

with a lot of the labour that was necessary previously.

Mr. Wilson: Don't take any notice of him!

Mr. KENNEALLY: I suggest that the time has come when the workers of the community—and I include the farmers among them—should receive some benefit made possible by latter-day conditions. Instead of arguing that there should be longer working hours at this stage of our existence, hon. members should agree that the time has come when the working hours should be fewer, and when the workers should receive all the benefits possible from the inventions of man. At the outset I mentioned I was sorry at the attitude displayed by the Government, because the co-operation some of them had asked of the workers will be rendered very difficult, if not impossible. If a person is asked by a man who has a club in his right hand with which he proposes to strike him at the first opportunity, to extend co-operation and assist him whenever possible, naturally that person will ask the other to get rid of the club first before consideration can be given to the request. But while he is using the club, naturally you decline to assist him.

Mr. Angelo: Which is the man with the club?

Mr. KENNEALLY: And that will be the attitude of the workers to-day. While the Government hold the club aimed at their industrial standards, and are prepared to use that club, the workers are not prepared to assist the Government in the difficulties with which they are confronted; because they themselves have their own difficulties to attend to without the assistance of the Government's club. If the Government desire to co-operate, as some of their members say, let them get rid of the club. Whilst they attack our industrial standards they will find us quick to retaliate.

Mr. Angelo: Is the Arbitration Court the club?

Mr. KENNEALLY: My friend would not know the club if he saw it, so I need not attempt to explain it. I have expressed views regarding the attitude of the Government in respect of district allowances and hours of labour. I think even at this stage it is possible for the Government to recede from the position they have taken up in that respect. There are members on the

Government side who when on the hustings were asked certain questions about hours and other industrial conditions, and said they were not prepared to adopt the policy now being adopted by the Government. Knowing that is a fact, and believing that even now many members on the Government side, if not many members of the Government, are prepared to realise that they have started off on the wrong foot, I propose to give them an opportunity to place themselves right with the community in that respect. Holding the views I do, I move an amendment to the Address-in-reply:—

That the following words be added:—"but regret the action of the Government in attacking the established industrial standards of its employees, especially in the matter of hours of labour and the payment of district allowances."

I submit that amendment to the Address-in-reply in the hope that the House will carry it and so indicate that it is not prepared willingly to engage in an attack on the standards of the workers of this community.

On motion by the Premier, debate adjourned.

House adjourned at 9.50 p.m.

Legislative Council,

Wednesday, 3rd September, 1930.

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

QUESTION—STATE IMPLEMENT WORKS.

Hon. A. LOVEKIN asked the Minister for Country Water Supplies: In view of the merger of the firms of H. V. McKay and Massey, Harris Co., Ltd., is it the in-

tention of the Government to re-open negotiations for the sale of the State Implement Works?

The **MINISTER FOR COUNTRY WATER SUPPLIES** replied: The matter will receive consideration.

LEAVE OF ABSENCE.

On motion by Hon. E. Rose, leave of absence for six consecutive sittings granted to Hon. W. J. Mann (South-West) on the ground of urgent private business.

On motion by Hon. H. Seddon, leave of absence for six consecutive sittings granted to Hon. J. Cornell (South) on the ground of ill-health.

PAPERS—COLLIE COAL, RAILWAY CONTRACTS.

On motion by Hon. G. W. Miles, ordered: That there be laid on the Table of the House the file of the Railway Department's coal contract with the Collie mining companies.

The Minister laid the papers on the Table.

ADDRESS-IN-REPLY.

Seventh Day.

Debate resumed from the previous day.

HON. J. NICHOLSON (Metropolitan) [4.38]: Before speaking to the motion, I desire to join with previous speakers in extending to you, Sir, the same hearty congratulations as they have done on the honour that has deservedly been conferred you by His Majesty the King. I also identify myself with the congratulatory expressions extended to the Leader of the House, as well as to the new members who have joined us and to the old members who have been re-elected. In Mr. Baxter, we have a leader who comes fortified with previous experience, and he has the advantage of following a leader who set a very high standard. I refer to Mr. Drew, whom we learnt to respect for the way he upheld the dignity of his office and discharged the onerous duties that fell to his lot. I feel sure that Mr. Baxter will seek to emulate the

very fine example set by his predecessor. While extending congratulations to the recently elected members, let me add a word of sympathy to the candidates who were not re-elected. Neither can I overlook the loss sustained by the death of Mr. J. R. Brown. To the expressions of sympathy already extended to his relatives, I desire to add mine. For the Chairman of Committees and the Clerk of Parliaments, who are absent through illness—we realise the seriousness of the illness in one case—we have one wish, that they will both be speedily restored to health. The Governor's Speech contains the very pleasing announcement that His Majesty the King has consented to an extension of His Excellency's term of office. The experience gained by His Excellency during his residence with us will stand us in good stead and be of considerable advantage to the State in the troublous times through which we are passing. The new Government obviously are confronted with a period of difficulty, encumbered as they are by the deficit of over half a million at the end of the financial year, which deficit has been added to during the first two months of the current financial year. Combined with this, we are confronted with a phenomenal, world-wide trade depression, with the inevitable result of unemployment. Unfortunately, unemployment is not confined to this State or to the Commonwealth. News of it comes from practically every centre of the world with perhaps the single exception of France. It is a curious thing that that country, which only a short time ago was in the throes of great financial distress, should have risen to the position it has attained in the matter of employment for its people.

Hon. Sir William Lathlain: France did not pay anybody.

Hon. J. NICHOLSON: I recognise that, the reason apparently being that she had not the money with which to pay. Members recollect how the franc depreciated and the assistance that had to be rendered France to enable her to restore her financial equilibrium. That apparently has been accomplished, and France is now a busy hive of industry. It should be worth while the Prime Minister and those who are accompanying him as delegates to the forthcoming conference in London making the fullest inquiry into the causes of the pre-

sent satisfactory conditions in France, and ascertaining whether something cannot be learnt that would help to improve the position in Australia. The situation in the Commonwealth will demand both courage and wisdom, and it certainly warrants the State Government's seeking—as they have sought—the co-operation of everybody connected with public life in their efforts to straighten out the State's finances. We can re-echo the hope expressed that the effects of the present depression will not be felt as severely in our State as apparently they are being felt in the Eastern States. If that hope should be realised, then Western Australia will stand out once more in a prominent position, and probably prove the salvation of the Commonwealth, as she did on a former occasion. I agree that there is one question transcending every other question—finance. Wrapped up and involved and associated with it is the question of unemployment. In fact, every other subject is more or less subsidiary to finance. The difficulty is not confined to our own State, but must be viewed from a national or Australian standpoint. Whilst, therefore, the troubles of the Government of each State may be great, when there is added to it the knowledge of a depleted Commonwealth Treasury we are encountering severe financial stringency. One recalls the overflowing Commonwealth Treasury of past years, and it is difficult for us, removed as we are a considerable distance from the seat of Federal Government at Canberra, to understand why such a position as the present should have arisen. The Federal Government, wisely I think, sought the aid and advice of the best financial authorities. We have all read and studied Sir Otto Niemeyer's report. There should be only one determination regarding that report—to be guided by the advice contained in it, just as a sick man follows the advice of his physician. The report is impressive because of its sound economic reasoning. The fact that the recent conference between the Prime Minister and some of his colleagues and the Premiers and Treasurers of the various States arrived at a unanimous decision to balance all the Budgets is the finest tribute that could be accorded to Sir Otto Niemeyer's recommendations. One is amazed, therefore, to find that somebody who certainly is not a financial expert and cannot possibly be possessed of the neces-

sary information to entitle him to voice an opinion, has made bold to denounce this most valuable report. It was stated in the Press a few days ago that the president of the Australian Labour Party of New South Wales had expressed his opinion as follows:—

Sir Otto Niemeyer's statement conclusively proved him to be the high priest of low wages and Empire free trade for the benefit of British manufacturers and customers of the Bank of England. His chief aim was to reduce the standard of living in Australia.

Apparently this person fails to realise that he reflects seriously on the judgment and the common sense of the Prime Minister of the Commonwealth and his colleagues, and also on the judgment and common sense of the Premiers and Treasurers of the other States. In his opinion all these people, with the whole of the facts before them, were fools, and he, the president of the A.L.P. in New South Wales, the only wise man and the only person possessing knowledge of these matters. The opinion expressed by him is just about as valuable as the statement he made regarding the motives of Sir Otto Niemeyer. On the face of them, his suggestions are absolutely absurd and misleading, and their publication is bound to embarrass seriously the Prime Minister in his mission. To my mind such statements are nothing less than throwing dust in the eyes of a bewildered public suddenly aroused to the gravity of the position. It is said that a drowning man will grasp at any straw. If the Australian people were to grasp at the straw held out by the president of the A.L.P. in New South Wales, then truly Australia's fate would be sealed. There would then, I venture to say, be no standard of living in Australia.

Hon. C. B. Williams: There is no standard now except for one in about six.

Hon. J. NICHOLSON: I hope to touch on that aspect later. The question of unemployment is most serious, and as I go on I shall try to assist in unravelling the problem by looking at the subject from the proper standpoint. We are taught that the wealth of a country depends upon the volume and value of its production. Sir Otto Niemeyer advises increased production and efficiency, two most essential factors towards the production of wealth by any nation. By such things we help to establish our standards on a sound economic basis. The reference made by the president of the A.L.P.

in New South Wales to low wages exemplifies the common but mistaken belief that everything falls on the wages man. To my mind that is a wrong conception entirely. In bad times we have all to share the burden. If there is a lowering of the cost of production by any means, no matter what means, everybody is affected by it. Take, for example, the mar. with investments. We have only to consult the returns made from time to time as to gilt-edged securities. If one refers back even a year or less, and compares prices then with those prevailing to-day, the shrinkage almost appals one. The loss in the capital cost of investments is enormous; but, what is worse to those dependent upon them, we find in many instances, from the reports of companies, that because of the serious times the directors have decided that no dividend will be declared.

Hon. C. B. Williams: In very few cases.

Hon. J. NICHOLSON: I can assure the hon. member that the majority of companies are in that position. His interjection shows that he has not investigated the position as closely as I have sought to do.

Hon. C. B. Williams: Perhaps you have more inside information.

Hon. J. NICHOLSON: As a result, people who have invested their savings in companies—aged people, possibly aged widows, people with dependants—have to go without the income upon which they had previously depended, believing in the value of those gilt-edged securities as things which would never fail them. Those people are just as badly off as the man who happens to lose his employment. Those were the means on which the people I refer to depended, and to-day they are without any revenue and consequently suffering just as keen hardships as others.

Hon. C. B. Williams: That tale has got whiskers on it.

Hon. J. NICHOLSON: When there is nothing in the form of dividends, which may be described as the true whiskers attached to investments, then the whiskers vanish.

Hon. C. B. Williams: Name some of those companies.

Hon. J. NICHOLSON: I have a list of them, with which I shall be glad to supply the hon. member. However, I have not brought it with me. The hon. member can see the reports of companies published from time to time.

Hon. C. B. Williams: Take the "West Australian" Newspaper Company.

Hon. J. NICHOLSON: That is not a test at all, because the "West Australian" Newspaper Company made their profits before the bad times came. I would like the hon. member to realise the position even of the "West Australian" or any other newspaper. Undoubtedly there will be a shrinkage in the incomes of newspapers as there is a shrinkage in the income of everybody else.

Hon. C. B. Williams: It may be so.

Hon. J. NICHOLSON: The hon. member is dealing with a period during which the present depression was not felt.

Hon. C. B. Williams: Take 18 months ago.

The PRESIDENT: I would suggest to the hon. member that he will have an opportunity later of replying to the hon. member now addressing the Chamber.

Hon. J. NICHOLSON: As a consequence of the depression, there will not be the same number of advertisements. People will not be advertising to the same extent as they have done heretofore.

Hon. Sir William Lathlain: In the commercial world advertisements are down over 25 per cent.

Hon. J. NICHOLSON: I think my statement will go unchallenged. The fact that one company has during a certain period prior to the depression being felt succeeded in earning certain profits which have been divided amongst the shareholders is no test at all of the true position. Sir Otto Niemeyer was described as the high priest of low wages. We want to examine the question of high wages as carefully as possible, and the more carefully we examine the position the more likely we are to arrive at some solution of our difficult problems. The question really is this: Do high wages improve our position when prices of all commodities are relatively high? I do not advocate low wages; I have never done so. I believe in maintaining a suitable and decent standard of wages, so as to provide a suitable and decent standard of living. We want to see everyone doing well because, if the wages men are doing well, the rest of the world will be doing well. That is one of the truest indications of prosperity in a country, but although I have never advocated low wages, I have always contended that there was one sound basis for the fixation of wages, and that was the basis of

production. Take, for example, the pre-war period when the purchasing power of the sovereign was greater. That was due simply to the fact that the cost of production was so much lower. We were able to buy so much more with a sovereign than we can to-day, when we receive only in the vicinity of 12s. or 14s. worth, as compared with 20s. worth in the pre-war times. Strange to say, also, employment then was more constant and, as Sir Otto Niemeyer points out, our production per head has not been maintained as compared with that of other nations, and unemployment, as was mentioned by Sir William Lathlain last night, has doubled since 1924. That is a very serious position. Some people have formed the belief that by producing less we create work for others, but this has been conclusively demonstrated to be wrong. The policy of slacking on our job is unsound, and what is more, it is unpatriotic, because, as I have pointed out, the wealth of a country depends entirely upon its production. It does not depend merely upon the money that may be circulating for the time being, but on the produce of that country and the produce that can be exported overseas so as to maintain a balance between the exporting and other countries.

Hon. W. H. Kitson: Do you suggest that the primary producers have been slacking?

Hon. J. NICHOLSON: I have not made such a suggestion. I think we have in this State amongst the primary producers the best evidence that men have applied themselves with energy to their work. One has only to go through the country districts to see that evidence demonstrated in no uncertain way. We find land, which was in Nature's keeping a short time ago—thousands of acres of it—tilled and cultivated, and bearing rich crops. No man who ever went on the land succeeded there by going slow; the man who has applied himself with energy to his work on the land has reached his goal and our primary products have testified that to the world.

Hon. G. W. Miles: They have been carrying the rest of the community on their backs.

Hon. W. H. Kitson: Will the hon. member be more specific in his statements?

Hon. G. W. Miles: Slowing down has been advocated by Mr. Kenneally.

Hon. J. NICHOLSON: I remember reading a statement about slowing down, for example, in connection with bricklaying.

Hon. C. B. Williams: That is another one with whiskers.

Hon. J. NICHOLSON: I am glad there are others with whiskers. Perhaps in time we may be able to save the cost of purchasing razors and soaps and so on. All the same I have a recollection of seeing a reference in the Press to the effect that bricklayers, who used to lay a certain number of bricks per day, should slow down. That was advice given to them because it was held it was desirable to provide as much employment as possible, and they were told that by slowing down a greater number of men would be engaged in employment. That is what I am seeking to explain to the hon. member who interjected. I hope I have made myself sufficiently clear.

Hon. C. B. Williams: Do lawyers ever slow down on their jobs?

Hon. J. NICHOLSON: The hon. member could go to the courts and see for himself how the lawyers and judges carry on their work. I venture to think that perhaps the hon. member's opinion would be highly esteemed, not only by members of the Bar, but perhaps by members of the Bench. All might value his opinion.

Hon. C. B. Williams: They might.

Hon. J. NICHOLSON: And again it might be treated in the same way as we would treat the opinion of the President of the A.L.P. in New South Wales. I have no wish to treat this subject in other than a reasonable way, and thoroughly to examine it. We should not be partisan in our ideas; we want to regard the matter from one standpoint alone, and that is the welfare of our State and the welfare of the Commonwealth, because we are naturally wrapped up in the Commonwealth, and it is our duty, and indeed the duty of everyone, to do what can be done at a time so distressing as the present. I have said that the go-slow policy is unpatriotic. There is a duty of citizenship on every man, and his duty is to do the best he can for his country. What better can a man do than help to improve and increase the wealth of the country? There is no gainsaying the fact that the wealth of the country depends upon its production. That being admitted, every man who does not produce to the highest capacity of his efficiency is losing something for his country. That is the point.

Hon. C. B. Williams: What if he has not the opportunity?

Hon. J. NICHOLSON: We are taking the case of the man who has the opportunity, and if he has not the opportunity we should try to create it for him. We shall certainly never create it by slowing down on a job and by following such shibboleths as that of "go-slow." We can improve our position by producing more and thereby reducing the cost, and perhaps helping to maintain the same standards as are recognised by us at the present time.

Hon. C. B. Williams: What if we cannot sell our produce?

Hon. J. NICHOLSON: We have to try to find a market, and if the hon. member will give me the opportunity I will endeavour to show him where we can get the markets. I shall be glad, however, if the hon. member will allow me to state my case without interruption; he will have an opportunity to reply. I have stated emphatically that it is unpatriotic on the part of anyone not to perform his work with the utmost efficiency. By doing otherwise, an individual deprives his country of that wealth which otherwise would be beneficial to it, and which should prevent happenings such as we are experiencing at the present time. Sir Otto Niemeyer has not advocated low wages. I have looked through the whole of his report and have failed to find a word about low wages. He has pointed out the economic position in which we find ourselves through having established false standards and he has shown to us the proper road to travel. We cannot do better than follow him. It is an elementary economic proposition to state that high wages as I emphasised previously, with a proportionately high price of commodities, do not enrich any man. Such a condition tends to make a man poorer. It is for us as individuals and as a country to raise the value or the purchasing power of wages, and we can only do that in one way, namely, by production. We have had the spectacle of one union after another in recent years applying to the Arbitration Court for increases in wages, and there has been created as mentioned in the report read by Sir William Lathlain last night what is known as the vicious circle. Unfortunately that circle keeps on growing; it is never-ending. At last we find ourselves plunged, as at pre-

sent, into a morass of despair. There is another way in which we have offended against the economic standards. We have set up by Act of Parliament a court to fix and declare the basic wage without having regard to the quantum of production. That is one of the grounds upon which we have signally failed in the management of our affairs.

Hon. G. W. Miles: Hear, Hear!

Hon. J. NICHOLSON: We have a very solemn faith—it is astounding how profound that faith is—in Acts of Parliament. We seem to imagine that Acts of Parliament will rectify and correct all our ills and troubles. I am afraid we have reached a stage now when Acts of Parliament are not effective methods of dealing with the situation. There is only the one method, that which I have already advanced.

Hon. W. H. Kitson: Are you suggesting that the standard of living is too high?

Hon. J. NICHOLSON: No. I have suggested quite a different thing; to increase production, to go ahead with energy, to stop strikes, to do everything we can to set the idle machinery going and keep it going, when once we restore industry to its proper basis, and to see that industry is kept going at a high state of efficiency. I do not want to see wages reduced. I am not seeking to reduce them but to increase production, which we have failed signally in doing.

Hon. W. H. Kitson: I am anxious to know what the hon. member does mean.

Hon. J. NICHOLSON: I am afraid I cannot make myself any more clear to the hon. member.

Hon. W. H. Kitson: Will you explain a little further in regard to the Arbitration Court having fixed wages without regard to production?

Hon. J. NICHOLSON: The basic wage is determined on the age of the individual, without regard to his productive power or to what he produces. That is wrong economically and unsound. As we offend against the economic laws or the natural laws, so we shall be the sufferers.

Hon. W. H. Kitson: Therefore our standard of living is too high.

Hon. J. NICHOLSON: That is quite a wrong deduction. I do not say that the standard of living is too high. Sir Otto Niemeyer pointed out that having regard to our production our standard of living

cannot be maintained on that basis, and he is right on that ground.

Hon. W. H. Kitson: What does the hon. member mean by production?

Hon. J. NICHOLSON: I mean a man producing everything he is able efficiently to produce. We can produce more in our secondary industries than has been produced. We can do more if necessary in the way of laying additional bricks per day than has been the case.

Hon. H. Stewart: It has already been done.

Hon. J. NICHOLSON: That is production.

Hon. W. H. Kitson: It is not the production Sir Otto speaks of.

Hon. J. NICHOLSON: It is part and parcel of production. It is a contributing factor to the wealth of the country. It may be that a storey is being erected upon a building. The man who is doing the work ought to see that it is done efficiently at the lowest possible cost instead of at an unremunerative price. The one matter is involved in the other.

Hon. H. Stewart: Do you think the present position would be met at the same rate of wage by increased production?

Hon. J. NICHOLSON: That would require to be determined. We cannot regulate world-wide prices, but we can perhaps co-operate with other nations in an effort to improve the position, and make their conditions as nearly parallel to ours as is possible. We have been creating conditions which I would like to see every country enjoy.

Hon. H. Stewart: Then let the others be lifted to our standard, you mean.

Hon. J. NICHOLSON: Yes. It is no use our being sufferers, and cutting our own throats for the sake of the others.

Hon. E. H. Gray: What about the sugar-growing coolies? They are out of work, and only draw 6d. a day.

The PRESIDENT: I must ask members to allow the hon. member to proceed with less interruption.

Hon. J. NICHOLSON: As a result of our offences against these economic laws, and standards, we have found that the chickens are coming home to roost, with a vengeance. If we are sensible people we should profit by our experience and seek to remedy

our mistakes. We should try by the best possible means to get on to the high road of prosperity by following the wise advice given to us. I have been fortunate in coming across a book written since the war and entitled, "The Real Wealth of Nations." The author is Mr. John S. Hecht, a fellow of the Royal Economic Society. The book is full of a considerable amount of debatable matter, but on page 92 the author said—

We have already alluded to the deplorable habit of thinking in terms of money, and as wages are nowadays paid in money (perhaps that is one explanation of the growth of this habit), it is also common to think in terms of wages. Thus, as we compete with one another to obtain money, so are we ever striving to get higher wages or salaries; yes, each one of us; yet as the value of wages varies with that of money, it is obvious we may be actually worse off when receiving higher wages.

That emphasises the statement I have made here. I only came across this book after noting my thoughts on the subject.

In order to consider one question at a time, we have imagined wages constant, and have discovered the reason for the fluctuations in the value of money and found that the value of our "constant" wage must necessarily follow the same curve so that our wages and our salaries will be worth more to us without the trouble of asking for a rise—(1) through a greater efficiency in the production of the necessities of life.

That may answer Mr. Kitson.

(2) Through a greater efficiency in the production of luxuries, and (3) through a reduction to the irreducible minimum in the number of non-producers or wealth handlers.

We want to see everyone carrying a bit of the load. We do not want loafers on the job.

Hon. C. B. Williams: And not so many politicians.

Hon. J. NICHOLSON: All right, let the hon. member set an example. The author continues—

To obtain the advantages of higher wages it is therefore only essential to increase the efficiency of production, primarily of the necessities of life, and to compel efficiency from the handlers of both necessities and luxuries, and to limit their number. If this be true it is surely remarkable that never do the wage-earners clamour to have the value of their wages raised.

I stress the word "value" because it is printed in italics here. I was seeking to illustrate previously the purchasing power

of the sovereign. That is wherein the whole question lies.

Hon. C. B. Williams: Is not the President of the A.L.P. trying to get the value of money increased?

Hon. J. NICHOLSON: That would depreciate the value of money. The hon. member will soon find that out. The author continues—

On the contrary, they demand higher wages with a less production, that is wages of a lower value. In fact, if we reverse our assumption and consider a constant production with higher wages, say every man's wage increased by 50 per cent., then one and a half tokens must be paid for the necessities; and the value of money would be as two is to three, and no one would be better off.

That is, we are depreciating instead of increasing the value of money.

The explanation of this futility lies in the general lack of economic knowledge and the application of that injunction: "each man for himself and the devil take the hindmost," which is what the law of supply and demand amounts to; and in truth those who clamour for the higher wage regardless of whether their work is worth more or not, are indifferent as to whether everyone is to be better off, otherwise they would insist upon a greater production and a lesser handling of wealth which alone can benefit all. Further, the result of increasing the wages of one class of workers, while their output remains stationary, is merely to benefit them at the expense of the rest of the community by depreciating the value of money generally; other workers must suffer until they too have obtained a like increase, when no one will be better off than originally, and this game of see-saw, with its constant friction and waste, must continue until the truth is faced, and the relation of wages to production and production to price is understood.

There is a good deal of wisdom in these statements, which I commend to the consideration of the House. We can all take them to heart, and see what we can do to raise the value of money. One cannot pass on without commenting upon the still more serious recommendations of the political and industrial wings of the Labour Party in New South Wales. They have demanded repudiation of the agreement made between the Prime Minister and the Premiers and Treasurers of the States. They demanded that under the threat of expulsion from the union or body of any of those who did not toe the line. They recommended the cancellation or repudiation of the war debt, and put forward other recommendations. Our moral sense was rudely shocked when we read the

first news of these recommendations. We can take some degree of comfort from the stand adopted by the Acting Prime Minister and some of his colleagues, who definitely stated the attitude of the Federal Government. We should let it be as widely known as possible that such suggestions as these do not reflect the opinion of the general community. I was also pleased to notice that Mr. Duggan, the president of the Australasian Council of Trade Unions in Victoria, said that repudiation would have made the Australian position a thousand times worse, and would have intensified unemployment. There is no doubt Mr. Duggan was quite right. There are many solid men in the Labour movement whom I admire. My ideas may not coincide with theirs, but there are many men for whom we should all have the greatest respect.

Hon. G. W. Miles: Not for all of them.

Hon. J. NICHOLSON: I did not say so; I mentioned that there are a number of men in the Labour movement who are deserving of our highest regard. They are men who seek to improve the lot of humanity. They have gone out with the honest conviction that they can do something to alleviate the troubles of mankind, and that is one of the worthiest of motives. Many of us would be glad to support them in all they seek to do, but cannot quite do that.

Hon. W. H. Kitson: At any rate, they are entitled to their opinions.

Hon. J. NICHOLSON: Everyone is entitled to his opinion, but when opinions expressed are so manifestly wrong and based on wrong foundations, we must combat them in the interests of our country. We must endeavour to prevent those who give utterance to such opinions from pursuing a course of action that will be detrimental to our national welfare.

Hon. W. H. Kitson: The minority may sometimes be right.

Hon. G. W. Miles: Do you say the minority was right in this instance?

Hon. W. H. Kitson: No.

Hon. J. NICHOLSON: When we have men with expert knowledge in matters of economy, like Sir Otto Niemeyer and his colleagues, should we not follow them and accept their advice rather than adopt suggestions of a destructive character such as emanated from some of the people I have referred to?

Hon. W. H. Kitson: I am wondering whether the hon. member proposes to quote statements just as extreme on the other side.

Hon. J. NICHOLSON: I do not understand what the hon. member means by "on the other side." I am viewing the matter from an impartial standpoint.

Hon. W. H. Kitson: Then the hon. member will probably mention some of the statements I have referred to.

Hon. J. NICHOLSON: All I can say is that I am viewing the matter quite impartially.

Hon. G. W. Miles: The Acting Prime Minister, Mr. Fenton, opposed the views of the minority.

Hon. J. NICHOLSON: I have already referred to that, and also to what Mr. Dugan stated.

Hon. W. H. Kitson: From time to time statements have been made by various officers of employers' organisations in the Eastern States, which have been just as extreme as those the hon. member has referred to. Does he propose to deal with those statements?

Hon. J. NICHOLSON: I do not propose to do so. I am dealing with the position as it has appealed to me. If there are statements of an extraordinary description that have been made—

Hon. W. H. Kitson: I may have the pleasure of quoting some of them for the hon. member's information.

Hon. J. NICHOLSON: By all means do so. We should all feel gratified and give support to members who look on this matter from a broader standpoint. One is naturally prompted to ask, "Is not the task ahead of the Prime Minister hard enough without his being embarrassed by such resolutions as these?"

Hon. W. H. Kitson: Hear, hear!

Hon. J. NICHOLSON: It is wrong, irrespective of from which side such resolutions may emanate, and it is not fair. The Prime Minister should be given every chance to arrive at a solution of the difficult problems confronting him. The resolutions I have indicated suggest the presence of a destructive, as against a creative, force in the Labour party, great political party as it is. We know there are in the ranks of that party men possessing sound common-sense and reasoning, men of considerable erudition and thought. Every right-thinking man must respect those members of the

Labour Party. To my mind, they are the backbone of the Labour Party as they would be of any party with which they might be associated. Had the recommendations I have referred to been supported, then, according to the decisions of the organisations, those sound, capable men would have been forced to comply with them or be expelled from the Labour movement. What a terrible thing that is! Would it not be more reasonable and more just if the position were reversed, and the destructive element expelled instead? Anyone engaged upon this destructive work must embarrass the Prime Minister in his mission and seriously affect the best interests of Australia. Can it be said that these people are building up the strength of their party to what we wish to see? I agree with what Mr. McCallum said in the Legislative Assembly during the Address-in-reply debate. He said it was a great pity that such Press reports should be published and cabled abroad, thus creating a wrong impression.

The PRESIDENT: Order! The hon. member cannot refer to a debate in another place; it is contrary to the Standing Orders.

Hon. J. NICHOLSON: I am sorry; I will withdraw. I presume I am entitled to refer to what has been said.

Hon. G. W. Miles: A report appeared in the Press.

Hon. J. NICHOLSON: I have a Press cutting dealing with his remarks, and the report shows that Mr. McCallum regretted the publication and cabling of such reports abroad as they created wrong impressions.

Hon. E. H. Harris: Do you endorse all that Mr. McCallum said in that speech?

Hon. J. NICHOLSON: Not at all, but I endorse that part. The people in England do not understand the position, and unfortunately we are judged outside Australia by the utterances published from Australia. Mr. McCallum is reported to have said, in addition, that he wished to see the bonds of Empire tightened. I believe him, because when he was Minister for Works—

Hon. G. W. Miles: Did you say you believed him in that statement?

Hon. J. NICHOLSON: Yes.

Hon. G. W. Miles: Thousands would not!

Hon. J. NICHOLSON: I have good grounds for making the assertion I do. I believe Mr. McCallum's statement because when he was Minister for Works he used every effort—I have been credibly informed

so, and have reason to know so personally—to insist at all times on the use of British-manufactured goods.

Hon. G. W. Miles: What did Mr. McCallum do in the strike during the war?

Hon. J. NICHOLSON: I cannot recollect the incident.

Hon. G. W. Miles: Your memory is short.

Hon. J. NICHOLSON: I gather from the Press report also that Mr. McCallum favours a reduction of Australia's war debt by Great Britain. A similar suggestion has been made by other people in the Press. Mr. McCallum sought to compare the position of Australia with that of Canada, South Africa and New Zealand and pointed out that in view of the assistance rendered by Australia to the Mother Country during the war period we were entitled to expect further assistance from Great Britain.

Hon. G. W. Miles: Do you agree with that?

Hon. J. NICHOLSON: No, I do not. I hope to show why we are not justified in such a proposal.

Hon. G. W. Miles: It was so much hot air like that to which Mr. McCallum referred regarding the Sydney resolutions.

Hon. J. NICHOLSON: Reference was also made to the fact that Britain had written-off part of her war loans to our foreign allies. That question requires a little closer examination because from what I have read regarding the attitude of Britain towards her foreign allies, it is obvious that the Mother Country performed an act of great magnanimity in that respect of which we must all be proud. It is true that Australia did perform a great part in the war but everyone will agree that we do not want to be like some other people and boast about it.

Hon. G. W. Miles: We got due credit too.

Hon. W. H. Kitson: But it is as well to remind them sometimes.

Hon. J. NICHOLSON: But not to boast about it. Australia did her bit. Ours is a record of which we can justly be proud, and we should not detract from that position. Now, in regard to the question of claiming some further consideration or modification of the war debt because of the assistance which was given by Australia. The claim is made that it is because of the assistance given by Australia to England during the war. Those are the words that are here

in this Press report. The whole question sums itself up into this: Did we enter the war for Great Britain or for ourselves? That is the simple question. I say we went there to protect civilisation, to save ourselves from the domination of that power which very nearly overwhelmed the whole of the civilised world. That is what we went there for, and at the same time, incidentally, we went there to save Australia for Australians, realising fully that if Britain and her Allies were defeated, we also would be amongst the vanquished.

Hon. H. Seddon: And we would have known that, too.

Hon. J. NICHOLSON: Yes, we would have known of it very painfully. We would not have been assembled here to-day if that had happened. Surely we don't want to forget the pledge we gave concerning the last man and the last shilling. But in order to arrive at a true conception of the position, I think we are forced to recall what the Mother Country did in the war. The war was forced on her. She was not the aggressor, she was not even prepared, neglecting as she had done the warnings that were given to her by that veteran, Lord Roberts. Still, she played a part which will remain to her everlasting glory and honour. By acting as she did, she saved, with the assistance given to her by the overseas Dominions and her Allies, freedom for the world, and incidentally it saved Australia for the Australians. As Britishers we can, and should, never forget what that little Contemptible Army did for us all. It stemmed the first onslaught of the invading forces. Every able man in Britain was conscripted. Britain raised and hastily placed and maintained in the field an army of over 4,000,000 men far beyond the wildest dreams of any Minister for War and certainly, I believe, far beyond the dreams of Germany. Britain was the mainstay in providing a fighting fund for the Allies. She also provided armaments and equipment, without which the war would have speedily ended, and not only Britain but Australia and all the other Dominions would have gone down. In the process of the war the national debt of Britain amounted to colossal figures; I forget the amount, although I do recall that I saw it once; it was something over £7,000,000,000. It went up to a huge sum. It has left her people with a

crushing load of debt and taxation. At the end of the war—and this is the point I am coming to about the Allies—it was found that Great Britain had advanced to her foreign Allies an amount in the vicinity of £2,100,000,000. I believe it was estimated at £2,060,000,000. In order to do this, she had to borrow £1,000,000,000 from America. In a spirit of unexampled generosity, and realising the plight of her Allies, she offered to release this huge debt owing to her by the Allies if America would release her (England) from her burden. America, as we know, refused, notwithstanding that during the war, and before she entered it at the tail end, America had made a huge profit from the combatants in selling to them commodities and munitions. A great deal of controversy took place and resentment is still, I believe, deeply felt regarding America's attitude. But I think it is only right to place on record the fact that a good many American citizens protested strongly, and very strongly indeed, against the attitude which was adopted by their Government. They urged their Government to fall in with the proposals of Britain. But that was not done. The result is that Britain has been left to pay this debt of £1,000,000,000 to America. But in order to carry out the spirit of her first generous offer to her Allies, she reduced in certain proportions to the respective Allies the debts which they owed to her, so that the total amount would be reduced to the equivalent of what Britain owed America, namely, £1,000,000,000. Mr. McCallum said that portions of the Allies' debts had been written off. Surely when this is explained it places the matter in a wholly different light.

Hon. H. Seddon: Will you not tell us something about the way she treated Australia at the same time?

Hon. J. NICHOLSON: I will come to that. That is something Britain did. And in order to confirm what I have said I am going to read from this book, entitled "Honour or Dollars," given to me lately. This book shows what certain Americans did, how they protested. There was a Mr. W. Frederick Peabody, an American lawyer, who protested very strongly against the attitude of his Government, and there is also contained here a letter by Theodore Roosevelt on the sub-

ject, as well as letters by many other fine citizens of America. This book, written by an American, is edited by an Australian, T. G. Tucker, C.M.G. On page 53 there is a portion devoted to Britain's policy and the inter-allied debts. This is what the author says—

Great Britain offered to cancel the whole of the capital sum lent to the allied powers, amounting (with interest) in July, 1919, to over £2,060,000,000, if America would cancel Britain's debt to her of approximately half that sum. America declined and Great Britain then announced that she would retain from the reparations and inter-allied war debts no more than was sufficient to satisfy the demands of the United States upon herself. Mr. Winston Churchill put the position very clearly in the British Note of May 2, 1927, as follows:—"His Majesty's Government have frequently declared that their policy is to recover such a sum, in respect of their war loans to the Allies, as, with the reparation receipts of Great Britain, will suffice to cover the annual payments which they have to make to the United States, but this situation has not yet been reached, and up to the present the British taxpayer has had to find the greater part of the payments to the United States from his own resources, even after applying all receipts from reparations and inter-allied debts for this purpose, and using none of these receipts as a set-off against the interest which had to be paid on the loans raised in Great Britain, out of which advances were made to the Allies. In no circumstances will Great Britain receive from reparations and inter-allied war debts taken together more than she pays to America.

There is the declaration. That is the example we should copy. The Note continues—

"The policy of His Majesty's Government on this subject has been repeatedly declared. It is not their desire to retain for this country anything out of receipt from reparations and inter-allied war debts. In the event of their receipt from inter-allied war debts and reparations exceeding the payments made by them to the United States Government, they have undertaken to reduce proportionately the payments due to be made to this country in respect to inter-allied war indebtedness, and a provision to this effect appears in the various war debt funding agreements which His Majesty's Government have signed."

There was the declaration of our own Home land, and I repeat that it is something which will stand to her everlasting glory and honour.

Hon. G. W. Miles: Do you favour approaching the Mother Country with a view to getting our interest reduced?

Hon. J. NICHOLSON: What answer can I give to that but one. Surely it will be

sufficient if I say emphatically, no. Further, I would suggest that when examining this matter and giving consideration to it, as we are seeking to do here, it is hardly fair to compare the position of Australia with that of the foreign Allies of Britain. Australia was not a foreign ally. If she was anything at all she was a partner of England, because she is part and parcel of the British Dominions and part of the British Empire. And we have realised out here, that we are partners in the Commonwealth, and so in the great British Empire we are partners also. Therefore we could not claim to be Allies of Britain in the sense that the foreign allies were Allies of Britain. We were partners. And it was relatively as much Australia's fight as it was the fight of Britain and the other Dominions. If we had been in a position to do so—as we should have been had we not been indulging in too much extravagance—we should be bearing part of the huge burden of debt under which the people of the Old Country are suffering, because, as partners, that is our liability. When we realise that the people of the Old Country will be suffering under their burdens for generations, never grumbling and never coming to us to ask for concessions or help, but extending the most friendly assistance to us from time to time, it ill-becomes us to make advances in the way suggested. The Mother Country has not asked us to contribute one penny towards her huge debt, although the money she expended was expended and the lives that were lost were lost for Australia as well as for Britain and for the world. It has been said, "The war has bled this country white." Australia has suffered, but such a statement can only be properly considered in the light of comparison. Take France and Belgium: those countries were invaded, their land and homes devastated, property was pillaged, and trade destroyed for a time. Every man was called to the service of his country. The killed and missing for France alone totalled close on 1,500,000, and the wounded numbered about 4,000,000. Women left in the invaded country were ravished and outraged; homes and churches in that fair land were ruined and desecrated; the people suffered all the horrors of cruel war; they were bled white in truth. Take the Old Country: besides putting every available man into the field and supporting the Allies, England's shores and ports were harassed by enemy submarines; her people were con-

stantly subjected to bombing raids and expeditions by enemy air machines; every man, woman and child left in England was rationed in food. Did we have any like experience? We enjoyed the greatest freedom from the horrors of war of any country. Therefore there should be nothing in our minds to-day but gratitude to that very fine old country which has done so much for us.

Members: Hear, hear!

Hon. J. NICHOLSON: Regarding the reference to the charging of rents for trenches and payments for burial grounds in France, I must acknowledge that until to-day I had heard no suggestion of the kind. Even if it be true, it is no argument to offset the request for a concession from Britain—

Hon. W. H. Kitson: What concession has been asked for?

Hon. J. NICHOLSON: I do not know what is to be asked, but it is proposed to ask some concession. That has been stated in the Press several times.

Hon. W. H. Kitson: By whom?

Hon. J. NICHOLSON: I cannot say what the concession is; some modification has been suggested.

Hon. E. H. Gray: You are just guessing.

Hon. H. Seddon: What did Mr. McCallum suggest?

Hon. J. NICHOLSON: Writing off half the debt.

Hon. W. H. Kitson: Mr. McCallum asked nothing of the sort.

Hon. J. NICHOLSON: It was stated that part of the debt should be written off.

Hon. W. H. Kitson: You should deal with specific statements. He did not ask anything of the kind.

Hon. J. NICHOLSON: Other people have suggested a concession.

Hon. W. H. Kitson: Do not attach that to somebody else.

Hon. J. NICHOLSON: I am not attaching to Mr. McCallum; I am quoting the suggestion made through the Press. If there is any question about such charges as I have mentioned having been imposed, I should say it is a matter to be settled with France. Surely those in authority could deal with such a matter. I do not think such charges should have been made: it is the last thing in the world that France should have done. One would have anticipated the greatest help from France and it is beyond my comprehension that such a charge could have been made. If it was, I should probably be as forceful in my

remarks as even Mr. McCallum has been. Mr. McCallum is also reported to have said that the same money was in Australia as there always has been; the real trouble was that the control of Australia's credit was in the hands of private individuals who could do what they liked. He added that 12 months ago the banks were pressing credit on the people, and now none was allowed. I cannot share that view. I do not think it is correct. How can it be said that there is now the same money in Australia when we have been paying outside countries for goods purchased from them: Imports have exceeded our exports by many millions of pounds. The difference, whatever it was had to be paid in gold. That is the only way in which the trade could be balanced. Therefore Australia is the poorer by the amount of that difference, and there cannot possibly be the same money in Australia as there always has been. We have also to recall how our position has been seriously affected by the diminished receipts from the sale of wool and wheat. If the world's prices had been maintained, we would have been able to overcome our present difficulties. So far as one can judge, the banks had to come to our assistance and make up the leeway by finding the money to meet our obligations. We anticipated greater receipts than were realised from the sale of our exportable products, and we borrowed in London on short-term Treasury bills and loans the £36,000,000 referred to in Sir Otto Niemeyer's report. It has to be borne in mind that the banks are merely institutions created by the subscriptions of individuals. They are incorporated bodies with a limited capital. The capital of a bank is an aggregate of the funds subscribed by people towards founding it. Banks have not unlimited supplies of money. Banks have a duty to their depositors and to their shareholders.

Hon. W. H. Kitson: They have carried out their duty very well.

Hon. J. NICHOLSON: It is a very sacred duty. I do not think the hon. member would feel very happy if he gained the impression that his bank was pursuing what might be termed a spendthrift course, or was lending huge sums of money to enable other people to pursue such a course. It would not be any encouragement to people either to invest in such a bank's capital or deposit money in the bank if they felt that the management did not exercise care. The first essential of

success in banking is careful management, exercising that wisdom and control which alone can tide over the difficulties that confront a country and a people.

Hon. G. W. Miles: If it were not for the banks, we would be in an awkward position to-day.

Hon. J. NICHOLSON: We would be in a very serious position. The banks have been more than generous to Western Australia, as well as to the rest of Australia. We have only to consider what the banks have contributed to Commonwealth loans. The Commonwealth loans would not have been the success they were but for the assistance given by the banks, as well as by insurance companies and other financial institutions. They subscribed liberally.

Hon. H. Stewart: They have subscribed the savings of the people.

Hon. J. NICHOLSON: Yes, practically so. Recently we read in the Press of the action of the banks in pooling their reserves to enable the Commonwealth Government to meet their obligations in London. In the "West Australian" of the 15th August the following appeared:—

In order to assist the Commonwealth and State Governments to meet their serious exchange difficulties overseas the trading banks have voluntarily agreed to pool their London resources and to make available to the Commonwealth Government £36,000,000 annually to meet the overseas interest and sinking fund requirements of the Commonwealth Government, the State Governments, and the semi-Governmental authorities established under Commonwealth and State laws. To enable the banks to do this, and at the same time to meet the urgent requirements of their own customers, they will need to control the equivalent of more than £100,000,000 of Australian money in London in the 12 months. It is not by any means certain that this sum will be available, and it is, therefore, considered fair that the exchange business which is at present conducted outside the banks should be brought into the pool.

Sitting suspended from 6.15 to 7.30 p.m.

Hon. J. NICHOLSON: Before tea I was dealing with the impressions created in my mind by certain remarks made by an hon. member in another place, as these have been reported in the Press. I have quoted a Press report with regard to the pooling of reserves by the banks, showing what a great assistance the banks have been, and at the present time are, to the Commonwealth.

The PRESIDENT: Order! There is a Standing Order which provides—

No member shall read extracts from newspapers or other documents referring to debates in the Council during the same session.

Another Standing Order reads—

No member shall allude to any debate of the current session in the Assembly, or to any measure impending therein.

Hon. J. NICHOLSON: I was merely quoting a Press report that I had seen, Sir.

The PRESIDENT: I take it the hon. member is not evading the Standing Orders.

Hon. J. NICHOLSON: No, Mr. President. I am merely commenting on a publication that has been made in the Press.

The PRESIDENT: I trust the hon. member does not forget those two Standing Orders.

Hon. J. NICHOLSON: I shall seek to bear them in mind, Sir. In connection with the pooling of reserves, I would like to say that it would indeed be a serious matter if the control of finance was left in the hands of any Government, because they might show the same extravagant example as we have seen in many other Governments—not necessarily our own Government, but many other Governments. There is always danger if finance comes under the control of Parliament. That would be a serious matter for the community at large. It is a good thing that our financial institutions exist as they do, and have that same measure of caution exercised in their conduct that we know to be the case. I hope, therefore, that anything that may have been said by either Mr. McCallum or any other hon. member of another place is not be construed as favouring the control of finance by Government. I have also seen in the Press some observations to the effect that rates of interest paid by Governments in pre-war days were much lower than present rates. An examination of market reports causes one to realise that rates of interest, whether on loans to Governments or on loans to private individuals, vary with the conditions prevailing. The law of supply and demand affects the price of commodities, and operates similarly in connection with rates of interest. I remember hearing a story of an old lady who had been keeping a poultry farm, a little story which serves to exemplify the effect of the law of supply and demand. After being

in the business for some little time, she was asked by a friend whom she was visiting, how she was faring in her new venture. The old lady explained the position in this way: "I have found, to my surprise, that when eggs are plentiful prices are very low, and that when prices are high, eggs are scarce, and then I have not got the eggs to sell." That good old lady is in much the same plight as Governments are with regard to rates of interest. There are other causes which may affect the rate to be paid for a loan—the value of the security, for instance. In private life, if a security is a good security, a loan can be obtained on it at a much more favourable rate than if the security is otherwise. But in drawing comparisons between pre-war days and post-war days, or the present time, surely we must have regard to the conditions prevailing during those periods. Take, for example, the year 1912. Rates of interest were then slightly over $3\frac{1}{2}$ per cent., and we were fortunate enough to secure loans at that rate. It is quite evident that conditions prevailing then in Britain and Australia were favourable. If one were to look up the records—I have not had the opportunity of doing so—one would find that the export trade at some time during those periods was probably high as regards Britain, and that our trade balances even here were good. I do not know; I have not looked the matter up. However, the fact that money was cheap at that time was evidence that there was then a plentiful supply of capital. Had there not been a plentiful supply, then under the law of supply and demand rates of interest would have been very different. It has been stated that if we were getting money just now at the same rate as in 1912, we would save so many millions of pounds. That statement, however, is hardly any argument in a matter over which no one has any control. Conditions vary. It is owing to the fact that conditions are influenced by other circumstances that we have to pay high rates. If, for example, we ourselves had worked harder and had proceeded along lines which would have contributed more to our prosperity than has been the case—we know this from the revelations which have been made—probably we might be obtaining loans to-day at rates only slightly higher than those prevailing in the earlier years. It is attributable to our-

selves that we find our country in its present position. Sir Otto Niemeyer's report shows plainly that in the past we have been blinded by our trading results and Governmental activities. This is reflected in heavy borrowings by Governments, and as a consequence Federal and State taxation has increased. Notwithstanding protests which have been made from time to time, the Federal Government have added the burden of abnormal tariffs. With big revenues there has been lavish expenditure, the granting of bonuses and bounties, and other extravagance. It is asserted by some that one of the most colossal expenditures is that at Canberra. Whether that expenditure is going to prove beneficial to us as a Commonwealth in the future remains to be seen; I hope it will. Our legislative enactments have not always been up to date, and probably some of them require to be reconsidered. The natural result has been the crushing of our industries, and thus, largely, the present position has been brought about. It can truly be said that we have pursued the course of the spendthrift. To quote an old but true saying, we have sown the wind and are reaping the whirlwind. The Australian people may well ask, "Why did you members of Parliament not check us in this course?" On that aspect I think many members can claim that they did denounce these extravagances and tried to correct them. In that matter we were aided by the recommendations of the British Economic Mission, referred to by Sir William Lathlain last night. As that hon. member rightly said, practically nothing has been heard of those recommendations since they were made. One would have thought that such recommendations, coming from men of the highest training and the greatest experience, would have been acted upon by all Governments. But no; our Governments went along on their own course, and now we find ourselves suddenly pulled up, having reached the end of our tether. Now it is essential that something should actually be done. But we cannot forget either criticisms or warnings given to us through the Press in London. It will be remembered that the ex-Prime Minister, Mr. Bruce, while in London, had to do his best to combat adverse criticisms made with regard to the financial position of the Commonwealth. He endeavoured to put the best

face on the conditions here that could possibly be put upon them. But despite all the warnings, despite even what has been said by members in each of our Houses here from time to time, we have pursued our course unchanged. We have been told that the fortunes of the whole are the fortunes of the parts, and that the failure of any one of the parts will be the failure of the whole. In other words, we are a partnership and we have to sink or swim together. The liability is like that of all partners; it is a joint and several liability and it may make secession, which is now sought to be advanced—

Hon. E. H. Gray: Are you a secessionist?

Hon. J. NICHOLSON: I do not say anything at all about it.

Hon. G. Fraser: A cautious Scotsman.

Hon. J. NICHOLSON: I was going to say it will make the task rather difficult. I would like to see certain efforts made in the direction of correcting the disabilities under which we have suffered by Federation. I like to do things in a constitutional way, and I am quite sure that secessionists are seeking, so far as they can, to effect their desires in a constitutional way. If it were possible to be released from our difficulties by secession, then I have not the slightest hesitation in saying we probably would be supporting the movement. Even my friend, Mr. Gray—

Hon. E. H. Gray: Speak for yourself.

Hon. J. NICHOLSON: Then I will not include him in the number. As a State and as a member of the Federation we are bound to put forward our best efforts to redeem and maintain our credit. That is the first essential, secession or no secession. The Government, in view of the general condition of affairs, ask, and they are entitled to ask, that everyone should give the fullest support to them to restore our credit, and to help to provide employment, which is the most essential thing to bring us back to prosperity. One may well say that party differences should be subsidiary to the general welfare. The question which everyone asks, naturally, is how are our difficulties to be overcome? I have indicated that one course has been suggested by Sir Otto Niemeyer—economy and efficiency. I say that the economy that has to be practised in view of our conditions must be of the most rigid character, and in connection with that I certainly admit that we should set the ex-

ample here and begin by agreeing to a substantial reduction in the allowances that are made to us as members. The failure of the Federal Government to recognise their responsibility in that respect is recognised, but I hope that, as a consequence of reflection during the present recess, the Federal Parliament will come back either to a special session or to the next session and make redress for the omission. With respect to all Governments, naturally there must be a revision of all expenditure so that we may be able to reach that stage which the conference of the Prime Minister and Premiers said should be arrived at—the balancing of our budgets. What applies to Governments must necessarily apply to individuals, and in that way we may be assisting to bring our State on to an even keel. Another important matter in connection with governmental duties is the restriction of borrowing. One wants to see our activities kept ahead, our development maintained, because we recognise that from these sources we derive the means of providing employment. But until we can renew our trading there must be a certain restriction which was not exercised in previous years. The increase of production is one method which I have already urged. Naturally I recognise that until matters become a little more settled so far as our finances are concerned, the increase of production will necessarily be measured by our ability to give the assistance that is required. I am sure it will be the desire of the present Government to give the fullest measure of assistance to our principal industries upon which so much depends for our prosperity. If that can be done we may gradually find ourselves reaching a stage when an impetus is given to secondary industries and so displace the present condition of unemployment. The stimulation of industry, whether primary or secondary, is most essential to remove the disturbing factor of unemployment. I was glad to know in connection with industrial matters that the Leader of the House introduced a measure the other day to deal with State trading concerns. If the Government move in the direction the Leader of the House indicated, something will be done to stimulate industry amongst private individuals and concerns. The existence of our State trading ventures has been one of the greatest hindrances to the promotion and advancement of our second-

ary industries in this State. I recognise the difficulties the secondary industries have experienced owing to the competition and the dumping that has taken place from the other States. We have men here who are prepared to face that position and stand up to it and so help forward our State in its development. I come to one other point, and that is a matter which has been discussed at length in the Old Country—Trade within the Empire. Some hon. members may have followed this question closely, perhaps much more closely than I have done, but I have been impressed with what I have read on the subject. In the Old Country for some time past there has been a movement towards rationalising industries there and a good deal of work has been done in that direction, profitable work indeed. But this is a case not of rationalising industries themselves; it is a case of rationalising the Empire, a totally different thing. When one realises exactly what the British Empire is, we can see the possibility, if the matter is to be properly handled, of something great being achieved, and probably a means whereby everyone of us in the Empire will be able to assist in the direction of removing the nightmare of unemployment which is besieging us in all directions. There is not one part of the Empire where that spectre does not exist, and the sooner we can do something towards meeting the position created by conditions which I think it will be possible to overcome, then the better it will be for all. I recognise there may be difficulties in the way. Undoubtedly what we wish will not be achieved at once. One of the difficulties would be to remove those barriers and tariffs that have been raised by the Commonwealth recently. Then there is the question of meeting the position by raising of tariffs in the Old Country as against other countries not within the Empire. We know what the policy has been for so many years in the Old Land, where they have pursued the open door policy of free trade. We have got quite the opposite. Mr. Glasheen last night alluded to that part of British history made interesting by William Pitt. It was more than interesting to have the comparison which Mr. Glasheen put before us showing that in Australia the position was reversed. New conditions have arisen since the days of Pitt and we

must meet them accordingly. One of the most interesting phases in connection with this matter of trade within the Empire is that it has been studied by two sets of parties. The matter has been gone into by the Trade Union Congress in the Old Country and they have made recommendations on the subject. This is what the Congress said—

A committee has been appointed, and they considered the matter from three standpoints: Whether it should be a group by itself or a different set of groups. They looked at it from the establishment of three sets of groups, one being a European group which would embrace Britain and Europe. The other group would consist of the British Empire, in other words the British Empire with its overseas Dominions. And the other would be an Anglo-American group.

One can easily see that owing to the diversity of conditions, it was necessary to consider it from every possible angle. They go on to say, after examining the possibilities of the three groups, that—

In favour of a British Commonwealth group there were the considerations that the group already existed in a tentative way. There were ties of sentiment that still counted in the economic sphere, and supplies of raw material and of manufactured goods could be balanced, the group being almost self-contained. There was to a large extent a common language and abundant opportunity for movements of population within the group. There was moreover to some extent already a tariff bond within the Commonwealth in the form of preferences and other commercial discriminations applying to both the Dominions and the colonies.

That was written and these recommendations were made prior to the imposition of the tariff barriers of which we are now aware. It was written on the 3rd July last.

Hon. C. B. Williams: The increased tariff was Australia's answer. The trade union movement in Australia answered it in another way.

Hon. J. NICHOLSON: The trade union answer was "We have a certain deficit to make up." It was not any answer to this; it did not deal with it at all. This was a matter dealt with by the Trades Union Congress at Home. Our Commonwealth Government were not giving consideration to these recommendations, but to the methods to be adopted to meet their own deficit.

Hon. C. B. Williams: It was an answer in other words.

Hon. J. NICHOLSON: The hon. member would be wrong to suggest that. The committee continues—

If the policy of forming economic "blocs" is pursued by the nations, the most practicable group from our point of view would appear to be consolidation of the British Commonwealth. At the same time such a policy would not affect detrimentally our support and participation in the work of the League of Nations, but rather the contrary; we should be in a better position to strengthen the scope and authority of the League. Similarly, this policy would not in the least affect detrimentally our relations with the I.F.T.U. or the International Labour Movement generally, but would strengthen us inside these movements. Naturally we should not be prevented by this policy from concluding European or other international agreements regarding the marketing of coal, steel, or other commodities. The difference would be that we should bargain as a Commonwealth group instead of as Great Britain, and in many cases this would be a decided advantage. So far as the Imperial Conference is concerned, therefore, it would be in the interests of our own people and of the Dominions to press for as full a development as possible of the economic relations between the constituent parts of the British Commonwealth. At the same time it is vitally necessary to avoid any suggestion of antagonism either to European aims or American policy.

Hon. Sir William Lathlain: Or the Australian policy which more than interferes with it.

Hon. J. NICHOLSON: The other side of the subject is dealt with by the British Preparatory Committee and is most interesting. This committee presented its report to the Government on 11th July. It follows on the report of the Trades Union Congress, and it is strange how much alike the two reports are. This second one states—

The British Preparatory Committee was appointed to draw up the views and recommendations of the commercial, industrial and shipping interests of the country for presentation to the Government, with a view to their consideration at the forthcoming Imperial Conference. The three organisations named drew up the respective reports which were issued separately early in the year. The present report of the committee—

That is the commercial, industrial and shipping—

is a unanimous one, and is accompanied by the report of the organisation. The committee state—

The reports of the three constituent bodies forming the British Preparatory Committee, namely, the association of British Chambers

of Commerce, the Federation of British Industries, and the Chamber of Shipping of the United Kingdom, representing the organised commerce industry and shipping of Great Britain and Northern Ireland, indicate the high importance of British Empire trade to the prosperity and well-being of this country.

This is a matter which assists me in urging my point.

When it is realised that the British Empire has an area of 14,000,000 square miles of territory, occupied by 451,000,000 people—

What a wonderful market!

—with vast supplies of food and raw materials required by man and industry, it is clearly essential that, in order to take the fullest advantage of those great resources, some simple, coherent, and universally accepted trade policy should be established. Such a policy must in the nature of things be designed and developed by people with expert knowledge of the trades and problems involved, and must have stability and continuity in order to maintain that confidence and security which is a vital condition to any form of trade. That the British Empire should operate as an economic unit has long been an ideal towards which many efforts have been made. That these efforts have not so far been fully successful, is due fundamentally to the lack of proper machinery for the consideration of the many problems that arise, and for enabling proper and suitable action to be taken following the conclusions arrived at. The British Preparatory Committee attaches as appendices to this document the three reports drawn up by its constituent bodies upon the question of the development of the trade of the Empire. Although in matters of detail and procedure there are certain differences in the recommendations contained in the report, there is general agreement upon the underlying points of principle.

We are all aware of the urgent need for this. I should be glad to let any member peruse these reports. They are most interesting and are well worth studying. Having regard to the vast market at our doors, and within our own boundaries, a market that is a means of enriching other countries, why should we not nationalise trade within our own borders, and come to an understanding whereby we can strengthen our trade for our own community? We should, I think, then remove ourselves from the destroying force of unemployment, and help to raise that standard of living which members agree is so desirable, and which we would like to see applied throughout the length and breadth of the British Empire.

Hon. C. B. Williams: Great Britain would rather buy her meat from the Argentine than from any other part of the Empire.

Hon. J. NICHOLSON: The hon. member is taking a wrong view of the wishes of Great Britain. If he would read this report he would see that she would rather not do anything of the kind.

Hon. C. B. Williams: But she does it.

Hon. J. NICHOLSON: She is doing it simply because of the trade that is going on between these countries, and because of the footing that Great Britain has got there. It is a question of rationalising our trade just as the authorities seek to rationalise industry.

Hon. C. B. Williams: Their money is invested there; that is why.

Hon. J. NICHOLSON: Money may be invested there, but the influence that will be brought to bear if something of this kind is done will be such that we shall be in a position to establish and find that market which is necessary for our produce. We are urged in this report to go on producing, but we must have a market and that will be within our own Empire. The matter is worthy of the utmost consideration. The hon. member's way is not the way in which to view this subject. Having reached the condition we have, our duty is to explore every possible avenue with a view to discovering a way out. No one will ever emerge from confusion and difficulty merely by saying so-and-so will not do so-and-so. He must apply his knowledge and mind in order that he may achieve something worth while.

Hon. H. Stewart: Such as encouraging local products.

Hon. J. NICHOLSON: Involved in the consideration of this question are local products.

Hon. E. H. Gray: And State agricultural machinery.

Hon. J. NICHOLSON: If the hon. member starts out as a manufacturer, I am sure he will receive plenty of support. He might take over some of the State trading concerns.

Hon. H. Stewart: He would not hear of that.

Hon. C. B. Williams interjected.

Hon. J. NICHOLSON: The hon. member does not apparently want to sell his goods, but he would be glad to have this market if he had any to sell.

Hon. C. B. Williams: The market is there but Great Britain buys her meat from the Argentine.

Hon. J. NICHOLSON: I have pointed out the way by which she will buy produce grown within our own Empire. We do not want to see the spirit shown by the hon. member actuating other members of this House. We want to see constructive not destructive criticism.

Hon. C. B. Williams: We want to hear the facts.

Hon. J. NICHOLSON: We must try to help the hon. member to better ideals.

Hon. C. B. Williams: But Great Britain will not help.

Hon. J. NICHOLSON: I am sorry to see such a spirit exhibited. That is not the true Federal spirit.

Hon. G. W. Miles: It is the red element spirit.

Hon. J. NICHOLSON: I should think the hon. member was a secessionist.

Hon. C. B. Williams: From Great Britain; not from Australia.

Hon. J. NICHOLSON: I am speaking of the Commonwealth. The primary producer deserves our support and I hope he will get it. The high tariff has been a bug-bear to him, has seriously impeded his progress, and has added materially to his costs. Probably no industry has suffered more than the mining industry. I regret the decision of the Commonwealth Government in their refusal to grant a gold bonus. Many arguments can be advanced on economic grounds against bonuses, and I have spoken against them myself, but an exception can be made in the mining industry. Other industries can pass on the burden to the consumer, but the person engaged in gold mining cannot do so because of the fixity of price.

The Minister for Country Water Supplies: Nor can the wheatgrower pass it on.

Hon. J. NICHOLSON: No, because he is bound by the world's parity. The position is a serious one. When a person engaged in an industry cannot pass on the impositions or burdens that are placed upon him in the course of his business, he is deserving of consideration above all others. There was a plea, but there was a greater plea on behalf of the mining industry, because no other industry is more calculated to be the means of absorbing our unemployed and solving our difficulties in that direction.

Hon. C. B. Williams: I question that.

Hon. J. NICHOLSON: You do!

Hon. C. B. Williams: Too right.

Hon. J. NICHOLSON: I am sorry to hear that, but perhaps the hon. member will deal with that phase when discussing the motion.

Hon. C. B. Williams: I shall.

Hon. J. NICHOLSON: Some people suggest that a remedy will be found in abolishing State Parliaments.

Hon. C. B. Williams: That is a good idea.

Hon. J. NICHOLSON: I do not know if Mr. Williams is in favour of that suggestion, but if he is, it simply means—

Hon. G. W. Miles: Unification.

Hon. J. NICHOLSON: That is what it will mean.

Hon. C. B. Williams: It would save a lot of money.

Hon. J. NICHOLSON: If the question of unification were to be put to the vote of the people, they would vote solidly against it. Should unification be agreed to then all I could say would be, "God help Western Australia."

Hon. C. B. Williams: What about going into recess for 12 months?

Hon. J. NICHOLSON: If unification were to be inaugurated, the development of Western Australia would, I fear, practically cease. We already realise the disadvantages we suffer through being so far away from the seat of Federal Government, and if we had not local Parliamentary control over our own affairs, then Western Australia would in all probability reach a stage very much like that of the Northern Territory to-day. It would be another instance of "Out of sight, out of mind." That is what would happen if Western Australia ceased to receive the attention that our local Parliamentarians always urge, and without which advocacy the State would never secure consideration. Western Australia is rich and abundant in natural resources. I believe that if we face our troubles with courage, determination and a united front, we shall win through successfully, and once more find ourselves on the high road to prosperity. There is one other matter to which I intend to refer in connection with a remark I made at an earlier stage regarding

the extravagance of our Governments, particularly that of the Federal Government. It happened to be reading "The Pastoral Review," in which I take a little interest now and again. An article caught my eye headed "Ye Ken the Noo."

Hon. C. B. Williams: Is that Welsh?

Hon. J. NICHOLSON: To translate it, that means, "You know now." Scotsmen are not generally credited with being humourists.

Hon. C. B. Williams: Because it is too expensive.

Hon. J. NICHOLSON: When it comes to understanding a joke, it is stated that Scotsmen have to be subjected to a cruel operation. I do not know whether the gentleman who wrote the letter under the heading I have quoted, is a Scotsman, and I do not know whether the article was intended as a joke, but I shall read it for the benefit of Mr. Lovekin and his secessionist friends. I am sorry Mr. Lovekin is not present, but perhaps he will read it later on. The letter to the editor was as follows—

The old Scottish minister was a firm believer in the "fire and brimstone" theory—

This is the sort of stuff for Mr. Williams—

—as a means of keeping his flock in order, and was warming up to his "thirdly" after a three hours' discourse:—"And there ye'll be, all ye wicked sinners, up tae your necks in a sea of brimstone, and the flames will be roarin' roun' ye, and ye'll nae hae a drappie o' water to wet your parched throats; and ye'll cry unto the Lord:—'Oh Lord, we did not know; we did not know.' And the good Lord, in his eufinite mairey and compassion, will say:—'Awel, ye ken the noo! Ye ken the noo!'"

The PRESIDENT: Order! I must ask the hon. member to connect his remarks with the Address-in-reply.

Hon. J. NICHOLSON: It is connected with the remarks I made and emphasises the position regarding Federal expenditure. The continuation of the letter will emphasise that point. What I have read so far is merely the introduction. It is the method this gentleman adopted in introducing the subject, and I should like to follow his introduction up by quoting the remainder of the letter.

The PRESIDENT: So far the association is rather remote.

Hon. J. NICHOLSON: I admit that, but the next few words will show the connection—

"You know now!" We did not know, when we federated thirty years ago, that we were creating a monster that would devour us; that the Federal Government that we were told "would not cost more than half a million, or the individual more than a dog-tax," would in the present year cost us £65,000,000—over £10 per head, man, woman and child of the population—

That is a fairly big estimate—

—When the Federal Government adopted the policy of high protection and preference to Australian-made, as settled policies, we did not know that they would "settle" Australia, nor did we know that successive Federal Governments would interpret Federation to mean the handing over of the Commonwealth to the manufacturers, civil servants, trade union bosses, and pensioners. We did not know that its policies and extravagance would antagonise every nation, ruin our overseas trade, bring the wool and wheat industries to the verge of ruin; and make three States of the six, practically all our industries, and over half a million of our people, pensioners. We did not know that Federation would be the cause of contracting a public and private overseas debt that it would take every man, woman and child on earth contributing 10s. each to pay—

That is a fairly big estimate, too—

—No. "We did not know," but "We ken the noo!" and the sooner we clip the wings of the Federal Government, the better it will be for us and the wool and wheat industries, on which the whole population lives, will then pay to engage in. I am, Sir, etc., R. H. Webster, Ariah Park, New South Wales, 24th July, 1930.

Hon. C. B. Williams: He must be a supporter of the Labour Party.

Hon. J. NICHOLSON: That, I think, sums up the position so far as Federal extravagance is concerned. From what we know now, we can at least realise that we must change methods that we do know about with the idea of substituting something better, thus enabling us to achieve the desired end—prosperity. I support the motion.

HON. J. M. MACFARLANE (Metropolitan-Suburban) [8.26]: Standing in these surroundings, it is difficult for me to realise it is two years ago since I had the honour and privilege of addressing the Chair that you, Mr. President, adorned then as you do now. I am glad to find you still there, and that His Majesty the King has conferred upon you a well-deserved honour

in the interim. At first I saw very little change in the Chamber, but on closer examination I note that changes have occurred. One was unfortunately caused by the death of Mr. J. R. Brown. I wish to pay my tribute to his memory as one of those men, who, like the late Mr. Jabez Dodd, suffered for years but did not complain. The outstanding examples of those men who suffered but still carried on without complaint, must command our highest admiration. Their example is well worth noting when we realise how they suffered for years. There have been other changes as well. To those new members whom I do not as yet know as well as those I had been associated with for a number of years, I say that I shall be glad to know them intimately, and to co-operate with them in the work of the House in future. I thank my colleague, Sir William Lathlain, for his kindly words of welcome to me on my return to this House. Then, again, I notice changes due to the sickness of the Chairman of Committees (Mr. Cornell) and the Clerk of Parliaments (Mr. Bernard Parker). I am sorry to find they are seriously ill and trust that in time they will be restored to health and return to duty. There has also been a change in the personnel of the Leader of the House. I do not know if I shall do Mr. Baxter a good turn if I congratulate him upon the position he holds. I shall have a few words to say about him later on, but I do offer him felicitations on the honour he has received. I congratulate Mr. Drew on the relief he has secured after strenuous years of work. The present will offer him an opportunity to be restored back to health, a toll of which was taken during past years. Through illness I did not have the pleasure of hearing His Excellency deliver his opening Speech, but I have since read it carefully and I must agree with those members who say it has lost that note of optimism to which we have been accustomed in such speeches during the last few years. I suppose the economic condition of the State does not warrant a note of optimism just now. His Excellency stated that we were going to be concerned with matters financial rather than with legislation. If such an announcement was justified at the time the Speech was delivered, it must be doubly so now since the Premier attended the Premiers' Conference, where it was agreed that it was necessary to balance all ledgers,

Commonwealth and State. So I can quite understand that the Government are going to have a very serious time in bringing about that laudable, but very drastic state of affairs. As to legislation, I can scarcely conceive that we shall have very much, other than that of a financial nature. Yet my experience of the House during the years I was here before reminds me that towards the end of each session a wonderful crop of Bills came along, and so I am unable to expect that this year will prove any different from any other year in that respect. Probably just at the end of the session we shall have the usual rush of business. Consequently, I ask the Leader of the House, acting in that position for the first time, to correct the errors of past years and see to it that we do not have that frenzied rush at the end of the session. We all recognise that the financial position is such that no matter what our individual views, we must have the greatest consideration for the Leader of the House and for the Government. The kindest consideration we can give them could not be rendered at a more pressing time than now. The load they have to carry and the services they have to render to the State are such that they will be unable to carry out their obligations unless they get good support from members of the House. So criticism, whether of the financial position or of the State's position, should be of a kindly and constructive nature rather than destructive. I feel sure that those who, like Sir Otto Niemeyer, have a flair for finance, will be able to put up financial speeches that will gladden Sir James Mitchell and give him all the points he requires to settle his financial difficulties. I am satisfied from the statements made, they will confine themselves to finance, although I realise that however much they wish to confine themselves to finance, there will be other important matters calling for attention. Most of us will find it difficult enough, even if we do confine ourselves to finance, to give service to the Government and pay the necessary attention to unemployment and put our own house in order. Clearly it will be necessary for us to be free from legislation of any description other than that of the utmost necessity. So we must realise that apart from finance, the policy of the Government cannot be laid down on very definite lines. The position

has become so acute that the policy must vary from day to day. The Government will require to watch the position closely, and so they cannot afford to mark out a definite policy in order to let the House understand exactly what they intend to do. If we try to help them in a kindly, constructive way, we shall be rendering the Leader of the House and the Government the greatest service possible under the conditions. Leaving finance largely to the Government, I think the duty of members will be to devote themselves to questions of economy both within and without, so as to be a second aid to the service which the Government will find themselves fully occupied in bringing about in relation to the financial position. I am by no means a pessimist, nor am I unduly optimistic, but I have lived long enough to know that this is not the first depression in Australia. There have been two or three in my time and we have lived through them all. The correctives of a time like the present are economy and hard work. I am satisfied that hard work is the greatest influence of all to bring about a condition of affairs which will give employment to those who cannot find employment for themselves. Times of affluence bring about times of depression, inevitably with the swing of the pendulum. It is the nation's corrective to run into a difficult time like the present, because it is the only way in which we can really school the populace as a whole to understand what is required of them, which is that they get down to basic principles in dealing with economic conditions. That is what is happening. We require to get down to an economic position in which the cost of our primary products shall be so reduced as to permit of those products being sold on the world's market without loss. We are a long way from that condition at the present time. That is our difficult job. When we get down to that point, it will be found that Australia will recover very quickly from her difficulties and we shall be once more on the high road to prosperity. But we have first of all to recognise that those are the conditions we have to work to, and in my estimate that in itself will take one or two years. There will have to be economy, not only on the part of the Government, who must take drastic action in regard to the State departments, but there must also be economy too among the civic bodies—the municipalities

and road boards. They can help remove the burden to a great extent by giving closer attention to land values and the rating conditions, so that taxation from that source shall not be any heavier than it need be. By such a policy those local authorities will be able to relieve in some degree the position of the individual. Then comes also the necessity for the individual to economise. He can do that in many ways. We have got into the habit of living extravagantly, and it is now up to us as individuals to go in less for sport, for pictures and for beer or other liquor. Those are individual ways in which quite a lot of expenditure is going, and if we can economise on those points, it will serve to relieve the situation materially. An incident came under my notice two or three weeks ago. I was walking along the street with a man who wanted to buy a packet of cigarettes. He paid 6d. for them and I asked how many of such packets did he smoke in a day. He answered "About three." I asked him if that meant seven days a week, and on his assenting I remarked, "Well, that is 10s. 6d. per week. That is a pretty heavy draw on your wages, is it not?" He replied, "Why, my son smokes four or five packets a day." Members will realise what a heavy draw tobacco is on the ordinary wages man who smokes perhaps just as much as another man who can well afford to pay for the habit.

Hon. E. H. Gray: Would you cut out a man's tobacco?

Hon. J. M. MACFARLANE: However, unless everybody does get down to hard work, it will mean the tightening of the State's waist-belt and will bring about increased unemployment. It will then be up to us to make suggestions and render help in such a way as to improve the position. Mr. Kempton the other evening made a very good suggestion. He was dealing with an area that, he said, required a railway line to make it effective. But that would be difficult to obtain at the present time, for I gather that the Government will not even consider the construction of a new railway line until they have fixed up more pressing matters dealing with unemployment. But suppose that area was ruled out by reason of the fact that nothing could be done with it until it got a railway. Surely there are other areas with railway services already, or where the provisions of the Closer Settlement Act could be applied. Like Mr. Kempton, I have an

idea that might be helpful in bringing about relief and giving reproductive work and employment. My association with the dairying people of the Eastern States affords me the knowledge that many farmers there who have been successfully farming for many years have children that have grown up and become very expert dairy farmers. They are concerned to know how to place their boys. They are able to find a few hundred pounds, perhaps £1,000, to give their boys a start, but there is no chance of their getting a start in New Zealand or in the Eastern States. I know they have their eyes on Western Australia, particularly the South-West, but they know it is heavily timbered country and would not care to start their boys on an area of that kind with a few hundred pounds. They realise that the money would be exhausted before sufficient land was cleared to make the holding a practicable proposition. I suggest that the unemployed be utilised to clear areas sufficiently large to run 20 cows in profit. A herd of fewer than 20 cows would be too small. The necessary buildings should be constructed on the land, and it should be a condition that the settlers find their own plant, their own cattle and their own working capital. I am satisfied that if such a scheme were made known in the Eastern States and in New Zealand, the demands of the applicants would exceed the clearing work that the unemployed could do. This is a variation of the group settlement idea. Men would not take up such holdings unless they had capital, and they would become producers from the first year. They would have an interest in the holding from the fact that they would have invested sufficient capital in it to make them regard it as their own. The group settlers carried on for years and did not know when they would be settled on their own blocks or freed from departmental interference. Under my scheme, many good settlers of the right type could be obtained. They would be engaged in a primary line, and would not have to look outside the State for a market for some years to come. The scheme would provide an opportunity to place the unemployed in work, and a quick return would be assured for any money the Government expended. I regret that Mr. Holmes is not in his place, because the other night he referred to the butter bonus. I think he was of opinion that it was provided by the Government.

Hon. G. W. Miles: No.

Hon. J. M. MACFARLANE: If he was of that opinion, he was wrong. It is a voluntary scheme.

Hon. G. W. Miles: Voluntary for the producers.

Hon. J. M. MACFARLANE: It is a scheme evolved to give the dairying interests the protection they required.

Hon. E. H. H. Hall: At the expense of the consumers.

Hon. J. M. MACFARLANE: It was either that or the extinction of the industry. The men engaged in secondary industries get their protection through the tariff; the wages men get their protection from the Arbitration Court awards, but the farmer has had to bear the whole of the burden and take his chance in the markets here and abroad. For this reason the Paterson scheme was evolved, and in my opinion it can continue only so long as Australia consumes more butter than it exports. When the day comes that we export as much as we consume, the Paterson scheme will fall to the ground. It is a voluntary scheme. The Government do not enter into it at all. The farmers provide the funds for the bonusing; the control board are the trustees, and only when the butter is exported is a portion of the funds used for payment of the bonus. It is not on the basis of the sugar agreement. The sugar industry is protected by the prohibition of imports under an agreement of which Parliament approves. The dairying industry has not had an opportunity to obtain protection.

Hon. G. W. Miles: The worker pays the extra 6d. per pound for butter, and up goes the cost of living.

Hon. J. M. MACFARLANE: Mr. Holmes quoted London and Australian prices in order to show there was a disparity of 6d. per lb., but what he quoted was the London wholesale price when the market was at its lowest and the Australian retail price, thus widening the margin.

Hon. H. Stewart: I thought he quoted the wholesale price at the factory, 1s. 7d.

Hon. J. M. MACFARLANE: No.

Hon. H. Stewart: What is the average price in London?

Hon. J. M. MACFARLANE: About 138s. The industry is worth something like £40,000,000 to Australia. The dairy farmer realises that lower prices must rule, and he has to be prepared to

make the best provision he can in anticipation of the time when he confronts the problem now being faced by producers of wool and wheat. Mr. Holmes spoke as though he had worn the white flower of a blameless life in regard to bonuses, and he condemned them. Mr. Holmes knows that producers of meat endeavoured to get a scheme similar to the Paterson scheme, but they failed because they could not secure 100 per cent. co-operation from the producers.

Hon. C. B. Williams: It must be an instance of sour grapes.

Hon. W. H. Kitson: Will you give us a brief explanation of the Paterson scheme?

Hon. J. M. MACFARLANE: It was propounded on the basis of the supplier permitting a deduction from his supplies. From whatever was sent to the factory, a proportion was deducted and forwarded to the trustees.

Hon. G. W. Miles: Does that operate in Western Australia?

Hon. J. M. MACFARLANE: No; so far we are exempt from the scheme.

Hon. W. H. Kitson: And then what?

Hon. J. M. MACFARLANE: When the butter is exported, a declaration is made to the board and when the Customs pass it, a bonus is paid. The bonus in the first year was 3d. and it is now 4½d. a lb. on every pound of butter exported.

Hon. G. W. Miles: And you fix the local price?

Hon. J. M. MACFARLANE: Yes, the scheme could not be worked in any other way. The dairying industry is entitled to look after itself, and this it does in the way I have explained.

Hon. C. B. Williams: It is not affiliated with the Trades Hall yet, is it?

Hon. G. W. Miles: No, not like the Colliery coal.

Hon. J. M. MACFARLANE: The dairying industry is of vital importance to Western Australia and should not be belittled. It is going to help the State considerably in the present crisis. We have the best of all markets, namely the local market. It is interesting to note that the butter manufactured by factories from March, 1929, to February, 1930, totalled 4,560,187 lbs. Farm butter made approximated 1,250,000 lbs. But we imported butter to the extent of 5,434,000 lbs., cheese 1,937,517 lbs.,

bacon and hams 3,433,570 lbs., pork 333,947 lbs., and preserved milk 4,028,651 lbs. We are making no strides towards supplying our requirements of these latter commodities, except bacon, and here a great opportunity exists for the Government to exploit this primary industry and provide work for many men. We have been telling the dairy farmers that a time of stress was coming and that they would have to be prepared to meet it. A good deal of attention has been given to the question of how it could best be met. We have herd-testing associations to show the farmer that if he has a cow he is keeping, as well as a cow that is keeping him, it is good to know which is the cow he is keeping so that he might let the butcher have it, not his neighbour. All over Australia and in New Zealand it is realised that to breed from pedigreed dams and sires is one of the most important features of the business. We in Western Australia have reached an output for the general herd of only 140 lbs. per cow. With special herds we have reached, according to last year's tests, 392.3 lbs. with one cow and for 1,123 cows an average of 268.2 lbs. So there is economic value to the farmer in herd testing. There is also the matter of conservation of fodder and the continuance of dairying the whole year round. To make a comparison with New Zealand let me quote from the report of the Australian Dairying Delegation to New Zealand in February, 1930, figures relating to general herds—

Season.	Cows.	Butter fat.	Days.
1927-28	72,734	228.37	241
1928-29	77,591	244.89	255
1929-30	90,861	262.73	260

Hon. Sir William Lathlain: New Zealand's average is 100 lbs. better than ours.

Hon. J. M. MACFARLANE: Yes. If we can approach New Zealand's figures, the position of our dairy farmers will be improved materially.

Hon. Sir William Lathlain: That is why New Zealand can export her butter without a bonus.

Hon. J. M. MACFARLANE: The following figures relate to individual herds—

No.	Cows.	Butter fat.	Days.
1	51	452.68	311
2	33	444.48	304
3	18	416.38	280
4	29	414.75	293
5	68	414.42	300
6	58	403.13	309
7	44	400.40	282

Those are possibilities. There are cows in Victoria which have been specially tested to produce as high as 700 lbs. of butter fat in a year. It is possible to achieve those results here. If a man can bring his herd up to something like that from Western Australia's present average is 148 lbs., he will have an excellent chance of succeeding. In fact, under such conditions our dairy farmers will have a much better opportunity than the dairy farmers in the Eastern States, because here land is cheap and the adoption of the most up-to-date methods is assured. Therefore I suggest that Mr. Holmes and others who have criticised our dairying industry unfavourably should remember that the dairyman is endeavouring to get himself out of the position of a few years ago, when the entire industry was in jeopardy. To-day our dairy farmers are making headway, and are facing the future with great hope. If conditions do not become too drastic, our dairy farmers will be able to carry on in the future as under the Paterson scheme. They know the Paterson scheme is not there for ever. When that scheme is abolished, our dairy farmers will be on the same level as those of New Zealand with regard to export. At present markets are shut against our condensed milk, which cannot find sale anywhere because its price is too high. As regards butter, we are losing our Eastern markets to New Zealand and America. So our dairy farmers are to gradually get down to the New Zealand market. With the development of the industry and the growth of the exportable surplus, the Paterson scheme cannot be retained. It has been a voluntary scheme evolved for the purpose of bringing about a better condition of affairs. We cannot do without a primary industry of this nature, which should not be stigmatised with the pernicious bonus system of the sugar industry. Moreover, a better class of labour will come back to the farmer. By reason of the fact that city wages were so high, the farmer lost his best sons. But with mechanical milking the farmer is finding himself more favourably situated than before. As to economic conditions, one has to look around and see what can be found useful to associate with the Government's programme. I venture to bring before the House a journal of which I understand every hon. member has received a copy—"Australian Economic Homes." It is intended to help along one

of our primary industries, the timber industry, and it is published by the Timber Merchants' Association of Western Australia. An editorial states that wooden houses can be built at 33 per cent. less cost than brick, with no loss of comfort or health conditions. If that is correct, the point is important, because we want to arrive at an economic basis upon which we can enter into competition with the world. Rent is a factor in that basis. There is also the consideration that a local industry will receive a fillip. The councils and road boards of Western Australia have made a practice, beyond common sense, of proclaiming brick areas. It is about time the Government brought pressure to bear on the council to release many of the rigid conditions as to brick areas, so that our local timber may get its opportunity along with the brick industry.

Hon. H. Stewart: Queensland houses, even those in Brisbane, are almost entirely of timber.

Hon. J. M. MACFARLANE: Similarly, in Victoria one finds large areas of timber houses with hardly a brick house amongst them. However, many houses are built of foreign timber. A quarter of a million is expended by Western Australia annually on foreign timber for building purposes. That seems a shame when we have a timber industry of our own. Experts tell us that our local timber can do all that is required. Members will have gathered from the journal that there are many fine examples of wooden houses which can be built with benefit to health. In fact, it is claimed that wooden houses are less susceptible than brick houses to developing certain conditions unfavourable to health. I have here also a pamphlet by Mr. F. W. Wright, dealing with Australia's economic troubles. This pamphlet strikes me as conveying valuable truths. The writer deals with Australia's difficulties in general, and then devotes a couple of pages to Western Australia especially. I ask the indulgence of hon. members while I read them. Mr. Wright's contention is that by the abolition of the horse and the substitution of the motor we have done ourselves, and particularly the primary producer, a great ill; and Mr. Wright suggests that a change back would bring with it great advantages.

Hon. H. Stewart: Who is this Mr. Wright?

Hon. J. M. MACFARLANE: He is a produce merchant, I believe.

Hon. G. W. Miles: His opinion is worth quoting, at all events.

The Minister for Country Water Supplies: He is a farmer.

Hon. J. M. MACFARLANE: His pamphlet contains the following passage:—

Taking Western Australia as a case in point, as we have over 4,000 tractors and over 10,000 trucks in constant use, it is estimated that we would need an additional 100,000 horses to do the work now done by all our tractors, and those of our trucks doing work at present that could be done by horses. Let us just see how the substitution of that 100,000 horses would affect us.

1. In the first place, another 500,000 tons of hay would be required as feed. This means that 5,000,000 bushels of our wheat now valued at approximately 3s. 6d. per bushel would be sold as hay; and at the reasonable price of £3 per ton would produce for our farmers the equivalent of 6s. per bushel for that quantity of wheat. Now, with the quantity of hay already required for local consumption (namely 400,000 tons per annum) also producing £3 per ton, we would enable our farmers to sell the rest of their wheat at a much lower price than they can profitably at present, and still come out on the right side of the ledger.

Further, imagine the quantity of oats that would also be required to keep that additional 100,000 horses, thus providing still another market for our primary producers. And remember that in Australia, even our best land cannot be cropped continuously with wheat for many years, but must be alternately sown with other cereals (of which oats are the most common, and would be the most useful), if the wheat yield is to be maintained at a profitable average.

In Western Australia, this year, thousands of bushels of oats have been sold at the atrociously low price of 1s. 8d. to 1s. 9d. per bushel, simply because our farmers must help their land by growing oats, even if the immediate cash return is insufficient to pay their relative cropping expenses.

2. In the second place, the production of an additional 500,000 tons of chaff would mean the employment of 1,200 more men on 100 more chaffcutting plants throughout the country. Again, as each plant costs, with engine and everything complete, approximately £1,000, and is built entirely in Western Australia, this means an additional £100,000 worth of business for Australian manufacturers.

3. In the third place, a demand for one hundred thousand horses to replace our present motive power, together with the ever-increasing subsequent demand for horses to replace those that would die, would give such a stimulus to our horse-breeding industry, that it would rival sheep and cattle in importance. As Australia is at present situated, it is particularly unfortunate, from the point of view of quantity of primary industries (primary

industries, as the world knows, support the world), and any substantial increase thereto would materially assist us.

Again, the rejuvenation of the horse-breeding industry would enable many of our pastoralists, who, at present, cannot produce wool profitably, to revert to the production of horses. Not only would this mean an immediate benefit to those who changed to horse breeders, but since Australia produces more than 25 per cent. of the total wool grown in the world, and approximately 60 per cent. of the total wool exported in the world, then it must follow that as our wool production decreased, so the tendency must undoubtedly be towards higher prices for our remaining pastoralists.

4. In the fourth place, 100,000 horses would require at least £200,000 worth of harness each year. Judge the benefit to our leather and harness industries, two of Australia's few secondary industries that can flourish without the aid of even the smallest protective tariff. With the new demand for leather, what a boost must be given to our cattle industry! Without a doubt, hides would revert to their value of some few years ago, resulting in an increase of at least £1 per head on the value of every beast we possess. Another pound per head on the value of our hides would enable us to compete successfully with the Argentine for the chilled beef trade of Great Britain, thus finding an outlet for the carcasses from which the hides had been taken.

5. In the fifth place, the coachbuilding industry, another natural secondary industry that is at present languishing through lack of support, would boom. Not only would those employed in the building of motor truck bodies still be required, but also all those, who, being located in the country districts, were unable to change from wagon building to truck body building and compete successfully with their city brethren, would be given a new lease of life.

6. In the sixth place, since more horse-drawn vehicles would be required to do the work at present done by our motor trucks, an increase in the demand for our natural timbers must follow. Our timber industry, unfortunately, is sadly in need of support.

7. And in the seventh place, blacksmiths, wheelwrights, and farriers would, in a like manner, be re-established throughout our whole country-side to the distinct advantage of every country town.

That passage seems to me to offer some suggestions well worthy of consideration and adoption. Motor traction is being done away with, and I am satisfied that there is a tendency to get back to horse traction. I have not run out of horses altogether. I have been using two or three, but just recently I desired to give one a spell and made an effort to secure another. To my surprise I found that for a horse I could have bought for £12 or £14 last year I was asked to pay double that

amount. We are aware that every time we purchase a motor vehicle we are sending money to America, and that means a distinct loss in hard cash to Australia. The same authority writing on this subject says—

In Australia every pound that we have sent to America in payment for motor trucks, tractors, parts or fuel, represents a pound less that should have been distributed either amongst our farmers or amongst those secondary industries which have been forced out of existence through the displacement of the horse by American methods of mechanical traction, that is to say, we have in effect reduced our gross income by the amount we have sent to America.

Those remarks are perfectly true and should be carefully considered by anyone who has any form of traction at all. It would be of great assistance to the Minister if he found that there was a distinct demand set up for horse traction. Just one other subject before I conclude my remarks. I wish to express pleasure that the Minister has given notice of his intention to introduce a Bill to amend Section 55 of the State Trading Concerns Act. I am satisfied that if the Bill is passed greater encouragement will be given to the individual who desires to develop along some line of industry on his own, free from competition by a body that does not pay rates or taxes, a body that uses methods of trading quite distinct from those adopted in ordinary commerce. I shall defer any further remarks I may have to make on this subject until the Bill is before us. At the same time it should be remembered that we have two lines on the statute-book which could be put into operation next week without any further appeal to Parliament. Those two lines refer to fish and meat shops. I am satisfied that the previous Government were disposed to get rid of the State trading concerns. They did actually get rid of one—the State butter factory. The proviso to Section 55 of the Act did not stop them in that action. Before closing I wish to add that the electors who sent me here would expect me to watch closely their particular interests in the different parts of the province, but I also realise that it would be quite wrong on my part to put up for consideration any project that might harass the Government in any way. We are all aware that works such as the rebuilding of the causeway and the river reclamation must stand aside for awhile. Still we must not forget that the causeway is an artery that leads out of the city, that

its present condition is dangerous, and that it will become worse with the succeeding years. At the present time I am prepared to tell any of my electors who urge that this work should be taken in hand, that it must stand over until money becomes available and conditions are easier. When that time comes around I shall not remain silent if less important jobs are submitted for consideration.

Hon. H. Stewart: It will be a reproductive work.

Hon. J. M. MACFARLANE: Quite so. It must be admitted also that from a health as well as an aesthetic point of view the work of the reclamation of the river cannot long be delayed. I support the motion for the adoption of the Address-in-reply, and thank hon. members for the attentive hearing they have given me.

On motion by Hon. E. H. Gray, debate adjourned.

House adjourned at 9.23 p.m.

Legislative Assembly,

Wednesday, 3rd September, 1930.

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

QUESTION—UNEMPLOYMENT SUSTENANCE.

Mr. RAPHAEL asked the Minister for Railways: 1, Under what conditions are the men on the Greenmount deviation engaged? What amount of sustenance does the 14s. per week man receive while awaiting re-engagement? 2, What amount of sustenance does the 21s. per week man receive