

Legislative Assembly,

Tuesday, 23rd August, 1932.

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The SPEAKER took the Chair at 4.30 p.m., and read prayers.

QUESTION—FAIRBRIDGE FARM SCHOOL.

Mr. MILLINGTON asked the Minister for Railways: 1, Are the Government paying a subsidy to the Fairbridge Farm School for each child in the institution? 2, If so, is it proposed to pay the subsidy in the case of children who are now being brought out?

The MINISTER FOR RAILWAYS replied: 1, No. Only a proportionate number. 2, Yes. Approximately 37 children.

QUESTION—MELVILLE ROAD BOARD.

Mr. WELLS asked the Minister for Works: Will he defer the gazetting of the proposed new boundaries of the Melville Road Board until such time as the report of the Public Works Inspector, Mr. Millen, can be submitted to the residents vitally concerned?

The MINISTER FOR WORKS replied: All sections interested have fully stated their views at various deputations, and all agreed to leave the matter to be determined by the department. The departmental decision, together with copies of the Public Works Inspector's and Auditor's reports have been forwarded to the Melville Road Board, and unless the board, by a substantial majority, submit a reasonable alternative, effect will be given to the decision.

ADDRESS-IN-REPLY.

Second Day.

Debate resumed from the 11th August.

HON. P. COLLIER (Boulder) [4.40]: It is to be regretted that the House, meeting after a long recess, finds that no real improvement has taken place in the economic

position of the State. That remark applies also to Australia generally, and to most other countries. For nearly three years we have been at close grips with the most deplorable condition of things we have ever known. There does not appear to be any way out as yet. I hope I shall not be accused of striking a pessimistic note when I say I do not believe we have yet turned the corner. Optimistic utterances are all very well in their proper place. We might talk about the silver lining just showing through the clouds, but I think that is a mistake unless there is a real change. It is unwise to give expression to sentiments which might lead the people to believe our troubles are mostly over, and that we are in a fair way to recovering our equilibrium. I fear that any feelings that might be engendered in the minds of the majority of the people who have suffered because of the depression, from the statement that things are much better, might have a reaction that may start them on the road to utter despondency. Enough people already have experienced that same despondency during the past year or two. I have tried to visualise the situation in this State, not only through the eyes of Western Australia, and not only as other States and the Commonwealth as a whole are affected, but as the position is and has been in most countries. If we look abroad we find there is no actual improvement. Turn to whatever country we may, and we find the number of persons who are suffering because of unemployment is greater to-day than has been the case during the past three years. In Great Britain last year a National Government was formed and nearly all parties agreed upon the adoption of a certain policy that was to save Britain from impending ruin. What do we find has been the result? The number of those who are unemployed to-day in Great Britain is 500,000 greater than ever before in the country's history, or, at least, during post-war years. At the time of the formation of the National Government, the unemployed numbered, in round figures, 2,250,000; to-day they number 2,750,000, an increase of half a million. I use the figures relating to unemployment because I feel that is the hall-mark or the standard for the determination of whether a country is progressing, standing still, or retrogressing. There can be no progress or improvement in the conditions of a nation

so long as the number of those who are unemployed continues to increase. Only in so far as those who are out of work are able to obtain employment, and only in proportion to the number who do secure employment, will any State or country begin to make headway out of its troubles. If we have regard to the number of unemployed in our own State, in the Commonwealth and in other countries of the world, we find that men are unemployed in greater numbers to-day than ever before. Notwithstanding that I should like to be able to look with more favourable eyes to the immediate future, I do not see that the world has yet commenced to emerge from its troubles. In addition to the formation in Great Britain of a National Government who were to alleviate the position, the cablegrams that appeared in the "West Australian," if we can attach weight to them, indicated that Great Britain's troubles were over: but it has not been so. Similarly, if we view the position in Australia, last year, as a result of a conference of the Premiers, and of an agreement that was arrived at on that occasion, we were led to believe that it was merely a question of adopting what was known as the Premiers' Plan and shortly, or at any rate within a reasonable period, all would be well with Australia. So optimistic were those who were responsible for the Premiers' Plan, that it was asserted, even in the Act itself, as introduced in this House, that the scheme would result in the restoration of prosperity. It may not be out of place to remind hon. members of the preamble to that Act. It stated—

Whereas at a conference between Ministers of the Commonwealth and Ministers of the States convened in Melbourne on the twenty-fifth day of May, 1931, to devise measures for meeting the grave financial emergency existing in Australia and thereby averting disastrous consequences, a Plan was agreed upon for re-establishing the financial stability of the Commonwealth and States and restoring industrial and general prosperity. . . .

That was portion of the preamble. How far have we progressed towards the restoration of industrial and general prosperity, to the balancing of Budgets, or to the straightening out of the finances of the State? Those results have not been achieved. The Plan itself has proved a failure. There is no fundamental improvement whatever. There may be a sort of improvement temporarily

because of the expenditure of a little money made available for work not only in Western Australia, but in the other States of the Commonwealth. That, however, does not touch the root of the question. It represents merely a passing phase. If the Premiers of the States and the Commonwealth Ministers continue the policy that has been pursued during the past two or three years, under which money has been made available, not for work but to enable men to secure sustenance when carrying out certain works, they will find themselves when next they meet, in a month or two or perhaps next year, no further along the road to improved conditions. What has been done has not touched the real question. In this connection, I think, I may well remind hon. members of the speech by Professor Brigden, Director of the Queensland Bureau of Economics, as reported in yesterday's "West Australian." I do not wish to repeat the professor's statements, as doubtless members have perused them. The professor spoke of a "fodder basis."

The Premier: That is what arbitration means.

Hon. P. COLLIER: But the arbitration basis aimed at providing reasonable conditions of living and comfort for a married man with a family. On the other hand, the "fodder basis," as I understand Professor Brigden to imply, means a mere starvation basis. Thus we have the great majority of our wage earners down to a "fodder basis" on which they can barely live and subsist. Then again, as Professor Brigden puts it, it is possible that that will be the standard for many years to come. Thus we have reached the "fodder basis" to-day. Last week the Attorney General drew an analogy between a party who had been shipwrecked and cast adrift in a boat, with a limited supply of water, and present-day conditions, and asked whether the person who was responsible for making the water available to those who required it, should give to those who asked for it and leave others without, or should he divide it equally amongst all who were in the boat. I submit that there is no comparison between the position of the castaways in the boat and the conditions of the multitude in this and other countries to-day. The people in the boat were in their position because no more water was available, but to-day people all over the world are not hunger-

ing because food is unavailable. There is a greater abundance of food and clothing available in the world to-day than ever before in its history. Yet we find people on the verge, if not of starvation, at least in great poverty and distress in a world of plenty.

Mr. Sampson: The Governments are not in possession of the food supplies.

Hon. P. COLLIER: Governments of the world are in possession of the means to alter the conditions that obtain. In a world of plenty, with storehouses crammed, tradespeople, manufacturers and business people are becoming bankrupt because they cannot dispose of their goods. On the other hand, multitudes of men, women and children are being deprived almost of the bare necessities of life.

Mr. Patrick: People who are growing the food are going bankrupt too.

Hon. P. COLLIER: I shall have something to say about those people later on. The hon. member's interjection makes the position more absurd than ever. Nearly everyone engaged in trade and commerce contributes to the production of foodstuffs we require, as well as the men who directly grow them. That lends point to my argument. What is to be said of a condition of affairs that permits of a man who may grow thousands of bushels of wheat and develop flocks of sheep, being deprived of a sufficient supply of food to feed himself and family, and because he takes possession of some of the wheat he grows or a sheep on his property, in order to feed his own family, finds himself in the criminal dock? That is the system under which we are living. Because someone else had a mortgage over his produce, the farmer finds himself in the Criminal Court. Surely there is something wrong with such a condition of affairs in a world of plenty, where there is yet such widespread poverty and destitution. All the Parliaments of the world say there is no remedy, and that money is not available. In consequence, funds cannot be found in order that industry may be assisted and people put back in employment. I do not believe that is the position. In my opinion, one of the main causes of the condition of affairs that confronts us to-day is the weakness of our monetary system and our control of currency.

Hon. S. W. Muusie: The want of that control.

Hon. P. COLLIER: Yes, that is what is responsible for the present condition of affairs. Surely the very facts that I have just described prove conclusively that our whole monetary system must be wrong. It has failed to function, it has broken down entirely. And if we adhere to this system, instead of our getting out of these troubles we shall get farther into them. It is a fact that with the march of science, with invention and development, we have now improved machinery with which a few of our operatives can turn out as great a quantity of goods as hundreds of operatives could turn out a few years ago. Yet all the effect of it to-day is to put a number of people out of work because, presumably, they have produced too much and there is nothing more for them to do. Therefore they are out of work, their spending power is circumscribed, and so it affects the whole trade and commerce of the community. During the years of the war there was no difficulty whatever in finding all the credit required to enable this and every other nation to carry on the war. There was then no question of gold standards or of the pound sterling, or of anything else of the sort. Millions, scores of millions, hundreds of millions of pounds of credit was available to this country and to every other country. Have we reached the stage where we are going to say that for four years of that terrible catastrophe we were able to find all that was required to keep our people employed and find them in food and clothes and goods, but that in times of peace the whole problem is entirely beyond the peoples of the world—in times of war plenty, in times of peace starvation?

The Premier: In some countries there was plenty in the time of war.

Hon. P. COLLIER: In most countries, except perhaps the besieged nations.

The Minister for Lands: Great Britain did not let them have much of a food supply.

Hon. P. COLLIER: Great Britain's people were not very short of food. There was a danger at one time that her food might be cut off, but not because of lack of credit. It was because her transport might have been seriously interfered with; that was the reason for it. When it is suggested that, arising out of this terrible crisis, we might adopt some half measure, in a small and infinitesimal degree, of financing that was adopted during the war, there is a

cry raised of "Inflation, which is going to ruin everything." This is more or less a hypocritical cry, because during recent years we have been doing nothing else but indulging in inflation. Australia during the past three or four years has indulged in inflation to the extent of some £84,000,000 by what is known as floating debts, internal and abroad, short-term loans raised for periods of three months or six months, and that with borrowed money provided by the banks. As the Premier knows, we have to-day a floating debt of £84,000,000.

The Premier: Payable on demand.

Hon. P. COLLIER: Which might be to-morrow, according to the whim of the creditor, whether it be a creditor nation or a creditor bank. That is what we have done while condemning any suggestion for the creation of credit. How have all Australia's deficits been paid for during the past years, except by inflation? During the past two years we in this State have indulged in inflation in order to meet our deficits, our shortage on revenue account, to the extent of £3,000,000. And all the other States have done the same. Yet this bogey is held up that our people must continue to suffer because it would be altogether wrong to indulge in anything in the way of the releasing of credit.

Mr. North: Prices are falling.

Hon. P. COLLIER: Of course, whilst inflation is going on.

The Premier: International finance is the trouble, not internal finance.

Hon. P. COLLIER: The question is largely one of an international character. I admit that if Australia could be self-contained, living entirely within itself, we would not care what other countries might do.

The Minister for Lands: If we did not owe money overseas we would be happy.

Hon. P. COLLIER: And if we did not have to sell our commodities overseas, to trade overseas. America to-day has armies of unemployed, millions of unemployed, has no foreign debt, is a great creditor nation, and yet there exist there conditions similar to those existing in Australia and Great Britain and other countries.

Mr. Hegney: And America has half the world's gold supply.

Hon. P. COLLIER: It does not seem to matter. The whole position to-day shows

that gold does not count. What gold have we left in Australia?

Member: About £10,000,000 worth.

Hon. P. COLLIER: Less than that. It is the same thing everywhere. Something will have to be done by all nations of the world so that their people will not continue to be slaves to what is known as the gold standard. I am convinced that in every country to-day, in all the nations with varying degrees of civilisation, there are symptoms of a revolt which will overthrow all Governments and all systems that compel millions of people to continue suffering as they are suffering to-day. Those symptoms are evident in every country, and it is clear that humanity will not endure the existing conditions.

The Premier: Part of the trouble is that people will invest their money rather than spend it on work.

Hon. P. COLLIER: The people with money invested will have to be content with a mighty lot less interest than they require to-day; because the country cannot pay it, and those engaged in industry cannot pay it. It is of no use talking about repudiation. There will come a stage in Australia when repudiation will be forced upon the nation, no matter how much we may dislike it. When we have to-day a falling in our prices, especially of export commodities, when we have to produce two or three bales of wool or three bushels of wheat where one would have sufficed before, the nation simply cannot continue doing it.

Hon. J. C. Willecock: America will have to pay the gold pound.

Hon. P. COLLIER: Yes, and so too in other countries. In Java to-day the Australian £1 is worth only 12s.

The Premier: It is largely due to the price level.

Hon. P. COLLIER: When it was suggested that we should try to get back to the 1929 price levels, the idea was ridiculed. But the Premier knows, and all members know, that any improvement we might notice is only fictitious and transient; and this will be so until there is a recovery in the price levels of the commodities we export overseas, the commodities we produce for export. Is there any sign of an improvement in the prices of wheat and of wool?

Mr. J. I. Mann. No, unfortunately.

Hon. P. COLLIER: Of course not. And those engaged in the industry are endeavouring to bring it forcibly under the notice of the Federal Government that the great industry of wool growing which has really made Australia, which produces a greater quantity of higher-valued wool than any other country in the world, bringing scores of millions of pounds of wealth into the country that there is no question about it, unless prices improve the whole of the wool industry of Australia will become bankrupt. There is no question about that, for the industry cannot continue to carry on at a loss. Pastoralists might for a year or two get accommodation here and there, but they cannot continue that for many years.

Mr. J. I. Mann: That applies to the whole of the pastoral industry.

Hon. P. COLLIER: I know it, and it applies to wheat and meat and other products just as well.

The Premier: And timber—to all except gold.

Hon. P. COLLIER: Yes, to all the primary products we have to sell overseas. It is of no use the Governments of Australia sitting down. Well, they have not been sitting down; they have been striving their best, but I think on wrong lines. Unless those industries are preserved, where will Australia be? Where would this State be without its wheat and wool and meat? Where would any State of this continent be without the wealth derived from those sources?

The Premier: The real benefit to Australia must come from increased export prices.

Hon. P. COLLIER: Yes; we can perhaps assist in that direction, such as by granting a bonus on wheat.

The Premier: That does not enrich the people of Australia.

Hon. P. COLLIER: No.

Mr. J. I. Mann: A considerable reduction of costs is essential.

Hon. P. COLLIER: Where I think the farmer and wool grower make a mistake is in concentrating upon a reduction of costs only so far as the wage-earner is concerned.

Mr. J. I. Mann: Oh, no.

Hon. P. COLLIER: They are all the time asking for the suspension of arbitration laws, workers' compensation legislation and other Acts, and one would imagine that nearly the whole of the costs of production were

represented by wages. It is true that they are continually fighting against the tariff.

Hon. J. C. Willcock: A lot of them have no wages employees at all.

Hon. P. COLLIER: Mighty few have any.

Hon. A. McCallum: They have been fighting against the tariff and voting for it.

Hon. P. COLLIER: Quite so. They are displaying some signs of backbone now, which they did not do in the past. Still, they have spoken against the tariff and voted for representatives who supported it.

The Premier: Has any party voted against the tariff in the House?

Hon. S. W. Munsie: The Country Party voted for every tariff that the Bruce-Page Government imposed.

Hon. P. COLLIER: The Country Party representatives in this House have always criticised tariffs, but unfortunately they have had no control over them. With one or two exceptions they have not been very diligent in opposing tariffs, except during the past year or two. They have always supported Governments responsible for the tariffs.

The Premier: All parties have.

Hon. P. COLLIER: Have the primary producers attached sufficient importance to all the commissions that are drawn from them? There are all the institutions and all the army of travellers, the travellers that go about the country persuading the farmer to buy things he does not want. All that army of men—I do not call them parasites—pursue parasitical occupations.

The Minister for Lands: That is a very nice choice of language.

Hon. P. COLLIER: It is a fact. They contribute nothing at all to production but rather take a toll of production. I do not know in these days of any farmer or wool-grower or man on the land who is so dull as to be unable to write to business firms in the city if he is in need of any article. That army of travellers at £8 or £10 a week, plus travelling allowances and commissions, used to crowd the Monday morning trains to all parts of the country. None of them is essential to the farmer; none of them plays any part in production, except to add to the costs of the man on the land.

Mr. Sampson: Of course they demonstrate machinery.

Hon. P. COLLIER: Demonstrate machinery? Yes, those demonstrations which amounted to bull-doing the farmers have

put many of them in the position in which they find themselves to-day.

Mr. Sampson: Not many travellers are going out to the country at present, unfortunately.

Hon. P. COLLIER: No, but as soon as things improve, they will all be out again. Then there is the army of middle-men. Even in these bad times, when everyone is supposed to be making an equal sacrifice, there are business men indulging in profiteering, making a higher percentage of profits than they did in prosperous days. Is the retail price of mutton in the city proportionate to the price paid to the grower on the hoof? Consider the difference between the wholesale and retail prices?

Mr. J. I. Mann: Lamb which brought 2½d. per lb. at Midland Junction was retailed in the city for 7d.

Hon. P. COLLIER: That is going on all the time.

Mr. J. I. Mann: Unfortunately we have no control over it.

Hon. P. COLLIER: However, what I wish to point out is that the army of middle-men, rendering perhaps some kind of service between the grower and the consumer, is of far more importance to the grower than the wages paid by him.

Mr. Sampson: Competition has been so keen that bankruptcy is becoming common.

Hon. P. COLLIER: There is no such thing as competition in many lines to-day, and has not been for many years. Business men merely meet and arrange prices. Except here and there, there has been no competition in bread or in any other line. Competition does not exist. The master men in the business decide what the price shall be, and the consumer has to pay it.

The Minister for Agriculture: Organisation is the soul of trade to-day.

Hon. P. COLLIER: Yes, organisation which enables many middle-men to fleece both the producer and the consumer.

The Minister for Agriculture: All are organised except the producer.

Hon. P. COLLIER: The producer gets a lower price than he ought to have, and the consumer pays a higher price than he should be called upon to give.

Mr. H. W. Mann: That is very marked in the dried fruits trade.

Hon. P. COLLIER: I understand that the producers of dried fruits are organised. Here

let me remark that the Government, during the past 12 months, have appointed two Royal Commissions affecting the men on the land—one the wheat growers, the recommendations of which I think have been ignored—

The Minister for Lands: No, they have not.

Hon. P. COLLIER: I do not know that the recommendations have been carried into effect.

The Premier interjected.

Hon. P. COLLIER: That was a very minor question. Certainly this House has not had an opportunity to give any consideration to it. Perhaps we shall have an opportunity this year. No doubt members on the cross benches will revive the recommendations of the Commission.

The Premier: There is one which will be revived, and that is the Commission on bulk handling, which I think you appointed.

Hon. P. COLLIER: Are we going to have another Royal Commission on bulk handling?

The Premier: No, revive the findings.

Hon. P. COLLIER: That is so long ago that I have forgotten what the findings were. The Commission sat many years ago when Mr. Angwin was a member. The second Royal Commission during the past 12 months was the one that inquired into the dairying industry in the South-West. What has become of that?

The Premier: The Commission have just reported.

Hon. P. COLLIER: Three or four months ago.

The Premier: Oh, no.

Hon. P. COLLIER: Has dissatisfaction on the groups been allayed? The members for Nelson and Sussex will be able to tell us. During the years we were in office—

The Premier: You had two Commissions.

Hon. P. COLLIER: During those years it was a pet saying with the present Premier, "The land is all right, the settlers are all right, what is the matter? It is the administration that is at fault." The land has not deteriorated. If it was all right then, it is all right now. If the settlers were all right a few years ago, they must be all right to-day because they have had more experience. Well, what is the reason?

Mr. Sleeman: The management.

Hon. P. COLLIER: What have the Government done with the report and recommendations of the Royal Commission? No doubt some members of the Country Party will ventilate the matter.

The Minister for Lands: And also inquire into the report of the Royal Commission on the beef industry.

Hon. P. COLLIER: I do not know anything about that.

The Minister for Railways: That was a very effective Royal Commission—knocked out the ring completely!

Hon. J. C. Willecock: That was an inquiry in which the Commonwealth asked us to co-operate.

Hon. P. COLLIER: Yes, it required common action between the States.

The Minister for Lands: Nothing was done.

Hon. P. COLLIER: Nothing was done, because united action was required between four different authorities. I was very glad to notice that a speaker at a recent function said the farmers were no longer desperate or afraid.

Mr. J. I. Mann: Make no mistake about it, they are desperate.

Hon. P. COLLIER: That was stated at a function in the city recently. The gentleman who made that remark could have had no experience of the farmers in the country.

Mr. J. I. Mann: He would not say that in the country.

Hon. P. COLLIER: Probably he would be afraid to say it in the country. I desire to refer to the action of the Federal Government in overriding State legislation during the past few months. Some of their actions were tested in the High Court and that tribunal decided they were within the bounds of the Constitution. But there is one measure passed in May last which has not run the gauntlet of the High Court, and I think the validity of it ought to be tested at the earliest possible moment. I hope that the next time the Premiers meet, they will not disband until they have secured some kind of an understanding as to the constitutionality of the Act. If it stands, it means that the Federal Parliament can override every Act of any importance passed by a State Parliament. It was a question of taxation, and the title of the measure is well worth noting—"The Financial Emergency (State Legislation) Bill."

The Premier: It did not become law, of course.

Hon. P. COLLIER: No; but so far as the two Houses of the Federal Parliament are concerned, it was law. It passed both those Houses. It was not assented to, I believe, because there was no need for it. The object of the Federal measure was to override an Act which had been carried through the New South Wales Parliament by Mr. Lang, an Act for the taxation of mortgages. The Federal measure did receive assent, but it has not yet been tested in the High Court. It was the Act of the New South Wales Parliament which did not receive the Governor's assent.

The Premier: Yes; that is so.

Hon. P. COLLIER: Both Houses of the Federal Parliament suspended Standing Orders in order to introduce the Bill in question, and pass it through at one sitting. The Federal measure over-rode that Act of the New South Wales Parliament. Whether or not we agree with the principle of the New South Wales measure is not the question at all. It may be bad legislation; perhaps it may be vicious legislation. Nevertheless, it was carried through the Parliament of New South Wales, and the Federal Parliament suspended its Standing Orders so as to nullify the New South Wales Act entirely. That New South Wales Act had to do with taxation. If the Federal Parliament can over-ride a tax on mortgages, as apparently it can, then it can do the same with regard to income tax, land tax, unemployment tax, or any other tax passed by a State Parliament. We have reached this stage, that merely because of a desire to suppress what was considered an undesirable State Government—a point on which I offer no opinion whatever—the Commonwealth advanced further along the road of unification, and by improper means, than during the 30 odd years of its existence.

The Minister for Lands: Undoubtedly it has made wonderful advances this last year.

Hon. P. COLLIER: It has. It has revealed to the people of the States a condition of things which nobody ever suspected to exist. We were under the belief that this was a sovereign Parliament with certain powers defined, and that the Federal Parliament had powers which were also defined; but now we realise that the Federal Parliament has over-riding powers, which nobody even for a moment suspected when Fed-

eration was inaugurated, which nobody ever suspected until a few months ago. For my part, I am not prepared to stand for it. Wherever I can resist it, I will.

The Premier: Let's get out of Federation.

Hon. P. COLLIER: If that is the only road out I will take it. If we are to have unification, let it be straightforward, let it be approved by a majority of the people and by a majority of the States.

The Premier: We can get unification by strangulation, of course.

Hon. P. COLLIER: We are getting it now by strangulation, and by financial strangulation in particular. Furthermore, legislation of that character is extremely likely to be introduced when there happens to be in office in the Federal sphere a Government of a different complexion from some Government in the State sphere.

The Premier: That is so.

Hon. P. COLLIER: That was the case in the instance I refer to. In two or three years' time the position may be reversed; no doubt it will be. Such a condition of things is most intolerable, and I do hope it is one which the State Premiers will resist to the utmost every time they meet.

Mr. Kenneally: They may control the Federal Parliament yet.

Hon. P. COLLIER: I hope the position will be changed. If it is accepted that the Federal Parliament may do all the things which it has done recently, and may do them within the limits of the Federal Constitution, then until that Constitution, which permits the Federal Parliament to do this kind of thing, has been altered, I will have no more of Federation.

The Premier: Hear, hear! But of course the only tax which the High Court has—

Hon. P. COLLIER: If the High Court continues to hold that the Federal Constitution stands for something altogether different from what we thought it stood for—

The Premier: I think we know it does.

Hon. P. COLLIER: In some respects, but never to such an extent as now appears. The Federal Government, it seems to me, have acted in a partisan spirit, and not only as regards law-making. I happened to be in the East during the New South Wales election. At that time Mr. Stevens had been appointed Premier, and, although he had not met the House, was conducting the election as Premier, and the Federal Govern-

ment were pouring money into the New South Wales Treasury to enable the Stevens Government to find work for the unemployed.

The Premier: An amount of £600,000.

Hon. P. COLLIER: At that time no other State Government had received any Federal money whatever for unemployment relief. I read a statement by our Premier himself that he knew nothing whatever about such relief; that he had had no notification on the subject; but every day the newspapers were full of statements that 2,000 men would start work to-morrow on this job, and 3,000 somewhere else on the day after. Works were not ready in New South Wales, and men were started on all kinds of jobs merely to improve the position of Mr. Stevens in the election. It was an unworthy action on the part of the Federal Government to pour out money for political reasons. It was for no other reason than to assist the Stevens Government in the election that that Federal money was made available.

The Premier: But the money was spent by local authorities.

Hon. P. COLLIER: Money was handed out most plentifully to Mr. Stevens. It was made available to him at a time when no other State Government was receiving Federal money. Weeks elapsed before any Federal money was available in this State for the relief of unemployment. That action, perhaps, was on all fours with the fact that the Federal Government have made this State a disabilities grant of £500,000 for the current year, representing an increase of £200,000. The disabilities grant was first made as the result of an investigation conducted in Western Australia, and was then fixed at £450,000 for the first year and £300,000 for four following years. A Federal election was pending at the time the grant was authorised, and I said at that time that the amount would be reviewed. For the first year £450,000 was made available, and then there was a reduction to £300,000. Again this year we find an increase, and I am wondering whether the present Federal Government's generosity in increasing the amount by £200,000 is not due to a desire to assist a fellow member of the National Party.

The Premier: I don't care a damn as long as we get the money!

Hon. P. COLLIER: I have been wondering whether the object of the increased grant is not to help the Treasurer out this year, as regards his finance.

The Premier: The Federal Government helped you last time.

Hon. S. W. Munsie: By deleting £150,000!

Hon. P. COLLIER: Why this increase for one year from £300,000 to £500,000? And then the amount is to be considered next year afresh. Will next year's amount, if any, be contingent upon the result of the State election? It makes one wonder what is at the back of the Federal Government's mind.

The Premier: You cannot say that, seeing that the Federal Government gave the Labour Premier of South Australia a million.

Hon. P. COLLIER: The more that Premier has been going the Federal Government's way, the larger the amount there has been coming his way. He got mighty little during the first few months.

The Minister for Lands: I would not say that.

Hon. P. COLLIER: The South Australian Government comes up for election at about the same time as ours—in March or April of next year. I should not be surprised to see the South Australian grant increased to a million and a half. The South Australian Premier does not even claim to be a Labour Premier any longer.

The Minister for Lands: He did when he got the grant.

Hon. S. W. Munsie: Now he is even endorsed by the National Party to stand as a Nationalist candidate next time, and you know it!

Mr. SPEAKER: Order! I am afraid that these interjections are getting the Leader of the Opposition off the track.

Hon. P. COLLIER: Yes, I am afraid so, Sir. I do not suggest for a moment that our Premier has been bribed at all. I do suggest that the hon. gentleman did what any Premier would do, press for the highest possible amount he could get. He asked for a million, and I considered that the State was entitled to that amount.

The Premier: I did not get it.

Hon. P. COLLIER: However, I do suspect the Federal Government's motive in in-

creasing the amount of the grant to Western Australia by £200,000 for this particular year.

The Premier: You are quite wrong.

Hon. A. McCallum: It is just a fellow feeling.

Hon. M. F. Troy: Colebatch and Bertie Johnston haven't a word to say about a wheat bounty or about putting a tax on flour, not a word!

Hon. P. COLLIER: Now I came to the financial position of the State. We find that the State has been drifting to a most dangerous extent. During the past two years the State has gone to the bad financially by over £3,000,000. If one likes to make the period three years, the drift amounts to £3,500,000. In round figures, three years ago Western Australia went back half a million. That was in the last year of the Labour Government. The following year the State went to the bad by £1,460,000, and last year by £1,567,000. In two years the State went back to the extent of £3,000,000. Notwithstanding this, I read at a function held recently that the President of the Chamber of Commerce stated—and he was only repeating what he had said frequently in the last few months—

The present improved position was due to the judicious management which had been controlled to a large extent by the Premier to whom he extended the congratulations of the commercial community. That also applied to the achievement of keeping the State's financial position within the limits set by the Premier's Plan.

The President of the Chamber of Commerce congratulated the Premier on having ended the year with a deficit of a million and a half.

The Premier: Could you have done better?

Hon. P. COLLIER: A million and a half deficit with our small population! How long does the President of the Chamber of Commerce, and how long does any hon. member of this House imagine that Western Australia can continue to go to leeward to the extent of a million and a half a year with our population of 470,000? If we continue that for many years, nothing will retrieve the position of the State. The figures are staggering, and whatever the policy may be, it is the responsibility of the Government to take action to stop the drift. It is their job; they were elected to do it; they declared they were going to do it. In that respect

they have occupied office under false pretences for the past two years. I do not wish to repeat the promise of the Premier made that he would find work for everybody, but one of the statements he afterwards made was that the deplorable drift was due to our incompetent administration. I know the Premier has made excuses, one of which was that he had to find money for this and that, and that the Treasury was empty. It is true that it was empty, as was every Treasury in Australia at that time. Everybody knew that the Treasury was empty.

The Minister for Lands: New South Wales went to the bad to the extent of over ten millions.

Hon. P. COLLIER: We have gone to the bad to a greater extent than any State except New South Wales.

The Minister for Lands: And Queensland.

Hon. P. COLLIER: No, not Queensland. Per head of population we have done worse than any State except New South Wales.

Mr. Parker: Why per head?

Hon. P. COLLIER: The people have to find the money to pay interest on the deficits. The only standard of comparison is that of per head of the population. In New South Wales for the year just closed the deficit amounted to £5 8s. per head of the population; in Victoria the figure was 18s., in Queensland £2 3s. 6d., in South Australia £1 17s., in Tasmania £1 8s., and in Western Australia £3 14s.—well above any other State except New South Wales. The Government should not take too much credit to themselves for being second to Mr. Lang; they surely cannot consider that to be a great achievement. What is the Government's policy? What do they propose? Do they intend to allow the State to drift on to the financial rocks to the extent of a million and a half each year? That is the all-important question. The Premier cannot take re-employment into account because when he assumed office he said that everyone would be employed.

The Premier: There would not have been any unemployment if what you said about prices had proved right.

Mr. Patrick: When the present position was in office wheat was 3s. 10d. bushel.

Hon. P. COLLIER: Without qualification the Premier said that he would fix all unem-

ployment and finance. Does he now propose to allow the State to drift at the rate of 11½ million pounds a year? There is nothing but ruin ahead of the State unless measures are taken to stem the tide. Stern steps must be taken to prevent the drift continuing. I have no doubt the Treasurer, when he brings down the Budget, will present a plausible statement and will show a surplus, or if not a surplus, a small deficit.

The Premier: You did not show a surplus in your last year.

Hon. P. COLLIER: I did not go to the bad to the extent that the Premier has done. In his first year he estimated a surplus of £5,900 and he ended up with a deficit of £1,460,000; so whatever the discrepancy might be between my estimate and the actual result, it was not anything like what the Premier accomplished last year and the year before. The President of the Chamber of Commerce congratulates the Premier for living within the amount allowed by the Premiers' Plan, but the Premier did not do that. It was only the restricted amount fixed in April or May of this year.

The Premier: What an awful thing it is for anyone to say pleasant things about this side of the House.

Hon. J. C. Willcock: The President of the Chamber of Commerce need not have congratulated you.

Hon. P. COLLIER: There has been organised propaganda to try to make the people believe that things are all right, that there is a silver lining to the cloud, and that we are getting round the corner. All this has been organised for specific political purposes. It is trumped up prosperity as it were. I would not object to it, but when we read it week after week and month after month it is iteration and damnable iteration. If this could have saved the country we would have been saved long ago. If the country could be saved around the banquet table and with the aid of after-dinner speeches, we would to-day be most prosperous. We are ignoring actual facts and we are asked to believe that because work is being found for 12,000 men for two days a week, we are on the high road to prosperity. Finding work for men in this manner is merely asking them to work out their sustenance; it is not really finding work for anybody; it is make-believe.

The Minister for Railways: You might be preparing a nice rod in pickle for yourselves.

Hon. P. COLLIER: I have not gone so far as to cast my eye on the future. I have not made any advances yet.

The Minister for Railways: You are leading the people to believe.

Hon. P. COLLIER: I am not; I am contrasting promises with performances, and I am justified in doing that. I am not unfairly criticising the Government with regard to the finances. Whatever Government is in office, the State cannot afford to drift to the extent of a million and a half a year. That is certain. Something will have to be done, even the most desperate steps will have to be taken to check the drift. I am sorry that the Premiers at their last meeting held in Melbourne did not insist on something being done to secure relief from interest payments overseas. The figures quoted by the member for South Fremantle (Hon. A. McCallum) last week and on a previous occasion showed conclusively that we are entitled to demand something. We borrowed money at $5\frac{1}{2}$ and six per cent., and we have to pay with the wheat and wool we have now. We have to send additional wheat and wool to pay interest on the money that we borrowed, and exchange in addition.

The Premier: But that is paid here.

Hon. P. COLLIER: But it is an impossible burden, and bondholders in the Old Country should be made to realise what the position is. The bank rate to-day is only about two per cent.

The Minister for Railways: We borrowed some money cheaply, but when the interest rates rose we did not suggest an increase to the bondholders of the earlier days.

Hon. P. COLLIER: There is a possibility that Great Britain has had relief to the extent of many millions.

The Premier: That is on loans between Governments.

Hon. P. COLLIER: Much of our loan indebtedness is to private individuals. There would be no difficulty in that respect if the British Government took the matter up and dealt with individual bondholders.

The Minister for Lands: They must be expected to put their own house in order first.

Hon. P. COLLIER. They have just done that. Sentiment is all very well, but we

must get relief. We must bear in mind that Australia is not yet around the corner. Fundamentally we have not turned the corner. As a nation we are still in the wilderness.

The Premier: We hope that something will be done by Mr. Bruce when he is in London.

Hon. P. COLLIER: I understand that something may be attempted along these lines.

The Premier: Of course we could not legislate to govern the position.

Hon. P. COLLIER: No. The question is entirely in the hands of the people of Great Britain. We could not legislate except to repudiate, and we are not going to do that. Strenuous representations should be made to the lenders of the money in the Old Country. There will be a reaction. As things are eased in the Eastern States, so they will become eased here.

The Premier: Most of our money has been borrowed in England. We got practically nothing out of the Australian conversion.

Hon. P. COLLIER: That is so.

Hon. J. C. Willecock: We have no loan falling due in the immediate future.

The Premier: No.

Hon. P. COLLIER: I hope some relief will be given in this direction. I wish I could say we were approaching brighter days. I cannot see them, although I very much desire to do so. I cannot see the turning of the corner until such time as there is an improvement in the condition of the primary producers.

The Premier: It is an improved world price that we want for our products.

Hon. P. COLLIER: No one will be more delighted than I if things improve. If in six months we should happen to be on the way to prosperity I should have no objection to the Government having another lease of life.

THE PREMIER (Hon. Sir James Mitchell—Northam) [6.7]: Because of the lateness of the session and the need for saving a day, I propose to follow the leader of the Opposition to-night. I agree with a great deal he has said. Particularly do I agree with a great deal that he has stated with regard to our position in the Federation. He declared that the important matter was the economic position here and else-

where. I entirely agree that it is so. He says the trouble is due to the monetary policy of the world. Very largely that is so. Most of us remember when Great Britain went on the gold standard early in the 19th century and remained on it until the war. She went off it during the war and again returned to the gold standard.

Hon. J. C. Willecock: Too soon.

The PREMIER: The world enjoyed its greatest period of prosperity when it was on the gold standard. Practically every country in the world, with the exception of China, was on the gold standard. There was enough gold in the world and enough money could be created by the gold in the world to carry on the whole of the trade in the world. That was a time when there was great activity in trade. To-day, except for South Africa, not a country in the world is on gold. The Leader of the Opposition referred to America. That country issued notes against its gold. Now it is issuing more notes, holding Government security against the notes. Our trouble to-day is due to the fact that there is no staple currency.

Hon. J. C. Willecock: You can still get gold for notes in America.

The PREMIER: They are not on the gold standard there.

Hon. J. C. Willecock: Yes, they are.

The PREMIER: A great deal of their gold has gone to France. There was a time of great speculation in France, and short-time money brought high rates of interest in America. Efforts were made to withdraw money from England. There is now a great deal of gold in America; in fact, far too much. A good deal has been said about the monetary policy of the world. It is generally said that there is not sufficient gold in the world to supply the money necessary for the world. I suppose the truth is there is no currency in the world to-day on which trade can be done. The falling-off in trade between various nations is largely responsible for the present position of the world. In a world of plenty we are in the midst of despair and trouble. Many times in the history of the world disaster has occurred through the shortage of supplies. I think this is the first time, however, when the world has suffered in the midst of plenty. I agree with the Leader of the Opposition that this, in a measure, is due to the fact that the world cannot

trade. Some countries linked their currency to sterling. The world had a fixed value on which trade could be done. It is necessary to have some currency by which all the peoples can measure price. Sterling and gold both made trade possible. The falling-off in trade is due to the fact that countries are not willing to buy from each other. The whole world wants to sell and very few countries want to buy. There has been a falling-off in Australia's import trade, as well as a falling-off in our exports. We are not able to buy as much as we did. Creditor countries have refused to lend money to debtor countries. That also has had its effect upon the world. As a rule, debtor countries have been able to borrow money. Great Britain expects creditor countries to continue their export trade and not to import as much as they did. Surely that is too much to ask of a country like Australia, in its present position. We endeavour to pay our interest bill to Great Britain as it falls due. For many years we were able to borrow, but that has now ceased. We were exporting wheat at a price nearly three times as high as it is to-day. We were exporting wool at nearly twice its present value. We are expected to meet our obligations but it is impossible for us to do so. Great Britain can no longer lend freely to the world. Her unemployment troubles will not be relieved until she gets back to the trade position she was in before the depression.

Hon. J. C. Willecock: If we could get a reasonable price for our primary products we should not need to borrow to any great extent.

The PREMIER: No. If we enjoyed the prices we enjoyed for 12 years before the depression, we should get around the corner very easily, and be able to import much more than we do now. We did think if we could only export and not import we would soon reach an era of prosperity. In our prosperous days we imported more than we exported. In 1930 we exported £17,000,000 of goods and imported £18,000,000 worth, and we were prosperous. Last year we exported £16,000,000 worth and imported £10,000,000 worth, a surplus of nearly £6,000,000. With that surplus in our favour we found that we had never been in so much trouble. As these figures disclose, the trade factor is largely responsible for the position. I hope the world will be

able to establish some form of currency that will make it possible for countries to trade with each other. I believe the world will get back to gold. There is sufficient money to be made on the gold of the world to supply the world. There is no other basis on which the world can trade freely. If we were asked to trade with other countries, how would we do it? It would be very difficult without gold. There are some people, like the member for Geraldton (Hon. J. C. Willcock), who do not believe the gold standard is possible.

Hon. J. C. Willcock: If all the gold disappeared, should we die next week?

The PREMIER: That is an unnecessary remark. Gold is not going to disappear. We have got it and it has been used for a hundred years. It has stood the test of time.

Hon. A. McCallum: It has gone back to its corner.

The PREMIER: People talk glibly about currency and some basis other than gold. They do not, however, tell us what other basis to adopt. The member for Victoria Park (Mr. Raphael) spoke about the Australian note being worth 12s. That currency is perfectly good for internal use, but is not readily saleable abroad. It is not worth its face value in other parts of the world.

Sitting suspended from 6.15 to 7.30 p.m.

The PREMIER: I admit, if we are to revert to gold, that the gold of the world is congested at present, and it must be better distributed than it is to-day. That should not be difficult to bring about. What the world requires is a more stable currency upon which prices can be based, trade done, and settlements made. Although I know much more experienced men than we are have been working at this question for some time, no settlement has been reached. While the position remains as it is throughout the world, we shall have unemployment everywhere. In addition to the currency difficulty, there are other hampering influences such as the barriers established by high tariffs the world over. Those barriers have been raised for various reasons and are due largely to the fact that nations are anxious to sell but not to buy. I believe that in France to-day the price of wheat is twice that paid in England, and that is due to the tariff. Of course, these tariff barriers mean that exporting countries have to send their

produce away more cheaply in order to place their goods on the market so as to compete with home supplies, because imported goods are subject to the burden of the tariff. In Australia there is the exchange position in addition, and on top of that the primage duty, which between them, make importation almost impossible. It must be realised that unemployment is in a measure due to the fact that we are not importing goods. That is so, because wages are paid in goods.

Hon. P. Collier: Something had to be done while the balance of trade was so greatly against us.

The PREMIER: Yes. It was impossible for Australia generally to have paid her way with the balance of trade so seriously against her. Last year we could have imported a good deal more than we did, and I should feel much happier for all concerned, if we were importing now.

Mr. Kenneally: But that would be no good for the workers

The PREMIER: It would be.

Hon. P. Collier: Is not a large proportion of our trouble due to the fact that the balance of trade has been against us for some years?

The PREMIER: I do not think so. I think the trouble has been that Australia for some years past has borrowed too freely, and the lender became a little anxious about his interest. It must be remembered that the whole world was borrowing at the same time. The member for East Perth (Mr. Kenneally) said that the importation of goods destroyed work. I think it is just the opposite.

Mr. Kenneally: Of course you would.

The PREMIER: If we could make all our requirements in Australia and do without exporting the surplus produce, there would be something in it.

Mr. Kenneally: Goods prohibited by edict could be made in Australia.

The PREMIER: It is not a question of prohibition but of tariffs. Under that system, cities are protected and bonused at the expense of the general community, largely primary producers. There can be no protection for the primary producer because he has to produce goods of the first quality to compete on the world's markets, whereas the manufacturer largely produces for use within Australia and nowhere else.

Mr. Kenneally: The local market is the best market, and you would destroy it by importing goods.

Hon. M. F. Troy: But the other market might be destroyed too!

The PREMIER: Yes, that is the position. We must remember Western Australia's markets overseas. If we look at our figures of oversea trade we find exports representing £16,000,000, and imports down to £2,700,000, as against £10,000,000 in earlier years. Is it worth while thinking around the question of unemployment? Should we not begin to ask ourselves whether it is not possible that a fall in the price of goods exported may destroy the importation of goods that would have been used for the payment of wages? Because of the insane idea that every country has in its desire to sell and not to buy, people are out of work the world over. It is a fact that wages have to be paid in goods. We are apt to imagine that the amount of money paid in wages means circulation, but it is the quantity of work done by a man that provides the circulation.

Mr. Kenneally: That argument would make us an exporting country only.

The PREMIER: No. I think it better to do the things that are natural for us rather than to attempt to accomplish things that we have to bolster and protect at the expense of the workers.

Mr. Kenneally: And therefore you would limit us to primary exports.

The PREMIER: I want to know how wages can be low with high tariffs, levied against goods that are necessary for the people? How can wages be low when tariffs are high? It ought to be possible for anyone to determine whether increased prices of commodities that everyone must have, are not reflected in the wages. Of course, it could not be otherwise. The only way to overcome our difficulties is to get back a much better flow of trade in and out of Australia, and when we achieve that, we shall have prosperity. We have but to look back over our own figures to see what was the position when we imported more than we exported. In those days we were prosperous, although the balance of trade was against us. I should like to see more manufacturers in Western Australia and Australia generally, dealing with those things that are natural for us to manufacture. On the other hand, I should be sorry to see the goods of the world shut out altogether. When we remember that there is a tax upon literature, we should ask ourselves whether we would be content to have books that are written in Australia only. I do not think

we would be content. Some very good books have been written in Australia, but our people are not great writers to the extent that they could provide us with all that is necessary regarding the accumulated knowledge of the world. I agree with the Leader of the Opposition that London interest represents a terrific burden. Mr. Bruce is going to London and it is hoped that by some means or other we shall secure relief in respect of interest rates. The conversion of the British loan a little while ago and the satisfactory prices of our stocks to-day, may help considerably, but we do require relief from the terrible burden of interest. The fact that commodities have been selling at such low prices has made the position all the harder. In addition to the interest burden, there is the exchange that has to be paid and provision for sinking funds has to be made as well. Perhaps costs could be reduced by a reduction in interest rates and changes effected in methods that could enable us to produce more cheaply.

Mr. Kenneally: Go the whole way and say you mean a reduction of wages. That is the idea.

The PREMIER: I did not say that; the member for East Perth said that. The nominal wage and the effective wage are totally different things.

Mr. Kenneally: You are not in favour of higher wages.

The PREMIER: I am not in favour of lower wages. I would like to see wages higher.

Mr. Kenneally: You have a peculiar way of showing it.

The PREMIER: I have already said that commodity prices and wages must rise and fall together. That must always be so. The producers of Western Australia would like to see the world paying better wages, but that can be so only when prices rise. Wages will be high only when commodity prices improve definitely. The Leader of the Opposition said something about the Federal grant being raised to £500,000 as a bribe. I am sure he did not mean that. He, more or less, suggested that it was a bribe to the electors. All I can say is that I hope it will be successful when the elections are held. But, of course, the Leader of the Opposition did not mean any such thing. As a matter of fact, the Disabilities Commission

—a Federal body—reported that we should receive £450,000.

Mr. Kenneally: For a period of years?

The PREMIER: Yes.

Mr. Kenneally: And our own representative, Sir George Pearce, introduced a Bill to provide for the grant for a much shorter period.

The PREMIER: I do not think we need drag politics into it.

Mr. Kenneally: Of course you do not.

The PREMIER: First we were to get £450,000 and then we got £300,000.

Hon. P. Collier: It would effect greater stability if you received that sum for three years or five years.

The PREMIER: That is so. We were to get £450,000 for five years, but we got it for one year. Then we were to get £300,000 for four years, but Mr. Theodore gave it to us for one year.

Mr. Kenneally: Now an election is pending the present Government have raised it to £500,000 for one year.

The PREMIER: Mr. Theodore did not grant that amount because an election was pending?

Mr. Kenneally: But with the election pending now, we are given the £500,000 for one year.

The PREMIER: The Leader of the Opposition was merely joking when he said it was given to help my party at the election; the member for East Perth is serious! It is too ridiculous for words. Do you mean to tell me that this grant given now is given in order to influence the election next year? We have a pretty poor class of electors here if that is likely to be a successful method. I wish the Federal people had made it a million, instead of half a million. I am certain the Leader of the Opposition, if he were on this side and had a chance to get £500,000, would not turn it down because of an election pending.

Hon. P. Collier: Certainly not!

The PREMIER: Both National and Labour Governments gave us £300,000 for a year, and now we are to get £500,000 for this one year. The hon. gentleman dealt with the methods of the Federal Government. He knows what the power of the purse means, and he expressed it when he introduced the Financial Agreement Bill. He said then, I think quite frankly, that if we had not agreed to be parties to the

Financial Agreement we would not have had the grant.

Hon. P. Collier: We would not have had a shilling from them but for that.

The PREMIER: Nor would we have had the per capita payment; we would have lost that. The power of the purse is still with them, and is as strong to-day as it was then. Under the original Road Agreement they took the right to say how the money was to be spent. Again, if my friend had not agreed, we should not have had the road grant, which has been so useful to us. It is wrong, I admit, that the power of the purse should be so used. Then in connection with the winter loan, when I left the conference it was agreed that the Council should approve the expenditure of the £145,000 that was allotted us; but they submitted the Bill to the House and included in it the right to approve of what we should do with our £145,000, borrowed and paid for by us.

Hon. P. Collier: That was most improper.

The PREMIER: Of course it was. This thing was done without our consent, and the States have since protested against it. But again there was the power of the purse. Sir Charles Nathan and Mr. Law were appointed by the Federal Government to join the Loan Council. We cannot find any fault with the appointees. They are both splendid men and very helpful in all matters in which they can assist. We have had no trouble, and I think we should be thankful for the way in which they have tried to assist the State. I agree that the over-riding legislation should not have been passed by the Federal Parliament. The second Act, dealing with taxation,—

Hon. P. Collier: That was the worst of all.

The PREMIER: Not quite as bad as the first, which was to enable them to collect the money owing by Mr. Lang without the ordinary process of law. That was very bad. And the attitude the Federal Government have taken up—not the present Government, but successive Governments almost since the first days of Federation—will bring us into unification or separation. There can be no doubt about that. But I cannot allow this House to be misinformed as to the attitude of the Federal Government on other matters. The hon. member will realise the nature of the financing during the last 2½ years. Mr. Theodore was Treasurer for a

part of the time, and resigned the Treasury when the present Government came into office. The Financial Agreement provides that where borrowing is used solely for temporary purposes, temporary loans may be raised by the State, loans covered by Commonwealth bonds. But such loans must be purely for temporary purposes. For those loans the Commonwealth Government do not make a sinking fund contribution. There are two methods of raising money, one under Part V. and the other under Part (VI). The Financial Agreement intended to provide for the raising of loan moneys on long terms. That was intended, and if nothing had happened that would have gone on. In the past we have not been used to raising money on short-term Treasury Bills. The Financial Agreement intended to cover long-term borrowings, and there was no obligation on the Federal Government to do other than that. They are responsible for £84,000,000 of money raised on Treasury Bills of very short dates, under the condition that the other banks discounted the bills, and the Commonwealth Bank might be called upon to rediscount them. The previous Government were able to finance the whole of the State under that provision. My business with Mr. Theodore was always very satisfactorily carried out. I do not think any Treasurer I have met was more concerned about the interests of the State than he.

Hon. P. Collier: If the Federal Government were called upon to rediscount those bills, how could they do it? Only by inflation. There is no other way of meeting them.

The PREMIER: No other way at all. I think the 700 millions loaned between 1913 and 1929 represent about 350 millions of straight-out inflation. Probably we are suffering to-day because Australia has had so much inflation.

Hon. J. C. Willcock: If anybody had suggested we could raise 350 millions during the war, he would have been laughed to scorn.

The PREMIER: Yes. Yet 700 millions in bonds and bank deposit receipts were added in the 16 years, although it took us all the time from the establishment of the States until 1913 to put together 380 millions. In the days of the war and during the time of great expenditure on motor cars we are sup-

posed to have had 700 millions to put into cash investments.

Hon. P. Collier: Some of our recent short-dated Treasury bills have been renewed at 8 per cent.

The PREMIER: Oh no!

Hon. P. Collier: They were raised at 6 per cent. and were due for renewal in six months. I think they were renewed at 8 per cent.

The PREMIER: No, we have nothing over 6 per cent.

Hon. P. Collier: Can we go on paying 6 per cent.?

The PREMIER: No, there is none at that price now. In 1928-29, when we were at our top, there were 28 million notes in the pockets of the people. Last year's figures were slightly more. The bank held a tremendous number of notes, and a tremendous number had already found their way back to the Commonwealth Bank.

Hon. P. Collier: Do you mean out in the pockets of the people, or out in the pockets of the bank?

The PREMIER: Out in the pockets of the people. There are over 50 millions in the bank and in the pockets of the people. The strange thing is that when we were very prosperous we had £28,000,000 worth of notes in the pockets of the people, and last year when times were bad we had even more. However, I do not want to dwell too long upon finance just now. I should like to say there is a bright spot coming into view. It is in connection with production from almost every avenue. Gold is better than it has been for some time, and is helped to-day by exchange and the bonus. Good news comes in from various centres from time to time, so it seems we are in for a long life of gold production. A few years ago we thought we were getting near the end, but thank God it is possible that we may have as many years ahead of us at Kalgoorlie as we have behind us.

Hon. S. W. Munsie: There is another decade at least in front of Kalgoorlie.

The PREMIER: Yes, at least that, and I hope much more. Production in every other avenue has been at its best; wheat, fruit, butter, all along the line, but owing to the very low prices we are in trouble just the same. The thing is, we want to increase production from every avenue, so that when the world comes back to a better frame of

mind we shall be able to reap our reward without delay. There has been a fall in the price of every commodity we export, except gold.

Hon. J. C. Willcock: And we are exporting a lot of things which we did not previously export, as for instance, eggs.

The PREMIER: Yes. We have added several things, which of course is very desirable, and we are extending our export list. Wheat and wool to-day are being added to. I am glad Ottawa has achieved something. Our representation there has been very satisfactory. I am sorry to have to say it about one of my own party, but I should have said it just the same had it been Mr. Theodore or anyone else.

Mr. Kenneally: We still have to see what price we shall have to pay for it.

The PREMIER: It looks promising.

Mr. Kenneally: It looks as if Australia will have to pay.

The PREMIER: The hon. member thinks that only by high protection can we make progress. We shall make progress with our backs to the wall as long as we stick to the present tariff policy. There is to be preference for our goods, which is desirable.

Mr. Kenneally: And preference for other goods coming into Australia.

The PREMIER: There ought to be and will be fair trade within the Empire. We cannot have free trade of course, but we can have fair trade, and we can get the difference in the cost of production between British costs and our own costs by way of the tariff. Our wages are higher and the cost of production is higher, and that difference should be covered by the tariff.

Hon. J. C. Willcock: That should be regulated by exchange.

The PREMIER: That is the same thing as the tariff. We are likely to get fair trade which will be all to our advantage. We need markets, and we ought to have markets within the Empire. I believe that the natural resources of the Empire should be used by the Empire. If the natural resources of Britain were depended upon to maintain the people there, it would be necessary to get rid of half the population, but if the natural resources of the Empire were used, we could support more than the 45,000,000 in the old land in addition to our own people. Even if we get preference and Britain is willing to take more of our goods,

it will take some time before the increased imports of Britain interfere with her foreign trade.

Hon. P. Collier: That is so, but the whole agreement at Ottawa is uncertain because there is such a thing as retaliation on the part of foreign nations.

The PREMIER: Quite so. I do not think the foreign trade of Britain need be interfered with because I do not think it will be necessary for Britain to reduce her imports from the food-producing countries to anything lower than their imports from her. Denmark takes £10,000,000 of goods from Britain and Britain takes £80,000,000 worth from Denmark. Without interfering with Britain's trade with Denmark, Denmark could easily let go £30,000,000 or £40,000,000 worth of that trade. But we are not going to get the reduction in five minutes. I imagine it will be found easier for Britain to increase her trade within the Empire, and it is quite possible that we shall be better customers of Britain, and that Britain will buy additional goods from us. The additional trade will be all in her favour.

Mr. Kenneally: To the detriment of the working people in this country.

The PREMIER: I cannot hope to convince the hon. member that he is entirely wrong and that we are killing work by shutting out many of the things that ought to be imported. We are making consumers pay a price that they cannot afford in order that goods may be manufactured here. It is not necessary to have a tariff anything like as high as the present one, plus exchange and other disadvantages against the imported article. We are asking the users of manufactured goods to pay far too much. I wish to see things made in Australia, but I wish the workers and other people to get their commodities at a reasonable price.

Mr. Kenneally: And to get their wages down, too.

The PREMIER: No, I am as anxious as is the hon. member to keep wages up, and with much better reason.

Mr. Kenneally: Goods manufactured at sustenance rates!

The PREMIER: The hon. member should go to the workers and tell them just how he would put their wages up. We can only pay wages when we have money with which to pay them.

Miss Holman: You do not want to pay them even when you have money.

The PREMIER: To the two interjectors I should like to say that after all the great employers are the public, and they, like Millars or Boans, pay wages for the things they want.

Mr. Kenneally: Your Government is telling the public they have only to pay sustenance rates and only on part-time work.

The PREMIER: I have never told the member for East Perth that he should pay only half rates for his clothes, nor have I told the public that they need employ people at sustenance rates or on part-time. The Government have done nothing of the sort.

Mr. Kenneally: What about contracts?

The PREMIER: The contracts referred to are for pipes to be laid by men employed under precisely the same conditions, and do not interfere with the men already in the factories. The man who makes the pipes, together with the man who lays them, will get his share of the limited amount of money available.

Mr. Kenneally: At the direction of the Government he will get the sustenance rate only.

The PREMIER: I do not want to say anything hard to the hon. member. We all agree that the wholesale commodity prices should be raised. No doubt wholesale prices are exceedingly low everywhere. I believe that prosperity will come more quickly because of our having adopted an Empire trade policy. We want an Empire financial policy also. I believe that has been considered at Ottawa, but I do not know upon what lines. We are told that short-term credit and low rates of interest will be available to trade. If trade is willing to take the money on those conditions, trade will be increased. When people talk of releasing credits, they do not mean going into the street and handing over a £5 note to every person met with. The object is to put men to work and to sell what is produced in order that work may continue. I do not wish to touch upon finance to any great extent, but I must say a few words in reply to the Leader of the Opposition. It is perfectly true that the total deficit for the last two years would be something over £3,000,000. I should like to point out, however, that the fall in revenue last year as against the year 1929-30 was £1,700,000, or more than the deficit.

Taxation yielded about £400,000 less than in that year, and we had on revenue expenditure and loan expenditure precisely £3,000,000 less than was available to the Government in 1929-30.

Hon. P. Collier: Of course you know that with the fall in revenue there naturally follows a more or less corresponding fall in expenditure.

The PREMIER: By heavens, no!

Hon. P. Collier: Not to the full extent, but to a considerable extent.

The PREMIER: I am obliged for that interjection. There has been no fall in the interest bill.

Hon. P. Collier: That is so.

Mr. Kenneally: There has been an increase in the interest bill.

The PREMIER: Yes; there is an item of £600,000 exchange on the interest payable in London. That is fixed. There is the money spent in running public utilities.

Hon. P. Collier: A big fall has occurred in expenditure there.

The PREMIER: And also in revenue.

Hon. P. Collier: But in expenditure as well.

The PREMIER: We did not have the money to spend. If we had had the money to spend, it would have employed labour.

Hon. P. Collier: But the fall in revenue is balanced to an extent by the fall in expenditure in connection with railways and tramways, for instance.

The PREMIER: Yes, the one balances the other, but it throws people out of work. I suppose the hon. member will agree that we have no control over interest commitments and exchange, the last-named of which he did not have to pay. Generally, the expenditure under both headings, loan and revenue, was £3,000,000 less than it was two years ago and £3,600,000 less than in the year 1928-29. The reduced amount we have borrowed, £3,000,000 less than in 1928-29, has interfered with revenue very considerably, and on top of that there has been the tremendous drop in commodity prices. A sum of £400,000 can be accounted for in the one item of less taxation collected.

Hon. J. C. Willcock: All the employees of the Government have had their wages reduced by about 15s. a week.

The PREMIER: That brings expenditure down. It will not be disputed that about £600,000 has been paid by way of exchange

which had not to be paid by the ex-Premier and that £600,000 more was spent on unemployment than in his last year of office. Those two items come within £350,000 of the total deficit. If those two items had had to be paid by him—and exchange would have had to be paid on the same amount of borrowed money—his deficit would have been greater than the deficit of last year.

Mr. Kenneally: How many "ifs" in that?

Hon. P. Collier: You will agree that the reduction of 18 to 22 per cent. in wages and salaries represented a saving that I did not have?

The PREMIER: Yes; I have not those figures here. I will give them on the Budget. The Leader of the Opposition must admit that for exchange and unemployment relief, I had to provide £1,200,000 which he did not have to find. In his term of office the ex-Premier had buoyant revenue and a tremendous amount of loan expenditure.

Hon. P. Collier: And high wages fixed by the Arbitration Court.

The PREMIER: They are fixed by the Arbitration Court to-day.

Hon. P. Collier: Yes, £4 7s. in my day, against £3 12s. to-day.

The PREMIER: They are down on the cost of living, so that wages are as effective to-day as they were then.

Mr. Kenneally interjected.

The PREMIER: I wish the hon. member would keep quiet. I listened to him the other night with great attention, and did not interject once.

Mr. Kenneally: Not for the period when you were in the Chamber.

The PREMIER: Borrowed money does provide work, and the prices of export commodities were higher during the ex-Premier's term of office. Wheat in the six years, part of which covered my previous term of office, averaged 5s. 11d. a bushel, and during the next six years of the Collier Government, 5s. 7d., while for the following year it was 1s. 8d. Consequently the cost of living came down tremendously because commodity prices had fallen. The man who is earning wages to-day is getting no less than he received before. The closing of the London money market came on the signing of the Financial Agreement, but not for that reason.

Hon. J. C. Willecock: That is one of the reasons why the Financial Agreement was negotiated.

The PREMIER: In 1927 when the Financial Agreement was negotiated, it was not

thought that there would be a closing-down of the London market.

Hon. J. C. Willecock: Yes, to regulate competition in borrowing.

The PREMIER: That applied to Australia.

Hon. J. C. Willecock: And to the Old Country.

The PREMIER: If the hon. member allows the Leader of the Opposition to speak, we will get nearer to the facts. The Loan Council was in existence long before the Financial Agreement was signed, and the object of the Loan Council was to regulate borrowing in Australia. There was competition between the States, which put the interest rates up, and we determined, before the member for Boulder became Premier, that we would have a Loan Council and would not compete for money.

Hon. J. C. Willecock: That was merely an ordinary agreement which could have been repudiated at any time.

The PREMIER: It might have been, but it was not.

Hon. J. C. Willecock: In order to have something of a statutory nature, the Financial Agreement was made.

Hon. P. Collier: As a matter of fact, the Premier will remember, only New South Wales stood out and offered higher rates.

Hon. J. C. Willecock: Yes; 5½ per cent.

The PREMIER: The position was not merely bad for the Governments, but it also caused an increase in the rates of interest charged to private enterprise. Probably the high interest rates paid by Governments had a great deal to do with the high rates of interest demanded for money required by private enterprise. There was terrific competition for money between Governments and private enterprise. I have always contended that it was imperative Governments should not compete with each other on the loan market. It was quite sensible to make an arrangement removing the danger of such competition. Now I wish to say a few words as to the promise of employment made before I came into office.

Mr. Raphael: Work for all.

The PREMIER: A squeak from the member for Victoria Park! No promise ever made was more justified than that promise.

Mr. Raphael: You are quite correct on that point, because you did not take the trouble to investigate the financial position of the world.

The PREMIER: Oh!

Mr. Raphael: You went out with your eyes closed and your mouth open.

The PREMIER: Well, I did not let the hon. member put his forceps into my mouth, anyhow.

Mr. SPEAKER: Order! I must ask the hon. member to refrain from interjecting.

The PREMIER: It was announced by the Treasurer of the day that £2,800,000 of loan money would be available during my first year of office. That was fixed by the Loan Council in February, 1930. Western Australia actually received £1,750,000. There were 4,000 people out of work then. The million pounds that this State lost would easily have provided work for them. It must be admitted that none of us expected prices to fall as they did; they fell like a bolt from the blue. I believed that production would be increased in various industries but the fall in prices meant a loss of £9,000,000 to our production last year as against the average of prices for the previous 12 years. That was a terrific loss of money which no one anticipated this State would be called upon to bear.

Hon. J. C. Willcock It ought to be a lesson to you never to promise again!

The PREMIER: I have particulars of a few promises made by the other side, but I do not wish to quote them just now. I have some bricks to throw, but I shall not throw them just at present. They are pretty hard bricks. Hon. members opposite have been remiss, as I too have been remiss, in congratulating the newly-elected members.

Hon. P. Collier: Good men, all of them!

The PREMIER: I congratulate those hon. members from the bottom of my heart. I feel sure they will serve the country faithfully and well, doing their best for Western Australia. When a man becomes a member of Parliament, he is not a member merely for the district he represents, but is a representative of the State, and has to do all that he can in the interests of the State and of all sections of the people. I think the new members will find that in this House there is very little divided opinion on that responsibility. I believe they will find that in this Parliament we conduct affairs in such a way as to get through without having very unpleasant differences in the Chamber, although of course we do differ. I believe the newly-elected members will find that most

of us are more anxious for our country's good than for the good of any particular section of the people. It is only by advancing the interests of the people as a whole that the interests of any of them can be advanced. If we set out in the hope of advancing a section at the expense of some other section, failure is bound to result. We have in this House for many years endeavoured to do what is best for the State, and I hope the three new members will have a very comfortable time—some of them of course only a short time, I hope.

Hon. P. Collier: In an Assembly of 50 members the great Smith family is represented by three.

The PREMIER: We shall have to expel one. I suggest—last on, first off. I confidently hope that the three new members will be of great service to Western Australia. So far I have omitted to say a word concerning the demise of our late Sergeant at Arms, Mr. C. B. Kidson. He was here years before any of us came here, and in the recess he passed away. I should like to say how sorry we all are that Mr. Kidson is not in his old place.

On motion by Hon. J. C. Willcock, debate adjourned.

House adjourned at 8.25 p.m.

Legislative Assembly,

Wednesday, 24th August, 1932.

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The SPEAKER took the Chair at 4.30 p.m., and read prayers.