minister for Labour: Have you heard Mr. Somerville on the court's recent exercise of its discretion?

Mr. McDONALD: I do not need to. I am quite prepared to take his argument as delivered in 1932. At that time he deplored the automatic variation of wages, and pointed out how it gave a spin to the spiral of deflation and caused so much distress to workers.

Mr. Marshall: That was the first quarter. It was annually prior to that.

Mr. McDONALD: That would make no difference to the principle. Inflation is not nearly the danger to workers that deflation is—I mean, inflation is a far greater danger than is deflation.

Mr. Hughes: You were right the first time.

Mr. Cross: You are in deep water.

Mr. McDONALD: No, inflation—I am not sure that the member for East Perth is not right.

Mr. Marshall: You are quite right.

Mr. McDONALD: I am right in my second thought. In the case of inflation the rise in the cost of living occurs first and the wage increase lags afterwards. The result is that the worker is always getting wages reduced in purchasing power. But when it is deflation the cost of living falls first and the wage reduction lags after. Therefore the worker always has some improvement in the purchasing power of his money.

Mr. Marshall: That is if he can get employment.

Mr. McDONALD: It does not much matter whether there is inflation or deflation to an unemployed man. Inflation is worse than deflation for the employee.

Mr. Marshall: Take 1930-1933 and find something worse!

Mr. McDONALD: We have so far kept inflation pretty well down and the hope of this country is to keep it down in the future. We do not want it to come here in the way it has in some other countries, as mentioned by the Minister in his speech the other afternoon. We all know from reading that nothing can be so bad as an inflationary process which has gone beyond all bounds. The President of the Arbitration Court decided in his judgment in relation to the quarter ended December, 1941, not to grant any rise in the basic wage. I want to read three or four lines from that judgment. They are as follows:—

> From a comparison of the figures set out it is obvious that inflationary forces are at work and to further increase the basic wage would be increasing the momentum of such inflation whilst stabilisation, even if only of a temporary character, may put some brake on the tendency in this direction.

Before leaving this matter I point out how similar are the words of Mr. Somerville in 1932 and those of President Dwyer in 1942. Mr. Somerville deplored the automatic increase in the basic wage because it accentuated the spiral of deflation. The President of the Arbitration Court in 1942 deplored the principle of automatic increase of the basic wage because it accentuated the spiral of inflation. If I take Mr. Somerville's remarks and substitute the word "inflation" for "deflation" they will be almost identical in their wording and purport with those of the President. Mr. Somerville said—

> To give another spin to the suicidal cycle—reduced wages, which is reduced purchasing power causing reduced employment, followed by a further reduction in wages.

I feel that the decision of the Arbitration Court must be treated with respect in the long view—that is the long view of maintaining for the period of the war the real purchasing power of our currency and the real value of the wages of the employees of this State. Just as Mr. Somerville deplored the policy of automatic adjustments in 1932, I think we would be ill-advised to accept what he deplored and apply to automatic adjustments for the future in this State. We would be wise indeed to avoid automatic adjustments, not only because we now envisage an inflationary period, but because we may at any time become involved in a deflationary period corresponding to that which Mr. Somerville referred. This Bill is a two-edged sword. It may be said that it has one edge turning towards the stability and prospects of industry in this State, but I feel it has the sharper edge turned towards the employees of this State.

Mr. Cross: What has happened in the other States?

Mr. McDONALD: As with the hon. member, I want to see the right thing done in this matter. In certain States there have

been automatic increases in the basic wage to compensate for the cost of living, and in the other States where there is discretion, the discretion has been exercised in favour of an increase in the basic wage to compensate for the cost of living. This is the only State which has not increased the basic wage commensurate with the cost of living.

Mr. Cross: Increases were given in all the other States.

Mr. McDONALD: Even if we did not grant the increase that the member for Canning rightly says was granted in all the other States, our wage would still be 1s. 5d. above the standard wage of 70 per cent. of the workers of Australia.

Mr. Cross: That is definitely wrong.

The Minister for Labour: It is hopelessly wrong.

Mr. SPEAKER: Order!

Mr. McDONALD: I think from recollection I took the figure from the remarks of the President of the Arbitration Court.

Mr. Cross: It is hopelessly out-of-date.

Mr. Thorn: So are you.

The Minister for Labour: The Commonwealth basic wage in Sydney is £4 15s.

Mr. McDONALD: I do not know what it is now.

Mr. Cross: In New South Wales that is the figure for both the State and Commonwealth basic wage.

Mr. McDONALD: I have taken the figures I am going to quote from the remarks of the President of the Arbitration Court when giving his judgment that appears in the "Gazette" of the 12th June, 1942. They were the figures adjusted to compensate for the purchasing power as they applied on the 10th February, the date on which the Commonwealth Government pegged the wages of the employees of Australia. The Federal basic wage applicable to this State was £4 6s. and the State basic wage £4 10s. 5d., a difference of 4s. 5d. In South Australia the Federal basic wage was £4 6s. 2d., against ours of £4 10s. 5d.

The Minister for Labour: It is now £4 11s.

Mr. McDONALD: The State basic wage in South Australia was £4 7s. 2d. In Melbourne the State basic wage was £4 7s. 7d., and in Sydney £4 7s. 10d.

Mr. Cross: It is now £4 15s.

Mr. McDONALD: In Hobart it was £4 6s. 1d. and in Brisbane £4 11s. 5d.

Mr. Cross: It is £4 11s. in Hobart now.

[*Mr. Withers took the Chair.*]

Mr. McDONALD: In his judgment the President of the Arbitration Court said, I think with justice, that the Commonwealth Government did either too much or too little. As a House we have to decide whether we are going to follow the policy laid down by the Commonwealth Government in its National Security Regulations. If the Commonwealth Government is referred to surely it can say whether that policy as declared in its regulations expresses its true views or not. If it wants automatic adjustments as applied to Western Australia and in all the States I suggest it should say so. If the Commonwealth Government says that as a matter of defence policy there should be automatic adjustments in Western Australia and in all the other States, the people of Western Australia will be prepared to accept it as necessary in the defence of the country. As we have the Commonwealth declarations now they are strictly against the application of the automatic principle to this State. Should we pass this Bill, the functions of the Premier will disappear. He will no longer be involved in dealing with the cost of living increase, which will be taken over by the automatic system working under the State Arbitration Court. I feel that the President of the court must have read with more than usual interest the remarks of another President, President Roosevelt, in yesterday's paper. The extract I wish to read is as follows:—

> President Roosevelt in his message to Congress today recalled that on April 27 he presented to Congress a 7-point national economic policy designed to stabilise the domestic economy for the duration of the war with the objective of preventing any substantial further rise in the cost of living. He reminded the legislature that when the cost of living spirals upward everybody becomes poorer "Indeed," he proceeded, "the prevention of the spiralling of our domestic economy is a vital part of winning the war itself. . . . Our experience has proved that the general control of prices is possible only if control is all-inclusive. If costs of production, including labour, are allowed to rise indiscriminately or major elements of costs are not regulated, price control becomes impossible."

President Roosevelt concluded by saying—

> We are fighting a war of survival. Nothing can yield to the over-all necessity of winning this war and its winning would be imperilled by a runaway domestic economy.

Whether the State Arbitration Court was right or wrong, the decision of the court was actuated in its judgment by the possible

danger to Western Australia of the factors that are mentioned by President Roosevelt in the sections of his address to Congress which I have read. For these reasons, and in the absence of any change by the Commonwealth Government in the statement of its policy on this question as affecting Western Australia, I do not propose to support a Bill that, to my mind, is opposed to the direct instructions given to this State as to the manner in which the cost of living question was to be handled. At the risk of wearying the House I desire to say a little more.

The Minister for Mines: You have the right to say what you like.

Mr. McDONALD: Thank Heaven, we have that right in this country!

The Minister for Labour: You can say what you like—with the Speaker's approval.

The DEPUTY SPEAKER: Order!

Mr. McDONALD: I want to say something about what is really the fundamental phase of the question; I refer to the variation of the wage standards in the States of Australia. At the date the President of the State Arbitration Court delivered his judgment, the wage standard of this State was in excess of the wage standards enjoyed by those brought within the Federal Arbitration Court's scheme of economy. The Minister for Labour, by way of interjection, informed me, I understood, that the position has now altered and that our wage standard is below that of other States.

The Minister for Labour: It is below that of Sydney and, to a large extent, below that of Melbourne.

Mr. McDONALD: And it is perhaps higher than those operating in other States. That, however, does not matter very much, because what I say applies equally if the wage standard in this State was low and the standard, comparatively speaking, in Victoria and other States was high. So far, we have enjoyed a standard in Western Australia that has been on the whole higher than those operating in the other States, with the exception of Queensland. Under the Commonwealth Constitution, trade and commerce as between the States are absolutely free, and if we have a wage standard that is, say, 5s. or 6s. above the wage standards applicable in South Australia and Victoria, that operates in the same way as tariff walls erected in South Australia and Victoria against our goods. Owing to their low wage standards compared with that operating in Western Australia, our goods cannot enter those States and compete on fair terms with goods made there with the advantage of the lower wage standards. But the problem goes further than that, because they have the advantage of Western Australia being a free trade State, seeing that there must be free trade under the Constitution. In the circumstances, goods produced in other States with the advantage of the lower wage standards can be sent to Western Australia and compete on more favourable terms against goods produced in our own State.

The Minister for Labour: But Eastern States' manufacturers have to get their goods here first.

Mr. McDONALD: That is so, and the question of freights must always be something in our favour. But against that, in Western Australia, with its infant manufactories and industries as against mass production in the other States, the question of freight does not deter outside manufacturers who enjoy the greater advantage of being able to sell their goods on terms with which the products of our industries are unable to compete. I do not question the wage standard of our State. I know from the judgments of the President of the Arbitration Court that his belief is that the wage standard, although higher than that operating in any other State, is the proper wage standard. I do not question the standard as to its fairness to the workers; but I do question, in conjunction with the trade and commerce section of the Commonwealth Constitution, how far it is proper that other States should have the advantage of low wage standards and compete with a State where we have what might be termed a fair wage standard. The matter is one that sooner or later will have to be tackled and solved, but not at the expense of the wage standard in this State.

It is not fair to Western Australia that we should endeavour to maintain what we regard as a fair wage standard if other States enjoying lower standards are able to prevent the prosperity of the industries and manufactories of this State. That is one of the reasons why we have the Commonwealth Grants Commission, to which we may explain our difficulties and obtain from the Commonwealth Government grants in aid of our economy year by year. It is a matter

for this Government and this Parliament, sooner or later, to say there have been difficulties and distinctions that are adverse to our State and to ascertain whether they cannot be removed in some proper way. We might revive the Interstate Commission which, under the Constitution, is charged with the duty of inquiring into matters affecting trade and commerce between the States. It might be possible to bring about a system that would put Western Australia in some reasonable position with regard to interstate competition, and it has to be remembered that while the Constitution provides that trade and commerce as between the States must be absolutely free, any State whose arbitration tribunal is prepared to provide a lower wage standard will get what I think is an unfair advantage over other States that endeavour to preserve higher standards for the workers employed in their industries. I leave the matter at that. I hardly feel justified in repudiating the discretion that has been exercised responsibly by the Arbitration Court of this State.

For 16 or 17 years the Arbitration Court has administered the basic wage principle and has done so by the exercise of discretion. It is a discretion affecting the whole of the economic structure of our State. By the exercise of that discretion we in this State have for many years enjoyed a basic wage in advance and sometimes far in advance of the basic wage applying to employees in other States. Therefore we can say of our Arbitration Court that, throughout the whole period of its operation under the basic wage system, it has exercised its discretion in such a way as to give our workers more favourable treatment than has been enjoyed by the workers of any other State, with the possible exception of Queensland. In view of the long history of that discretion and the way it has been exercised, and in view of the experience the court has had in all matters affecting the economic structure of this State and the regulation of wages, I do not feel that Parliament should step in and repudiate a decision of the court, which, by its history, has justified public confidence. Until the Commonwealth Government makes a declaration of policy different from that now standing on its statute-book regarding the cost of living adjustments, I propose to adhere to the policy laid down by the Commonwealth, and that policy, to my mind is completely opposed to the principle of automatic regulation of the basic wage.

MR. NEEDHAM (Perth): The Minister, in the course of his second reading speech, remarked that the Bill was a short but important one. There is no doubt at all about the importance of the measure, because it will have a direct effect upon the relationship between employers and employees. That relationship has been for many years and is today very harmonious. It is well that there should be harmonious relationship between employers and employees because, if there is not, the community as a whole must suffer. In supporting the second reading of this measure, I feel confident that those harmonious relations will not be disturbed. In some quarters the suggestion has been made that a Bill of this kind is tantamount to an interference with the Arbitration Court. I do not agree with that suggestion. The speech delivered by the member for West Perth implied that, if the Bill becomes law, it will to an extent be an interference with the court. Against that contention I point out that the court itself would not have been in existence but for an Act of Parliament, and that Act set forth certain procedure for the court to observe. Parliament created the court, and no one can dispute that when Parliament can create a court it can also pass laws to alter the court's procedure.

Mr. Marshall: Is this the first amendment we have ever made to the Act?

Mr. NEEDHAM: That is the very point I was about to make. On several occasions Parliament has passed legislation dealing with the Arbitration Court, and it was not then construed as an interference with the court. In 1931 Parliament altered the Act and gave the court certain directions, which were carried out. Consequently, if the member for West Perth and others consider that this legislation is an interference with the court, my reply is that in 1931 the legislation then passed was also an interference with the court.

I realise that Parliament should not constitute itself a tribunal for the fixation of wages and conditions of labour. I do not believe Parliament is competent to carry out that duty. With the statement of the member for West Perth that the Arbitration Court should be above and

beyond the conflict of party politics, I quite agree. I maintain that this Bill has not been introduced because of any conflict of party politics. It has been introduced because we have discovered some faults in the machinery that Parliament set up for the working of the court. Part of the machinery is faulty, and this Bill is designed to repair the arbitration machine to ensure that it will work more smoothly in future than it has done in the immediate past. The legislation we passed in 1931 directed the court to do certain things. One of those things was that the cost of living figures, as shown by the statistician, must be taken into consideration when the quarterly review of the basic wage was made. This amending Bill seeks to make automatic the basic wage adjustments that up to February of this year had been made quarterly. That is all the Bill can do; if it becomes law, that will be its effect. So long as I can remember the court has worked in such a way that, when the cost of living was falling, down went the wages of the worker; and up to February of this year, when the prices index numbers indicated increased cost of living to the worker, that was recognised by an increase in the basic wage. But why in February of this year that custom was departed from, I do not know. Because of the departure then from that custom, we have this Bill before us.

The member for West Perth has referred to one of the reasons submitted by the President of the Arbitration Court for declining to increase the basic wage in February of this year, when the Government Statistician's figures disclosed that the cost of living was rising, and had risen during the previous quarter. That was when the President pointed out the danger of inflation in Australia and said, that being so, he thought it would be unwise to increase the basic wage although the statistician's figures disclosed that the cost of living had gone up. The President stated that it would be a brake on the trend towards inflation if he refused to grant an increase. The Minister for Labour, in moving the second reading, rightly pointed out that the determination of the monetary policy of a country was not within the province or jurisdiction of an industrial tribunal. With that sentiment I entirely agree, and I go further. I wonder whether that policy of declining to increase the worker's basic wage because of a danger of inflation would be a cure for deflation if such was imminent.

The President made the statement I have quoted, but he advanced no reason to justify such a conclusion. And the reason why he did not advance any argument in support was that he had not any argument to advance; for if he was right in his contention, or if he thought he had any good ground for putting forward that argument or excuse—whichever one likes to term it—he would have found himself in a curious position on going back to the depression years, since, as has already been pointed out here, he felt no hestitation at all in reducing the basic wage every quarter when the Government Statistician's figures informed him that the cost of living was on the down-grade.

Mr. Marshall: He did not try to prevent deflation.

Mr. NEEDHAM: If his argument of February last when refusing to increase the basic wage because of the danger of assisting inflation was sound, then it would have been equally right in the depression years, when the cost of living was tumbling down and the basic wage tumbling down with it, for him to say, "I will not reduce the basic wage, because there is deflation in Australia; and if I stop reduction of the basic wage, that will help to stop the tendency towards deflation." I maintain that if the President was right in his earlier contention, then the other side of the picture would have been equally relevant, to stop deflation in the depression years. The President exercised what is not now known or described as his "discretion," and the fact that he exercised the discretion—which undoubtedly he had the right to do under the existing law—does not reconcile the attitude he took up then with the attitude he has adopted in this present year of 1942. I may mention that this Parliament did, in 1931, alter our industrial arbitration legislation by giving the President the power he has exercised in connection with adjustment of the basic wage in accordance with variations in the cost of living.

I remind members that this was the only State in the Commonwealth which took up that attitude at that particular time. Anno Domini 1931 was the year in which that piece of legislation of unhallowed memory known as the Premiers' Plan, or the Premiers' blot, a blot on Australian legislation, was adopted. That was the year in which the

Plan was introduced and ratified by the Commonwealth Parliament and every State Parliament. The then Prime Minister, who I am sorry to say was a Labour Prime Minister, at the instance of a gentleman named Niemeyer, whose nationality I do not know——

Mr. Marshall: A German Jew; there is no doubt about that!

Mr. NEEDHAM: That gentleman suggested the Premiers' Plan at a Premiers' Conference. At the Premiers' Conference this State was represented by the then Attorney General, and I think the then Premier was also present.

Mr. Marshall: They were both there.

Mr. NEEDHAM: At that Premiers' Conference a certain agreement was entered into. It was to the effect that certain legislation within the four corners of the Premiers' Plan should be brought in and passed by all the Parliaments; but it was left to this Parliament to introduce that particular portion of the amending industrial legislation to make sure that the workers of this State would suffer a radical reduction in the basic wage. This was the only State of the Commonwealth that interfered with its Industrial Arbitration Court.

Mr. Marshall: No other State did so.

Mr. NEEDHAM: No! Now we have some people in this community, including my honourable and learned friend, the member for West Perth, who calmly tell us that we are interfering with the Arbitration Court, forgetting altogether that this was the only State of the Commonwealth which interfered with the machinery of the Arbitration Court. It must be borne in mind that we then had an annual review of the basic wage in June of each year. That annual review is still made, but previously, when the wage was fixed in June according to whether the cost of living went up or down, it was not interfered with during the ensuing 12 months. But our friends opposite who were then not only in office but in power—they were in a position vastly different from this Government, which is in office but not in power—used their power to amend the Industrial Arbitration Act to provide for a quarterly review of the cost of living figures, and for a decrease in the basic wage should those figures warrant it. Members inclined to oppose this measure should get away from the charge that the present Government is interfering with the Arbitration Court. The member for West Perth should not forget the instance I have mentioned; it was the only instance in the Commonwealth where the industrial machinery of a State was interfered with.

No such argument about interfering with the court was advanced by our friends opposite at that time, nor did the President of the Arbitration Court in February hesitate to take a stand opposite to that which he took in 1931 and onward during the depression years. He then ruthlessly applied the pruning knife to the basic wage, because the cost of living figures rapidly declined. If we are to adhere to the principle of fixing the basic wage on the cost of living figures, it is but logical, if the basic wage is reduced when the cost of living decreases, that it should be increased when the cost of living goes up. The member for West Perth pointed out, and rightly so, that if this Bill became an Act it would be a two-edged sword. I know it will. The workers of this State know it will. Because they felt one edge of that sword in the depression years—it cut them keenly—they want the other edge applied when the cost of living figures are rising. The workers of this State did not rebel during the depression years; they put up with the reduction and—to their credit be it said—during all the period of negotiation with the State and Commonwealth Governments since the President of the court refused to increase the basic wage in February last, they also did not rebel when perhaps they might have taken up a different attitude. They realised the serious times in which we are living and that even the loss of one day's work in our factories, workshops and mines would seriously affect the war effort. Animated by that spirit, they kept at work; they kept the wheels of industry revolving whilst their representatives in this Parliament and outside of it were negotiating with the appropriate authorities to secure what they desired. I pay a tribute to the workers of this State for the patience which they exhibited, and for the way in which they assisted to preserve industrial peace while those negotiations were proceeding.

Very early in the negotiations with the Federal authorities, it was discovered that the National Security Regulations dealing with the variation in the cost of living applied only to those States where the cost of living was adjusted automatically. The mem-

ber for West Perth said he thought it was the Commonwealth Government's intention, when it gazetted these regulations, to deal only with the States where an automatic variation was made. I wish to tell the hon. member and other members that that was not so. Very early in the negotiations, the Labour Party of this State sent its general secretary to Canberra to negotiate with the Attorney General on these regulations. It was discovered when the regulations were gazetted that the Commonwealth Crown Law authorities had thought, or were under the impression, that the basic wage in this State was automatically adjusted each quarter on the cost of living figures. I can assure the member for West Perth that, when it was discovered there was not an automatic adjustment here but that the matter depended upon the discretion of the President of the court, the Commonwealth set about amending the regulation.

I admit that some considerable time was occupied in getting the regulation properly amended. I also agree with the member for West Perth that when the Commonwealth Government started the job, it should have finished it. It was not right to impose upon the Premier of this State the necessity for determining whether the basic wage should be adjusted in accordance with variations in the cost of living. The Commonwealth Government issued its regulation, thinking it applied to all the States, as it was intended to do. When it was authoritatively informed that this State did not come within the category of those States having automatic adjustments, instead of suggesting that the Premier of Western Australia should take on the job of adjustment, the Commonwealth Government should have attended to the matter itself. However, all is well that ends well. That adjustment has taken place, and this Bill has been introduced to prevent a recurrence of the trouble that arose.

The Government of this State, together with other representatives of the workers, continued negotiations with the Commonwealth Government until the latest amended regulation was published and put into effect. During the time that the officers of the State Executive of the Australian Labour Party negotiated with the State Government they were always met sympathetically, and were shown every consideration and given every possible assistance towards removing the anomaly. We should be careful how we use the word "may" in legislation. I have heard it contended that "may" can always be construed as "shall," and that the word can be regarded in a mandatory rather than a permissive sense. Confusion on the matter has arisen in the minds of the people. In fact, I have heard members of the legal profession say that "may" can always be construed as "shall." It was in the minds of many people that the word "may" in the Industrial Arbitration Act of this State, which word we are now seeking to eliminate, could be and had been construed as mandatory rather than permissive. I think we have had sufficent experience in Parliament to ensure that in future the word "may" will be sparingly used. Where it is the intention of the Legislature that an Act should apply in a mandatory and not a permissive sense, a word should be inserted to remove any doubt about the matter.

It was pointed out by the member for West Perth that even the regulation framed by the Commonwealth Government insists on a review quarter by quarter, and also continues the discretionary power taken from the Arbitration Court and given to the State Premier. If Parliament passes this measure, there will be no need for the Commonwealth Government to say to the Premier, "You can do certain things under certain conditions." This Parliament will have directed the Arbitration Court that when the statistician's figures show a variation in the cost of living, up or down, an alteration in the basic wage shall automatically take place and the Commonwealth regulation will become null and void, as far as Western Australia is concerned.

It was also stressed by the member for West Perth that the President of the Arbitration Court made a statement in February that, although he had not changed his mind about granting an increase in the basic wage, he might in the next quarter or the quarter after that, take another view of the situation. In the meantime the cost of living has been increasing. The worker's weekly budget has gone up. At the end of another six or 12 months, even if the President changes his mind, the workers will receive the increase for that quarter only. I cannot see much consolation in that. I remind the hon. member that, although the President of the court made that decision in February, when he was dealing with the December quarter for 1941, when dealing with the quarter ended

March of this year he was still of the same opinion as before. He had another opportunity to change his mind in June of this year when the annual review of the basic wage took place. That was his third chance, but he was just as adamant when making his annual review as he had been in February and in April. As a matter of fact, he was even more determined to protect the State because of the danger of inflation.

Let me point out to the member for West Perth that in the past, when the annual review of the basic wage has taken place, if any discrepancy has arisen in the variations of the statistician's figures, they have been rectified then. If the President had chosen to change his mind in June and had taken up a different attitude from that adopted in February and April, especially in view of the fact that in June he had a more intimate knowledge of the regulation gazetted by the Commonwealth Government, he could have done so. He could have granted the 1s. 7d. which he had refused in February, and the 10d. which had accrued to the workers on account of the cost of living between December and March. That he did not do so shows that he had made up his mind not to give the increase—which, as the statistician's figures disclosed, was justified—because of the danger of inflation. We all know that if the variation in the cost of living is anything below 1s., there can be no alteration in the basic wage. We know that 1s. 7d. in the one quarter and 10d. in the other added together make 2s. 5d., which would have been added to the basic wage when the President made his annual review in June, because the movement had exceeded 1s. It was 2s. 5d. between September, 1941, and March, 1942. He refused to do it then, so there is little hope of his changing his mind.

Between February and June of this year the President had every opportunity to give further consideration to the matter. When the court determined the position in regard to the June quarter, it is true that he did not refuse to grant the increase then due, amounting to something like 4s. 6d. for the whole year and which was eventually given, but he asked the parties to appear before him and argue the question. Argue what question? The question of the increase in the cost of living, and whether or not the court should grant the increase! That request may have reasonably been made had no argument taken place previously, but arguments had been advanced on one or two occasions, and there was, therefore, no need for the parties to appear again before the court and argue the matter.

[*The Speaker resumed the Chair.*]

Mr. Marshall: They appealed to the Supreme Court.

Mr. NEEDHAM: Yes. There had been an appeal to the Supreme Court which ruled that the President had discretionary power. I wish to refer to one of the closing remarks made by the member for West Perth. He said he would probably have adopted a different attitude on this measure had we been living in normal times. He rightly contended we are living in abnormal times. I would ask the hon. member this question: How would he describe the depression times; were they normal or abnormal? The years 1931 to 1935 were more than abnormal. So far as the necessities of life, and wages and comforts are concerned and the security to which he referred despite the extraordinarily dangerous times in which we are now living, the people are much better off. But surely he cannot say that the depression years were not abnormal! We are today living in a period of the greatest war the world has ever known and the world is now in the greatest shambles that history has ever recorded, but in the year to which I have referred the world was in one of its greatest periods of misery.

Mr. Marshall: That was the new order after the last war!

Mr. NEEDHAM: That is so; the new order after the massacre and shambles of 1914-18. But still in those years of extraordinary abnormality when devastation and hunger stalked throughout the land, this court did not hesitate to make that devastation and hunger worse by regularly and persistently reducing the basic wage whenever the statistician's figures justified it. The period 1931-35 from an economic point of view was more abnormal than today, but it was a different kind of abnormality. If the court could do what it did in those days, surely it should be authorised to do the opposite now. If from the beginning of that period of abnormality this Parliament had passed legislation to instruct the court to do certain things, then surely in the other period of abnormality Parliament would be within its powers and province to direct the court by legislation to do what it wished.

The member for West Perth also pointed out what a severe handicap this would be to the State from a commercial point of view, because wages are higher here than in the Eastern States. That is not a new argument. It is always being introduced in the Arbitration Court, and not only in the Arbitration Court of this State but in every industrial tribunal of the Commonwealth. The argument is: "If wages are increased you will handicap the employer in industry."

Mr. Marshall: In that particular State.

Mr. NEEDHAM: The worker must not carry the burden all the time. It is wrong that he should have low wages in order that this State should compete with the Eastern States. There should be some other way of determining the matter. Even yet the basic wage has not assumed alarming proportions. I do not suppose that £4 14s. 11d. per week will make the worker extraordinarily wealthy; and it is a long way short of the recommendation made by a Royal Commission shortly after the last war. That Royal Commission was appointed by the then Prime Minister, the Right Hon. Wm. Morris Hughes, to inquire into what would be the proper basic wage for the workers of the Commonwealth—not for the workers of one State but of the Commonwealth. That Royal Commission consisted of representatives of employers and employees, and sat for a considerable time and took voluminous evidence. Its determination was that £5 per week was the minimum basic wage in order that a man, his wife and, I think, two children, could live in reasonable comfort.

Mr. Marshall: And the cost of living was much lower then than now!

Mr. NEEDHAM: The cost of living since that Commission sat has risen by leaps and bounds, but the basic wage is still a long way off this amount of £5 per week, which was the irreducible minimum determined not by a body of the representatives of the workers but by one comprising representatives of employers and employees. The recommendation was unanimous. So I say there is no need for alarm nor is there need to fear the imposition of a handicap because the basic wage has been increased to the figure at which it stands today, or because it may be a few pence per week higher than the basic wage applicable in other States. There was another factor that influenced the mind of the President. I refer to the Federal basic wage. It was not the first time that the President had mentioned it, and I do not think he need have bothered his head about that matter at all.

Mr. Marshall: He certainly had no right to consider it.

Mr. NEEDHAM: I question whether the State arbitration tribunal, when considering what should be the basic wage for Western Australia, should take into consideration what basic wage is operating in another State. The court should deal with the economy within the State from which it derives its power, and which authorises it to sit and examine the whole question. I tell the member for West Perth that there is no need for too much anxiety about the effect of the basic wage as it stands today, nor yet for any perturbation if even the recommendation of the Commonwealth Royal Commission were to operate. Unfortunately the recommendation of that Commission, like those emanating from many other similar bodies, is resting safely and securely in the pigeon-holes of the Commonwealth Government. When I make that statement I am reminded that there may have been valid reasons why that particular recommendation of the Royal Commission was not made operative. It may have been regarded as contrary to the trade and commerce section of the Commonwealth Constitution. In fact, I believe that was the real bar.

Members will recollect that the control by the Commonwealth of trade and commerce affects interstate trade, not intrastate trade. Probably it was in the mind of the framers of that particular recommendation of the Royal Commission that the time was not far distant when its terms might be modified, and more power given to the Commonwealth Parliament in that regard so that it could be given practical effect by legislation passed by the national Parliament. But whether or not effect is given to that recommendation, I assert that a basic wage of £5 a week would not be too high in view of the cost of living today and our desire to improve the standards of our people.

Mr. McDonald: I hope that some day they will get it.

Mr. NEEDHAM: I am glad to hear the hon. member say that. I hope when the present titanic conflict is over we shall achieve a better social order, if not the new

order to which so many references have been made. I am aware that I am unable to discuss that phase during the present debate, but I express the hope that the sacrifices that are being made today will not prove in vain. Certainly from the industrial point of view of the workers, the sacrifices made during the 1914-18 war were in vain, because their standard of living has not improved in proportion to the sacrifices they made. I hope the Bill will become an Act, and that the sacrifices now being made throughout the British Commonwealth of Nations will result in the establishment of a better social order than that which we enjoy today.

MR. WATTS (Katanning): The Minister told us that this was a very little Bill but it has attracted quite a lot of attention, far more than its size would appear to warrant. I have looked through the debates on the Bill which in 1930 inserted Section 124 (A) in our Industrial Arbitration Act, and I find that the then Minister, Mr. Lindsay, in moving the second reading, made it perfectly plain that, so far as he was concerned, the discretion of the Arbitration Court was to be left unfettered. The report of his speech in "Hansard" shows that he said the Bill gave the Arbitration Court no instructions whatever, but those who now sit on the Government side of the House but at that time occupied places on the Opposition side, adopted the attitude that the inclusion of the word "may" meant the use of the word "shall." They argued along those lines, despite the assurance of the then Minister for Works regarding the effect of the word "may," and they held that if the cost of living fell wages would necessarily be reduced. Apparently nothing would shift them from that point of view.

Mr. Marshall: And to that extent the Bill was even unnecessary.

Mr. WATTS: Now 10 years later, or thereabouts, those members are establishing their consistency in that regard. At first sight one may consider a measure of this kind entirely unjustified but, in my opinion, arguments advanced by the Minister when he moved the second reading are worthy of a great deal of attention. Had the object of the Bill been to amend Section 121, there would have been no ground whatever upon which it could have been entertained for one moment because that would have undoubtedly taken away from the Arbitration Court the right of discretion it has in fixing the annual declaration of the basic wage, but that right is retained to the court and no attempt is made to interfere with it. Therefore if the circumstances at the time of the annual declaration of the basic wage are such as to warrant the court in holding the belief that there should be a variation upwards or downwards, the court will have the opportunity to make it, whatever the feelings of those on one side or the other may be regarding any such declaration. So that the only question which enters into the consideration of the Bill is whether the reasons submitted by the Minister are strong enough to warrant support for his little Bill.

I regret to notice that in the course of the discussion upon this measure, during the remarks of the member for Perth today and also during those of the Minister when moving the second reading, there was, as it were by way of innuendo, a rather unhappy suggestion regarding the President of the Arbitration Court. It has always been a matter of regret to me that men placed in positions dealing with industrial matters are regarded as perfectly satisfactory, perfectly honest and perfectly straightforward and capable, so long as their decisions are in accord with the views of those who anticipate they are going to benefit from their decisions. But when the time comes that a decision is given which is against the wishes of those people, then the suggestion always appears to be that the party referred to has lost this sense of respectability and responsibility and is no longer worthy of any attention. That was the attitude of the Minister in his speech. I admit that he did not say anything very unpleasant, but the general trend of his remarks was to demonstrate to the House that the President of the court had fallen from his high place. Today, the member for Perth has been in much the same position. I still believe, and will continue to believe, that the President of the court is a man of high principles and one who, in giving a decision on the lines he did, whether that decision was right or wrong, gave it because he believed it was the best thing to do. This the Minister and other members who may speak on the subject should believe. They should give the President of the court the benefit of believing, whether they agree with him or not, that his decision, in

his opinion, was given in the best interests of the State.

I am prepared to say it was no doubt difficult for Mr. President Dwyer to give that decision. There must have been in his mind very strong ground for the attitude he adopted, or he would not have given it, and no one should decry the President because, after the lapse of all these years, during which period there have been practically automatic increases in the basic wage in accordance with the cost of living increases, he has on this occasion held that an increase was not justified. I suggest that the Government should assume that Mr. President Dwyer would have decided favourably to the workers, as he has done in the past, had he been able to satisfy himself that there was justification for so doing. Apparently he was not able to do so. As a member of this Chamber, I am not going to have it suggested of the President of the court, who has served this country faithfully and well, even by way of innuendo that he has done something as a matter of expediency and not of good conscience. That is the suggestion which I believe has been made in the course of speeches on this Bill.

As the member for West Perth pointed out, if the Bill becomes law, the industrial workers will have to understand that in future the basic wage will be adjusted in accordance with the movement in the cost of living, whether it be up or down. At present there is a prospect of some further rise occurring in the cost of living figures and in consequence there will be an increase in the basic wage, but I have no doubt that the time is coming when there will be a drop in the cost of living and consequently the same position will arise as arose some 10 years ago, and the action taken on that occasion will have to be taken again, because there will be no discretion left to the court.

Because I believe that the President of the court is a man of high principles, which principles led him to refuse an increase in the basic wage because of the higher cost of living, I believe also that he, following the same high principles, would be prepared to adopt the same attitude when a drop in the cost of living occurred. Unfortunately, the adjustment of the basic wage has been regarded, not only by the Government, but also by myself—I candidly admit that—as an automatic procedure. Until recent years I had not given much consideration to the application of the word "may" appearing in the section, but I have noticed that the action of the court on every occasion when there was an increase over and above the prescribed figure in the cost of living was to raise the basic wage accordingly.

The Government, representing as it does to a substantial degree the members of the trade unions of this State, has come to the conclusion that the workers want to take at some future time the risk I have pointed out—a risk that might have been obviated by what I believe are the high principles of the President of the court. If the Government representing those people and presumably knowing something of their desires in the matter has come to the conclusion that they wish to take the risk, is it reasonable for me to object? I do not think it is. There are both sides of the ledger—debit and credit. If they think the credit to be obtained now is of substantially more value to them than the debit to be put against them in future, it is not for me strenuously to object to the proposal.

Before passing on, I shall again refer to the debates that took place in 1930. On the the 3rd December of that year the hon. member who is now Deputy Premier and holds the portfolio of Minister for Works, in speaking to an amendment on the measure then before the Chamber, said—

> I am not stonewalling; I am very serious. Arbitration is not popular with the Country Party, whose members have been inviting the farmers to vote for the abolition of arbitration.

Possibly that point of view was not corrected at the time; I have not had an opportunity of ascertaining, but it seems to have prevailed amongst certain members over the intervening 12 years, and I think the present is a fitting opportunity to disabuse the minds of people of any such suggestion as is contained in those observations. On looking over the objectives and State platform of the Country Party, I find three references to this matter—

> The attainment of a reasonable standard of living for all classes in the community.
>
> The maintenance of the powers of the Arbitration Court to regulate wages and conditions of employment.
>
> Resisting by every constitutional means further Federal encroachment on the sovereign rights of the State.

We come first of all to the maintenance of the right of the Arbitration Court to determine wages and conditions of employment, and I can only reiterate what I said at the

beginning that had this Bill any intention of altering Section 121 of the Act, it would definitely have received no support from me.

Mr. Patrick: It does not disturb the rights of the court under that section.

Mr. WATTS: No. As to the attainment of a reasonable standard of living for all classes of the community, this is something which His Majesty's Government in this State in no circumstances has ever undertaken to bring about. The Government on all possible occasions has interested itself in what it considers to be a fair standard of living for that section of the community to which I referred just now, and which I presume the Government substantially represents. It has entirely failed to give any consideration that is noticeable, and certainly it has definitely failed to take any action worth while, to obtain any decent and commensurate standard of living for that section of the community which members on these benches more substantially represent. It is difficult, therefore, for members on this side of the House to work up any great enthusiasm for measures which the Government brings down on various occasions.

I suggest to the workers of this State, however, that they should take in hand the government of this State and ensure that they return to Parliament representatives who are prepared not only to deal with matters such as we are now discussing, which have reference to one section of the community only, but also to deal with the attainment of a reasonable standard of living for all classes of the community. It is not surprising that in past times—times now, of course, long gone by—there has been a conflict of opinion upon the matters contained in this Bill between members sitting on this side of the House and members on the opposite side. This conflict has been due to the fact that we on this side have realised that there is no basic wage and no standard of living prescribed for, or available to, a substantial portion of the people whom we sitting here have the privilege of representing, nor has there been—which is worse—any overt act on the part of the Government of this State to ensure that there should be any such standard of living, or conditions of employment if I may use that phrase, for the people to whom I have alluded. For those people there has been repressive legislation.

We have had legislation which has assured the people of this country that the whole of the wages and earnings of the farmer are the property of the Crown—a thing which would not be contemplated for one moment by members on the other side of the Chamber in regard to the wages of their constituents. Accordingly, it is no wonder that in the past there has been little enthusiasm on these benches for proposals such as are coming forward now from the Government side of the House; and yet, so far as I am concerned, because I believe in the attainment of a reasonable standard of living for all classes of the community instead of for only one small section of it, I am not prepared to oppose the Bill. That is my attitude on this subject, but I ask the workers of this country to return to Parliament people who will take some action to ensure that there is a reasonable standard of living for all classes. That is the point I wish to make.

Now I will return to the other item, resistance by every constitutional means to further encroachment on the sovereign rights of the State! What has this Government done to achieve that objective? The answer is, clearly, nothing! On the contrary, the Government during the last few months subscribed to many things which have done the converse of that proposal, things which in my view are entirely unjustified. One of them was the approach to the Commonwealth Government in regard to the particular business we are discussing today.

Mr. Marshall: If cost of living increases are granted in the Eastern States, why not here?

Mr. WATTS: As I have said, I am not objecting to that. However, the proper place to deal with the matter is the State Parliament; and the State Parliament is dealing with it now, and to that I have no objection. But I say it is not right for the Government, in the circumstances of today, to have applied again to the Commonwealth Government to help this State's Government out of the pickle. There are two ways of looking at the matter. Either Ministers were afraid of the State Parliament and thought they would not be able to adduce sufficient arguments to make the State Legislature agree that their desires in this matter were justified; or alternatively, Ministers were in such a hurry that they could not wait a few extra weeks. As regards the latter aspect, there was no objection, so far as I am concerned, to sitting here in May and June to deal with the matter; and neither would there have been

any objection on the part of any reasonable member. It all amounts to the giving away of the State's birthright by a Government which is supposed to be in opposition to unification.

While objecting to uniform taxation, the Government submits to the Commonwealth Government everything it can possibly submit to it, thus depriving Western Australia of its sovereign right. What enthusiasm does this Government expect to get from me in regard to a matter of this kind? But, as I have said, because I believe in the right of every citizen of the State to have a reasonable standard of living, because I believe that the State Arbitration Court can deal with this subject in its annual declaration in a proper way, and will do so, I shall not oppose the Bill. Nevertheless, I do ask the Government, in dealing with the affairs of my constituents and the constituents of those members who sit on these benches, to view their outlook a little more favourably. I ask that the fact be noted by the Government of the day, which has been in office for approximately ten years and which holds office today at the will of the House and not at the will of the people, that this is the only place to which the farmer can go for redress.

Mr. HUGHES: I move—

That the debate be adjourned.

Motion put and a division taken with the following result:—

Ayes	.. .. ..	16
Noes	.. .. ..	20
Majority against	..	4

AYES.

Mr. Boyle	Mr. Seward
Mrs. Cardell-Oliver	Mr. Shearn
Mr. Hughes	Mr. J. H. Smith
Mr. Mann	Mr. Thorn
Mr. McDonald	Mr. Warner
Mr. North	Mr. Watts
Mr. Patrick	Mr. Willmott
Mr. Sampson	Mr. Doney
	(*Teller.*)

NOES.

Mr. Berry	Mr. Needham
Mr Coverley	Mr. Nulsen
Mr. Cross	Mr. Panton
Mr. Fox	Mr. Rodoreda
Mr. Hawke	Mr. F. C. L. Smith
Mr. W. Hegney	Mr. Tonkin
Mr. Kelly	Mr. Triat
Mr. Leahy	Mr. Wise
Mr. Marshall	Mr. Withers
Mr. Millington	Mr. Wilson
	(*Teller.*)

PAIRS.

AYES.	NOES.
Mr. Latham	Mr. Willcock
Mr Abbott	Mr. Holman
Mr. Hill	Mr. J. Hegney
Mr. Keenan	Mr. Raphael
Mr. Stubbs	Mr. Collier

Motion thus negatived.

MR. HUGHES (East Perth): In introducing the Bill, the Minister for Labour had something to say about the President of the Arbitration Court and something to say about me. In answer to the Minister I can only remark how strange it is that he, apparently, is the only person in Western Australia who has ever done anything for the workers. Nobody blazed the track! But for him apparently the workers never made any progress in this State! We, however, know that is not so. We know that when people dared to speak up for workers and advocate better conditions, he was missing while they were victimised and penalised. When in 1910 and 1911 and prior to those years the President of the Arbitration Court, Mr. Walter Dwyer, was putting up a case for the workers, he did not start as an advocate with a princely salary and a handsome job. The road was then rough and the pay poor. According to the Minister, nobody has ever done enough for the workers, nobody has any kindly thoughts for them, nobody is concerned about their conditions, except the Minister. I admit that he does spend much time introspectively admiring himself and his services to the workers of the State. I suggest, however, that before he attacks all and sundry, including some of us who by our work—unpaid work, too—and by suffering victimisation, made the roads easy for him, he ought to turn some of that admiration into examination. He would not then be so ready to cast aspersions on others.

You, Mr. Speaker, know, because you were in the fight when the road was rough and you had no featherbed, that there came a generation that reaped the benefit after we had blazed the track and made the road easy. You know that we fought, that we had to go round corners and hide when we asked workers to join unions, and that, instead of taking out, we had to put in. In the course of time, as the result of our work, the pendulum swung. Instead of hard knocks, there were plums to offer and then the influx came. When plums were distributed, people came flocking in. I do not blame them, because if persons can get a better living in one State than in another it is but natural they will go where the conditions are better. That is a perfectly right thing to do. But I do not think they should be continually throwing stones and hurling insults at those who made the in-

creased standard of living possible. If they cannot say anything good, they ought to refrain from saying anything bad.

I am not at all perturbed about the aspersions which the Minister has cast upon myself, because for every friend he has among the workers of the State I have ten and they know that while we were organising the big strikes the Minister was not in the forefront. He was not even in the centre; he was behind 1,500 miles. I do not blame him for that, because he was wise. As a result of his being in the rear, he got to the front in time to reap the reward. I therefore think that we ought not to be at all perturbed about his suggestion that nobody, except himself, has done anything for the workers of this State. I well remember when the President of the Arbitration Court was battling for the workers 30 years ago, at a time when they did not have many people to stand up for them. So long ago as that he was advocating better conditions for them. If, in his old age, he has fallen from grace—and I do not agree with some of the Arbitration Court's recent decisions—that may be because, as his economic circumstances changed, his viewpoint changed with them. But if his viewpoint has changed, we are responsible because we made him President of the Arbitration Court in 1926.

Some people are satisfied, as the member for Katanning pointed out, so long as the President gives them all they want; but, if he does not do so, they consider he is not such a good judge. That is a perfectly natural characteristic. Is not the hall-mark of impartiality the decision of a judge?

Mr. Withers: But there should be consistency.

Mr. HUGHES: Unfortunately, when we passed the Industrial Arbitration Act in 1924, we inserted a clause precluding the review of any decision of the Arbitration Court. That special clause was supposed to be for the benefit of the worker. We made provision that in no circumstances at all could any decision of that court, or any award or order made by it, be reviewed or called into question or removed to another court. We therefore set up a tribunal not subject to review by a higher court. That was a mistake because so long as human beings exist, we shall have errors of judgment. What keeps the other judicial system on an even keel is that if, from any cause—whether prejudice or lack of knowledge or anything else—a mistake is made, there is a higher tribunal to correct it. However, we said "No," and in my opinion there were good grounds for our saying so at the time, because what we desired was this: We said, "We do not want the decisions of the Arbitration Court to be carried from tribunal to tribunal with excessive cost, so that we would never have finality," and it was decided that, to get finality, the Arbitration Court should be set up as a final court without any appeal. The defect came home to roost. When the Arbitration Court refused to increase the basic wage, notwithstanding the increase in the cost of living, there was no chance of review. I say advisedly that everybody who took part in that sham lawsuit about the Arbitration Court, knew the Supreme Court could not interfere with the decisions of the Arbitration Court, and that if it had done so the High Court would have reversed the Supreme Court's decision.

The Arbitration Court has consistently reduced wages in accordance with any fall in the standard of living and, up to this time, had increased wages in accordance with a rise in the cost of living. On this occasion, however, the Court departed from its practice and refused to grant an increase. I acknowledge that in giving his decision the President acted honestly and in good faith. He believed that what he was doing was in the best interests of the community, but I think he exercised his decision on wrong principles. He stepped out of the judicial sphere into the political sphere. He appropriated to himself the responsibility of doing something that belonged not to any court of law or to any arbitration court, but to Parliament. The reason he gave was that he wanted to check the tendency to inflation. In my opinion the President stepped outside his judicial functions and took upon himself the responsibilities that belonged to Parliament.

The question of inflation or deflation or stagnation is one that should be determined by Parliament and not by the President of the Arbitration Court. Just as there are evil consequences if Parliament steps out of its legislative functions and makes itself a judicial body, bringing chaos to the country, so when the President of the Arbitration Court stepped out of his judicial functions and elected to take on himself the responsibilities that belonged to Parliament

he did something that was wrong. The fact that he did it honestly thinking it was right, does not make it right. When the President decided to take upon himself the functions of this Parliament it was the duty of this Parliament immediately to correct the error he had made, because that is the function of Parliament. Courts of law only administer law. They are not concerned with administering justice. Parliament is the court of justice. It is the job of the courts to administer the laws as they are given to them by Parliament. When a law is operating unjustly or harshly the business of Parliament is to rectify it, and not only to rectify laws but also to modernise them and bring them into step with present-day requirements.

I submit that as soon as the President of the Arbitration Court departed from his judicial functions and attempted to arrogate to himself the functions of this Parliament, the Government was not only entitled but was also in duty bound to bring down a Bill to rectify the errors of the Arbitration Court. Parliament was in session at the time or very soon afterwards. The workers of this State should not have had to wait six months for their basic wage increase and then be deprived of their arrears. The Bill does not do justice to the workers who have lost their basic wage increase. Thousands of workers in this State were entitled to a basic wage increase on the 10th February of this year, but we find that the Bill does not operate restrospectively to give them back the money taken from them. I ask the Government why that is so! Why is it prepared to allow all the workers, deprived of their basic wage increase since the 10th February, to lose that money? If the Court was wrong in withholding the basic wage increase this Parliament is not rectifying the error by saying, "We are going to reverse the decisions of the Court but we are only going to do it in part."

Those workers who have lost 1s., 2s., or 3s. a week over a period of six months are each approximately £5 short in their pay. The Bill will not give them that £5. Why is it that those who claim the exclusive right of doing something to benefit the workers are prepared to sit down and say, "We are not going to give you back the £5 taken out of your envelope by the President of the Arbitration Court"? There is nothing to stop this House from passing retrospective legislation. It has done so on many occasions. The first great defect in this Bill is that it does not restore to the worker the money he has lost as a result of the Arbitration Court's action. The Government could have rectified the position at the time. Within one month of the Arbitration Court's failing to grant the basic wage increase the Government could have submitted to Parliament the Bill we are considering today. There was no need to run to the Commonwealth Government. This was the right tribunal to grant the increase. It was in session. Surely there was nothing more important to discuss than the failure of the Arbitration Court to increase the basic wage. But the Government did not do it. Why did it not bring down this Bill six months ago? There was no need to attack the sovereignty of the State Parliament, as pointed out by the member for Katanning. The State Parliament was in existence and actually in session.

A short Bill such as we have now would have given the workers their basic wage increase—those of them that get it—in February last. Instead of that the Government did nothing, and had no intention of doing anything. "The West Australian" was grossly unfair to the Minister when it tackled him about increasing the basic wage. Had it examined the case more clearly it would have seen that but for external pressure the Minister would have done nothing to increase it. He had no desire to do so. As far as he was concerned the decision of the court would have stood. So when that newspaper accused him of wanting to reverse the decision of the Arbitration Court it did him a grievous wrong. And, the pressure came from without! That is very clear. With but one or two Acts to administer, the Minister, I suppose, knows the Industrial Arbitration Act thoroughly. He knew that all he had to do was to take out the little word "may" and replace it with the word "shall," together with a retrospective clause, and the workers would have got their pay six months ago. But he was not prepared to do that; so pressure had to come from without, and the workers were told that a court case would be held to review the decision of the Arbitration Court.

Everybody knows that the Arbitration Court's decisions cannot be reviewed by any

other court. That was just a bit of hooey; a bluff for the workers who were not getting their correct basic wage. So after the basic wage increases had been delayed for three months with a phoney law-suit it was found that nothing could be done in that direction. Still Parliament was in session and a Bill could have been brought down. The next thing is that an appeal was made to the Commonwealth Government. On the one hand, as the member for Katanning points out, we are complaining that that Government is continually encroaching upon the powers of the State, but still it is approached and asked to interfere in something essentially the prerogative of the State Parliament. It is asked to usurp the functions of this Parliament before members here have been given an opportunity to say whether they would amend the Industrial Arbitration Act. So the Commonwealth Government passed regulations and was careful to put into them something to safeguard itself because it makes it a condition of the increase to be given by the Premier when exercising the Federal powers that it shall be for the prosecution of the war and the defence of the country. Having granted the powers to the Premier we still found them not being exercised and the member for Guildford-Midland had to draw the whip. The horse was slow around the turn.

The Minister for Mines: The whip got a bit tangled.

Mr. HUGHES: The horse never got into the straight. It would not gallop and so the member for Guildford-Midland had to draw the whip. I am happy to say that under the whip it came home a winner and so the workers have the member for Guildford-Midland to thank for their basic wage increase in this last quarter. Had he not called a show-down the powers would probably not have been exercised. It is hard to understand why the Minister for Labour said that the Commonwealth Government endeavoured to put the onus on the Premier or the State Government, which tried to throw it back to the Commonwealth Government. Why did it do that? Is there anything obnoxious in giving the workers their basic wage increase? I should have thought there would have been competition for the honour. Why was the Government, on its own admission, reluctant to give the increase that the Arbitration Court had withheld? Is that an admission that the members of the State Government, including the Minister, thought the President of the Arbitration Court was right? If they believed that the President was wrong, would not members have thought they would have grasped with both hands the opportunity to rectify the error so that they could have said to the workers, "Here you are. We are giving you back your basic wage because we think you are justly entitled to it"? Why was it necessary to go to the Commonwealth Government to get the power to do that and then return whining to this House and saying, "We did this because the Commonwealth Government would not do it; it passed the buck on to us"? That only goes to show that in their hearts they agreed with the President of the Arbitration Court. Apparently they thought it was something unpleasant and they wanted to pass the buck to the Commonwealth Government which very rightly said, "We will give you the power and you can exercise it. If you consider it is something obnoxious you take the responsibility, but do not be passing the buck to us."

I think the Commonwealth Government acted handsomely and generously in the matter. It gave the power to the State Government and it was a power which this Government apparently was not anxious to have. The Commonwealth did that because pressure came from the other side. Having got the power and into the position of fixing the basic wage, the Government will be no better off with this measure—for which there is no need—than it was before, because it has its regulations and, if they do not suit, then it can have them amended from time to time. Yet we find that the sittings this session hardly commenced when the Government had ready for the notice paper a motion for leave to introduce this one Bill which, at that stage, was not an urgent measure at all, because the evil had already been remedied. Why the desperate hurry? Was the Government afraid that someone else intended to move for leave to introduce a Bill to amend the Industrial Arbitration Act? Was it afraid that there would be a stampede to effect such an alteration? This was the one Bill it had ready for submission to members.

When we review the handling of this question, including the leaving of the matter in abeyance for six months only to be followed by an exhibition of desperate hurry, surely it shows that Ministers were

not possessed of a burning desire to cover the losses that workers had experienced with regard to the basic wage adjustments. The Minister for Labour did not even get angry, as he usually does if I say anything, when during his speech I remarked that the increase in the basic wage did not apply to workers on the goldfields. I said that it did not matter, because the people there voted Labour anyhow. At that the Minister laughed. It is the only time that he has laughed at anything I have said. Perhaps he laughed in an unguarded moment, and the admission he made should not be held against him. What I said was the truth. It was not a case of any burning desire on the part of the Government to secure to the workers the increase in the basic wage of which they had been deprived, but of the burning desire to have some good political propaganda.

We have now to consider the provisions of the Bill. We can do so on the basis of whether its introduction is justifiable. I say advisedly that the measure is not only justifiable but necessary. In fact, it is more necessary in a time like the present than at any other period. To the question of inflation, which was raised by the President of the Arbitration Court, this House must pay due regard. We must first of all get to grips with the problem of what constitutes inflation; we must consider whether inflation is good or bad; and if so, for whom. There is another aspect. The Bill being before us, the duty devolves upon members to improve its provisions—if that is possible. When it is being considered in Committee, I propose to endeavour to alter its provisions so that instead of an adjustment of the basic wage every three months there shall be one every month. We do not require the Arbitration Court at all to make a declaration of the basic wage. If a mandatory direction is given to the court that it must make, and declare, an increase in the basic wage every time the Government Statistician returns figures disclosing an increase in the cost of living, an investigation by the court is unnecessary.

The statistician's notification is quite sufficient. If he inserts a notification in the "Government Gazette" once a month or every three months that the basic wage has increased, there is no need for the Court or any other body to go through the formality of sitting to consider its decision. We can save a little manpower in that direction. The Bill could be amended to provide that the basic wage shall be increased on the declaration of the Government Statistician, and the Arbitration Court would then merely implement his decision, without exercising any discretion. That is all we require. Then again, the provisions of the Bill could be made retrospective to the 10th February, 1942, when the President of the Arbitration Court first refused to grant the increase in the basic wage.

On the question of increasing the basic wage commensurate with the augmented cost of living, I am aware that the problem we have to solve—I refer to improving the standard of living of the people generally—cannot be effectively dealt with merely by increasing the basic wage from time to time in consonance with the rise in the cost of living. At best it simply maintains the position, with periodical lags. It does not even maintain the standard of living as it was formerly fixed. It means that every three months an effort will be made to bring the basic wage up to what it was formerly from the standpoint of the real purchasing power of money, and we say to the people concerned, "You shall not have any diminution for three months." That is all the basic wage adjustment does; it certainly does not solve the major problem. We are no better off because of any such adjustment, nor are we any nearer to improving the conditions of the workers than we were in 1924, though periodically we have tried to keep up with increases in the cost of living. The present Government has enjoyed office for 15 out of the last 18 years.

Mr. SPEAKER: Does the hon. member intend to connect that remark with the Bill?

Mr. HUGHES: I do. I want to say how sad it is that after 15 years in control of the affairs of this State, the Government has not solved the problem of improving the standard of living of the workers. How sad it is that after 15 years we simply have the dog chasing its tail!

Mr. Cross: We have slipped 1 per cent. in 15 years.

Mr. SPEAKER: I think the hon. member is now slipping away from the subject-matter of the Bill.

Mr. HUGHES: After 15 years' experience of the vicious circle, we have, according to the member for Canning, actually gone back 1 per cent. If the hon. member

considered the matter a little further I think he would find that the percentage over the whole period was higher. In every period the cost of living has increased over the three months, sometimes at a continuous rate, so that at the end of the first month there has been a certain increase, at the end of the second month an additional increase, and at the end of the third month a further increase. When the adjustment is made, the worker on the basic wage gets nothing at all to compensate for the loss up to that point. Provision is merely made that from that time on an increase will be given. Therefore, over the period, the loss to the worker will be more than 1 per cent. I have no statistics to support this statement, but I believe I am justified in saying that since the basic wage was raised a month ago, the cost of living in the metropolitan area has increased.

Mr. Withers: The solution is to get wages above the cost of living—make the chase in the opposite direction.

Mr. HUGHES: Yes. I believe that the cost of living at present is higher than when the last increase was declared. I cannot understand the position. We have an expensive Price-Fixing Commission; we are supposed to have a system of price-fixing so that commodity prices will be kept within bounds. Yet, if we walk down the street—

Mr. SPEAKER: Order! The hon. member is now getting away from the Bill. I have given him a lot of latitude. Price-fixing has nothing to do with the proposal in the Bill to substitute the word "shall" for the word "may."

Mr. HUGHES: Has not this debate proceeded along the lines, not of substituting "shall" for "may," but on the whole question of fixing the basic wage?

Mr. SPEAKER: We are discussing whether the word "shall" should be inserted in place of the word "may."

Mr. HUGHES: If that is all we are discussing one could not discuss anything beyond the etymological effect of the words.

Mr. SPEAKER: The hon. member will realise that he may discuss a lot more than that, and he has been given opportunity for general discussion.

Mr. HUGHES: Previous speakers were allowed to discuss the basic wage in all its ramifications, and I respectfully submit that this is the subject-matter of the debate—the question of the basic wage and the method of fixation. Anything that has relevance to the basic wage is within the ambit of the debate. Surely the question of the price of commodities and the control of prices is the very essence of the debate! Therefore I hope I shall not be precluded from discussing the prices of commodities in relation to the basic wage. If I am, the whole substance of what may be said for or against the Bill will be cut away. The principle of making an adjustment quarterly is wrong; we should have at least a monthly adjustment in the present state of affairs. Month by month, notwithstanding elaborate price-fixing machinery and notwithstanding we are told that prices will be controlled, we find them increasing. We have only to walk down the street and note the prices posted in the shops—prices that prove conclusively that the basic wage of the workers is lower now, relatively speaking, than it was when the last fixation was made. I have no statistics available to fortify my argument but I have observed prices. Tomatoes 1s. per lb.!

Mr. SPEAKER: Tomatoes whether 1s. or 6d. per lb. do not affect this particular Bill.

Mr. HUGHES: Surely such prices are the very essence of the basic wage!

Mr. SPEAKER: That has nothing to do with this Bill, and I ask the hon. member to get back to the Bill or resume his seat.

Mr. HUGHES: If you rule that we cannot discuss the cost of living on this Bill, I must move to dissent from your ruling. I shall regret having to do so.

Mr. SPEAKER: I have ruled that the hon. member is not in order in discussing under this Bill the price of tomatoes.

Dissent from Speaker's Ruling.

Mr. Hughes: Then I move—

That the House dissent from the Speaker's ruling.

Mr. Speaker: The hon. member will submit his motion in writing.

Mr. Hughes: Very well!

Mr. Speaker: The member for East Perth claims that my ruling that the price of tomatoes cannot be discussed on a Bill dealing with the basic wage is in error.

Mr. Hughes: Though reluctant to move to disagree to your ruling, Mr. Speaker, I contend it is highly desirable, especially when Parliamentary institutions are subject to special public scrutiny and public criticism, that there should be no diminution of the right of members to dis-

cuss fully any measure before the House, in all its ramifications. You, Sir, are quite right in stating that the Bill merely seeks to substitute the word "shall" for the word "may." If members can only discuss the proposed substitution debate on the Bill would be restricted to etymology. We would be able to debate whether "shall" derives its meaning from Sanscrit through Arabic or from Arabic through Sanscrit; but nothing more. I hold we are justified in saying that matters must be dealt with as substances and not as shadows.

We must take into consideration the substance of this measure and ask what is it we propose to achieve by the proposed substitution of words. The effect of the proposal is to amend the method of fixing the basic wage. In introducing the Bill the Minister for Labour had of necessity to advance reasons showing the need for the introduction of the measure. The obvious reason he put forward was that, the cost of living having increased, the basic wage, if left stationary, would be ineffectual to give the workers the standard of living required by the Industrial Arbitration Act. In dealing with the cost of living one naturally must refer to the essentials of that cost, namely, commodity prices. Hence I submit that there is no factor more relevant to this discussion than are the prices of commodities. The relevant section of the Industrial Arbitration Act provides that there should be a periodical adjustment of the basic wage—once in every three months. I submit it is relevant to point out that owing to the increase in the cost of living——

Mr. Speaker: The member for East Perth may proceed.

Mr. Hughes: I paused, Sir, while you were consulting the Act, as I did not wish you to rule against me unheard.

Mr. Speaker: I must ask the member for East Perth to show a little respect to the Chair.

Mr. Hughes: I do, Sir, and that is why I did not go on speaking when you were studying the Act. I contend that whether the adjustment should be made quarterly or monthly is the major factor in this matter; and that is dependent upon the prices of commodities. Therefore I submit that not only the price of tomatoes and price-fixing generally, but everything appertaining to increases in the cost of living, are of the very essence of the Bill. So I respectfully submit that in this instance your ruling is erroneous.

Mr. Speaker: Nothing has been put forward by the member for East Perth to cause me to change my mind. The Industrial Arbitration Act sets out that after the prices of various commodities have been arrived at, the court may do certain things. The court is to gauge prices of commodities; but the price of tomatoes has nothing to do with the present Bill. The court arrives at the cost of living, as laid down by the Act.

Hon. C. G. Latham: It seems to me, Mr. Speaker, that there is some force in the contention of the member for East Perth. After all, the Bill purposes to make it mandatory for the Arbitration Court to vary the basic wage in accordance with variations in the cost of living. We must also take into consideration the possibility of a mistake being made in coming to a conclusion on that point. Though the scope of the Bill is extremely limited, its effect, if it is passed, will be indeed far-reaching. It appears to me that the member for East Perth is entitled to draw the attention of the House to what might be conclusive factors in the minds of the members of the Arbitration Court bench at the time. I do not know what are the articles the prices of which the Court takes into consideration, but it does take note of certain articles. It also takes note of house rents. Probably it also pays attention to the cost of clothing. Again, sugar, as a standard commodity, would probably be taken into account. Tomatoes vary considerably in price. To what extent they may be regarded as a standard food I do not know, but I daresay they may be so viewed.

Mr. Cross: Tomatoes are not included in the 46 articles.

Hon. C. G. Latham: The 46 articles may include tomatoes.

Mr. Cross: They do not.

Hon. C. G. Latham: The hon. member knows everything.

Mr. Sampson: In Canning they do!

Hon. C. G. Latham: No doubt! I hope members of this Chamber will be given the fullest scope in discussing the Bill; and I trust, Sir, your ruling does not mean that we have simply to discuss the words "shall" and "may." That has been ruled here in years gone by.

Mr. Speaker: I think the Leader of the Opposition knows—

Hon. C. G. Latham: That is not the case so far as you, Sir, are concerned. After all, the laws we pass are highly important, and we at least should have the fullest possible knowledge concerning them. If we do not possess such knowledge, how can we expect the public to be fully informed? I hope therefore, Mr. Speaker, you will be lenient in your ruling. In this case I fear you are making a mistake.

Mr. McDonald: While I appreciate to the full the need for relevancy, especially at a time like this, when there should be a minimum of talk and a maximum of action, I do feel that this is a most important Bill, and covers such matters as variations in the cost of living. Cost of living means cost of commodities, and the cost of commodities today is of vital importance, because through rationing and shortages the problem of commodity costs and supplies is quite abnormal, and might well be considered to be an extremely important factor bearing on the cost of living as related to workers whose conditions are fixed by the Arbitration Court.

The Minister for Labour: The member for East Perth could easily have said all that he did say in a tenth of the time he has taken.

Mr. Speaker: Order!

Mr. McDonald: I might be open to the same complaint, because I took much longer than did the member for East Perth. But I do feel that we want to do the right thing in a very important aspect of our law touching many thousands of people. As far as I am concerned, I shall be glad to hear as many contributions of views as possible in order to assist in the determination of this matter. I prefer, if I may express an opinion, the widest reasonable latitude in the discussion of a matter of such great importance to the people of the State.

Question put and a division taken with the following result:—

Ayes	12
Noes	18
Majority against ..	6

AYES.

Mr. Boyle	Mr. Sampson
Mrs. Cardell-Oliver	Mr. Seward
Mr. Hughes	Mr. Shearn
Mr. Kelly	Mr. J. H. Smith
Mr. McDonald	Mr. Watts
Mr. North	Mr. Doney

(Teller.)

NOES.

Mr. Coverley	Mr. Needham
Mr. Cross	Mr. Nulsen
Mr. Fox	Mr. Panton
Mr. Hawke	Mr. Rodoreda
Mr. J. Hegney	Mr. F. C. L. Smith
Mr. W. Hegney	Mr. Tonkin
Mr. Leahy	Mr. Triat
Mr. Marshall	Mr. Withers
Mr. Millington	Mr. Wilson

(Teller.)

Question thus negatived.

Leave to Continue.

THE DEPUTY PREMIER AND MINISTER FOR WORKS: I move—

That the member for East Perth be granted leave to continue his speech at the next sitting.

Motion put and passed.

House adjourned at 6.15 p.m.

Legislative Council.

Tuesday, 15th September, 1942.

The PRESIDENT took the Chair at 2.15 p.m., and read prayers.

QUESTION—BETTING.

Fines and Premises.

Hon. J. CORNELL asked the Chief Secretary: 1, How many convictions for breaches of the betting laws have been recorded in the metropolitan district from the 1st July, 1940, to the 1st July, 1942, and what was the total amount of fines imposed? 2, How many persons were fined—(a) once; (b) twice; (c) three or more times? 3, What number of S.P. shops or other premises used for that purpose were involved within the district and period mentioned wherein convictions were recorded? 4, Has the Police Department any record of how many S.P. shops or other premises used for that purpose are actively operating within the metropolitan area? 5, If so, how many of these are so operating? 6, Were any of the owners or tenants of the S.P. shops or premises wherein convictions for breaches of the betting laws were secured, known to the police?