

# Legislative Council,

Wednesday, 4th July, 1928.

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

## BILL—FINANCIAL AGREEMENT.

### Second Reading.

Debate resumed from the previous day.

**HON. C. F. BAXTER** (East) [4.35] : For many years the financial relationship of the different States and the Commonwealth, and their respective borrowing policies, have caused a great deal of concern and received much consideration. As a result, we have before us to-day the Financial Agreement Bill, which hopes to solve the difficulties that have been encountered in the past. The Bill has passed five State Parliaments, and the Commonwealth Parliament, and received the assent of another place by a substantial majority. There is now thrust upon our shoulders in this House the serious responsibility of either accepting or rejecting this measure. It is one of the most important Bills we have been called upon to consider since I have been a member of the Chamber. Its effect will be far-reaching, and it will mean a great deal to the States. A tremendous responsibility is, therefore, cast upon this House, which has the final say in the matter. We can only accept or entirely reject the Bill. It has been vigorously dealt with during the debate, and practically the whole of the Federal Constitution has been gone through.

Hon. J. Cornell: There is a bit of it left.

Hon. C. F. BAXTER: Possibly the hon. member will deal with the balance later on. The Chief Secretary put up a very good case in favour of the agreement. On the other hand, Mr. Lovekin went to a great deal of trouble in opposing it. The task of preparing his matter and amassing his figures must have occupied a great deal of his time, and I am sure the House is indebted to him for the valuable information he was able to supply. Mr. Lovekin, how-

ever, overlooked the most important part of the agreement, for whilst he put up a very able and constructive speech in opposition to the Bill, he failed to offer anything concrete with which to replace it in the event of the second reading not being carried. That is the crux of the whole situation.

Hon. A. Lovekin: I said, "Go back to the Constitution."

Hon. C. F. BAXTER: I suppose Mr. Lovekin means by that, going back to the per capita payments.

Hon. A. Lovekin: I did not say the per capita payments.

Hon. C. F. BAXTER: What would the hon. member do under the Constitution? Although it has been in existence for many years, and most of the framers of it are not with us to-day, right through it we find provisions to meet the very situation we are facing to-day. The originators of it saw what the position was likely to be in the future.

Hon. A. Lovekin: I said that unless Parliament otherwise provided, Section 187 of the Constitution stood.

Hon. C. F. BAXTER: Mr. Holmes also strongly opposed the Bill. So far as I could gather from his speech, he put forward two suggestions: One was that we should send half-a-dozen representatives over to the other States to confer on the matter. Many conferences have been held and attended by some of those people who were best able to represent this State, but they did not get very far. It really remained for the Commonwealth to devise the Bill now before us, which meets the situation fairly reasonably, and as reasonably as could be expected when so many States are involved. The other point made by Mr. Holmes was that the Federal Government should return to the State 1½ million pounds if they are taking three million pounds of our sinking fund. Where would that 1½ million pounds come from? Does Mr. Holmes think that the other five States would agree to that money being paid to Western Australia out of what would be paid to them? If they fail to agree, the money must come from the Commonwealth Government, and the only way they can raise the money is by further taxing the people. Why should we ask for 50 per cent. of the three million pounds to be returned to the State?

Hon. J. J. Holmes: We did not ask anything of the kind. We have already put up three million pounds, and we ask them to put up 1½ million pounds.

Hon. C. F. BAXTER: A very important part of the agreement relates to the borrowing policy. When Mr. Bruce visited England on the first occasion he found that the system of borrowing by the Australian States and the Commonwealth was most unsatisfactory. He had to admit that, although he put up a partial defence of the position. He promised on his return to endeavour to remedy the difficulty, but he did not overcome it. By this Bill, however, he hopes to do so.

Hon. G. W. Miles: He abolished the per capita payments and said, "You must take this or leave it."

Hon. C. F. BAXTER: The per capita payments were not so much in favour of this State as they were in favour of some of the other States.

Hon. A. Lovekin: Mr. Bruce pledged himself in London.

Hon. C. F. BAXTER: I do not hold any brief for Mr. Bruce, and do not entirely agree with everything he does, but he is, after all, the Prime Minister of Australia and the man responsible. When he visited England and saw that New Zealand and South Africa had an advantage of one per cent. in their borrowing over Australia, he thought it was time to suggest something.

Hon. A. Lovekin: That was not the point in England.

Hon. C. F. BAXTER: It must have been a sore point with Mr. Bruce when he saw that we were paying one per cent. more than those other countries, whose securities cannot be of greater value than Australian securities.

Hon. A. Lovekin: He had to do something.

Hon. C. F. BAXTER: At any rate, the Commonwealth and the State of New South Wales were suffering by reason of the position. Our borrowing in the past has been uncontrolled. The six States and the Commonwealth itself have been in open competition, with the inevitable result. With a Loan Council in being, of which we are part and parcel, our borrowing would be on a sound basis, and far more satisfactory than the present arrangement. The Commonwealth Government will not dominate the Loan Council. All the parties

concerned will be represented, so that it is really a partnership. How long will people continue to look upon the Federal Government as brigands? Why should they do an injury to any State?

Hon. J. Cornell: The hon. member referred to them as brigands during the war.

Hon. C. F. BAXTER: During the war Western Australia was harshly treated. As a Minister of the Crown at the time I experienced something of that when I attended different conferences in Melbourne. The treatment meted out to the State during the past few years, however, is vastly different from that meted out to it whilst I was a member of the Government.

Hon. G. W. Miles: We have better representatives now, and they have been able to secure better treatment.

Hon. C. F. BAXTER: The Federal Government are more sympathetic now than they were at that time.

Hon. G. W. Miles: We have the Collier Government now to negotiate for us.

Hon. C. F. BAXTER: And a lot of credit is due to that Government for what they have been able to do. There are two sides to the agreement, one being the payments to the States, and the other the co-ordination of the borrowing policy. It must be recognised that we are one people, and that on these matters we either sink or swim together. The question is, which shall it be? It has been asserted that once this agreement is adopted, it will represent all that Western Australia can expect from the Federal Government. Now, having watched the treatment of Western Australia by the Federal Government right through, I cannot agree with that assertion. As regards the weaker States, I am sure the Federal Government will still be prepared to go outside the agreement and assist them more liberally than its terms provide.

Hon. J. Cornell: What about a change of Government?

Hon. C. F. BAXTER: That is a most pertinent interjection. If there were a change of Government and the new Government had not the same concern for Western Australia as the present Federal Ministry, what would be our position in the event of our rejecting the agreement? We have now about three years to run of the term of the £300,000 grant. Tasmania was granted £150,000 annually for two years, and the period has just about expired. At present

the Tasmanian Premier is conferring with the Federal authorities regarding further assistance to enable his State to carry on at the expiration of the two-years period. Yet Tasmania has adopted the Financial Agreement.

Member: What about South Australia?

Hon. C. F. BAXTER: As regards South Australia, the Federal Government intend to appoint a Royal Commission to inquire into the position with a view to granting further assistance to that State. And South Australia has passed the Financial Agreement Bill.

Hon. G. W. Miles: And regrets having done so.

Hon. C. F. BAXTER: I have not heard of such regrets. The stand taken by the Federal Government is that the richer States will be all right under the agreement and must abide by it, but that the weaker States may receive additional assistance.

Hon. G. W. Miles: Why not provide for additional assistance under the agreement itself?

Hon. C. F. BAXTER: Could the hon. member devise an agreement which would be more acceptable than this one to all the States? We are indeed fortunate in having such an agreement submitted to us. We should congratulate ourselves on the submission of an agreement that is so suitable all round. The feeling of the Federal Government in the matter has been expressed in a speech delivered by Mr. Bruce on the 14th December last. The Prime Minister then said—

If the States will meet us, we are prepared to consider any scheme and any method that may be suggested . . . It is our desire not merely to give the States absolute justice, but so far as lies in our power to deal with them generously.

Does that indicate that the Federal Government will not do anything beyond what is contained in the agreement?

Hon. J. J. Holmes: But will not the Federal Parliament have to approve of special grants, if they are ever made?

Hon. C. F. BAXTER: Yes, but I do not regard the Federal Parliament as unsympathetic to Western Australia. Mr. Bruce continued—

This Parliament will not permit injustice to be done to them (the States) . . . The purpose of this measure is to give them fair and equitable treatment in a financial readjustment which is essential to the inter-

ests of the whole of the people and particularly of the State authorities themselves.

We must all agree that it is highly desirable that the financial position of the States should be settled.

Hon. A. Lovekin: In each of the other States differentiation between States was objected to.

Hon. C. F. BAXTER: But the other States passed the Bill notwithstanding. Victoria is a case in point. Victoria has been in the happy position of receiving more than any other two States put together under the per capita arrangement.

Hon. J. J. Holmes: You are wrong there.

Hon. C. F. BAXTER: I accept the Prime Minister's statement on that point in preference to Mr. Holmes's correction. The Prime Minister would not make such a statement if it were not correct.

Hon. G. W. Miles: Do you accept everything the Prime Minister says?

The PRESIDENT: Order! The hon. member will have an opportunity of replying.

Hon. C. F. BAXTER: It is all very well to talk about rejecting the Bill; but if it is rejected, those responsible for its rejection will have to put up something better, and moreover something acceptable to all parties. There are people who cannot see any good in the Federal Government. So far as Federation itself is concerned, I am one of the unpopular eight who spoke against Federation in Boulder.

Hon. J. Cornell: You were a bad t'other-sider.

Hon. C. F. BAXTER: Yes, but I knew I was settled here, and I could not see that Federation would be advantageous to Western Australia. However, since Federation was carried, I accepted the position and resolved to assist in obtaining for this State whatever benefits were to be derived from the change. I do not look upon the Federal Governments as brigands, but as men out to help Western Australia. If we reject the Bill, what will take its place? Probably a tentative agreement for two years, and then there may come a change of Government resulting in an unsympathetic Federal Ministry. Where would the State be then? Under the agreement we have something solid and concrete, something to go on. What do opponents of the Bill put up for us to place before other Parliaments?

Hon. A. Lovekin: We cannot do any worse than this.

Hon. C. F. BAXTER: If we reject the Bill, it will be a calamity to Western Australia. I am surprised at the statement that we cannot do worse.

Hon. A. Lovekin: I say that advisedly.

Hon. C. F. BAXTER: Nevertheless, very few of those people who have given consideration to the Bill will agree with the hon. member.

Hon. G. W. Miles: Mr. Bruce himself admits that we are not getting a fair deal under the agreement.

Hon. C. F. BAXTER: I admit it myself. Everybody admits it. But how are we to get a fair deal for every State where so many parties are concerned? Opponents of the Bill should advance something that can be agreed to by the other Parliaments.

Hon. J. Cornell: Will you agree to adjourn the consideration of the Bill for six months while we try that?

Hon. C. F. BAXTER: That is a peculiar suggestion to come from the hon. member. Is the Legislative Council of Western Australia to take upon itself such a responsibility in regard to a Bill which has passed Every other Australian House of Parliament? Reference has been made to a party vote on the Bill in this House. I am astonished that such a suggestion should have come from Mr. Holmes as regards my party.

The PRESIDENT: Mr. Holmes has already accepted the explanation offered by Mr. Stewart.

Hon. C. F. BAXTER: Very well, Sir. I repeat, those who oppose the Bill should put up something concrete in its place.

Hon. J. J. Holmes: Do you object to the distribution of the 7½ millions on the per capita basis from year to year?

Hon. C. F. BAXTER: Yes, I object to that because it will destroy the Bill. And what shall we get to replace the measure? Can we expect sympathetic treatment in such circumstances? As regards the financial position of the Commonwealth, there is now a large deficit; and in the near future public opinion will be so moulded as to render necessary the reduction of the duties on many articles, with consequent reduction of the Federal revenue. Then the Federal Parliament will find itself in a less happy position, and will not be able to deal so liberally with the States.

Hon. J. J. Holmes: Is this the party speaking, or is it the hon. member's personal view?

Hon. C. F. BAXTER: I do not like the suggestion of motives. The members of my party are free to vote and speak as they like, and that can be substantiated.

Hon. J. J. Holmes: So are members of the Labour Party. Only one man pulled out.

Hon. J. R. Brown: Let the Labour Party alone.

Hon. C. F. BAXTER: In the absence of anything to replace the Bill, opponents of the measure cannot look for support. I think it would be foolish on the part of Western Australia to turn down something solid that is offered to us, especially in view of the fact that if we put up a case we can expect further assistance from the Federal Government in the future. I support the second reading of the Bill.

HON. W. T. GLASHEEN (South-East) [4.57]: The previous speaker had rather a merry spin. Many interjections were hurled at him, but he held his own very well. Moreover, he set an excellent example—the example of brevity. I have been making a few calculations, and from them I find that if every speaker who henceforth addresses himself to the Bill occupies on the average the same length of time as members who have already spoken on it, we shall be here for another five weeks. The average duration of speeches on the Bill up to the present is about two hours. The example of brevity set by Mr. Baxter I myself propose to follow, and to confine my remarks to half an hour. One gets something like indigestion from the masses of figures which have been supplied during the course of the argument. I find myself in almost utter confusion from that aspect. A long time ago somebody said that anything could be proved with figures. He might have added that one cannot prove anything with them. That is just about the position in which we now find ourselves. Long rows of figures have been submitted by the two sides, and the vacuum between the two sets is highly unconvincing.

Hon. J. Cornell: A figurative no man's land!

Hon. W. T. GLASHEEN: Yes. An aspect on which we are all agreed is the absolute certainty that for at least five years—a longer period might be claimed, but I will keep well within the mark—under the agreement the State will receive an amount

over and above anything that Western Australia has ever before received from the Commonwealth. It has been asserted—by direct assertion, by innuendo, and by gossip in the corridors—that Mr. Collier had no better intention, had no better statesmanship, than out of a little narrow party selfishness to—

Hon. A. Lovekin: Who said that?

Hon. W. T. GLASHEEN: The hon. member who has just interjected said something about that.

Hon. A. Lovekin: Not I.

Hon. W. T. GLASHEEN: If I heard the hon. member aright, he said that the extra amount the State would receive for five years would be a very handy addition to the State Treasury, and that there were possibilities that Mr. Collier would sling that additional money about in all sorts of public expenditure in order to buy himself another term of office.

Hon. A. Lovekin: I did not suggest anything of the sort. I think he is one of the straightest men in this State.

Hon. W. T. GLASHEEN: I think the hon. member indicated that as a possibility.

Hon. A. Lovekin: Nothing of the sort!

Hon. W. T. GLASHEEN: At any rate, it was suggested that he had a selfish motive underlying his support of the Bill. All I can say is that if the Premier is animated by such a selfish, narrow, paltry spirit and has nothing greater behind his attitude towards the agreement, then Mr. Collier must come down off the pedestal on which we have placed him as one of the outstanding figures in the politics of Australia. I give credit to the Premier for being above such a paltry attitude and I refuse to accept such an estimate of him.

Hon. A. Lovekin: I do not think you should put up your own Aunt Sally to knock it down.

Hon. W. T. GLASHEEN: I am not! There is no question about the references that were made to the Premier. Coming to the speech delivered by Mr. Holmes, I think Mr. Stewart got square with him regarding his attitude, and Mr. Holmes was kind enough to withdraw the statement he made regarding Mr. Stewart. But Mr. Holmes also made a somewhat similar statement in reply to an interjection of mine. He said, "We shall hear from the hon. member in due course, and I have no doubt he has had his instructions from someone too." I

want to get back a bit on account of that statement. Mr. Holmes, when attacking Mr. Stewart during the latter's absence, endeavoured to quote from the scriptures. Mr. Holmes may be an excellent member of Parliament, but if his qualifications for the position of a parson were to be judged by his ability or lack of ability to quote scripture, he would be classed as very poor indeed. If we had shut our eyes while Mr. Holmes was attacking Mr. Stewart, we could imagine that Mr. Holmes was under the influence of liquor for he was so mixed up in his endeavours to quote from the scriptures, that he obviously did not know where he was. I am sorry the hon. member made the statements and drew the inferences he did, because there was no justification whatever for such suggestions. Mr. Stewart mentioned an apt point by way of emphasising that fact. If hon. members take the vote on the second reading of the Bill in the Legislative Assembly as a criterion, they will realise that the attitude of the Country Party members, as disclosed in the division list, was the only party that indicated that they had treated the measure as a non-party Bill. The Leader of the Country Party voted for the agreement and the Deputy Leader voted against it, while there was an almost equal division of Country Party members on the Bill. All I can say if there was a junta behind members of the Country Party, that junta must have been asleep or on the booze when the vote was taken in the Lower House. There is no party question about the Bill at all, where Country Party members are concerned.

Hon. J. J. Holmes: I am prepared to leave it at that till the division bells ring.

Hon. W. T. GLASHEEN: Very well.

Hon. A. Lovekin: With no reflection upon Jacob or upon Esau!

Hon. J. J. Holmes: Certainly not.

Hon. C. F. Baxter: That is all bluff.

Hon. J. J. Holmes: Then the hon. member admits he can be bluffed.

Hon. C. F. Baxter: Not at all.

Hon. W. T. GLASHEEN: As a matter of fact, Mr. Holmes suggested that other members of the House belonged to political parties, and he was the only one who did not.

Hon. J. J. Holmes: Nothing of the kind!

Hon. W. T. GLASHEEN: The hon. member said he had been invited to attend party meetings, but had refused to go.

Hon. J. J. Holmes: That is another matter.

Hon. W. T. GLASHEEN: The hon. member also made it appear that the Legislative Council was becoming a party House. However, his speech gave me the impression that Mr. Holmes himself was tending that way, because he added something of the party lash and sting to his remarks, when he mentioned that if we passed the agreement and abolished the per capita payments—the assertion was hard to appreciate because the per capita payments have already gone—the Federal Labour Party would go before the people at the next elections with a war-cry to the effect that the Nationalists had abolished the per capita payments, and in consequence Labour would be returned to power. His remarks indicated to me that Mr. Holmes raised the party aspect for the purpose of emphasising to the Nationalist and Country Party members in the Federal Parliament, the grave danger ahead.

Hon. J. Cornell: That was a phophecy, not a party view.

Hon. W. T. GLASHEEN: To lend point to what I mean, I will repeat to hon. members a story Mr. Holmes himself told us, to illustrate how he could adapt himself to circumstances. On Thursday evening, after we had discussed this question, and Mr. Holmes had made his wonderful contribution to the debate—I think it was a wonderful speech—Mr. Lovekin, with his usual hospitality and generosity, invited us to a cup of coffee with him in the dining-room. During the evening Mr. Holmes—

The PRESIDENT: I think it is hardly in good taste for an hon. member to repeat a conversation that took place over a cup of coffee in the dining-room. I am perfectly satisfied that in what he has said, the hon. member has not intended to cast any personal reflection upon Mr. Holmes.

Hon. W. T. GLASHEEN: Certainly not! The story is quite a jovial one.

The PRESIDENT: I wish the hon. member had not indicated where the story was told. In the circumstances, the hon. member can use his own discretion as to whether he proceeds with his intention.

Hon. W. T. GLASHEEN: The point I wanted to illustrate by quoting the little story in which Mr. Holmes indicated how he could adapt himself, will be obvious. We all know that if Mr. Holmes cannot cut

steak off one part of a bullock, he will get it off another part. I believe hon. members also know that one old lady left him because he was too clean a butcher! After having said so much against the party aspect, I should have thought Mr. Holmes would be above party, yet he told us that if he were a member of the Legislative Assembly he would be a party man. That merely indicates that Mr. Holmes would be prepared to be a party man if circumstances favoured that course.

Hon. J. J. Holmes: On a point of order!

The PRESIDENT: Does the hon. member wish to make a personal explanation?

Hon. J. J. Holmes: Yes. I desire to point out that I have never made the statement that I was the only member of the House who was a non-party member.

The PRESIDENT: The hon. member must accept Mr. Holmes's statement.

Hon. W. T. GLASHEEN: I accept the hon. member's statement. I hope Mr. Holmes will think I am sincere—whether he does or does not, I am perfectly sincere—when I say that his speech was a good one, and it seemed to me that after he had finished with the Financial Agreement he had torn it to shreds and scattered it about the floor. In spite of all that has been said about the Bill, I am placed in such a position with regard to my vote that if Mr. Holmes will put the same spirit and zest into the formation of some constructive proposal as he displayed in his destructive work upon the Financial Agreement, and if he will rear in its place something that will show the hand of the architect and the builder where he has so far disclosed the fist of the destroyer, and thus satisfy me that he has something practical, enduring and better with which to replace the agreement, he will have no more enthusiastic supporter than myself in voting against the Financial Agreement.

Hon. J. J. Holmes: All I want is that the distribution of the £7,500,000 shall be on a proper basis.

Hon. W. T. GLASHEEN: There seems to be some fear of the long duration of the agreement over a period of 58 years. For my part I do not worry about that phase of it for one moment. I know very well I will not be here in 58 years' time, but I also know that the Financial Agreement will be dead before 50 years are over and probably before 20 years have elapsed.

Hon. E. H. Harris: What makes you think that?

Hon. W. T. GLASHEEN: If hon. members will search for the foundations of the Financial Agreement, they will find that 90 per cent. of the whole is based on the present protective policy of Australia. In other words, if there is not the necessary revenue accruing to the Federal Government through the Customs, the money will not be available to carry out the provisions of the Financial Agreement.

Hon. H. J. Yelland: Then you doubt if there is any proper foundation for the agreement itself?

Hon. W. T. GLASHEEN: I say it is based on the ability of the Australian people to maintain the Customs revenue at its present level.

Hon. J. Cornell: The hon. member's inference is that although we may enter into the agreement, it cannot be enduring.

Hon. W. T. GLASHEEN: Precisely! In a speech delivered recently at Mildura the Federal Treasurer, Dr. Earle Page, surprised a great many people—certainly he greatly surprised me—when he narrated the various forms of primary production that had already received protection. The industries referred to had already reached poverty point or were barely paying and had received bonuses in one shape or another. The butter manufacturing industry is a case in point. Another primary industry that has reached that stage is the mining industry. The timber industry is hampered by high production costs, with the result that American pine and timbers from other countries have been able to come in and oust Australian products. If we get down to bedrock, we find that there are two forms of primary production only that are left—wool and wheat. We are fast attacking the profit lines of those two industries and the moment we reach those lines, we shall sound the death knell of the system of protection. Without adequate Customs revenue being available throughout the 58 years, the Financial Agreement will crumble from its own rottenness. As a matter of fact, such an agreement as that under consideration absolutely exists at the present moment as the result of a fluke, over which we have had no control. I say emphatically, and defy contradiction of my statement, that were it not for world conditions, in respect of which we have no say, that have enabled us to secure such high prices for our wool and wheat, no such agreement would have been possible. If at any moment there were to be a reduction in the price of either our wheat

or our wool, from that moment the agreement must stop because of the lack of money. I say emphatically that that might happen at any moment. We have lately read of the Geneva conference attended by 200 delegates representing 50 countries of the world who were practically unanimous in the opinion that the protective system all over the world was crumbling because of its lack of economic foundation, and many resolutions were passed concerning it. We have also the statement of the Tariff Board, the high priests of protection, who recently expressed grave doubts about it, and Mr. Bruce has also expressed grave doubts. If we cannot export wheat and wool and square the debts incurred for overseas imports, where is the revenue for the Financial Agreement, or any other agreement, to come from? When the profit line is attacked—and it may be attacked by a reduction of the world's prices for those two commodities—we have absolutely nothing left. While I do not think there is any immediate danger of that, I certainly think it will occur within 15 years, and for my part, if the Financial Agreement serves for that period, I shall be very well satisfied with it. Something has been said about Western Australia's ability to increase its population at a ratio greater than that of any other State. I hope it is true; yet I have some doubt about it. When we go into the country districts we find happening what Oliver Goldsmith spoke about in the "Deserted Village." When he returned to the village that had once been a populous, happy little place, he found that the land had got into the hands of big holders and the population had gone. That process is already setting in here. Take such places as York, Beverley, and, I believe, Northam, and we find that those old-established centres have fewer people than they had 25 or 30 years ago.

Hon. V. Hamersley: It is the same in New South Wales.

Hon. W. T. GLASHEEN: Then it lends substance to my argument that we are perhaps calculating on a wrong basis. In the locality where I live—and the same thing is occurring in other localities—because of the high cost of production, a holding of 500 or 1,000 acres that once represented a good living has now become the poverty line, and the individual farmer finds he must have a couple of thousand acres if he is going to make anything at all. The result

is that two holdings that formerly maintained two men, together with their respective families and employees, are now merged into one. That sort of thing is taking place all over Western Australia at present. I think we shall increase our population immediately in a ratio greater than that of any other State, but ultimately ours will be the slowest increase. Members will agree with me when I say that nature has been very unkind indeed to Western Australia, inasmuch as she has not provided this State with mountains, and the sequence of mountains in the shape of rivers. We can never have intense cultivation such as is possible in New South Wales and Victoria, where there are beautiful rivers running right across the country, and tributaries running into the rivers, and fertile banks on every hand for many miles inland.

Hon. J. J. Holmes: They could exist only on the butter bonus.

Hon. W. T. GLASHEEN: There are commodities apart from butter that can be grown. If you have the water and heat you can grow anything. The possibility is that when our people have reached exhaustion point, on account of their requiring bigger areas to give them a living, intense cultivation will be setting in in the Eastern States, and the rivers and tributaries will be bottled up and thousands, if not millions, of people will have an opportunity to get a living there. I am sorry I cannot concur in the ratio of population increase during the next 58 years, or even 15 years, that seems to permeate the minds of some members. Still, I hope their conception of the position will prove to be right, and that mine will be wrong.

Hon. A. Lovekin: It shows that 58 years is too long a period for this agreement.

Hon. W. T. GLASHEEN: It certainly is; 58 years takes us into a far too misty future. I believe most members heard Mr. Bruce deliver a very fine address in Hoyt's Theatre the other day on the cost of borrowing money. He spoke of the difference in the rate of interest on internal borrowing as compared with the rate of interest on overseas borrowing. He said that, from the figures available of loans floated in Australia and abroad, the rate of interest was always in favour of loans floated overseas, and that the rate of interest in Australia was always higher. I think we are indebted to Mr. Seddon for

the array of figures he presented to the House last night. Though I said we were suffering from mental indigestion consequent on the figures presented to us, I consider that Mr. Seddon broke absolutely new ground on the question of internal and overseas borrowing. He took pains to tell us, though most of us were aware of it, that loans raised overseas never came here in the form of money. They always come here in the form of goods. He pointed out that, while we might pay 5 per cent. for a loan raised in London, when we considered that we had to transport that loan to Australia, not in paper money or in gold but in goods, and when we assessed the cost of all the items of transport, freight, insurance and other charges, that I cannot now enumerate—

Hon. G. W. Miles: And pay the Customs charges on the goods also.

Hon. W. T. GLASHEEN: Yes;—the hon. member proved to my satisfaction that the loan raised overseas, instead of costing us 5 per cent., cost us 7.8 per cent. Was not that right?

Hon. H. Seddon: Yes.

Hon. W. T. GLASHEEN: If that is correct, it shows a colossal margin in favour of internal borrowing.

Hon. A. Lovekin: That does not prove anything.

Hon. W. T. GLASHEEN: I think Mr. Seddon's figures were pretty conclusive.

Hon. G. W. Miles: How can you open up the country if you borrow internally?

Hon. W. T. GLASHEEN: I think Mr. Seddon's figures are correct, and if they are, there is another reckoning that he omitted to make or to tell us about. That reckoning is that when we borrow overseas and the principal comes to us in the shape of goods, the interest travelling in the other direction must likewise go out in the shape of goods. If the transporting of the goods representing the principal means an additional charge of 2 per cent. on the rate of interest, I should say the cost of sending the interest the other way in the shape of goods would represent 1 per cent.

Hon. H. Seddon: I am inclined to think it would.

Hon. A. Lovekin: But you have omitted a very important economic factor in that argument.

Hon. W. T. GLASHEEN: If the Commonwealth floated a £35,000,000 loan over-



seas, 3 per cent. additional cost would represent well over £1,000,000. The question opens up new ground to me, and I am indebted to Mr. Seddon for the pains he took to bring those figures so clearly before us. I wish to add a few remarks to what has been said regarding the forfeiture of our sovereign rights. Much has been said about the Loan Council and the particular duties that that body will have to perform. So far as I can visualise the powers of the Loan Council, I would say they are a very nominal body indeed, and so far from having any dictatorial power, their powers will be only nominal. The representation is one member for each State, and while the Commonwealth Government will have three votes, they will have one only representative in man power. For a start, that is a distinct disadvantage for the Federal authorities, because it is not the number of votes cast that counts altogether; it is the personality of the man who casts the votes. If we have a small body of people around a table and three of them have a vote each, they are a far greater power than one person having three votes. Yet that is the position in which the Federal Government will be placed.

Hon. G. W. Miles: One of the votes is a casting vote.

Hon. W. T. GLASHEEN: Yes, and it will not be exercised unless it is needed. Although Mr. Seddon's reasoning on the figures relating to loans was quite logical, if I understood him aright, he was not nearly so logical in his remarks about the Loan Council. I think he particularly mentioned a sum that we might submit to the Loan Council. He said we would put it into the hands of the Loan Council, who would place it on the market, and if the public did not subscribe the full amount, there would be a certain debit that would have to be allocated proportionately between the States and the Commonwealth. That will never happen in practice. As a matter of fact, the Loan Council will not put any loan on the market. What they will do will be to go to the people who have been doing this business all their lives—the underwriters. Loans are never placed on the market directly by the borrowing State, but are handed to the underwriters, who will never take a loan until they are reasonably sure that the money will be forthcoming. Immediately they take a loan from a State, the State can start to write its cheques,

because, if the public do not subscribe the full amount, the underwriters have to take the balance. If we submitted a loan aggregating 35 millions, the Loan Council would say, "The money market, we think, will not absorb this, but will absorb 20 millions. That is all we shall attempt to float and we shall allocate the money proportionately." They would hand the business to the underwriters—those people trained to sense the money market and all the details associated with the raising of money. After all, it is not the underwriters or the Loan Council with whom the decision rests. The decision rests with the subscribing public. The underwriters take a loan and sometimes are wrong in their estimates of the public capacity to subscribe the required amount, and the loan is either under or over-subscribed. That indicates that the whole question is in the hands of the public. While on that point I should like to know whether, seeing the Loan Council have power to raise a reduced amount, what would be the position if a loan was over subscribed? Would the States then be able to float an additional loan in order to make up their full quotas?

Hon. J. J. Holmes. The State cannot float a loan without the unanimous consent of the Loan Council.

Hon. W. T. GLASHEEN: Anyhow, I am not afraid of the powers possessed by the Loan Council. I do not know that they would rob us of any of our sovereign rights. If I had my way, I would give the Loan Council far more power than they can ever have under the Bill. It is not long since we heard the "ins" and "outs" of the Federal Parliament when the soldier gratuity bonds were under discussion. There was a positive auction mart. The "ins" said, "We will give gratuity bonds to the soldiers," and the "outs" said, "We will give them cash to the extent of £80 or £100." One was battling against the other.

Hon. J. Cornell: The "outs" said, "You ought to have given them cash."

Hon. W. T. GLASHEEN: Anyhow, it is a most undesirable state of affairs that there should be any tendency to buy a further period of office by a lavish distribution of public funds. I would say it would be desirable to give the Loan Council power to declare that the States and the Commonwealth should have to put up a schedule of various items for their loan requests of

five or ten millions, and if upon investigation it was found that any of the items were without an economic foundation, the Loan Council should be able to say, "We do not believe in what you propose to spend the money on, and we will not agree to the flotation of the amount."

Hon. A. Lovekin: Would you not say it would be better if it were non-political?

Hon. W. T. GLASHEEN: It would be very difficult for such a body to be non-political. I would say, and I feel instinctively that it is so, that the first suggestion on which the Financial Agreement is based did not emanate from Mr. Bruce or Dr. Page, but that it emanated from far greater authorities. It will be remembered that some 12 months ago—I do not quite know the exact time—the governing director of the Bank of England and many other eminent bankers, paid a visit to Australia at about the same time. Mr. Bruce told us that for five years this proposal has been under discussion. It is not a Johnny-come-lately affair. It emanated from those who best understand the borrowing and sustaining powers of Australia. Thus I am led to say that a very direct intimation was given to Australia by high financial authorities that proposals such as are being discussed at the present time were necessary for the safety of the States. Let us take Western Australia's recent flotation in London as a criterion that our credit is going to continue to be better than that of any other State of the Commonwealth. I hope it is, but again I have my doubts. We have in this State what I might describe as one of the guiding stars, the migration scheme. I know of no scheme that has been more widely advertised and held up as an example to the world of what migration proposals should be—I refer to the group settlement in the South-West. It is common talk that that scheme at the present time has far from justified itself. As a matter of fact, if there should be any possibility of that scheme in the near future proving to have an economic false foundation, by the fact that we shall have to write off two or three millions, I would say that that would do harm to our credit and reduce it to a level lower than that of the other States. We hope and trust, however, that that will not be so. Western Australia is producing more wool, more wheat, more timber and more minerals per head of the

population than any other part of Australia, and for the moment I think that that is responsible for our credit standing so high. I shall not say any more except that I have tried to the limit of my capacity to analyse the Bill. I admit that I can see some weaknesses in it. I asked myself the question, after having analysed it thoroughly, whether I could suggest anything better in its place. I candidly confess my failure to do so. If anybody can put up something concrete, something with the element of endurance and the element of practicability, all I can say is what I said before, that I will vote for such a proposal. Until that is done, I stand where I started and I shall vote for the Bill.

**HON. SIR EDWARD WITTENOOM** (North) [5.36]: Somewhat reluctantly do I rise to prolong the debate on the Bill because so many have already spoken to it that they have left little or nothing more to be said. Before I go further I wish to congratulate the Chief Secretary on the able manner in which he presented the Bill to us; he made the details so clear and he put the facts before us so lucidly and so convincingly, that we might easily have gone to a division directly after he resumed his seat. The Chief Secretary gave us all that he possibly could in the way of information, but at the risk of repetition, I intend to say a few words and will not keep the House very long. There are two reasons which stand out prominently why we need not take up much further time in discussing the Bill. I feel confident that nearly every member has made up his mind as to how he intends to vote, and it would take a great deal to induce those members to alter their views. In addition, we had the visit of the Prime Minister who took the opportunity to place before the public the position as it will exist should the proposals be agreed to. Mr. Bruce gave first-hand information, and he was very candid when he put up both sides of the question. His statement was so clear and telling that it left all those who heard him in little doubt as to which way they would vote. After what Mr. Bruce said, I feel that nothing I can say will influence any member of this House. The question resolves itself now into this position, that if we reject the Bill, what will the alternative be? We have heard Mr. Lovekin and Mr. Holmes, the only two who have spoken in opposition to the Bill. I believe

there are others also who are opposed to the Commonwealth proposals, but neither of the two gentlemen I have named has advanced a single acceptable idea that should take the place of the Bill. Therefore, it seems very difficult to know the grounds on which we are asked to reject the Bill. When objections are put forward, we generally like to hear an alternative. The arguments used by Mr. Lovekin amount to this, that we should trust to Providence.

Hon. A. Lovekin: I did not say that.

Hon. Sir EDWARD WITTENOOM: That is my interpretation of what the hon. member tried to say. Mr. Holmes said, "Throw it out and we will get better treatment; they dare not give us worse treatment."

Hon. J. J. Holmes: I advocated the distribution of the  $7\frac{1}{2}$  millions on a per capita basis.

Hon. Sir EDWARD WITTENOOM: The hon. member's argument was, "Throw it out and they dare not give us anything that is not good." Those are the only alternatives we got from those two hon. members.

Hon. A. Lovekin: Did you think—

Hon. Sir EDWARD WITTENOOM: I do not want the hon. member to make my speech for me; I can make it myself. The hon. member has been doing nothing else but trying to explain the speeches of other members.

Hon. A. Lovekin: Some of them required it.

Hon. Sir EDWARD WITTENOOM: I am rather amused at the manner in which the hon. member has been interjecting and for this reason: Some time ago, doubtless because of the hon. member's ability and usefulness, he was asked to compile the conditions under which debates are conducted in this House, those conditions being what we call the Standing Orders. In those Standing Orders it is provided that it is disorderly to interrupt a member when he is talking. In that respect Mr. Lovekin is one of the greatest transgressors in the House.

Hon. A. Lovekin: It is also disorderly to misrepresent a member.

Hon. Sir EDWARD WITTENOOM: Then the hon. member should not do it. My interpretation of his remarks is that we should throw out the Bill and trust to Providence to give us something. I do not say the hon. member made use of those words,

but that is what I gathered from what he said. Let us see what we can get. At one period we had three-fourths of the Customs revenue. Then for that there was substituted the 25s. per capita payment, and it was proposed by those who understood the position that that arrangement should be included in the Constitution. The people, however, turned down the suggestion that it should be embodied in the Constitution.

Hon. G. W. Miles: It was not enough.

Hon. Sir EDWARD WITTENOOM: It was included in an Act, but had it been embodied in the Constitution, it could not have been altered except by further reference to the people. The Act in which it was included was repealed and the result is that we have been put in the position in which we find ourselves. We shall probably be in a worse position if we reject the Financial Agreement Bill after its have been accepted by the other States. The Commonwealth might then say, "What are we going to do with you?" There might then be another temporary arrangement which too, might also be amended or abolished. Therefore, I consider we have no alternative but to accept the Bill. I am not contending for a moment that it is a perfect agreement. Heaps of objections have been advanced against it and some of them have been sound, but what can we do if we cannot get our own way? The only thing to do is to accept it or throw it out. It is my intention to support the Bill and I do not hesitate to say so, unless, like the hon. member who spoke just before me, someone can guarantee us something better. When I say I support the Bill, I am sincere about it. I do not desire Mr. Lovekin to think for a moment that I am giving my support in the hope of getting additional honours in the way that he suggested they might be extended to the Leader of the Country Party in another place. This recalls a prophecy that was made some years ago by a member of Parliament, Mr. Vosper, who, I have no doubt, was known to some of the members at present in this Chamber. He said, "You know, Mr. Wittenoom, the time will perhaps come when I may address you humbly and without permission as the Most Noble the Marquis of Nookawarra." I am quite sincere over this, and am not looking for honours, even if I do support the Bill. I have prepared 11 pages of matter for delivery to the House, but I can relieve the anxiety of members at once by saying that I am not going to read it.

Hon. J. Nicholson: Why?

Hon. Sir EDWARD WITTENOOM: Because I have more regard for their patience than apparently they have for their own. I shall be as brief as possible.

Hon. J. Nicholson: You might induce some of the opponents to change their minds.

Hon. Sir EDWARD WITTENOOM: There is no hope of doing that. I wish to make a few remarks because I feel I am as much interested in Western Australia as anyone, and I have had as much to do with its development. I have listened to the preceding speakers. We have not yet, I hope, heard the best of them, for there are others still to follow. Whilst I am rather in favour of the matter contained in those speeches which have been delivered in support of the Bill, I am not prepared to endorse the remarks of those who are opposing it. Everyone realises the expense and trouble to which Mr. Lovekin has for some time past been put in going into all the details of this agreement, and finding out everything he could concerning it. Unfortunately, he has done all that with the object of destroying it, and not of helping it through. His one idea has been to destroy it.

Hon. A. Lovekin: That is not right.

Hon. Sir EDWARD WITTENOOM: I am only judging by his remarks.

Hon. C. F. Baxter: Are you going to support it now?

Hon. A. Lovekin: I tried to ascertain whether it was a good thing for Western Australia.

Hon. Sir EDWARD WITTENOOM: Up to the present, when any speaker has made remarks against the Bill, Mr. Lovekin has said, "Hear, hear," but directly there was a speech in favour of it, he made a conversational interjection of some sort. Mr. Lovekin seemed to pin his faith to two arguments. He kept on arguing as if we had a choice of two things. One was that we should reject the agreement and revert to the per capita arrangements. We know that the per capita arrangement is impossible.

Hon. A. Lovekin: You misunderstood me. I did not suggest that.

Hon. Sir EDWARD WITTENOOM: I suppose that is due to my want of sense in getting only a bad impression of what the hon. member said. The other remark by Mr. Lovekin was that if we reject this, we are sure of getting something better.

Hon. A. Lovekin: I said I was opposed to the per capita system.

Hon. Sir EDWARD WITTENOOM: These are the two points I understood the hon. member to put forward.

Hon. A. Lovekin: You are entirely wrong.

Hon. Sir EDWARD WITTENOOM: These impressions were left upon my mind. My replies to these points are that no per capita arrangements are any longer available, and we are told that these are the best terms that can be offered. Some members said the other night that three of the Premiers had reluctantly signed the agreement, because they could get nothing better. They were in a position to judge. Mr. Holmes was equally as strong in his objections to the agreement, but he differs from Mr. Lovekin in that he maintains there is no constitutional question involved. I quite agree with Mr. Holmes in that contention. No constitutional question is involved because the alteration from the three-fourths of the Customs and excise to the 25s. per head was a substitution.

Hon. J. J. Holmes: If we have no claim, they can side-track us.

Hon. Sir EDWARD WITTENOOM: Why give the Federal Government the credit for doing wrong things? Why not give them credit for doing some good? Here are some of Mr. Holmes's objections: The first was that influential people outside the House had strongly urged him to oppose the agreement, the second, that if it be carried here it will be thrown out when referred to the people, and that he will do all he can to assist. His third point was that this House was taking a great responsibility in voting for the agreement.

Hon. A. Lovekin: Those were his points.

Hon. Sir EDWARD WITTENOOM: My reply is that influential people who are interested in the State have, in large numbers, urged me to support the agreement. That is the other side of the picture. These are people who have as much interest in the State, I imagine, as Mr. Holmes's friends have. The hon. member is not in a position to say the agreement will be thrown out if it goes to a referendum. The results of referenda have not always been what we desired. It is very difficult to gauge public opinion. Let me take two referenda which have already been held. The first was on the question whether or not we should join the Federation. We know what happened in that case. The next was a referendum with regard to putting

the 25s. per capita grant into the Constitution. The people declined to do this. No one can say how these referenda will go. I think both referenda were bad.

Hon. W. T. Glasheen: Both were carried in this State.

Hon. Sir EDWARD WITTENOOM: The two Houses of Parliament in this State have had ample opportunity to obtain the fullest information with regard to the document before us, but we cannot agree upon it. How can we expect the people who have no such opportunities to come to an agreement? Half a dozen people have come to me already and said, "Is there not going to be something in the nature of a referendum upon this Bill?" I replied in the affirmative, and they then said, "Tell us about it. How should we vote?" That is the sort of referendum we get from most people. I do not say they are not intelligent enough to vote properly, but, on an involved question like this, they have no opportunity of getting to the bottom of it.

Hon. E. H. Harris: And they are not going to have the opportunity now, not on the question whether the States should enter into this agreement or not.

Hon. Sir EDWARD WITTENOOM: No acceptable alternative has been put up. If we reject this, what have we got in its place? I cannot see my way to oppose it unless I hear of something that will take its place.

Hon. A. Lovekin: Can you suggest something?

Hon. Sir EDWARD WITTENOOM: I cannot. I could suggest a lot of things, but not acceptable alternatives. I owe an apology to Mr. Holmes. I do not often interject, but when he was speaking the other day, I made one interjection. I know he takes interjections very unkindly. In this case I did not intend to be unkind. He was speaking of the responsibility we all took if we passed this agreement. I asked innocently if he did not think we should take a greater responsibility if we rejected the Bill. I heard Mr. Holmes himself say, when the Chief Secretary was speaking, that he could not sit here and listen to that sort of thing. The Chief Secretary had been appealing to members not to interject as he wished to pursue his arguments logically and in sequence, and you, Sir, also asked that they should not interject. After a quarter of an hour Mr. Holmes did interject, and made the remark

to which I have just referred. I was influenced in very much the same way as Mr. Holmes was, when he referred to the responsibility that we would be taking if we passed this agreement. I simply said, "Do you not think we shall take a great responsibility if we reject the Bill?" Mr. Holmes politely told me that he would listen carefully to what I had to say about that. This is what I have to say on the matter. I carefully wrote it down so that I should not make a mistake. My explanation is that this agreement has had the attention for some considerable time of the law officers of the Commonwealth, and also of those Premiers who signed it, most if not all of them also being Treasurers, and that with their personal knowledge of the finances, together with the advice of their expert officials, surely we can give them credit for knowing what they are doing. In addition to this we find that not only have five Parliaments agreed to the Bill, but that our own Assembly, by a substantial majority has also agreed to it. The members of those other Parliaments are by no means inexperienced. Therefore I think that the majority of members in this House would be taking a grave responsibility if they rejected the Bill. I would put this aspect of the question before members. By what would they prefer to be influenced, the actions of six Premiers advised by their expert officials, and the actions of the members of 5½ Parliaments, many of those gentlemen having had years of official and financial experience, or by the actions of Mr. Lovekin and Mr. Holmes? I do not think the answer is a difficult one.

Hon. A. Lovekin: Has it come down to that?

Hon. Sir EDWARD WITTENOOM: I think we can answer that question pretty well.

Hon. A. Lovekin: We shall see when the numbers are up.

Hon. Sir EDWARD WITTENOOM: To my mind, the only thing we can do in this instance is to take the agreement or leave it. We have been told the conditions under which we can take it, and that the other States can agree to no alteration. We are also told that there is no adequate alternative with which to replace it. I am at present in favour of it; unless I hear anything better I intend to support it. I feel certain that all members will weigh the pros and

cons and I hope after giving it full consideration they will come to a favourable conclusion. I thank members for not interjecting very much, for had they done so I might have been put off the trend of my arguments.

Hon. C. F. Baxter: That always helps you.

Hon. Sir EDWARD WITTENOOM: Other members are to follow on. From what I have gathered from their conversation, they are not exactly in favour of the Bill. If there is any criticism coming of my remarks this evening, no doubt members will give me a full measure of it. Meanwhile, I intend to support the second reading of the Bill.

HON. G. W. MILES: (North) [6.0]: As other members have said, there has been a great deal of discussion on this Bill, both for and against. The Chief Secretary has been congratulated on the way in which he put the case for the Bill, and Sir Edward Wittenoom has said the Minister practically convinced him by the lucid manner in which he explained the provisions of the Bill. I think the speech of the Chief Secretary in introducing the Bill was unique, for he made a speech in reply to arguments which have only been put up since. He began by criticising Mr. Lovekin's statement, saying he thought it his duty to do so as Mr. Lovekin had been issuing pamphlets and printed matter in regard to the Bill. That is, in my opinion, a somewhat unusual method of introducing a measure. Mr. Lovekin had gone to a good deal of trouble in examining the measure, and in that respect he has been congratulated by every member of the House. The other side of the question had been fully stated in the Press, not the Press of Western Australia, but the Press that is published in Perth and influenced from Melbourne. Some of the arguments advanced against the measure have not received the publicity that should have been given them. I take it to be the duty of the Press to give both sides of a question full publicity. Quite recently Mr. Holmes was under the necessity of correcting the presentation of some of the arguments that he used. Nowadays the Press of this State is a little-Australian Press influenced from Melbourne. I am speaking of the daily papers of Perth. It is regrettable that this State has not a Western Australian newspaper.

Hon. Sir Edward Wittenoom: What about the "Sunday Times"?

Hon. G. W. MILES: I am talking of daily papers. We have "Truth," the "Sunday Times," the "Worker," and the country papers. But the policy of the metropolitan daily Press is dictated from Melbourne.

Hon. J. Cornell: What about the "Kalgoorlie Miner"?

Hon. G. W. MILES: The "Kalgoorlie Miner" is all right. I include that paper in the country Press. It is a wonder Sir Winthrop Hackett does not turn in his grave at the policy now put before the people of Western Australia by the "West Australian." In my opinion the policy adopted by that paper since it has been controlled from the Eastern States was the cause of Sir Alfred Langler's death. The metropolitan daily Press has not placed the other side of the case regarding the Financial Agreement before the people. The argument has been used that we cannot get anything better. The Premier himself said the agreement was not all he desired. I consider it the duty of this Chamber to hold the question up. The responsibility now resting on the 30 members of this Council is the greatest responsibility that has rested upon the House for almost 30 years. It is the most important question that has come up for decision since Federation. Sir Edward Wittenoom argues that because the Bill has been carried by six other Parliaments, we should carry it. But is that any reason why we should enter into an agreement unjust to Western Australia, even if that agreement has been adopted by a majority in another place? It is the duty of members here to take the responsibility on their shoulders. We shall be judged not merely during the next 20 or 30 years, but by future generations, as to what we do in this House regarding the Bill. Next we have the spectacle of the chief supporter of the Collier Government coming here from Melbourne, in the person of the Prime Minister. Mr. Bruce arrives at this stage to put up his arguments again, and we have members of this Chamber who regard him as a kind of tin god, practically repeating his statements here. It must be urgently necessary for the Commonwealth to get the Bill through when the Prime Minister comes along with his following. We find strange bed-fellows—the Prime Minister and Mr. Collier, Sir William Lathlain and the Chief Secretary. Where will it end?

Hon. J. Cornell: What will the harvest be?

Hon. G. W. MILES: I consider that the cart is being put before the horse in connection with this measure. As regards the taking over of State debts by the Commonwealth, there is power for the Federal Government to do that under the Constitution, without this agreement. As has been said by other members, a referendum should have been taken before the Parliaments of Australia were asked to agree to the Bill. If the referendum is taken and the people agree, the next Federal Parliament can turn the arrangement down if they wish. This is as lopsided an agreement, if it can be called an agreement, as has ever been put before a Parliament. For the Commonwealth it is a case of heads I win, tails you lose.

Hon. E. H. Harris: Were not the State Premiers parties to it?

Hon. G. W. MILES: It is argued that we have no alternative, but if the question is held up, the parties must get together and come to some understanding.

Member: When—in ten years' time?

Hon. G. W. MILES: No; as soon as this Council has the pluck to stand up for Western Australia and turn down the Bill, there will be another conference. The agreement is not just to this State.

Hon. A. Lovekin: Mr. Bruce said there would have to be another conference. He said that in his speech.

Hon. G. W. MILES: At his recent meeting here, Mr. Bruce said—

I take it there are two ends to the Financial Agreement—one the necessity for the consolidation and mobilisation of Australia's national debt and the utilisation of that mobilised credit in all our future operations; the other, the question of compensation to the States in exchange for the per capita payments they used to receive.

We all agree with that, but we do not agree that it should be brought about at Western Australia's expense. By this Bill we are called upon to assist in straightening the finances of New South Wales and Queensland. I claim to be just as good an Australian as any hon. member who has spoken, notwithstanding certain references made by one of our knights to the die-hards of anti-Federation.

Hon. Sir Edward Wittenoom: Not the benighted ones!

Hon. G. W. MILES: Mr. Bruce's speech continues—

Touching the second aspect, some people thought it would not have mattered had the per capita system been continued indefinitely. I say without hesitation you could not have hoped for that system to continue. Had it continued, it would have been a very bad thing for Australia, and particularly for the smaller States. It was a bad system that gave to New South Wales, a comparatively highly developed State, 25s. per head for each of its 2,300,000 people, and to Western Australia, with infinitely greater problems of development, only 25s. for each of its 400,000 people.

That is Mr. Bruce's opinion, and yet he wants to tie us down for 58 years to an arrangement giving £3,000,000 to New South Wales and £2,000,000 to Victoria as against £473,000 to Western Australia. Is that just to Western Australia? I appeal to hon. members to put party out of the question altogether, to put the State first, and then the Commonwealth and the Empire. Mr. Bruce, the Prime Minister, says the arrangement is most unjust; and yet we have blind followers of Mr. Bruce standing up here to ask us to agree to that arrangement.

Several members interjected.

Hon. G. W. MILES: One interjection at a time, please.

The PRESIDENT: Order! All interjections are highly disorderly. The hon. member will proceed with his speech.

Hon. G. W. MILES: I hope the whole Chamber will recognise that it is necessary to put party out of the question, to recognise that we are in a non-party House. In the Federal Parliament the Financial Agreement Bill is introduced by a Nationalist Government and opposed by the Federal Labour Party. In Queensland the Bill is introduced by a Labour Government and opposed by Nationalists. In New South Wales the Bill is introduced by a Nationalist Government and opposed by Labour. In Victoria it is introduced by Labour and opposed by Nationalists. In South Australia it is introduced by Nationalists and opposed by Labour. In Tasmania it is introduced by Labour and opposed by Nationalists.

Hon. E. H. Harris: The Nationalists have come into power there since.

Hon. G. W. MILES: South Australia, since passing the Bill, has gone to the Commonwealth and asked for a disabilities grant of £750,000. Yet we have men here looking only to the present, to the easing of taxation for the next five or ten years. What about

our children, and their children who will follow them? Are not they to be considered? In this State the Bill is introduced by a Labour Government and supported by Labour. That is as regards the Assembly. In this House it is introduced by Labour and supported by Nationalists, or by the President of the National Federation, who is a friend of Mr. Bruce's because he has known him since his boyhood days.

Hon. Sir Edward Wittenoom: I wonder why the Premiers all signed it?

Hon. G. W. MILES: The hon. member interjecting knows a bit about banking and knows that when a man goes to a banker for an overdraft the banker says, "This is my rate of interest; take this, it is all I can give you." I have been in that position, and have had to take what was offered me. And that is practically the position of the Premiers under this Bill. The Commonwealth has agreed to give the States £7,500,000, and Mr. Bruce says he has had nothing to do with the distribution of the amount. Did not Mr. Collier and the Under Treasurer realise that it was a grave injustice for Western Australia to receive only £473,000 annually for a third of the continent, whilst the other States were receiving £7,000,000 annually? I believe Mr. Collier would welcome the action of the Council in holding up the Bill, because I am confident that this would result in a better distribution of the £7,500,000.

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

Hon. G. W. MILES: Before the tea adjournment I had referred to some of the arguments the Prime Minister had advanced in favour of the people here supporting the Financial Agreement. In my opinion, a good many of the reasons he advanced amounted to arguments as to why we should not support the agreement. I believe that if we were to hold up the agreement now, it would be found, if Mr. Bruce is sincere—and I think he is—that in the subsequent negotiations we would have the Prime Minister on our side. During the course of speeches he has made while in this State, the Prime Minister has made several references to our position. In one speech he had said—

You in Western Australia, present the same problem. To-day you have a handful of people—400,000—occupying one-third of a continent. You have the greatest of resources, and look forward to the century

you are just now starting, for it is inevitable that Western Australia is going to have the greatest population in Australia, and you are going to become the home of the greatest number of British people in this continent. What are you going to do?

It is true that his remarks were not made in connection with the per capita payments, but the Prime Minister voiced those opinions regarding the central Government. In those words the Prime Minister really said, and I believe he was in earnest, that we, in the years to come, will have the greatest number of people in this State. If we reject the agreement, I believe the Prime Minister will support us in our endeavour to secure a better distribution of the money available, £7,500,000, than is proposed to-day. Those who are in favour of ratifying the agreement ask, "What alternative do you propose?" The answer to that is that the alternative is further negotiation. If we accept the agreement we should tie our hands for the next 58 years. I hope that hon. members will consider the position very carefully and not attempt to rush the Bill through. We are supposed to be a House of review. If we hold up the measure at this stage, it can come before Parliament again. Should the voting be equal, although the President may be in favour of the agreement, it would be his duty to vote against the Bill.

Hon. J. Cornell: That is a hurdle we will take when we come to it.

Hon. G. W. MILES: It is the duty of this House to review the position calmly and quietly with a view to ascertaining whether something better cannot be secured for Western Australia and, in fact, for Australia as a whole, seeing that we represent one-third of the whole continent.

Hon. E. H. Harris: Then what about going into Committee and endeavouring to draft something?

Hon. G. W. MILES: There is another quotation from one of Mr. Bruce's speeches that I desire to place before hon. members. Dealing with the financial aspect and the money to be made available under the agreement, Mr. Bruce said it was not correct, as some people imagined, that the British Government were finding the money under the Agreement. Mr. Bruce was referring to the work of the Development and Migration Commission and he went on to say—

It was then that they realised the hopeless position that had grown up in Australia. All the States were operating separately; sinking funds were provided in some instances and not in others. In Britain men were becoming



extremely restive, and it seemed doubtful whether the Commonwealth would be able to raise the money upon the best possible terms. For that reason, the present Financial Agreement was made which had now been ratified by all the other States. It was said that the provisions of the Agreement were not necessary and that the credit of the individual States was as good as the Commonwealth as a whole. That might be true of some of the States but the credit of others had fallen into disrepute. But if there were a depreciation of the credit of Australia as a whole it was only a matter of time until it reacted upon the individual States.

That may be true. That is an argument Mr. Bruce advanced to influence people in favour of the agreement, but why should Western Australia's credit be sacrificed? That is the point. We are sacrificing everything in order to place Queensland and New South Wales upon a better financial basis.

Hon. J. R. Brown: It is more blessed to give than to receive.

Hon. G. W. MILES: But we do not want to give away everything to the other States.

Hon. H. A. Stephenson: Charity begins at home.

Hon. G. W. MILES: It may have been a strange coincidence that while Mr. Bruce was putting forward some of his arguments, Mr. Seddon was putting forward practically the same arguments in this Chamber. They both referred to the advantages of Federation.

Hon. J. Cornell: Great minds think alike!

Hon. G. W. MILES: That is so. In my opinion, the facts that were advanced were grossly misleading. They gave one side, but not the other.

Hon. H. Seddon: I gave both sides.

Hon. G. W. MILES: If the hon. member put both sides before us, I do not think he did it very well because I noticed references only to one side. The points made were in favour of the Federal point of view all the time. I would like to read a document I have, for it contains references to some of Mr. Bruce's statements and furnishes replies to them. The writer of the document sets out the position more clearly than, in all probability, I could present it, and although I may repeat a few of the quotations I have already mentioned, I will give the House the benefit

of the arguments advanced. The writer says:—

Mr. Bruce said: "I have heard it said that the credit of an individual State is as good as that of the Commonwealth as a whole. It is perfectly obvious that the credit of some States cannot possibly be so regarded. Some of the States have got themselves into disrepute in the money markets, but there are other States whose credit stands comparatively high. Western Australia for instance enjoys quite a good position in the Overseas markets."

Mr. Bruce's contention is that there should be a levelling. On his own showing, Western Australia is to be levelled down and States that have "got themselves into disrepute" are to be levelled up. In practical politics Western Australia can get its money at 5 per cent. and New South Wales, as was shown by Mr. Bruce, had to offer 5½ per cent. In future both States are to pay 5¼ per cent. Where is the compensation to Western Australia? On the other hand, what is the gain to New South Wales?

Hon. members will see that there will be a ¼ per cent. gain to New South Wales and a corresponding loss to Western Australia. The statement proceeds—

Mr. Bruce said: "It is said that someone is going to rob Western Australia of something she has accumulated in the past. That is totally and absolutely opposed to fact."

No responsible person has made any such assertion. What has been contended is that, under the terms of the agreement, the State Treasurer is permitted to tear up £9,000,000 worth of securities, on which there exist contractual obligations to continue interest and sinking fund payments thereon, as a result of which he is able to inflate his revenue by some £426,000 per annum for 58 years. The effect of this is to extend the liability over 58 years. And from another viewpoint, seeing that a large portion of this £9,000,000 has been derived from moneys that have been borrowed to meet funded deficits, the State Treasurer is, in fact, appropriating the moneys so borrowed.

Mr. Bruce also said: "I say without hesitation you could not have hoped for that system (per capita) to continue. Had it continued it would have been a very bad thing for Australia and particularly for the smaller States." In the next breath he said: "It might be asked why, if the per capita system is bad, do you justify perpetuating it for 58 years?" He continued: "I should have liked to have altered the basis." He says he put it to the Premiers, but they would not have it altered. The result was that Western Australia would get .78 of her total debt while Victoria would get 1.35 per cent—nearly double. Mr. Bruce said that the States would not look at the proposal, but insisted upon the per capita basis. By the States, he meant the larger States—the States that carry the numbers in the Federal Parliament—the States that pose as Australian. But when it comes to the matter of dollars, they

insist upon the inequitable arrangement of getting twice as much as the smaller States that have not the numbers. They insist upon a perpetuation of the injustice for 8 years. Mr. Bruce said: "Such is not due to the Commonwealth, but is the demand of the States."

In all his speeches—this is the point I want to emphasise—Mr. Bruce indicated views upon the question that mean, if we hold up the Bill, we shall have him with us in our endeavour to secure a better distribution of the £7,500,000 than we are now asked to swallow.

Hon. H. Seddon: Have you any justification for that statement?

Hon. J. J. Holmes: Read the Prime Minister's speeches!

Hon. G. W. MILES: Mr. Bruce has asked the public to believe he is sincere. I think Mr. Seddon and those who have listened to the various speeches Mr. Bruce has made, can form their own opinion as to whether Mr. Bruce is sincere or not. I have quoted what the Prime Minister has said.

Hon. H. Seddon: Do you think the Prime Minister will support you if you hold up the agreement?

Hon. G. W. MILES: If we turn it down, I think the Prime Minister will be with us to see that we are more fairly dealt with than is proposed in the Financial Agreement.

Hon. A. Lovekin: The Prime Minister said it was not fair.

Hon. J. R. Brown: No, he did not.

Hon. J. Nicholson: Yes, he admitted that, and said it was not what he had desired.

Hon. J. J. Holmes: He said the distribution was not such as he would have made.

Hon. G. W. MILES: Dealing with the sinking fund phase of the question, Western Australia provided a sinking fund of £12,000,000 whereas other States have provided no sinking funds at all, or at any rate, have made very little provision to meet their loan indebtedness. In this State we have actually paid off some of our loans but because we have been thrifty and have dealt with our finances in a cautious way, we are to be penalised. The suggestion is that in taking over our sinking funds, £9,000,000 will be written off our total indebtedness. I contend that the indebtedness the Commonwealth should take over from

the States is the gross indebtedness. Mr. Holmes told us that in discussing the position in the Eastern States the objection had been raised that Western Australia had funded £6,000,000 of her deficit and that that should be deducted from the £9,000,000. Other States had funded portions of their deficits but the Commonwealth had taken the funded portions over as part of the gross debts of those States. It has to be remembered that the Commonwealth will pay 2s. 6d. sinking fund contribution on the deficits.

Hon. H. J. Yelland: And they have shirked  $\frac{1}{8}$  per cent. on ours.

The Chief Secretary: Where did the hon. member get his information that the Commonwealth had refused to take over the deficit?

Hon. G. W. MILES: I do not know about the Commonwealth refusing to take over the deficit; I am speaking about the sinking fund. It was suggested that our deficit should be deducted from the sinking fund. That is not reasonable. I think the agreement should have provided for our debt of £60,000,000 plus the £9,000,000 sinking fund. It should have been the gross debt that would be taken over by the Commonwealth. We would then have had £9,000,000 to handle and that would have carried on the sinking fund for many years.

Hon. A. Lovekin: The Premier asked that the £9,000,000 should not be set off against the gross debt.

Hon. G. W. MILES: The Premier put up the arguments that we have been advancing, but because the Premier could not secure what we are justly entitled to, is no reason why Parliament should accept the agreement. If this Parliament holds up the agreement the Premier will be able to go back with a stronger hand and ask for better terms, or rather for justice for Western Australia. That is all we are asking for—justice. The reply to Mr. Bruce is—

Surely it has much to do with the Commonwealth—much to do with an Australian Government whose supreme duty it is to see that all States receive a reasonable measure of justice.

That is what we want; we want the Commonwealth to see that we get justice. Judging by Mr. Bruce's utterances, he would be prepared to assist us to get a measure of justice.

Hon. H. Seddon: Did he say that he would?

Hon. G. W. MILES: Mr. Bruce has gone so far as to get the other States to agree, and some of Mr. Bruce's supporters, who, I regret to say, have been returned to Parliament by Western Australian electors, advise us to accept the agreement and add, "We can get this matter altered later on." In other words, they advise us to tie our hands. Some of the members we have returned to the Federal Parliament have put up this argument, privately not publicly—they would not be game to utter such argument in Parliament—"Agree to the agreement and we can get this remedied afterwards." I do not know how some men ever came to be elected to Parliament. Mr. Bruce said—

The Federal politician doubtless promises to do everything for his State, but when it comes to the point that the only way to find the money is by increasing Federal taxation, he thinks of his own skin and his sympathy for the State is apt to grow extraordinarily cold.

That is what Mr. Bruce had to say of Federal members of Parliament.

Hon. J. Cornell: I think it is a fairly good summing up, too.

Hon. G. W. MILES: Yes, he was speaking of the tin-pot politician who wants to retain his seat at any cost.

Hon. J. R. Brown: They all do that.

Hon. G. W. MILES: The Prime Minister is carrying out a policy that he calls an Australian policy, and he knows as well as I do that it is not an Australian policy, but that it is a Melbourne and Sydney policy. I maintain that by his carrying out that policy and retaining the present mad tariff scheme, he is sinking his own convictions. If the Prime Minister was sincere he would retire from his position. It is argued that if the Labour Party were returned to power in the Federal arena, they would double the tariff. I say, let them get into power and double it. The sooner the crisis comes the better it will be. If the Prime Minister retired from office and gave the people a lead, he might even succeed in influencing the Western Australian Press, but the public would certainly be impressed. I repeat that this policy is not an Australian policy; it is a Melbourne and Sydney policy, a little-Australian policy that is strangling this country. Go into the back country and we find there is not a

young man left in it. The young men have been driven out. In the North we had approximately 20,000 people 20 odd years ago and to-day we have only about 6,000, in a territory as large as Queensland. Yet Mr. Bruce calls it an Australian policy, a policy that is killing the whole of the Australian primary industries. As Mr. Glasheen pointed out, the only two we have to live on today are the wheat and wool industries, and they will not last much longer.

Hon. J. J. Holmes: They cannot last much longer.

Hon. G. W. MILES: The sooner the crisis comes the better it will be for Australia, for there will then of necessity have to be a readjustment of the whole of the finances of the Commonwealth. The reply to Mr. Bruce's remarks about the politician is—

If such be truly characteristic of the Federal politicians, it is no wonder that the States complain. Naturally no member likes to advocate increased taxation. But in this case, what is about to happen? The Federal politician, to save his own skin, is seeking to purloin all the indirect taxation which involves little or no odium. But as the same amount of money has to be levied from the people, the odium of increasing direct taxation is henceforth to fall upon the State members. Is this equitable? Is it fair? Is it Australian?

Yet we find members in this Chamber ready to sell the birthright of their children and their children's children for the next 58 years.

Hon. J. Cornell: The heritage.

Hon. G. W. MILES: Yes. Mr. Bruce made a further statement, which is hot. He said—

If the Financial Agreement does not go through, you have to remember that you do not revert to the old per capita system. You revert to nothing. You will have to start negotiations with the Commonwealth all over again.

The reply to that statement is—

Obviously we do not revert to nothing. The Commonwealth is the aggregation of the States, and will any sane person contend that the parts are going to permit the whole to confiscate all the taxation and return nothing? It is unthinkable. Further, in the light of recent discussions, would it not be quite a good thing to start negotiations over again? We should at least have Mr. Bruce on the side of the small States, for he admits that the present terms are not equitable.

Mr. Bruce, in reply to an interjection, said it was useless to base hopes upon a rever-

sion to the surplus revenue provision; pretty conclusive proof of that was the fact that the States had never got at the surplus revenue. He added, "I say without hesitation that whatever Government comes and whatever Government goes, no one will let you get hold of what you call the surplus revenue."

Hon. A. Lovekin: By fraud or otherwise.

Hon. G. W. MILES: Yes. I commend the arguments advanced by Mr. Lovekin and Mr. Holmes to the serious consideration of members. I do not take any credit for what I have said because most of the arguments have been used not only here but in other places. I think the Premier himself used some of them at the Premiers' conference. I appeal to members seriously to consider what they are doing. This is the last chance we have. Members should realise that under this Bill we are asked to develop one-third of Australia with only £475,000 from the Commonwealth, and yet the Commonwealth, as Mr. Holmes pointed out, can find an equivalent sum by way of interest on the outlay at Canberra. How can we possibly expect to open up and develop this great State on those terms when we have to provide the money for such services as police, health and education? In every department more money is asked for year by year, and as the country is developed, still more money will be required. I guarantee that the Minister for Education finds it impossible this year to keep his Education Estimates down to last year's figures. It is impossible owing to the expansion of the State. The same applies to the Police Department. There is an agitation for more police. We have the same number of police now as we had when the population of the State was 100,000 fewer. Similarly the demands of the Health Department are increasing. With all these increases of State services, how are we going to manage?

Hon. V. Hamersley: It will mean further taxation.

Hon. G. W. MILES: And who will pay it?

Hon. J. J. Holmes: The wool grower and the wheat grower, of course.

Hon. G. W. MILES: That is so. Soon we shall reach the stage when there will be nothing left to tax, and then the crisis will come. All I ask is that the Bill be held up in order that an attempt might be made to get a better distribution of the £7,500,000. I feel confident that if this House has the

courage to hold up the measure, much better terms will be given to this State.

Hon. J. R. Brown: Why don't you suggest something?

Hon. G. W. MILES: Consider the position from the point of view of area! Western Australia and South Australia comprise 45 per cent. of the territory of Australia and, under this agreement, it is proposed that they shall receive only 15 per cent. of the £7,500,000. New South Wales, Victoria and Queensland have 35 per cent. of the territory and they will receive 80 per cent. of the money. The whole work of developing this country lies before us. That we have the assets has been well illustrated by the figures quoted, and I shall not attempt to give further figures. We have a territory containing hundreds of millions of acres, and it is our duty to develop that territory. For it we have to provide all requirements in the way of health, police and education.

Hon. J. J. Holmes: None of which is revenue-producing.

Hon. G. W. MILES: All are non-revenue-producing. That is what Federation has done for us. Mr. Seddon argued last night that Federation had been a benefit to Western Australia, and Mr. Bruce put up a similar argument. Does Mr. Seddon mean to say that if Western Australia had not entered the Federation, we would be in the position in which we find ourselves to-day? He claims that we are better off than we would have been had we remained a separate State. Sir William Lathlain referred to the die-hards at the time of Federation. I was a Federalist and I am still a Federalist, but I do not believe in this policy of strangling the State. Had Western Australia remained out of the Federation, I am satisfied that its population to-day would have been 50 per cent. greater, and it would not have had the deficit that it has had to fund. Mr. Seddon argued that, as a separate State, we would have been compelled to tax ourselves. We would not have taxed ourselves to the extent that the Commonwealth Government have taxed us. The Prime Minister, Sir William Lathlain, Mr. Seddon and others all put up the same arguments. Mr. Bruce quoted some figures at the Y.A.I. meeting, and was reported in the Press as follows:—

Western Australia was paying £7 5s. per capita and getting back £9 14s. He gave details based on Western Australian population being 6½ per cent. of the total population of Australia.

The comment on those figures is as follows:—

These figures are utterly misleading. He charges a full share of Commonwealth interest, but gives no credit for what Western Australia pays on moneys borrowed from the Commonwealth that are part of the Commonwealth indebtedness. He debits a full 6½ per cent. of total war pensions, repatriation, invalid and old age pensions and maternity bonuses to Western Australia, but this State does not receive 6½ per cent. (see "Year Book," 1926, page 354 et seq.). He shows taxation as £7 5s. per capita. The "Year Book," page 331, shows revenue per head £11 14s. 6d. over all Australia, and Western Australia pays more per head than do the other States. It is not fair to pick out a few items only.

On top of that there is the profit on note issues and other things which are stabilised through the gold produced in Western Australia.

Hon. A. Lovekin: A million and a quarter a year.

Hon. G. W. MILES: We have to pay 2d. a lb. for every lb. of sugar that we consume, for the benefit of Queensland.

Hon. A. Lovekin: That does not count in the figures.

Hon. H. Seddon: You have not submitted any figures in refutation of those I put forward.

Hon. G. W. MILES. It is an accepted fact in this country that if Mr. Seddon stood on the public platform and delivered the speech he made last night, out of a desire to become a member of the Federal Parliament, he would be at the bottom of the list, if he did not even lose his deposit. That is my view of the opinion of the electors of this State on that point.

Hon. H. Seddon: You are one of them.

Hon. G. W. MILES: The Premier has fought this case and claims he could not get any better terms up to the present. I think he would get better terms if this Parliament had the courage to hold up the agreement. Other Treasurers have agreed, because they are on a better footing than is Western Australia. The agreement must ease the finances for the Treasurers over a number of years. Undoubtedly for the first few years we shall be better off, and through a rearrangement of the financial position there may be a reduction in taxation. We then may have the spectacle, as we had at the last election, of the Government saying, "See what we have done for the people. We have reduced taxation." On the occasion of the last elections

they stated they had reduced taxation by 33½ per cent.

Hon. A. Lovekin: The Treasurer would be very foolish to let go any taxation now.

Hon. G. W. MILES: I am referring to what happened on the last occasion when we received a disabilities grant from the Commonwealth Government. It was good policy to reduce taxation, but they claimed to be the people who had reduced taxation by 33½ per cent. It was the Commonwealth's national policy that enabled this to be done.

Hon. A. Lovekin: A sinking fund on 30 millions of money has to be found this year, which had not to be found before. The Treasurer cannot let go any taxation.

Hon. G. W. MILES: I am not in a position to go into the figures quoted by Mr. Seddon concerning overseas borrowing. How is Australia going to be developed without overseas borrowing? Is it possible to raise enough money in Australia to develop the Continent and people it in good time to enable us to retain it? Mr. Seddon's policy is that it is madness to borrow from overseas, that we are paying 7 per cent. for our money there, and that we should borrow in Australia. That is the view of a little Australian, and is fully in sympathy with the company he has lately been keeping. He is one of the supporters of the so-called Australian policy, which after all is only the policy of a little Australian. If that policy is continued, I know where it will land us. The only conclusion to be drawn from Mr. Seddon's remarks is that it is cheaper to borrow in Australia. If we take the money out of the pockets of the people, how are those people to use it for the development of the country?

Hon. A. Lovekin: Loans to the tune of 70 million pounds will mature in 1930.

Hon. G. W. MILES: The Commonwealth will have to renew those loans. We must get the money from outside, otherwise Australia cannot develop its huge territory. Unless Australia is developed and peopled quickly, we shall be pushed out of it by some other race. It is utterly fallacious to say that we can borrow money in Australia for this purpose. The question of our credit has been raised. It has been said that Western Australia is being used to stabilise the credit of the Eastern States. We own one-third of Australia and we owe 60 million pounds. The other two-

thirds of Australia owe 600 million pounds. It has been argued that the sinking fund has not much to do with the rate of interest at which we borrow. My view is that our sinking fund has been a great factor in deciding the rate at which we have been able to borrow. It showed that we were a thrifty people to the extent that we were putting together a fund with which to redeem our debts in the way the other States were not doing. The policy of establishing a sinking fund is a good one, and could be continued without being embodied in the agreement. There could be a voluntary Loan Council, if desired, and a sinking fund could be provided by each State. Financiers at Home could agree not to lend money to States that did not possess a sinking fund.

Hon. A. Lovekin: In the pamphlet I referred to, Western Australia was specifically excluded from criticism because she had a sinking fund.

Hon. G. W. MILES: Reference was made to the repudiation of our bondholders. The Commonwealth will take up these loans as they mature. There can be no doubt about that. The Chief Secretary said the bondholders had not raised any objection in London, and that the trustees of the sinking fund had agreed to the provisions of this document. I understand that the trustees are appointed by the State Government and they would naturally agree to this scheme.

The Chief Secretary: That is not correct. They are appointed by the London and Westminster Bank.

Hon. G. W. MILES: Is not the Agent General one of them?

The Chief Secretary: The Agent General is one of them, but there are others also.

Hon. G. W. MILES: The trustees would not have consulted all the bondholders. There is not much in that argument. Another point was made about the States borrowing in Australia. Mr. Seddon points out that it is dearer to borrow overseas than it is to borrow in Australia. The Prime Minister says it is cheaper to borrow overseas. According to statements which have been made, all oversea borrowing will be reserved to the Commonwealth. The States will borrow in Australia, and will pay the higher rate of interest.

Hon. A. J. H. Saw: Who will decide that?

Hon. G. W. MILES: That has been announced by the Prime Minister to be the idea?

Hon. A. J. H. Saw: Does not the Loan Council have any say in the matter?

Hon. G. W. MILES: On the Loan Council the Commonwealth will have two votes as well as a casting vote. According to the remarks of the Prime Minister concerning the type of men we have in Federal politics, they do very much as they are told.

Hon. A. Lovekin: Dr. Earle Page made a statement on that subject.

Hon. A. J. H. Saw: He is not the dictator of Australia yet.

Hon. J. J. Holmes: He is pretty close to it.

Hon. G. W. MILES: Earlier in my remarks I referred to the Press. I hope the Press will in the future be prepared to give Western Australia a better deal than they have done since they have been controlled from the Eastern States. Otherwise, it is time that Western Australian citizens awoke to the fact, and provided themselves with a Western Australian and an Empire paper, instead of one which places the views only of little Australians before the people. It has been said that the whole of our members in the House of Representatives opposed this agreement. I take it these men made a study of the question. Some members have put up the argument that because other Parliaments have carried this agreement, as well as the Legislative Assembly, we, too, should carry it in this House. That is all the more reason why we should consider it carefully before we cast our votes in favour of it. Everyone is agreed that for the first few years it is quite all right. The people who will have to pay in the future will be our children and their children. The report of the Disabilities Commission has not yet been ratified. That Commission recommended that we should receive £450,000 a year. I hope something will be done to see that it is ratified before the Bill is passed. The credit of New Zealand and South Africa has been referred to as being better than that of Australia. One reason why the credit of New Zealand is better than that of Australia is that the Dominion is more loyal to the Empire than the Commonwealth, in that it buys more of British goods. Apart from that, it expresses other loyal sentiments to-

wards the Empire. By the purchase of British goods, New Zealand has a credit which stands better in the Old Country than does Australia's credit. No country can be self-contained; it must trade with other parts of the world. If it is already provided in the Constitution that the Commonwealth shall take over the State's debts and create a sinking fund, that is another reason why it is unnecessary to pass a Bill such as this. All I want is equity and justice for Western Australia. If we get that, we shall be benefiting the whole of Australia as well as the Empire. The position ten or 15 years hence is not in question; it is the generations beyond that who are going to feel the pinch. In time to come the population of this State will probably exceed that of Victoria, but we shall be getting only £473,000 while Victoria will continue to receive her two millions. We have to look to the future. I have here an article headed, "What is a Boy"? It is as follows:—

He is the person who is going to carry on what you have started.

He is to sit right where you are sitting, and attend to the things you think are so important, when you are gone.

You may adopt all the policies you please, but how they will be carried out depends on him.

Even if you make leagues and treaties, he will have to manage them.

He is going to sit at your desk in the Senate, and occupy your place on the Supreme Court bench.

He will assume control of your cities, States and Nation.

He is going to move in and take over your prisons, churches, schools, universities and corporations.

All your work is going to be judged and praised or condemned by him.

Your reputation and your future are in his hands.

All your work is for him, and the fate of the nation and of humanity is in his hands.

So it might be well to pay him some attention.

What are you going to do for your boy?

In place of the last sentence, I would say, "Hold up this Bill until we can get some better conditions for the State." If we vote for the Bill, we shall be tying the hands of future generations. This is a House of review, and it is our duty to give this Bill our closest attention. If there are equal numbers when the voting is taken, you, Sir,

in your position as President, would naturally give your vote against the Bill so that it would come up for further consideration. I hope the House will defeat the Bill.

On motion by Hon. J. R. Brown, debate adjourned.

*House adjourned at 8.15 p.m.*

## Legislative Council,

*Thursday, 5th July, 1928.*

Question: Main Roads Board, construction methods	PAGE
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The PRESIDENT took the Chair at 4.30 p.m., and read prayers.

### QUESTION—MAIN ROADS BOARD.

#### *Construction Methods.*

Hon. W. T. GLASHEEN (for Hon. H. Stewart) asked the Chief Secretary: 1, How do the Main Roads Board account for the surfaces of comparatively recently formed, expensive roads becoming corrugated? 2, What steps are being taken to prevent and remedy this defect? 3, Are observations being taken and records kept of newly-formed gravel roads, showing (a) specific nature of materials utilised; (b) methods of construction; and (c) how the material has been incorporated in (i) roads which have rapidly become corrugated; (ii) roads which are wearing without corrugations? 4, If such records have been kept, what results have been obtained?

The CHIEF SECRETARY replied: 1, "Corrugations in gravel roads" is a world-wide problem; no thoroughly satisfactory explanation of cause is known, but there are several theories; the pulsating effect of engine and resiliency of tyres are regarded as the main contributory causes. 2, Dragging the surface is the generally ac-