

Clause put and passed.

Preamble, Title—agreed to.

Bill reported without amendment, and the report adopted.

Third Reading.

Bill read a third time and transmitted to the Council.

House adjourned at 11.3 p.m.

Legislative Council,

Tuesday, 23rd August, 1932.

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

BILL—SUPPLY (No. 1), £2,225,000.

Standing Orders Suspension.

On motion by the Chief Secretary, resolved: "That so much of the Standing Orders be suspended as is necessary to enable the Supply Bill to be passed through all stages at this sitting."

All Stages.

Bill received from the Assembly and read a first time.

Second Reading.

THE CHIEF SECRETARY (Hon. C. F. Baxter—East) [4.39] in moving the second reading said: This measure differs from the Supply Bill ordinarily submitted at the beginning of the session in that it asks for three months' Supply instead of two months. The departure from the customary practice is due to the unavoidable delay in the calling together of Parliament. The reason for that delay is within the knowledge of members. The measure, in other respects, is the usual

Supply pending the preparation and submission of the Annual Estimates of revenue and expenditure. If this measure were restricted to two months, a further Supply Bill would have to be brought down before the current month expires. Accordingly, the Government are asking for funds to carry them over the quarter ending the 30th September. The total amount of the authorisation desired is £2,225,000, make up as follows:—Consolidated Revenue Fund £1,300,000, General Loan Fund £600,000, Government Property Sales Fund £25,000, and Treasurer's advance £300,000. For the information of the House I mention that the corresponding Supply Bill last year for a total of £1,370,000 and covering a period of two months only comprised Consolidated Revenue Fund £850,000, General Loan Fund £200,000, Government Property Sales Fund £20,000, and Treasurer's Advance £300,000. May I avail myself of this opportunity to apprise members of the results, in broad outline, of operations during the financial year which closed on the 30th June last. The estimated deficit of £1,226,373 was exceeded by £331,523, the actual deficit for 1931-32 thus being £1,557,896. This increase of £331,523 was caused by a falling off to the extent of £212,107 in revenue and by a rise of £119,416 in expenditure. The excess of actual over estimated expenditure in fact totalled £214,077, made up of increases of £163,996 on unemployment relief, £20,058 on exchange and £30,023 in relation to special Acts, but savings of £82,984 were effected in the estimated expenditure on public utilities and of £11,677 in the votes for ordinary Governmental activities. These total savings of £94,661 left a net increase in expenditure of £119,416, the amount previously mentioned. The decline in revenue is ascribable to decreases totalling £44,378 in the collection of land rents and timber royalties to reductions totalling £174,452 in interest earnings and departmental reimbursements, and to a falling-off of £17,776 in receipts from public utilities, an aggregate shortage of £236,606. On the other hand, taxation receipts exceeded the Budget estimate by £16,416, and Mint returns improved by £8,173. The total of those two items—£24,589—reduced the aggregate decline in revenue and receipts to £212,017. It will be noted that the fall in receipts is much more than offset by reductions in expenditure under the same head. The actual surplus of

receipts from Public Utilities over working expenses for the past financial year amounted to £1,546,902, showing as against the estimated surplus of £1,481,694 an improvement of £65,208. Of the amount of this improvement the Railway Department provided £30,984. Hon. members will be pleased to learn that since the close of the financial year 1929-30 there has been marked improvement in the net results from Public Utilities, the surpluses for the three financial years under review being—

1929-30	..	..	£1,261,670
1930-31	..	..	£1,286,924
1931-32	..	..	£1,546,902

Notwithstanding the economies effected, finance during the year has been difficult. As in the previous year, 1930-31, money has been provided by short-term advances, through the Loan Council. For the past year these advances total £3,466,552. Of necessity, expenditure on Loan account has been reduced considerably, the amount for the past year being £1,380,225. On account of Federal Aid Roads this State has received from the Commonwealth £321,307 during the twelve months. These Loan and Federal Aid Road moneys have been used to the greatest advantage for relief of unemployment. Now, I cannot claim to be either a prophet or the son of a prophet; and, in any case, prophecy in these modern times has been termed the most gratuitous form of human folly. Therefore I willingly refrain from embarking on the treacherous ocean of forecast. But in speaking, as the Government's representative in this Chamber, on the subject of public finance, may not I be permitted to echo that note of re-awakened confidence which latterly has been circling the civilised world, and to join in the growing hope, even though it be a trembling hope, that the long, dismal lane of depression is about to take a turning into the broad road of prosperity? I move—

That the Bill be now read a second time.

HON. H. SEDDON (North-East) [4.50]: I wish to offer a few general remarks on the Supply Bill, as that measure gives an opportunity of reviewing the progress made with regard to finance generally. Although the Supply Bill is accepted as more or less a matter of form in this House, nevertheless it does entail a certain amount of responsibility on us. The very fact of our

being asked to assent to the granting of Supply to the Government imposes on us a responsibility so far as that assent is given to the expenditure of the money to be granted by the Bill. In point of fact, the granting of Supply, as most hon. members know, is one of the safeguards of the Constitution. We know from our histories that the question of Supply and the question of allowing taxation were on one occasion so serious a cause of disagreement between the King and his Parliament, that ultimately the King lost his head over the question. Although I do not suppose anyone will lose his head over the present Supply Bill, the fact remains that the House has a responsibility in passing Supply; and therefore I think this Chamber is justified in offering certain criticisms, and also certain suggestions, with regard to the matter. The question is more important than ever to-day, because of a development which has taken place during recent years. Owing to the trend of events, we have during the past few years found ourselves in the position of being governed really by Premiers' Conferences. Those conferences have really dictated the lines of action to be adopted by the various State Governments. Consequently, to that extent we have lost a considerable amount of that sovereignty which is supposed to be the prerogative of the State Governments, for we have been reduced to the position of having to accept the plans and decisions laid down by the Premiers' conferences.

Hon. J. Nicholson: That has been with the intention of rehabilitating the States.

Hon. H. SEDDON: It undoubtedly was with the best of intentions. There may be differences of opinion as to the way in which that rehabilitation is to take place, and the methods which are to be employed. Indeed, I believe the position of State Parliaments has been materially affected by the course of action which has been adopted.

Hon. G. W. Miles: The Financial Agreement had a lot to do with it.

Hon. H. SEDDON: I do not know that the Financial Agreement had as much to do with it as perhaps many people think. Possibly the hon. member himself will give us his views on that aspect later. However, I do say that owing to the fact of our determining that our rehabilitation and the carrying on of our operations had to be effected by Loan expenditure, and the fur-

ther fact that we have had to hold Premiers' conferences in order to arrange for assistance from the banks to meet the deficits which have been incurred, we have been placed in a subordinate position. In my opinion, those State Governments which endeavoured to meet the situation as far as possible from their own resources, did more to maintain the position of the States as against the fast approaching position of unification, than those States which simply subordinated themselves to the Premiers' conferences. There has been serious criticism, and there still is serious criticism, with regard to Parliament. It has been suggested that we have too many Parliaments and too many members. That impression has certainly been fostered by the manner in which, as I say, Australia has been governed by the decisions of Premiers' conferences during the last two years. Now with regard to the date on which this Supply Bill comes before us. That involves another question of Parliamentary responsibility. Although on the present occasion there certainly were extraordinary circumstances which controlled that delay, the fact remains that by so delaying the Bill any criticism that the Houses of Parliament may have to offer regarding the expenditure authorised by the measure, is largely stultified, because the greater part of the expenditure has already taken place. The whole question, therefore, is simply one of endorsing what has been already decided; and any criticism will largely lose its force by the fact that the works are already in hand.

Hon. G. W. Miles: That is the trouble. We criticise only after the money has been spent.

Hon. H. SEDDON: I again wish to express my view that if the State Parliaments are to recover their position in the community, if they are going to effect a reinstatement of their position, it can only be done by themselves dealing and grappling with the financial troubles of the States, without going to and receiving assistance from, the Federal Government, as they are doing to-day. I wish to refer to the progress that has been taking place in regard to our State expenditure. We already have the results of the first month's operations in the current financial year. I desire to refer to the figures for the month of July during the past five years. In order that hon. members may be able to follow my remarks more clearly, I

have placed before them copies of the figures I am about to quote. I wish to draw comparisons between those figures. They refer to revenue and expenditure for the month of July during each of the five years from 1928 to 1932—

*July Deficits: Revenue and Expenditure
Compared 1928-32.*

Year.		Revenue.	Expenditure.	Deficit.
		£	£	£
1928	..	316,560	554,738	238,178
1929	..	369,589	611,844	242,255
1930	..	374,800	685,582	310,782
1931	..	451,054	795,469	344,415
1932	..	414,117	792,556	378,439

I think we are justified in saying that at last we have had some definite illustration of the activities of the Government as regards keeping down expenditure, in so far as at last they have been able to reduce the expenditure on the month of July for the first time during the period of five years.

Hon. J. Cornell: This time the Government did not have the money to spend.

Hon. H. SEDDON: The fourth column of the figures I am quoting shows that although the Government did not have the money to spend, they still exceeded their revenue during the month I am quoting. It is the trend of figures in times like these that is illuminating. Although we can see that the Government have done their best to keep down expenditure, still, up to the end of the last financial year, the job has been too much for them. It is only during the present year that the results of their efforts to economise, efforts recognised by everybody, are reflected in the expenditure for the month of July. On the other hand, the disquieting feature is that each year the deficit for the month of July has increased; and it is still increasing. That, in my opinion, indicates the highly important fact that the control which Governments exercise over expenditure is decreasing. It seems as though the law of diminishing returns is certainly operating in that respect, as though the Government are finding that expenditure at the beginning of the year gets away from their control, despite every effort. In connection with these figures I wish to point out that the real difficulty lies on the revenue side of the equation.

It is in the revenue figures that the most serious deficiencies seem to arise. I realise, and make full allowance, for the fact that the Government's difficulties are absolutely unparalleled, and the more we delve into the finances, especially of those departments which have to do with agricultural activities, the more do we realise the load the Government are carrying, and therefore we must give them full credit for the efforts they are exerting. It is in the field of revenue that we have our most serious decline, and in my opinion, as I have frequently mentioned here, it is in that field of revenue that the Government should exercise the power they possess for increasing their returns. The figures with regard to income tax and also those respecting the people who pay income tax, are still as significant as ever. About 88 per cent. of income earners in this State are not paying income tax. There is also the important fact that although there is a good deal of criticism levelled against the Government's taxation, I consider that the attitude of the people is entirely out of perspective. There would be a tremendous storm of resentment if, for instance, it were proposed to levy a tax of 1s. in the pound to enable the Government to adjust their finances. Yet the proportion is a very small amount as compared with the amount that is spent week after week, month after month, and year after year in connection with amusements, and other expenditure which can only be described as uneconomic and wasteful.

Member: On money words, for instance.

Hon. H. SEDDON: There are many ways in which it is being wastefully spent, but if every citizen faced the position he would realise that, although he might growl at the suggestion that he should be asked to assist to meet the deficits that are occurring by means of a direct tax on his income, he is actually spending in other directions more than his fair share towards the citizenship he enjoys. There is another aspect of taxation which should be taken into consideration. Certain emergency measures have been passed through Parliament, measures having for their object the bringing of finance down to within reasonable limits, and the imposition of a general reduction of 22½ per cent. on incomes. The fact remains that in its incidence this legislation has not operated evenly. There are sections of the community to-day that have not suffered one penny reduction as far as

their incomes are concerned, and although the Act dealing with the reductions was supposed to be general in its application, there are important sections of the community who to-day are not contributing a penny towards the reduction of costs in reduced remuneration.

Hon. J. Cornell: Where are they?

Hon. H. SEDDON: Their positions have not been interfered with at all. Had the Government adopted the suggestion of a general tax on incomes, they would have collected from every person in proportion to the income that person was actually receiving. So far as we can see from the figures that have been placed before us, the State Government can only further reduce expenditure by cutting out social services, and that is a step I think we have endeavoured to avoid. It would be a serious course to follow and would merit a great deal of consideration. There is, however, one aspect of co-operation between the various States and the Federal Government which has been overshadowed by the urgent need for funds, but which is overdue for consideration, and that is the definition and establishment of the respective fields of the Commonwealth and State Governments with regard to the administration of the country. This offers considerable opportunities and avenues for economy, and the Premiers would be well advised to endeavour clearly to define it in the immediate future. Consider the overlapping which is taking place. There are two income taxes, two land taxes, two entertainment taxes, and in various directions the field of finance is duplicated by Governmental authorities. That, to a large extent, has been made the system of overlapping in the activity of Governments in Australia. Then when we come to the question of administration, there is little economy. After all, the same taxpayers pay the taxes, Federal and State, and the field of the State Government should be the more important, particularly with regard to administration and coping with problems.

Hon. A. Thomson: The Federal Government has robbed us of every field of taxation.

Hon. H. SEDDON: The Federal Government has an advantage over the State, insofar as they have a monopoly of indirect taxation, and we know the result of the tariff on the general community. Then the ques-

tion of unemployment is really more a Federal than a State matter.

Hon. J. J. Holmes: And what about the sales tax?

Hon. H. SEDDON: That is one of the most objectionable impositions ever placed upon a long-suffering public. My desire is to direct the attention of the people of this State to what they are paying for, and what the scheme for the relief of unemployment costs. The sovereignty of the States has not been safeguarded, and the spirit of Federation has not been put into effect. This is a field offering an opportunity for economy which should be discussed at a conference between the Premiers and the Prime Minister, so that the question might be straightened out, and so enable the people to know exactly where they are. Unemployment is one of the fields which should come within the function of the Federal Government. The system we are carrying on to-day is objectionable; it is the outcome of conferences that have taken place between the Federal Government and the Commonwealth Bank, and it is the arrangement that has been entered into that is enabling us to spend money on the relief of unemployment: I repeat that the function of finding work for the unemployed is one which should come within the scope of the Federal Government and should not be handled by the State. May I call the attention of members to an extract from the "West Australian" of the 7th August, 1930:—

At a conference between the sub-committee of the Loan Council and the representatives of the Associated Banks, held in Sydney on July 21st, a concrete proposal for the mobilisation of the London Exchange was tentatively agreed to. This arrangement has been unanimously adopted by the Loan Council and will come into operation in September of this year.

Every State Treasurer accepted the view that it was essential that budgets for the present financial year must be balanced but the budget proposals of the Commonwealth Government had placed the States in an almost impossible position, and had increased taxation so that it would be impossible for the States to look for increased revenue from this source. . . While savings in Commonwealth administration were small, the States were asked to economise to an extent that made it impossible for government to be carried on. . . . The Federal Government should revise budget proposals and shoulder a larger share of the burden.

I should like to refer members to the Governmental figures for the past five years. I

have placed before hon. members certain comparative figures and I will not quote revenue and expenditure figures for the year because they are available to everyone who cares to peruse them. With regard to expenditure from loan and the deficit incurred during the year, there are certain features which come out. The State revenue was at its peak in 1929; last year our revenue was 80 per cent. of that of the peak year. As to expenditure, that also had its peak year in 1929, and last year it was 93 per cent. of the 1929 figures. We are told in the Governor's Speech that the deficit is made up principally of two factors, exchange and unemployment relief. Exchange, we are told, amounted to £620,000 and unemployment relief to £644,000. I should like the Minister to make a note of this matter so that he might answer it on a future occasion. I do not expect him to reply to it on the debate on this Bill. I should like to know whether the amount of £620,000 is the whole amount of exchange payable on our interest and sinking fund payments in London. Our interest and sinking fund in London is now over £2,000,000. Does the £620,000 represent the cost of exchange for making available in London the total amount? My reason for asking that is because of certain figures in connection with the Australian overseas debt and interest bill. In 1928 our overseas indebtedness was £570,000,000.

Hon. J. Nicholson: That is a Commonwealth matter.

Hon. H. SEDDON: Yes. In 1929 the amount was £572,000,000, in 1930 it was £574,000,000; in 1931 it was £599,130,000, and for the financial year 1932 it was £599,136,000, an increase of £6,000 over the previous year. With regard to the interest payments overseas, in 1928 the amount was 27¼ millions; in 1929 it was 27½ millions; in 1930 it was £27,600,000; and in 1931 it was £28,600,000. I am not sure of the figures for 1932. They were either £25,000,000 or £27,000,000. I am inclined to think the figure was £27,000,000 because there was a considerable reduction in our interest bill last year. The lower figure would indicate a reduction of interest payable in Australia. It is obvious that although we have been off the London market since 1928, there has been an increase in our total overseas debt for the whole period amounting to about £29,000,000. I am quoting the figures to show that although we have been off the

loan market overseas, we have actually incurred an overseas indebtedness of that amount. This is an important fact when we realise that the interest on the money has to be met, and that it carries a surcharge of 25 per cent. exchange. Governments have been relieving themselves of that charge by arranging for credit overseas to enable them to meet their interest obligations. That is the only explanation I can gather for the increase in the overseas debt. This brings up an important aspect of public finance, namely overseas borrowing. One of our most serious difficulties is to meet our overseas obligations on loans. One would have thought that every effort would have been made by Governments to see that, even if it involved them in an extra expense of 25 per cent. to provide for these obligations, that the burden was not increased, and that they were not incurring extra interest for payment overseas.

Hon. J. Cornell: There has been a tremendous increase in the unfunded debt.

Hon. H. SEDDON: The increase in the public debt overseas is largely occasioned by the issue of Treasury bills in London. On the 30th June, 1932, the total amount of Treasury bills outstanding in Australia was £45,000,000, and in England 37½ million pounds, a total of 82½ millions. These Treasury bills represent the expedient that has been adopted by various Governments to obtain the necessary financial assistance through the banks. They are the direct result of the policy adopted by Australian Governments when they put through the conversion loan. The conversion loan forced investors to take a reduction in their interest. There is a marked difference between the way in which that conversion loan was forced through on the Australian public, and the way the present conversion loan is being dealt with in Great Britain. Whereas in Australia people were asked voluntarily to convert, and those who did not convert were made to do so, in Great Britain, while every appeal is being made to bondholders to convert to the lower interest-bearing stock, an alternative is offered of getting their money if they are not prepared to convert. Had Australia adopted the principle followed in Great Britain, she would have found people rushing to take up bonds they were previously dissatisfied with because of the interest they were to get. The result is that no Australian Government has dared to go on the loan market either in Australia or overseas

for a public loan. All loans raised by Treasury bills are forced loans. They have been forced on the general public through the banks by arrangement with the banks, so that the deposits which are available there shall be taken over and used for Government purposes. To this extent we have developed a very serious defect in Government finance, one that will not redound to our credit overseas. It is obvious to the overseas investor that a Government prepared to adopt that policy with its own citizens will only await the opportunity to adopt the same expedient in connection with the overseas investor, and ask him to accept a reduced interest and to that extent void its contract. It is interesting to note in connection with the increase in indebtedness that one of the reasons advanced at the time of the conversion for asking citizens to take less interest, was that the interest burden on the community was too heavy to bear. After putting that up as a reason for the conversion of the loans and bonds, we are still increasing that burden overseas and in Australia to enable our Governments to carry on their finance.

Hon. J. Cornell: What is the alternative?

Hon. H. SEDDON: The first alternative is that our conversion should have been done on more honourable lines. Another alternative is that the Governments should have financed within their means, if necessary by a monthly tax, rather than do as they are doing, passing the burden on to posterity. That practice has grown to such an extent as to become general. It is one which would be condemned in the individual. Why should there be two standards in finance, one for the private citizen, and the other for the citizens who comprise the community acting as Governments? Although, as Mr. Scullin said, it might have been necessary to reduce the value of the pound to 12s. 6d., this action would have demonstrated that we were prepared to live within our means, something we have not done despite our professions to the contrary. The floating of Treasury bills is direct inflation. I will now read an extract from the "Manchester Guardian" dealing with the German position last year. Germany is a country which experienced to the full all the advantages of inflation. The depreciation of the German mark enabled

the people of that country to face the benefits and the disadvantages of inflation:—

When the new Government took office in Germany the future of the mark was called into question. The exchanges are too closely controlled for much direct effect to have been perceptible in quotations, but the German stock exchanges gave the usual expression to doubts about the stability of the currency. Fixed interest securities were marked down 10 per cent. or thereabouts while equities of all kinds, from bank shares to mining and manufacturing shares and industrial debentures exchangeable for ordinary shares at option of holder were marked up about the same measure. Some still extant bonds issued during or after the last inflation on units not of money but of rye or coal were also marked up. The new Government thought it necessary to intervene and made it known that it intended no departure whatever from the currency and credit programme of the Brüning Government. The declaration was followed by a partial re-adjustment of prices in the stock exchanges to the previous relation between bonds and equities. For the moment the new Government holds itself bound by the same consideration of caution as its predecessor and the Reichsmark is still quoted at gold parity.

That was the course adopted by a Government which had experienced inflation. When we hear, as we do, the proposals for inflation that are still being advanced in this community, we should be guided by the decisions of a Government which had been right through the whole operation and realised the disadvantages associated with it. I have a further reference to the stringent measures adopted by the German Government to prevent speculation on exchange and any attempt to exploit inflation on the part of the ordinary financier. There are some features in connection with Government finance that are encouraging and deserve full recognition. The first one to which I wish to draw attention is in regard to the relative increase in the public debt and the loan expenditure during the last five years. Members will find that the public debt has increased by a considerable amount each year. In 1928 the increase was £5,800,000; in 1929 it was £1,500,000; in 1930 it was £1,800,000; in 1931 it was £5,300,000, and for the financial year 1932 it was £3,100,000. The loan expenditure, however, does not correspond with the increase in the public debt. Whilst during 1928 the public debt increased by £5,800,000, the loan expenditure was £4,600,000. In 1929, while the public debt increased by £1,500,000, the loan expenditure was £4,300,000. In 1930 the increase of debt was £1,800,000, but this was

accompanied by a loan expenditure of £3,700,000. In 1931 the lee-way had to be made up. The increase in public debt was £5,300,000 while the loan expenditure was £1,700,000. For the financial year 1932 the increased public debt was £3,100,000 while the loan expenditure was £1,400,000. These figures indicate that a very serious position confronted the present Government when they took office. Attention was drawn at the time to this in the financial statements put before the House. It was pointed out that every avenue from which funds could be obtained was exploited by the outgoing Government to enable them to carry on their own operations. That adjustment had therefore to be made by the present Government, because one of the terms laid down at the Premiers' Conference, after Sir Otto Niemeyer had analysed our finances, was that the trust funds had to be reimbursed and restored before Governments embarked upon any further considerable loan expenditure. That obligation has been carried out by the Mitchell Government, who should receive full credit for the achievement. I would next point out what the actual loan expenditure during the past five years has been. In order to show that clearly, I contend the only figures that would be a fair indication are those obtained by adding the loan expenditure to the deficits. If we take those figures, we find the following totals for the respective years:—

1928	..	..	..	£4,706,726
1929	..	..	..	£4,648,237
1930	..	..	..	£4,211,056
1931	..	..	..	£3,179,803
1932	..	..	..	£2,938,121

The amount for 1932 represents the smallest total of combined loan expenditure and deficit since 1912, with the exception of the war years. It represents excess direct Government expenditure and indirect loan expenditure for the deficit, and, as I have already indicated, represents the smallest loan figure achieved by any Government since 1912.

Hon. J. Cornell: But that result was obtained by force of circumstances.

Hon. H. SEDDON: Undoubtedly, but the fact remains that the achievement is an encouraging development.

Hon. J. J. Holmes: Did not the Government cut down expenditure on public works to finance the deficit?

Hon. H. SEDDON: That may be so, but that result has been secured despite the biggest unemployment problem that has confronted any Government in the history of Western Australia. Although confronted with that problem, the present Government have achieved a result regarding loan expenditure that has not been bettered since 1912, except during the war years.

Hon. J. Cornell: Farmers are still carting wheat 60 miles.

Hon. H. SEDDON: I do not intend to deal with agricultural matters at the present stage.

Hon. J. J. Holmes: Money borrowed for the building of railways has been spent.

Hon. H. SEDDON: We shall have an opportunity to deal with such matters when we discuss the Industries Assistance Board and the Agricultural Bank. I wish to lay emphasis on the fact that with a loan expenditure of under £3,000,000, even though it may have been through force of circumstances, the present Government have grappled with unparalleled problems and have emerged more successfully than have any of their predecessors in office. There are disquieting phases of the position. I refer to the fact that much of the loan expenditure has been incurred both by the present and past Governments in dealing with deficits. To use the definition of the Premier, Sir James Mitchell, money used in that way has resulted in building up public debts for which there are no assets. The increase in the public debt during the last 30 years, for which no assets have been created, will continue to constitute a serious problem in the future because we shall have to pay interest and sinking fund charges on the amount involved for 58 years. Money has been spent by the people of the present generation, and we have passed it on to the next for payment. There are other developments in our financial position that are encouraging and hold out considerable hope for the future. The figures I have quoted show that the Government are not drifting backwards as rapidly as before. Although they are not yet catching up to expenditure, they are making less leeway than before. There is another point to be taken into consideration. I refer to the proportion of loan funds that have been raised in Australia being greater now than for a long time past. That is a favourable development because it goes to show

that we are living on our own resources to that extent, whereas formerly we were more content to live on borrowed money from overseas. Then there is the question of bank clearances. References were made to that phase recently, and it was suggested that this year our bank clearances were less than for the corresponding period of last year. That is a development that has taken place during the last three or four weeks. If we take the bank clearances for the last three or four years up to the 17th August, we find that this year, for the first time, we have made a recovery. The comparative figures for the last four years are as follows:—

1929	..	..	£75,380,484
1930	..	..	£60,728,759
1931	..	..	£45,435,990
1932	..	..	£48,152,691

Thus, so far, there has been an increase this year of, roughly, £2,700,000, which indicates increased velocity of circulation, as well as greater circulation. That points to a certain amount of recovery, because people to-day are in a position to replace worn-out goods and machinery, and the very fact that they are buying new goods must mean a development in employment. In the Eastern States, there has been greatly increased activity in the woollen mills and in those associated with the clothing trade.

Hon. A. Thomson: And the men have gone out on strike.

Hon. H. SEDDON: That may be so, but the point I am making is that these increased activities must mean added scope for employment. No doubt members will have noticed the increased building activity that has been apparent in Perth as compared with last year. That, too, means more employment. The adjustment of the trade balance during the last two years has shown that we have a credit balance on the overseas or external trade. That is all to the good, because it indicates that we are turning our attention to an endeavour to have our requirements met as far as possible internally. We are doing without requirements that we formerly bought from outside Australia, and the whole position to that extent has considerably improved. I may again point out that Western Australia, having such a large export trade, has benefited appreciably because of the exchange that is being paid by the whole of the people of the Commonwealth. Western Australia

benefits therefrom to a very large degree because of the export trade. The accumulation of deposits in the trading banks will also make for further employment. Money will not remain in the trading banks at the present rate of interest if avenues of profitable employment are available in other directions. An important step towards recovery will be for Governments generally to recognise that the sooner they can make commercial enterprise profitable, and so encourage the investment of private capital, the more quickly shall we bring about the end of the present depression and the unemployed be reabsorbed in various directions. There is one feature that has developed as a result of the depression in respect of which Western Australia has benefited more than any other State. I refer to the goldmining industry. It does seem an important feature in the working of our economic processes that the more the social system becomes disorganised, the more important does that industry become. So important has gold become to Australia that, at the present time, we are receiving a premium on the earlier price of gold representing something like 70 per cent. in Australian currency. To that extent the gold mines have benefited considerably. Whereas four years ago people seemed to be agreed that goldmining was down and out, to-day the eyes of the people of the State are concentrated upon the goldmining industry in the expectation that it will carry the whole of our burdens and assist in the adjustment of overseas payments.

Hon. A. Thomson: The industry is the hope of our side.

Hon. H. SEDDON: Undoubtedly.

Hon. J. J. Holmes: Are we not carrying the burden by providing the bonus?

Hon. H. SEDDON: To the extent of the difference between sterling and Australian currency, the whole community is carrying a burden of 25 per cent. On the other hand, it must be realised that the goldmining industry, until four years ago, was bearing more than its fair share of the unfair tariff impost levied by the policy of various Governments. It is but economically just that to-day the industry is in a favoured position. I am prepared to admit what was commonly contended, that this is something in the nature of a temporary expedient and relief. It is true that it means living on capital, inasmuch as every ounce of gold

taken out of the ground is an ounce lost. As a result of recent exploratory work and the encouragement to mining operations because of the increased prices obtainable, work has been undertaken throughout the goldmining areas that would not otherwise have been embarked upon, and the whole State has benefited accordingly. There is no avenue that affords quicker or better opportunities for employment than the mining industry, properly fostered and nurtured. Recent developments are all to the good and Western Australia has benefited more than any other part of the Commonwealth because of the increased gold production. The other cause referred to in the Governor's Speech in explanation of the deficit is unemployment relief. A large proportion of the Supply dealt with in the Bill now before us is to be spent in that direction. When considering that phase, we should endeavour to face the position clearly. Much was said in the Legislative Assembly on the question of unemployment and I think a little refresher in looking up some utterances of the past may be wholly beneficial at the present time. It is all very fine to talk of the other fellow and find fault with the way he is doing things. First of all, it is well to see whether it is possible for the other fellow to throw some of the stones back again, and to be sure that, when confronted with somewhat similar difficulties, one's efforts did not make a worse showing than those of the other fellow, faced with present-day unparalleled problems. There is one country in the world that has no unemployment problem. I refer to Russia. The most serious penalty that can be imposed upon a citizen of Russia, who has offended the authorities, is to sentence him to be deprived of the opportunity of securing employment. Such a penalty amounts to a sentence of death. And the magistrates are instructed to see to it that the man gets no work. While we are dealing with unemployment and some of the remedies that have been advanced, I should like to draw attention to some of that Government's methods; because although there are certain aspects of those methods which might well pay Western countries to study, the conditions of work in that country are such that no Australian would tolerate them for five minutes—if he could help it. My reason for the proviso is that there has been already a serious attempt to subordinate and enslave the Australian citizens by the introduction of Soviet principles. Had that attempt

been successful the Australian would now be looking back upon his past experience as a sort of paradise compared with the experience he would now be undergoing. Another factor in regard to unemployment is this: unemployment relief work will not solve the unemployment problem. Although the criticism has been indulged in lately that the Government were not meeting the unemployment problem through relief works, the fact remains that the Government have consistently pointed out that their actions are only in the direction of relieving the position, assisting the people and keeping them from starving until the economic system adjusts itself and those people get back into their ordinary avocations. Unfortunately in the past there was an idea that Government relief works could be made employment works, and a lot of our public works in the past have really been relief works in disguise. This country, because able to borrow loan funds to an extent never previously available, created an army of casual labour which was paid the full basic wage rates—although the money was only being paid out of borrowed funds which will have to be repaid by future generations. Relief work to-day is also public work, but is recognised as being relief work, and the money being expended on it has been obtained by dribs and drabs, made available because it is recognised that the community is responsible to each citizen to keep him from starving. Although we find fault with the means adopted, the fact remains that we cannot, in a community like this, provide employment at the full basic wage unless we adopt measures the result of which would be that no man in public life could advocate them and get back into Parliament. I mean that if we are going to pay the full basic wage to those on relief work we can do it only by continuing to raise loans—and even that method could not last long—or by putting on such heavy taxation that the people would revolt against it, or thirdly by going in for straight-out inflation. So before attacking the Government on the degree of relief work they are giving to the unemployed, the Government critics should make clear and distinct exactly how they would find the funds for carrying out the increased relief which they so clamourously urge. If they would but honestly state the case they would show that it is impossible, without reducing the standard of the rest of the community, to in-

crease the assistance to the unemployed. And so I say the public are being deliberately misled. People indulging in criticism of a Government faced with the difficulties confronting the present Government should have a look at their own position. In that regard I should like to quote certain statements made in this House and another place on the subject of unemployment, which was already becoming a serious problem prior to the present Government taking office. On the 30th July, 1929, Mr. Collier, the then Premier, speaking on the Supply Bill said:—

The position in regard to unemployed is fairly well understood. It is one over which no Government has control, at all events in the circumstances we find existing in Australia to-day.

Later on in the same session Mr. Collier repeated it. He said:—

Bad conditions in the East have been responsible for the migration to this State of a considerable number of working people.

Mr. Kitson, speaking in this House, said:—

We cannot solve unemployment in Western Australia without the co-operation of all the other States of the Commonwealth; the ramifications bringing about unemployment are much deeper than we in Western Australia can deal with.

On another occasion the hon. member said:—

The State Government have provided all the work they can. They cannot undertake to employ every man coming to the State looking for work.

That was in 1929, the year I have quoted as the one in which the Loan expenditure was the largest but one in the history of the State, the year in which the then Government had money available which has never since been available. Yet those statements were made by responsible members of the then Government, the members of which, with other members of the party, are now criticising the present Government. If the unemployment problem could not be satisfactorily dealt with then, how can it possibly be dealt with at the present time, when the finances of the whole of the community are so straitened? In conclusion I would summarise what I have previously said: The question of unemployment is being alleviated by the operations of the natural forces that are to-day making for recovery. It can

only result from the adjustment of the commercial and industrial systems to a balanced condition. The function of Government is to enable those forces to have free play and to remove from them every restriction that will hamper their operations. That involves not only the removal of those restrictions, but also a degree of research into the balance of production in the Commonwealth, and a degree of economic planning that at present has not been attempted by any country outside of Russia. The report of the 1928 Commonwealth committee in regard to unemployment indicated the economic lines which should be adopted. The more we follow those lines and suggestions the more shall we assist this country to recover. In spite of the experience of the last four years, we as a community are still undecided as to which road we shall take; we have not yet definitely determined whether we are going to be a self contained unit as implied by having a high protection policy, or are going to recognise our association as a part of the great world economic system.

Hon. A. Thomson: Do you mean Western Australia or Australia?

Hon. H. SEDDON: Both, for the people who are crying out for secession to-day, are themselves endeavouring to show that Western Australia will be in a better position controlling her own affairs than she is under the Federal system. Yet their figures indicate the perpetuation of the fiscal system which they themselves condemn as being unsound. It appears to me that Australia has to make the decision in order to recover. Either she must definitely adopt a revenue tariff and take her position in the world's economic position, and rise or fall by the system of world prices, or she must continue high protection and endeavour to make herself a self-contained unit. So far as I can see, during the last ten years we have been suffering from a mixture of the two policies: we have been borrowing from overseas to develop our primary resources while the Federal Government have cheerfully taken from the goods that came in as the result of that borrowing, a toll with which to swell their revenue. Ever since overseas borrowing has ceased we have been trying to adjust ourselves, but we have not yet decided which policy to adopt.

Hon. A. Thomson: We have seen the results of high protection.

Hon. H. SEDDON: It has been claimed that the operation of the tariffs and prohibitions have increased employment in Australia.

Hon. A. Thomson: And have increased unemployment.

Hon. H. SEDDON: Certainly protection has been adjusted without very much regard for the farmer carrying on his operations. I say that before unemployment can be consistently dealt with, we as a community have to make up our minds as to whether we are going to continue high protection or to lower the tariff walls. I will support the Bill, for it makes provision, as far as possible, for work for those unfortunates out of employment. There are in our community factors which are making for recovery and the avoidance of trouble.

Hon. A. Thomson: Are they permanent or merely transient?

Hon. H. SEDDON: I think some of them are permanent. I have in mind the accumulation of capital, of bank deposits, and the reduction of interest which is forcing money into investments and consequent employment. I cannot see how for many years to come the price of gold is going to get anywhere near its former level. That is a factor making for Australia's recovery. The money represented by the gold won from our mines has been spent directly and indirectly in the proportion of 95 per cent. in Australia, from which the whole community has benefited. If these forces are not interfered with I am sure they will make for recovery, in consequence of which we shall register a definite advance from now on, and we shall find our people being restored to employment. Perhaps the standard will be considerably lower than that of the past, but it will be more permanent because it will be founded on sound economic laws instead of being built on an artificial basis.

HON. A. THOMSON (South-East) [6.1]: Members must feel under a debt of gratitude to Mr. Seddon for the figures he has so carefully prepared, and the valuable information he has given the House. I support the Bill. With the previous speaker, I agree that no Government ever took charge of the Treasury benches under such difficult conditions as the present Government have done. While it is very easy to criticise, it is difficult to offer constructive criticism. I

wish to direct attention to several matters affecting the expenditure of the money and the conditions applying to the expenditure. A little more consideration should be extended to people who have been thrifty. Although I appreciate the difficulties confronting the Government, I believe that the practice of requiring a man to be absolutely penniless before he can qualify for work under the present system is wrong. The money for relief work is being borrowed, and the whole of the people will be required to contribute their quota in the shape of interest and sinking fund charges, and therefore any man should be entitled to work provided he has not a regular income. Doubtless every member could cite cases of distinct hardship. Let me refer to two. I have in mind a man who is a good citizen. He has reared a family of five and made many sacrifices to give his children opportunities to get on in the world. He was out of work for 2½ years, and was right down to his last penny when I advised him to apply for sustenance. He did not expect pay for nothing; he was willing to work for what he received. He submitted a truthful statement, which showed that his youngest son was contributing 30s. a week to the maintenance of the home. That was given as the reason why the father was not granted work. I interviewed the Unemployment Board and was informed that that was the ruling. I am sure the Minister will agree that such a condition should not be imposed, particularly as the money for relief work is being raised by loan and the people as a whole are responsible for interest and sinking fund payments. The wife of a man on sustenance was sufficiently fortunate to win £5 in a crossword puzzle competition, and members will be surprised to learn that her husband's sustenance was stopped for two weeks until the amount had been expended.

Hon. G. Fraser: That is a common experience.

Hon. A. THOMSON: Perhaps so, but I hope the Minister will persuade the Government that an alteration is necessary. Even admitting the difficulty of the task confronting the Government, they should not impose upon people who have fallen on evil days a condition that they shall not be entitled to work until they are quite penniless. God forbid that a majority of our men should reach that position. I can speak feelingly

on the subject, because I had experience of the depression in Victoria during the nineties. Mr. Seddon stated that there were many factors indicating a general improvement in the outlook. I have no desire to be pessimistic, but the hon. member stated that the building trade in the metropolitan area indicated that things were improving.

Hon. H. Seddon: I said the figures had improved this year.

Hon. A. THOMSON: In my opinion there could be only one sure index to definite improvement, and that would be a substantial increase in the price of our primary commodities. It would be difficult to convince people in the Eastern States, particularly those in the large cities, that we have created a Frankenstein monster which is destroying Australia. I refer to the dual evils from which we are suffering, firstly, the effects of the very high tariff, which is considered to be in consonance with the fixed policy of Australia, and secondly the arbitration legislation, which we originally thought would prove a boon. Those two burdens are pressing heavily upon the people, and so long as they continue, the people suffering from unemployment will not get the relief they hope for. In the large cities of the Eastern States employers said to their employees, "You support us in getting a high tariff and we will see that through the Arbitration Court you obtain higher wages." That was very nice for the men who received the high wages, but it is poor satisfaction for the thousands who to-day have to depend upon sustenance provided by the Government. Their future seems to be hopeless. Last week the Press published a statement that a baker had dared to give a job to his brother-in-law, who had been living in the home. The baker was summoned before the court for a breach of the award, and fined.

Hon. E. H. Gray: Why?

Hon. A. THOMSON: Because he was paying his brother-in-law, whom he had kept in his home for nine months, less than the award rate.

Hon. G. Fraser: Taking advantage of his relationship.

Hon. A. THOMSON: Not so. He had kept his brother-in-law for nine months.

Hon. W. H. Kitson: You need to know the whole of the circumstances.

Hon. A. THOMSON: I know only what appeared in the Press. It is pretty hard if a man cannot help one of his relatives. When the depression of the nineties struck Victoria, that State was soon able to get out of the slough of despond because of the relief afforded by the gold discoveries of Western Australia. People came here in thousands, and there was plenty of work for all. At present the position is as bad as it was then.

Hon. A. M. Clydesdale: Do you blame the Arbitration Court for that?

Hon. A. THOMSON: No, I said arbitration was one of two burdens that were pressing heavily on the people. Despite the fact that the prices of primary products have fallen considerably—the average price of wool last season did not reach 6d. and members know how the price of wheat has fallen—the cost of living has not decreased proportionately. I do not want members to think that I am opposed to arbitration. I do not blame arbitration for all the evils we are suffering, but it is a contributing factor. The tariff is high, and the cost of living is high, and production costs cannot be reduced. When anyone suggests reducing the cost of production, he is immediately charged with a desire to reduce wages. There have been too many attempts to fight against economic laws. I hope that a spirit of sweet reasonableness will be evinced by all sections of the community. I should like to see the whole of the people of Australia get closer together in the spirit that animated them in 1914.

Sitting suspended from 6.15 to 7.30 p.m.

Hon. A. THOMSON: I am sorry that the Government have cancelled the farm labour subsidy scheme, which to my mind represented the possibility, from a State point of view, of profitable return from the money expended. I trust that even at this late hour the Government may see their way to revive that scheme. I recognise the difficulties confronting the Government. The money available has to some extent been earmarked for approved works, whereas the farm labour subsidy scheme was financed out of Revenue; and we know that a Treasurer greatly prefers charging expenditure up to Loan rather than to Revenue. Mr. Seddon has pointed out that some sections of the community

have not suffered from the depression. May I offer the Government a suggestion which may enable them to obtain some additional revenue. The Federal Government have imposed a surcharge of 10 per cent. upon all incomes derived from property. Let us consider the case of the goldfields, which I am glad to say are in a happy position. We know that when wages were reduced throughout the State in every direction, consequent upon the diminution of the basic wage and owing to the effects of financial emergency legislation, those employed in the mining industry and shop assistants on the goldfields were not subjected to a reduction. We also know that on the goldfields, house property has, fortunately for that part of the State, improved in value, instead of being at a discount, as was the case years ago. House rents have risen considerably on the goldfields. There is no doubt that a large section of the goldfields community has not suffered owing to the depression. Therefore the Government could justly impose a surcharge upon those members of the goldfields community, and also upon persons similarly circumstanced elsewhere than on the goldfields. I hope this is a constructive suggestion, and one which may help to find the sorely harassed Treasurer some additional revenue. I support the Bill, realising that it is essential for the Government to obtain funds. Further remarks on finance I shall defer until the Address-in-reply debate is resumed.

HON. E. H. H. HALL (Central) [7.36]: I join with other members in expressing a sense of the difficulties through which the State is passing, and of the efficient manner in which the Government are dealing with those difficulties. Still, it is unreasonable to assume that there are not numerous minor complaints which the individual finds serious. I rise to ventilate a case which has come under my notice. Mr. Thomson has given two instances; in the interests of brevity I shall restrict myself to one. I assure the House, however, that I could cite many more cases. I may remark that from conversation with other members I have learnt that cases of the kind are to be found throughout the State. The week before last there was a meeting of about 50 unemployed in the Council Chambers at Geraldton. The member for Gerald-

ton in another place was present, as well as myself. The case I wish to ventilate came under my notice there. It is that of a returned soldier, a man in every way deserving of decent treatment from his country. I emphasise that aspect. This is a man of excellent character. He is married, and has two young children. He himself receives a pension of 10s. 6d. per week, and his wife one of 3s. 5d., totalling 13s. 11d. An inspector of the Child Welfare Department in Geraldton told this man that he was not entitled to any sustenance work. It means that the State expects this man to keep his wife and two children, besides himself, on those two military pensions aggregating 13s. 11d. per week.

Hon. J. Cornell: That applies to all returned soldiers.

Hon. E. H. H. HALL: I hope the hon. member interjecting does not think I am trying to make out that this man has been selected for special treatment. I presume the interjection was meant to be helpful. It emphasises the fact that notwithstanding the difficult financial position of the State and the Government's shortage of funds—

Hon. J. Cornell: The hon. member puts up a case for all soldiers by advocating the case of one.

Hon. E. H. H. HALL: A returned soldier should not be expected to maintain his position as a decent member of society, with a wife and two children well under 14 years of age, on an income of 13s. 11d. per week. The local inspector, who is naturally anxious to do his duty from the State point of view, asked this man whether he was claiming a pension for either of his two children. The man replied in the negative. Thereupon the inspector said, "Put in an application for pensions for the two children." The pension would amount to 1s. 6d. per child per week, giving the family another 3s. weekly. I inquired into the case, and the Repatriation Department informed me that this ex-soldier was entitled to pensions for his children, and that he would be granted an extra 3s. per week. Thus the Federal Government are helping to the extent mentioned. That gives the man a total income of 16s. 11d. per week. When I discussed the case with the local agent of the Unemployment Board, who I recognise has a most worrying time, he said, "You know, some people can manage better with a certain amount of money than others can." From that remark

I inferred that the better a man and his wife and family try to get on, the less—no, one does not like to say it. We must all feel upset about such cases. This man does not spend his money at hotels or with the bookmakers on Saturday afternoon. He is trying to keep sane and respectable. Then the police or the Unemployment Board report, "This man is doing all right. He is keeping himself and his family nice and tidy." I omitted to mention that the man in question owns the house in which he lives. There are many such cases. I ventilate this case though I feel no pleasure in doing so. Why do the Government persist in dealing with such cases in the manner that has been adopted? The administration is wholly a Government turnout. First, there are the police. It will be admitted that the police have their own particular duties to perform. This work of looking after the unemployed has been imposed upon them as something extra. I do not wish to say anything about the police that I am not prepared to repeat either at Geraldton or in any other part of the State. However, members of the police force, like the rest of us, are only human. Work which is not congenial is left until other duties have been performed. Only this morning I telegraphed to the Mayor of Geraldton about a man with five young children who cannot get any sustenance work because the local inspector has reported that during the last few months this man earned enough to see him through another few months. The department here in Perth say that wharf work will look up next month. I gazed in amazement at the official who made that statement to me. Wharf work at Geraldton does not look up in September, and anybody who says so, does not know what he is talking about. The statement is simply ridiculous. The present scheme originated with wise men in the East. Perhaps it originated from the economists who put up that plan of the Premiers; I do not suppose it came from the Premiers themselves. The Government were urged to call in committees to assist them in this matter of unemployment relief, but the Government have not done so. With other members, I desire to congratulate Mr. Seddon on his valuable speech, which was made in the clear manner that is characteristic of the hon. member. Mr. Seddon quoted from a report made by the Development and Migration Commission in 1928. The Commission urged the Governments to get assist-

ance from committees. I was told by a Minister that local governing authorities were only too ready to dissipate—though that is not the particular word he used—money which the Government had such difficulty in obtaining. A Minister has more opportunities of judging the calibre of local governing bodies throughout the State than I have, but I am prepared to maintain that the local authorities in my Province are not composed of men who would dissipate funds. The local authorities in the Victoria district are just as anxious as the Government to see that the unemployed man who is inclined to be a little careless, or to slip a bit, stands up to his fair share of responsibility. In all seriousness, who is better able to judge cases of hardship in a town the size of Geraldton—a visiting official, or the local authorities? Only recently I saw in Geraldton a man who was waiting to interview the inspector because he was unable to obtain work on the foreshore. The inspector said to the man, "Haven't you got work?" The man said, "No, I have not," and started to swear—he was in such a state, being a married man with three or four children. We do not want these men to be driven wild; we want to keep them quiet. There may be some good reason why the Government cannot give effect to the recommendations of the Commission, but when recommendations are made by a body such as that commission, it is due to the State Government to take notice of them.

Hon. E. H. Harris: Would they not involve the expenditure of money?

Hon. E. H. H. HALL: No. We have men in this State who are just as anxious to assist as are the members of the Cabinet. Our mayors, resident magistrates or clerks of courts would serve in an honorary capacity. But no, it is a job given to the police. In Geraldton the man who does the work has many other duties to perform, and if he does not devote that attention to it that he should do, it is because he is overworked. All this could be done by a local committee without any cost whatever to the Government. On the 20th September, 1928, the Development and Migration Commission issued its report on unemployment and business stability in Australia. They dealt, in addition, with goldmining, the dried fruits industry, the position of Tasmania and the Dawson Valley irrigation scheme. That report was issued in the days when we had millions to spend on all kinds of schemes. I may be permitted to read one or two ex-

tracts from the report. Under the heading of "Causes of Unemployment" the commission say—

The frequent statement that unemployment is due almost entirely to one specific cause, such as excessive imports, immigration, industrial disputes, or the wages system, is not supported by precise data. The commission examines the undermentioned factors and seeks to define the measure of their respective influence: (1) Seasonal fluctuations. (2) Fluctuations attributable to other causes. (3) Industrial change. (4) The reserve of labour, casual labour, and immobility. (5) Unemployables. (6) Migration. (7) Wages system. (8) Industrial disputes. (9) Incidence of taxation.

It seems to me, to quote from the good old book, that the last should be first and the first should be last. Quoting further, the commission mention what Professor Copland had to say—

Banking policy is influenced greatly by the relation of the London funds of the banks and the margin of deposits over advances in Australia.

I do not know whether Mr. Seddon made reference to banking practice, but evidently Professor Copland thinks that banking has a good deal to do with it. I think so too. The report continues—

The question that arises, Professor Copland concludes, is whether the imposition of the more stringent credit policy could not be made at an earlier stage and thus check the expansion of imports.

There was not time to undertake the statistical work involved in a complete examination, and the subject was left at a somewhat inconclusive stage; but the commission was able to say—"The assumption frequently made that high wages is a major cause of fluctuations in employment in Australia is not borne out by the results so far obtained in this investigation, whatever effect it may or may not have on the average amount of employment over a series of years." There is no evidence to show that wage fixing is a major cause of fluctuations in employment in Australia under existing conditions.

It cannot be said that Labour members are the only people who stick out for high wages, because here we have it in definite terms that high wages cannot be blamed for unemployment. Next we come to that which is important—remedies and means of prevention. The commission state—

The commission emphasises the conclusion that Government relief works and special efforts by private citizens to provide small jobs are only temporary and expensive palliatives.

Last but not least I should like to quote this paragraph—

The ascertainment of the conditions in industries requires a permanent organisation to facilitate continuous investigation and it is felt that the establishment of a permanent and representative committee in each State would be the best means of achieving this end. It would not be the function of such a committee to interfere in any way with the conduct of businesses; it would, through its organisation, facilitate and co-operate in inquiry and investigation by business men into conditions in their particular industries as a whole. America leads the world in this branch of inquiry and information is given about the scope and nature of its work.

Yet, notwithstanding that America leads the way, it has the biggest unemployment trouble in the world. With all due respect to the Development and Migration Commission I should like to ask them how they account for the milk in the cocoanut. There is some cause other than that mentioned by them that is responsible for the world-wide condition of unemployment. I ask the Government as far as possible to endeavour to assist every man who is willing to work before that man gets absolutely destitute. I want every man to be given a chance to keep his family and himself decently. What we complain about is that there are anomalies. Mr. Thomson referred to the scheme of subsidising farm labour. If ever a scheme caused dissatisfaction, that scheme did. The Government gave farmers 7s. a week to assist them to employ labour. The scheme had a twofold object. It helped the farmers and it helped the unemployed. Mr. Gray said that the scheme was abused. The Government made it a condition that no man should avail himself of the scheme unless he was registered as a sustenance worker as from the 31st March, 1931. When carried out in its entirety that was responsible for many cases of individual hardship. I would be willing to believe Mr. Gray if he said that there was abuse in some cases.

Hon. E. H. Gray: In the majority of cases.

Hon. E. H. H. HALL: How is it possible for Mr. Gray to know that there was abuse in a majority of cases? Is he speaking of something of which he has personal knowledge?

Hon. E. H. Gray: Yes.

Hon. E. H. H. HALL: Then all I can say is, he is labouring under a misapprehension. I cannot believe that in a majority of cases

the system was abused. But it would have been better if the Government had taken action with the farmers as they did with the sustenance men. The scheme was good in that it got men out into the country and provided them with food and housing. The 7s. weekly was certainly spent better than is being done now on some of the fancy works. When these jobs finish the men will be no better off than when they started. One matter to which the Government might give consideration is the question of building houses. There are many houses in Geraldton that should be condemned, but the municipal council consider that if they condemn these houses the people will have nowhere to live. As we have a considerable quantity of timber, and seeing that the money we have available for unemployment must be spent on labour or material, the Government could not do better than to start the work of building homes. I know that we have not galvanised iron for roofing purposes, but we have asbestos which is being used successfully to roof the dam at Wicherina, and this could take the place of the iron. By providing homes in this manner we would be going part of the way and giving an added interest in life to many whose sole desire is to remain decent, respectable citizens.

Hon. Sir Charles Nathan: How far would the money go?

Hon. E. H. H. HALL: I do not say that houses should be provided for everybody. While we all realise the very difficult position the Government are in, I hope consideration will be given to the subject.

HON. J. J. HOLMES (North) [8.0]: I congratulate Mr. Seddon on the case he has put up and the figures he has submitted to the House. He left the impression on my mind that in his opinion this Bill did not much concern the Chamber. I disagree with that. On his own showing it was clear that the people we represent are the people who pay the piper.

Hon. H. Seddon: That is what I said.

Hon. J. J. HOLMES: Those who pay the piper should have some say in calling the tune. The Government are in a difficult position. They took up the reins of office when things were looking bad, and made promises they have never been able to fulfil. The general elections are coming on next year. We will find one of the two parties pro-

misgiving the heavens above and the earth beneath, while the other party will be promising the waters under the earth. Either party will come back pledged to carry out unreasonable promises, and Parliament will be invited to help in their fulfilment. I should now like to say something about the procedure in this House. The other night we were asked to stand by until a late hour in order to pass this Bill, to authorise the expenditure of no less than £2,250,000. I balked at that for several reasons. I did not consider that in the vicinity of midnight this House could handle the Bill properly. I excuse the Leader of the House. No man is more anxious than he to get on with the business of Parliament. He is in the unfortunate position of having to give everyone an opportunity to speak, and then replying to all the speeches. I think three members spoke on the Address-in-reply and they occupied about 2¾ hours. The Address-in-reply was then held up, and will, I understand, be held up until after a short recess. Every member who wanted to speak should have spoken to the motion. The Leader of the House could have had his holiday, and on his return could have replied to everything that had been said. I am concerned that there should be any public expenditure without the authority of Parliament. We have been getting further away from the principle every year. Parliament authorised expenditure up to the 30th June last. We are now at the 23rd August, and the expenditure has gone on ever since the 30th June and is still going on. Furthermore, we are asked to pass a sum of two and a quarter millions for past expenditure, and Supply for the next month or so. I am prepared to work from 2 o'clock in the afternoon until 10 o'clock at night for six days in the week, which is equal to 42 hours a week. That is seven hours longer than the Collie miners are expected to work—namely, 35 hours a week. I am, however, not prepared to study important legislation after a hard day's work on my own account, from 4.30 in the afternoon until midnight, and am not prepared to take the risk of passing legislation that may be a menace to the country. The other night on the Address-in-reply I said that £20,000 had been paid to the salaried staff of the railways last year, and £60,000 to the wages staff. I took no exception to the payment of the wages staff, because they get no overtime or extra pay

and are called upon to work all kinds of hours. When a wages man is asked to work half an hour overtime he is probably paid for an hour's work. While thousands of people have been starving, these wages men have had £60,000 worth of long leave. Mr. Williams interjected, "Would you repudiate that?" I replied that I would repudiate anything done behind the back of Parliament. In my young days I remember the great fight for Responsible Government. It was the burning question for many years. Our predecessors fought and battled for it. The way things are going to-day I wonder whether we have Responsible Government at all. Perhaps the more fitting expression is that we have irresponsible Government. Federal affairs we have to follow the leaders in the Commonwealth Government, and with respect to the State we have to take the lead from the State Government. We have been urged from Canberra to produce. We were producing £6,000,000 worth of wheat until the market dropped. This six millions was not oversea money, but money earned in the State. Apparently all parties at Canberra think the solution of Australia's difficulty is golf. The gardeners at Canberra are being paid £30,000 a year. A new golf course is being built, and two electric lawn mowers have been purchased to keep the links in order. I understand the award for workmen there gives them £4 5s. a week, and 3s. extra for breaking new ground. Almost invariably when hitting a golf ball, the player misses the ball and hits the ground. Thus he breaks new ground.

Hon. J. Cornell: And sometimes the stick.

Hon. J. J. HOLMES: These men have only to break new ground with a golf club to receive an extra 3s. a week. The people in the back blocks have been told to produce, and yet all parties at Canberra set this example to the world. This is not what they preach but what they practise. In this State we are told to produce, and to cut down the cost of production. Fully 97 per cent. of Australia's export commodities consist of primary products. We must cut down the cost of production in order to put those products on the world's markets. To do this we must have modern appliances, especially in the wheat areas.

Hon. E. H. Gray: And made in Australia.

Hon. J. J. HOLMES: The best agricultural machinery in the world is made in Australia. We spent thousands of pounds

in buying up-to-date machinery from America in order to shift sand hills on the Peel Estate and elsewhere. That plant is lying idle. We have taken to the barrow and the shovel. That will put up the cost of the land, and someone will have to pay more for it sooner or later. If I am to follow that lead this agricultural machinery must be scrapped, and I must go back to the sickle and the scythe.

Hon. J. Cornell: And the hoe.

Hon. J. J. HOLMES: That is to be the solution of the difficulty, but it will certainly add to the cost of production. Two or three years ago I pointed out in the House that we have thousands of acres of land alongside our railways, near York, Northam, Newcastle, Beverley and other centres, all of which has been alienated but never improved. One has only to look at these areas to see that the C.P. conditions have not been complied with. I said at the time I should have given these people notice that unless they complied with the conditions, and employed the necessary labour to do so, the Government would step in and resume the land for breach of contract. Men could then have been put on to clear it, and it would have been turned to profitable account for the railways. I wish to correct another misquotation. I have never been an advocate of low wages. I have always claimed that if an employer could not pay a man sufficient to live on in comfort he could not expect to get the best out of him. It is necessary to point out, however, that only a certain amount of money is available for expenditure on employment. We have to make that money go round. One section of the community may be living in comparative comfort and another section starving. That is unfair. If the difficulty can be overcome by employing four men at £3 a week instead of three men at £4 a week, those who are unemployed would be absorbed. The same amount would be going out for wages, but the cost of production would be brought down. With me it has never been a question of reducing wages, but we are now compelled to take up that attitude. There is only a certain amount of money available, and the problem is to make it go round. Instead of some getting all the plums and others being left to pick up the crumbs that fall from the table, there could be a better distribution of that which is available.

Hon. Sir Charles Nathan: Is that not the answer to the Harvey relief scheme, the digging of drains with a shovel instead of machinery?

Hon. J. J. HOLMES: I am pointing out that we are adding to the cost of the land and to the cost of production. I do not follow the hon. member's interjection, but I presume it is an intelligent one. I know the hon. member well, but I do not see how his interjection fits in. We shall probably hear from him later. Part-time work is an impossible proposition. The men would be far better employed all the week, even if they did not get any more wages, and by that means the cost of production would be kept down. No man can do manual work for two days and then rest for five. If he were to do that, he would not be fit for work when he was due to resume. Manual work must be done continuously. It is an altogether different proposition when mental work is concerned, for a rest does good. Manual work must be done continuously.

Hon. E. H. Harris: You say that for physical work, rest is no good.

Hon. J. J. HOLMES: If the hon. member would try two days' hard work for a change, rest for five and then try to work another two days, he would appreciate my point. Under what I suggest, there would be less time for men to agitate. I have travelled around the country extensively, and I think it will be admitted I have done so, to the best of my ability, with my eyes open. For a long time I had been wondering just why pastoralists were content to battle along in the backblocks, and the agriculturists were willing to put up with inconveniences. The conclusion I came to was that the explanation was to be found in their physical fitness. If a man is physically fit, he is contented. The pastoralists and agriculturists work well, sleep well and eat well. They have no time to agitate. They represent a little community of their own, and are content. It is contentment that counts, nothing else. Repeatedly we have heard someone say that it is the poor working man who has received all the knocks. I know of men who have battled in the backblocks for 50 years, economising and endeavouring to build up something that the next generation can call their own. I know of pastoralists and agriculturists who have battled along in that way

and who to-day are without any income at all, but with plenty of liabilities. Yet those people are asked to carry on and produce more, and to accept two-thirds of the cost of production for what they produce.

Hon. V. Hamersley: Getting further into the mire.

Hon. J. J. HOLMES: Yes, if the banks will permit them to do so. The policy adopted for some time past by the two principal political parties has been to divide the country into two sections. One may be termed the thrifty, and the other the spend-thrift. Some years ago I said that there were two crimes that a person could be guilty of in this State. One was to succeed and the other was to fail. If a person succeeded, he was a scoundrel; if he failed, he was a fool. I am inclined to correct my earlier views in the light of present-day experience. I would amend the statement by saying that I regard the man who has failed as anything but a fool, because nowadays he has the other fellow working for him and his living is drawn from the taxation the other fellow has to pay. We are bleeding the thrifty white, in order that the indolent may get off free. Under such conditions, how can we build up the nation so that it will be a credit to Australia? I wish to reply briefly to statements made by Mr. Moore the other evening.

The PRESIDENT: Order! The hon. member cannot reply to a discussion that has taken place upon a measure not at present before the House. The hon. member cannot reply to what Mr. Moore said the other night.

Hon. J. J. HOLMES: I can deal with the financial point raised by that hon. member. We are dealing with the finances.

The PRESIDENT: The hon. member may deal with any question so long as he does not reply to statements made in the course of the debate.

Hon. J. J. HOLMES: I will not deal with what Mr. Moore said, but I will touch upon what the hon. member said at some time or other. During a speech, an hon. member, referring to the finances—

The PRESIDENT: I do hope the hon. member will observe the Standing Orders. He must not refer to the debate on another Bill other than the one that is now before the Chamber.

Hon. J. J. HOLMES: There is no other Bill.

The PRESIDENT: Or on another matter. The hon. member may not refer, during the second-reading debate on the Supply Bill, to speeches made on the Address-in-reply. He may refer to any other subject he likes.

Hon. J. J. HOLMES: That is all news to me.

The PRESIDENT: The Standing Orders are very explicit on the point.

Hon. J. J. HOLMES: We quote from speeches.

Hon. J. Cornell: Yes, but not from speeches made in the same session.

The PRESIDENT: I have given my ruling. The hon. member may proceed. If he objects to my ruling, he must take another course.

Hon. J. J. HOLMES: I do not take exception to your ruling, Mr. President. I thought we could not quote from "Hansard" for the current session but that we could quote from memory references to which we desired to draw attention.

The PRESIDENT: Not regarding a matter not immediately before the House. I draw the hon. member's attention to Standing Order 389.

Hon. J. J. HOLMES: During this session reference has been made to the banks of the State and the manner in which they have carried on their business. Surely that fits in with the Bill before the House. In my opinion, the banks have been instrumental in saving Australia from insolvency. It has been suggested that they should forego their interest.

Hon. E. H. Gray: No, that their interest charges should be reduced.

Hon. J. J. HOLMES: I entirely disagree with the suggestion that the banks should forego their interest, and I am certain the House will agree with that view. I will explain briefly the position of the banks in Australia and what they have done to help the Commonwealth. In the early stages the banks thought it advisable, in order to hurry up development, to advance money to secure the opening up of the country at a more rapid rate. We know what the banks have done in connection with the development of the pastoral industry of Western Australia. My authority for making my statement now is the Sydney "Bulletin," which, I think, is as sound on finance as any paper in Australasia. It was surprising to me to learn

that the Canadian law forbids banks to lend money on land or other immovable property. In other words, the Canadian law provides that the banks there shall lend money only on something they can get hold of and carry away when the crisis comes. Contrast that position with what the banks of Australia have done. In what other country of the world do banks advance money on wool on the sheeps' backs, or advance funds to put the wheat crop in and still more money to take the crop off, if there should be one. Fortunately in Western Australia the rainfall is good, and there are not many failures. The latest figures I can get hold of show that the ten principal banks in Australia owe £288,000,000. Where do the banks get that money from? About £190,000,000 is on fixed deposit and another £92,000,000 is payable on demand. That accounts for £282,000,000 of the total; the balance can be accounted for in other directions. The people with money to invest deposit it in the banks they can trust. The banks in turn lend it to their clients and take a risk that the public are not prepared to take. In addition to the £288,000,000 referred to, the banks have £84,000,000 of their own money. This makes a total of £372,000,000 available to the banks and they have lent £262,000,000. Yet we are told that the banks should lend their money that has been entrusted to them and make it available to others without interest charges. To show how the banks have disposed of some of their funds, they have lent not less than £40,000,000 to Governments to finance deficits. When the Financial Agreement was before this House, it provided for the Loan Council borrowing money to be distributed between the Commonwealth and the States. The basis of distribution was set out. We were told at the time that it did not interfere with our rights as a sovereign State, and that if we agreed to the scheme, all would be well. I understand that notwithstanding the State has to pay interest and sinking fund charges on all money borrowed, the Financial Agreement contains no restriction upon the Commonwealth or the States as to how the money shall be spent. Western Australia being a sovereign State, I cannot understand how the Commonwealth insists upon having a say in the expenditure of the money. I thought Parliament was the authority to approve of the expenditure of money, but the Commonwealth appear to have adopted

a new procedure. They have appointed my friends Sir Charles Nathan and Mr. Law—for both of whom I have the utmost respect—sort of Commonwealth bailiffs. In this they have appointed one man outside of Parliament altogether to take part in checking the expenditure and say how the money shall be spent. It seems our money, borrowed by the Loan Council and allocated to this State, can only be spent on the authority of an outside person. Probably we shall all be out of Parliament presently, but while we have a Parliament and while it is laid down that someone outside of Parliament shall approve of our expenditure, I must protest. How the Government of a sovereign State can sit down under such injustice, is beyond my comprehension.

Hon. V. Hamersley: Hear, hear!

Hon. J. J. HOLMES: I hope the Minister when replying will give us some explanation on that point. We can talk as much as we like, but there is only one solution of the difficulty in this country, and that is primary production. We have to devote our energies and abilities to bringing down the cost of production. This proposal to lift up the world's market is going to take a very long time to accomplish, and this free trade at the seat of the Empire and this policy which has been bred in the British people for generations, this free breakfast table and free trade, are going to take a long time to break down. I place much more importance on getting down the cost of production than I do on getting up the world's markets, for we can deal with the cost of production, but have no control over the markets of the world. Speaking of the cost of production brings me back to the price of coal. I am not going to repeat what I said the other night.

Hon. V. Hamersley: Would you like to correct it?

Hon. J. J. HOLMES: Somebody did set out to correct it the other night, but I corrected him and have not seen him since. I have been looking forward to hearing from him, because I have now something better still to give him. I quoted official figures. What do I find? I have already explained that coal is the basis of steam and electric power. In this country of long distances we can never have cheap railway freights and dear coal. I now want to show what has happened. In 1907-8 coal at the pit's

mouth at Collie was 9s. 3d. per ton, and the railway consumption was 100,000 tons. In 1914-15 the price of the coal had risen to 10s. a ton and the railway consumption to 156,000 tons. In 1930-31 the price of coal had gone up to 19s. and the railway consumption to 279,000 tons. I know there has been a tentative reduction of 2s. 6d. per ton off the 19s., which brings the price back to 16s. 6d. That reduction was to take place when the wages were reduced. Actually the wages were reduced in October last, 10 months ago, and I understand that a committee are now sitting, trying to decide whether or not the Government are entitled to the half-crown reduction. Given the benefit of the 2s. 6d., the price of the coal will be 16s. 6d. as against 9s. 3d. in 1907-8. So members can see who is paying for Collie coal, who is paying for those miners who work only 35 hours per week. Of course it is the man on the land. Now I turn to Newcastle coal: In 1920-21 Newcastle coal ex-store was 47s. 5d. per ton, and our railway consumption was 4,700 tons. In 1930-31 the price was 46s. 3d. per ton and the railway consumption 4,500 tons. But I am told by the Railway Department that the last shipment of Newcastle coal cost 27s. 8d. f.o.b. Fremantle, and the landing charges were 4s. 4d., bringing the price to 32s. per ton. So in the last 10 years the price of Newcastle coal has been reduced by 15s. 5d. per ton, whereas since 1907-8 the price of Collie coal has risen by 7s. 3d. Surely there is a time when people living at a great distance from the city should raise their voices against this, I may say, fleecing, process that is going on, to the prejudice of the people out-back who are trying to develop this country. The Commissioner of Railways rightly complains of the traders of South Australia sending their goods into Kalgoorlie, and being able to send them in at a lesser freight than that at which we can send our Western Australian goods from Perth to Kalgoorlie. Why is this? I have no hesitation in saying the price of Collie coal plays an important part in driving that trade from Western Australia to South Australia. I have seen it in black and white that a ton of Newcastle coal is equal to 1½ tons of Collie coal. Apart from the difference in price, if we have to send a train to Kalgoorlie, and if it requires 20 tons of New-

castle coal to take it there, we would have to send along 30 tons of Collie coal to take the same train to Kalgoorlie. That means the handling of an extra ten tons. If it does not go on that train it has to be sent ahead on some other train, and so it has to be handled twice. The everlasting handling of this coal appeals to the Labour Party. Probably it is handled at night, filling up the tender and getting overtime, while the poor wretches on the land, struggling for an existence, have to pay for it. It should be optional with the Commissioner of Railways to use what coal he finds best.

Hon. E. H. Gray: Do not the Government of New South Wales pay a bounty on export coal?

Hon. J. J. HOLMES: I only know that the Newcastle coal goes to South Australia by steamer, and the Trans railway department pick it up there and run their trains into Kalgoorlie with it, and so can run them cheaper than we can run our trains from Perth to Kalgoorlie with Collie coal. There are just two other points I wish to make, with a view to the Minister referring to them later. Under the amendment of the Land Act pastoral lessees have a reduction in rent as the price of wool falls. The price of wool has fallen, and the rent has been reduced accordingly, but the road boards in the respective districts say they do not know anything about the reduction in rent, and that they are going to continue to rate on the higher basis. I have been advised on the best authority that the road boards are wrong. The Minister, in answer to a question the other night, told the House the road boards had taken up the right position. If there be any doubt about it, I ask the Minister to clear up the point. Another matter which is hardly conceivable is that under the Federal Taxation Act the State hospital tax is taken as a deduction from the amount of the taxpayer's liability, whereas under the State Act the department holds that the hospital tax is not a tax, and therefore cannot be deducted from the taxpayer's taxable income. I could imagine the Federal people taking up that position, but when the Federal people accept it as a deduction and the State authorities refuse the deduction, the matter needs attention. I hope the Minister will deal with it. I will support the second reading of the Bill.

HON. W. KITSON (West) [8.43]: I do not propose unduly to delay the passing of the measure, which involves a considerable amount of money necessary for the purposes of the Government. I will limit my few remarks to certain phases of unemployment, more particularly in view of the fact that Mr. Seddon honoured me by referring to a remark I made two or three sessions ago. On that occasion we had an unemployed problem—or thought we had—and it was growing worse. The Government were being pressed by all and sundry to find work for the unemployed. In addition, there was a considerable influx of people from the Eastern States who expected to be treated the same as our own workless people. Amongst those who were agitating for the Government to find employment for all those people was Mr. Seddon, and, in reply to certain statements made in this House, I said on behalf of the then Government that it was not possible for the State to find work for all the unemployed who might be in Western Australia at a given time. I repeat that statement now. The present Government would be justified in adopting the same attitude. I said then that if any Government endeavoured to comply with the request, they would soon be faced with a tremendous problem. Private traders who were trying to be generous to their employees would put off some because the Government would find work for them. The position was rather serious, and threatened to become worse. I said we were entering a period when there would be permanent unemployment for a large number of people, but my prophesy was ridiculed. Still, we have entered a period when unemployment is almost permanent for many people. Shortly after that there was a general election, and we made no promises at all. We were honest with the people. We said the position was serious, and we could not guarantee to find employment for all who wanted it. The present Premier, however, went to the country with a different tale. He said, "If you return me to power, I will find work for all the people. I have done it before, and I can do it again. I could always get money. I can get it again." I am content to leave it to the judgment of the people whether the Premier has succeeded in his undertaking. When I spoke of employment I did not include part-time employment or

work at sustenance rates or £1 per week over sustenance rates. When I spoke of employment at that time, I meant full-time employment. Let me refer to what I believe is the policy of the Government in the matter of putting men to work for sustenance. While it is not possible for the Government, with the money at their disposal, to do all that they perhaps would like to do, or that other people would like them to do, they are compelling large numbers of men to exist on the sustenance rate. In other words, they are forcing a reduction in the standard of living of the ordinary worker. Let me give an instance. If a man is unemployed, and is in receipt of sustenance, he gets a rate based on 7s. per head of the family for all up to 14 years of age. A man, his wife and two children receive 28s. a week while unemployed. When he gets work, whether from the Government or from a private employer, he has to report to the department the amount of money earned. Many men are then told that they must stand down for a period of one, two or three weeks, according to the amount earned. Therefore the Government in effect say that although the basic wage is £3 12s. a week, a man should be able to live, whether working or not, on the amount stipulated for one who is unemployed. That is very unfair. I could quote scores of instances of men receiving sustenance and being fortunate enough to get work, earning from £1 to £10 or £15 over a period of weeks. They have then been refused further sustenance until the amount has been cut out at the rate stipulated by the Government. What has been the effect? Many men have been out of employment for two years. Of clothing they have possessed practically nothing but what they stood up in, and many of them have looked forward to the time when it would be possible to secure employment and replenish clothing and other requirements. Many have disposed of their assets one by one. During recent weeks I have visited a large number of men, who 12 or 18 months ago appeared to be in fairly comfortable circumstances, but who to-day are in desperate straits simply because they have been forced to part with their small assets. To-day they possess nothing but what they stand in, and their homes are bare of almost all the necessities of life. That is quite

wrong. If a man receives sustenance because he is unemployed, and succeeds in securing work for two or three weeks, he should not be penalised for having secured work. Suppose, during the period, he earned £4 a week, would he not be able to find plenty to do with the money? Would not liabilities have been built up during the period of unemployment that he would desire to meet? Many people are pounds behind in their rent and, when they get a few days' work, most of them are prepared to do a fair thing by the landlord and pay him as much as they can. It is not fair that men should be penalised because they try to do the right thing. They should be allowed to retain the money they have earned, particularly when their earnings cover only a short period of two or three weeks, and should be permitted to return to the sustenance rate again. In that way greater satisfaction would be given. Many of the unemployed are beginning to say, "Why should I look for a few days' work when I am as likely as not to be told by the department to stand down for a week or a fortnight, and not receive any sustenance until I have worked out the equivalent of the amount earned?" Mr. Hall mentioned a case at Geraldton. I could quote scores and hundreds of cases. Men have been told that because in the last six or nine months they have earned £40, £50 or £60 they are not entitled to sustenance; they should have made the money spin out over a longer period. In other words, they should have assumed that they were going to be out of work, and should have limited their weekly expenditure to the rate paid by the Government to unemployed. No reasonable individual would stand for a policy of that kind. I am prepared to leave to the judgment of the people whether the Government have done a fair thing.

Hon. H. Seddon: Will you please tell us how you would get the extra money?

Hon. W. H. KITSON: It is not my duty at present to raise the money, but I say it is possible for the Government to get the money. My suggestion is that when men secure employment for a period and their earnings do not exceed the basic wage, they should not be penalised.

Hon. E. H. H. Hall: Is it not up to you to tell the Government how you think they could raise the money?

Hon. W. H. KITSON: I have told the Government, and so have other members. It is necessary for the Government to provide for the people when they lose their employment, and are not possessed of assets of any magnitude. I do not say the Government should find sustenance for everyone who falls out of work, because some people are in a position to look after themselves for a time. However, they reach a stage when it is impossible for them to provide for themselves. It is impossible for a worker on the basic wage to build up a reserve to tide over any lengthy period of unemployment. Consequently it is necessary for the Government to provide relief. Let me point out another phase. The Government grant relief for children of the unemployed until they reach the age of 14. For some large families the Government have provided the magnificent sum of 7s. a week in respect of one of the number of children over 14 years of age. I could cite families of seven, eight, nine, 10, 11, and 12, and the Government, excepting on rare occasions, have made allowance for only one child over 14. I could mention families containing three or four children over 14, all of them unemployed, and no sustenance being granted in respect to any of them. It is no wonder that people are beginning to talk all manner of things. It is no wonder that they are sick and tired of the existing position, because they can see nothing ahead. So far they have behaved very decently. The great army of unemployed in this State are to be congratulated—if I may use the term—on the manner in which they have conducted themselves during this trying period. We in Fremantle have never had a more trying time than the present. Work that I have been performing during the last 18 months or two years, in conjunction with Mr. Gray, has brought me into contact with hundreds of decent people who do not know which way to turn, notwithstanding that they are receiving sustenance. It is not possible for them to secure necessities of life outside the ordinary food that one looks for in any event. There are families in Fremantle who get three meals a day, perhaps rough and ready and probably satisfactory from a health point of view, but they are denied many things to which they are entitled. Another class who are suffering greatly comprise the owners of small properties. They suffer

also because their tenants have not enough with which to buy even sufficient food and clothing out of the sustenance they receive, let alone pay rent. I wish to register my protest against the policy of the Government in their dealings with large numbers of men. They wish them to adopt a standard of living based on the amount allowed under a restricted relief scheme. I protest against penalising men who have secured by their own efforts a limited amount of work, particularly when the remuneration they receive does not amount to more than the basic wage in any week. It ought to be possible for the Government to be more generous than they are in these cases where there are unemployed families with a number of children over 14. I recognise the problem as a big one, but I do not think it should be impossible to improve the position. I also think the Government are sincere in the belief that they are doing as much as they can for all these people, but I cannot agree that all that is possible has been done in the cases I have mentioned.

THE CHIEF SECRETARY (Hon. C. F. Baxter—East—in reply) [9.3]: I appreciate the kindly feelings displayed by members regarding the difficulties which confront the Government. The unemployment question has been a burning one, and I am grateful to most members for the manner in which they referred to it. Mr. Seddon asked whether the sum of £620,000 covered the exchange on the interest and sinking fund on the London market. My opinion is that it does, but I will give an answer to that question later. Mr. Thomson and Mr. Hall both dealt with unemployment. No one regrets more than the Government that we have not been in a position to adjust many of the anomalies which exist in the present scheme. No matter how much we may do, cases of hardship and suffering must arise. I wonder where the line could be drawn in the effort to provide work for all. Where would the money come from if we set out to employ everybody? The best brains in Australia have not been able to solve that difficulty. Members must realise that it has been impossible to find all the money required to provide everybody with a sufficiency of food, or to find work for all. No one would be more pleased than we, as a

Government, would be, were we able to meet the entire situation.

Hon. J. J. Holmes: A more equitable distribution of the money that is available would meet the case.

THE CHIEF SECRETARY: I do not think Mr. Holmes could more equitably distribute the money. He referred to the importation of labour-saving machinery from America, involving a cost of many hundreds of thousands of pounds, and stated that the machinery was now lying idle, and that wheelbarrows were used instead. No doubt he referred to the Harvey cut. That is not a waste of public money. The work will drain about 260,000 acres of land, which for six or seven months in the year has been flooded and useless. The Government have only a certain amount of money to maintain people in food and employment. If we used labour-saving machinery, hundreds of men would be thrown out of employment.

Hon. E. H. Gray: It would do more work and create more wealth.

THE CHIEF SECRETARY: It is beyond my patience that members representing Labour should talk like that, for it means taking food out of the mouths of those who badly need it.

Hon. E. H. H. Hall: Do not take him too seriously.

Hon. J. J. Holmes: It will all go on to the cost of the land and the cost of production.

THE CHIEF SECRETARY: Would members rather these men remained at Blackboy? At Harvey they are close to the sea, where they can bathe and catch fish. They can live in the open and in a healthy camp, and can get their firewood free.

Hon. J. Nicholson: You are limited to the class of work you can carry out.

THE CHIEF SECRETARY: Where is the work to be found for large bodies of men? How far would the money go if small gangs were employed all over the place in clearing land? I am sorry a wrong impression has been created with regard to the appointment of a committee consisting of Sir Charles Nathan and Mr. R. O. Law, to watch the interests of the Federal Government in the expenditure of their £145,000. It is not Western Australian money.

Hon. J. J. Holmes: Have we not to repay it?

The CHIEF SECRETARY: No. It is Federal Government expenditure.

Hon. J. Cornell: It is a Federal grant.

The CHIEF SECRETARY: Yes. Many people are of the same opinion as Mr. Holmes. I have seen references to it in the paper day after day. I will make further inquiries regarding the answer to Mr. Holmes' question, and the stand taken by the road boards. The same remarks apply to the hospital tax. Nothing has astonished me so much as the remarks of Mr. Kitson. He is an ex-Minister, having had a portfolio in the last Labour Government. He says his party went to the country without making any promises, but that Sir James Mitchell promised to find work for all. Mr. Kitson knew well the state of the finances when we took office. We had to face the position that £3,200,000 of trust funds had been used, and that there was a heavy overdraft at the London and Westminster Bank.

Hon. J. J. Holmes: They knew that?

The CHIEF SECRETARY: Unfortunately we did not know it, and have had to remit funds to that bank, and replenish the trust funds. We were certainly not aware of the position. After we took office there was a crash in the finances of the world. The very products on which we depended came down to zero in price. Farms and stations and all other primary industries were dismissing their employees. The situation was reflected in the cities where industries were turning out into the world thousands of people. The business world was also affected, and men engaged in professions were obliged to curtail their staffs. Thousands of people were thrown on the labour market. Australia has never been faced with such a terrible position. Notwithstanding this Mr. Kitson says the Government did not honour their promises. He says we should pay the basic wage. It is difficult enough to find money to keep people from starvation. Why does he talk about the basic wage for sustenance work? No one is more keen than we are on preserving a good standard of living for all people. Except in a time of crisis we could do it. I am astonished at Mr. Kitson's remarks. He knows it is not possible to get full employment at the basic wage unless thousands of people are left to starve. Although we are passing through such a great crisis, we have had no disturbances and no other difficulties of that

sort. The people realise what their leaders will not, namely, that we have done the best we could, and that we are sincere in our efforts to help the unemployed, and those who have been faced with hunger. No one has been allowed to want so far as we are concerned. It will be a great day when we revert to better prices for our commodities. We shall then return to decent conditions. In the meantime let us be fair to each other and ourselves. Let us take the proper view of things. The best is being done with the little money that is available to help those who are in want. Do not let us mislead these people by talking about the basic wage. Most of them know it is not possible to pay it, but they appreciate what the Government are doing.

Question put and passed.

Bill read a second time.

In Committee, etc.

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

Third Reading.

Read a third time, and *passed*.

ADJOURNMENT—SPECIAL.

THE CHIEF SECRETARY (Hon. C. F. Baxter-East) [9.20]: I move—

That the House at its rising adjourn until Tuesday, the 6th September.

Question put and passed.

House adjourned at 9.21 p.m.