

Mr. Wilson: Don't you believe it!

Mr. WELLS: If every section of the community were, for the time being at any rate, to sink all party differences and pull together, we would soon be out of our trouble. The old car of State is resting in the rut, and it behoves each one of us to pull together and lift her on to the road again. If we do that, in a few years we shall be on the high road to prosperity, with work for all and a happy, prosperous people.

On motion by Mr. Sleeman, debate adjourned.

*House adjourned at 9.10 p.m.*

## Legislative Council,

*Tuesday, 9th September, 1930.*

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

### QUESTIONS (2)—STATE SAWMILLS.

*Unsold timber and charges paid.*

Hon. G. W. MILES asked the Minister for Country Water Supplies: 1, In connection with the State Sawmills, what is the quantity of (a) jarrah in loads; (b) karri in loads unsold and/or on consignment in the United Kingdom, India, Ceylon, New Zealand, South Africa and the Eastern States? 2, What amount has been paid on above in railage charges and freights (a) from mills, (b) harbour trust charges, (c) sea freight, (d) handling charges and duty, if any, at destination? 3, Is it a fact that some timber has been in New Zealand unsold for over two years?

### The MINISTER FOR COUNTRY WATER SUPPLIES replied:

(i.) Total consignment stocks—Jarrah, 1,849 loads.  
Karri, 1,809 loads.

as under—

	Jarrah.	Karri.
1. United Kingdom ...	40	84
2. India ...	...	...
3. Ceylon ...	979	1,177
4. New Zealand ...	...	...
5. South Africa ...	...	...
6. Eastern States ...	830	548
Total ...	1,849	1,809

	Railage Freight Mills.	Har- bour Trust Charges.	Sea Freight.	Hand- ling Charges.	Duty.
	£	£	£	£	£
1. United Kingdom	250	37	384	165	...
2. India ...	...	...	...	...	...
3. Ceylon ...	3,156	377	4,312	1,887	65
4. New Zealand ...	...	...	...	...	...
5. South Africa ...	...	...	...	...	...
6. Eastern States ...	1,860	241	3,100	1,206	...
	£5,275	655	7,796	3,248	65
Grand Total ...	...	...	£17,632	...	...

(iii.) No. Timber to New Zealand is sold f.o.b.

### Groceries for Strikers.

Hon. G. W. MILES asked the Minister for Country Water Supplies: 1, Did the State Sawmills' stores at Holyoake supply groceries to men on strike at Port's mill during 1929 and 1930? 2, Did the Minister for Works give instructions that these stores were to be supplied? 3, Has payment been received for these stores?

The MINISTER FOR COUNTRY WATER SUPPLIES replied: 1, No. Stores were supplied to Timber Workers' Union 2, No. 3, Yes, promptly.

### ADDRESS-IN-REPLY.

*Ninth Day.*

Debate resumed from 4th September.

HON. H. SEDDON (North-East) [4.36]. In addressing myself to the motion before the Chair I should like to add my felicitations to you, Sir, on having been granted the high honour of being elected a knight of the Empire, an honour which I think all members of the House will agree with me in saying has fallen to one who well deserves the dignity. Since last session we have had elections, and I wish to extend a welcome to the new members and to congratulate

those others who have been returned to join us in the labours awaiting us. I am very sorry to have to say that some of our members, and one of our officers, have been, or are, sick and so removed from their seats in this House, we hope only temporarily. At the present time we have entered upon what one may describe as a national crisis. I do not intend to dwell very much upon that, because already so much has been said regarding it. But there are certain aspects of it which concern us as members of Parliament very directly, because we have troublous times ahead with very serious difficulties. I feel sure that, irrespective of our various political views, we are all generally united in this, that we desire to see the State and the Commonwealth weather the difficulties and the troublous times upon which they have entered, with credit to themselves as a nation, and also recognising those national qualities which in the past have helped to place Australia on the map. I say that because, after all, the whole question of national difficulties falls back sooner or later upon those personal qualities which are associated with the individual as well as with the national view; and it is insofar as we adhere to those traditions and ideals of integrity and uprightness that we shall come through this crisis with our credit unimpaired. We all recognise that at last we have arrived at the position foretold for many years past, and are now confronted with a crisis which may represent a permanent change in Australia's economic system. The question has been dealt with by various authorities, and I am sure we all appreciate the very lucid way in which a visitor from overseas has summed up our position as a Commonwealth, and the way in which he has made recommendations which, after all, were not strange to any of us, and which most of us recognised had to be carried into effect sooner or later, and which only required the sanction of an overseas authority in order that they might be brought home to the people of Australia. There were arising out of Sir Otto Niemeyer's review five recommendations, which I think were impressed on the people. The first was that Australia must help herself; the second that the trade balance must be improved; the third that present and future budgets must be balanced; the fourth that

the cost of production must be reduced; the fifth that special efforts had to be made within Australia to arrest the financial drift prior to seeking further financial assistance overseas. With every one of those recommendations all who have studied the position of Australia must agree. It must be remembered that our visitor had the benefit of statistics and information prepared by all those who were thoroughly acquainted with the position of the Commonwealth; and it was as the result of studying those statistics and data, assisted as he was by one of the leading economists of the Empire, that Sir Otto Niemeyer arrived at those deductions. I now wish to refer to the decisions of the Premiers' Conference, because they were arrived at after the advice had been given by Sir Otto Niemeyer, and because those decisions will have a very important bearing upon the future, not only of the State, but of the Commonwealth. One, I think, might be justified in saying that if those decisions can be adhered to closely we shall weather this change in very much quicker time than otherwise. If, on the other hand, we find attempts being made to depart from them, or if we find the circumstances are too great for those decisions to be fully carried out, then to such extent will our recovery be retarded. There were five decisions reached at the Premiers' Conference. They were enumerated by the Premier in another place, and members of this House had an opportunity to hear his statement. Those five requirements were, (1) That the several Governments declare their fixed determination to balance their respective budgets for 1930-1931 and future years. If there are indications of failure of revenue to meet expenditure, immediate steps will be taken to ensure a balancing of the budget. (2) No further overseas loans until the present short-term indebtedness is dealt with. (3) No approval to new works that will not yield in reasonable time, interest and sinking fund. (4) All interest payments to be made into a special Commonwealth Bank account monthly for payment of interest due. (5) To publish a monthly summary of revenue and expenditure, the position of the short-term debt, and the position of the loan account. I should like at this point to stress that last condition, because I think it will be of great benefit to those trying to follow closely the progress of our

State finances: to publish monthly a summary of the revenue and expenditure, the position of the short-term debt, and the position of the loan account. In regard to the position of the loan account, the figures up to the end of June are not yet available. I understand the delay is due to the fact that the Treasury officials have had a tremendous amount of work to cope with, and consequently they have been delayed. But I would like to stress the necessity for rigid adherence in future to that condition, because that is the only way in which the people of the State will be able to follow the progress of the figures and determine to what extent the decisions of the Premiers' Conference are being complied with. In further explanation of these results, the Premier the other day enunciated the following:—

We may not expend loan money until we have received it.

That is a very important new condition. One would be safe in saying that a great deal of our present trouble is due to the fact that in the past it has not been the practice to observe that requirement.

The State is without reserves, and therefore money must come in before it is spent. Previous to the 30th June, the State's financial resources were used to finance loan expenditure before the loan money was available, and we employed State funds primarily in anticipation of the loan being raised and the deficit being subsequently met. This practice, which saved the State a substantial amount of interest, will not be permitted in future. Our cash resources are entirely exhausted in anticipation of the Loan Council being able to borrow the money raised from the 1st July, 1927.

In view of these important recommendations I thought it desirable to endeavour to place before the House the position which has existed in the past in respect to our finances, and from the facts and figures I have quoted I would deduce the extent to which we have complied with the requirements of the Premiers' Conference. As a result of a study of the finances of the State one is brought face to face with certain facts. Past experience has shown that the first six months of the year sees the creation of our deficits. As an illustration of this, I should like to quote the accounts for the year ended 30th June, 1929. The public accounts for last year are not yet

available so I cannot quote from them. The table of figures is as follows:—

1928, Month.	Revenue.	Expenditure.	Surplus.	Deficit.
	£	£	£	£
July ...	316,560	554,738	...	238,178
August ...	618,749	800,470	...	187,720
September ...	939,762	885,810	43,952	...
October ...	663,182	789,689	...	126,498
November ...	712,420	790,985	...	78,565
December ...	1,134,349	983,478	150,871	...
Surplus amounted to	...	...	194,823	...
Deficits amounted to	...	...	...	630,962

For the first six months to the 31st December, 1928, the deficit was £436,139. The deficit for the year ended 30th June, 1929, however had been reduced to £275,968. Last year the deficit for the first six months ended 31st December, 1929, was £445,337, and the deficit for the whole year, at the 30th June, 1930, had risen to £518,004. The all-important part of every financial year is the first six months. It is then we have the greatest strain upon our resources, and it is then we contract our deficit. If we could cut down the deficit during that period we would have a reasonable chance of getting a balance during the remainder of the year. Let me now take the figures for the present year. During July the revenue was £374,800, the expenditure being £685,582, giving a deficit of £310,782. During August, the revenue was £564,639, the expenditure was £819,753, giving a deficit of £255,114. The deficit for the two months of the present year therefore amounts to £565,896. These figures when added to the deficit at the 30th June make a deficit of no less than £1,000,000. The first recommendation that was endorsed at the Premiers' Conference was that the Budget of each State should balance, and that it should also do so for future years; further, that if there were any indications of a failure of revenue to meet expenditure, immediate steps would be taken during the year to ensure the balancing of the Budget.

Hon. Sir Edward Wittenoom: I suppose you mean balancing on the credit side; not the debit side.

Hon. H. SEDDON: This means that the accounts of the State must be balanced by the 30th June, 1931.

Hon. Sir Edward Wittenoom: There are two ways of balancing accounts.

Hon. H. SEDDON: I think most of us are aware of that, and that the only way

to obtain a balance is to make the revenue meet the expenditure.

Hon. Sir Edward Wittenoom: That is the way we want it to go.

Hon. H. SEDDON: I should like to compare various months for a few years back to show how we have been going. During the month of July the revenue and expenditure have varied as follows:—

Year.	Revenue.		Expenditure.	
	July.		July.	
	£		£	
1928 ..	316,560	..	554,738	
1929 ..	369,587	..	611,844	
1930 ..	374,800	..	685,582	

I will now take the month of August—

	Revenue.		Expenditure.	
	£		£	
1928 ..	618,749	..	806,470	
1929 ..	594,359	..	767,994	
1930 ..	564,639	..	819,753	

The accounts have moved pretty consistently in the early parts of the year, which supports my contention that this period is the most important part of the year. We have now a deficit of £1,083,900. We have ten months in which to make up this sum, if we are going to comply with the requirements of the Premiers' Conference and balance our ledger at the 30th June, 1931. Owing to the fact that the danger period is in the first six months of the year, we should take steps now in the direction of balancing our ledger. Everyone will agree that the steps which have been forcecast by the Government in the way of retrenchments are not only thoroughly justified, but I am afraid from the indications before us that they will need to take other steps even more drastic than those already indicated if they hope to obtain the desired results. If we are going to balance by the 30th June, 1931, we must show an average surplus each month of £108,000. If we are going to leave the deficit of 1930, amounting to £518,000, and try to balance the deficit for July and August of the present year, £565,000, it will be necessary for each month from now until the end of June next to show a surplus of £56,590.

Hon. E. H. Harris: How do you like the prospects?

Hon. H. SEDDON: I thought it desirable to bring these figures before the House in

order that members might realise the stupendous task before the Government can comply with the requirements of the Premiers' Conference. Failure to comply with them will be seriously regarded from the point of view of the financial position and credit of Australia.

Hon. Sir Edward Wittenoom: May I ask for an explanation?

The PRESIDENT: Is it a point of order?

Hon. Sir Edward Wittenoom: Yes. I should like to ask whether the hon. member concludes that he will make up at the end of the year all the aggregate deficits of the past, or only the deficit of the current year?

Hon. A. Lovekin: He has just told the House what he has in mind.

Hon. H. SEDDON: My intention is to show members the present position. Prior to the end of last year the Premier of the day had funded his deficit, and the year 1929 was expected to finish with a surplus. Unfortunately the Budget was not attained, with the result that the year finished with a deficit of £518,000. That deficit has not yet been dealt with. The deficit for the two months of the current year amounts to £565,000. This means that if we are going to balance at the end of the year we shall have to show an average surplus from now till June next of £56,590. In the past it has been our invariable experience that, out of the first six months of the year, four have shown deficits, and two have shown surpluses. In no one year I can point to for the first six months have we attained a credit balance since 1913. There is therefore urgent need for immediate action on the part of the Government to grapple with the situation. The next three months will be the critical period in the State's finances. If we can get over the six months and reduce some of the leeway we have made, we shall do remarkably well. In analysing our finances, especially during the present time, we cannot but be impressed by the fact that the trouble lies on the revenue side. It is our revenue which has declined. When we realise the period through which the State is passing, we must see that it is the revenue side of the State's ledger that must be watched, and it is that side we have to endeavour to correct. This indicates that the Government will have to face conditions they hardly anticipated being called upon to face. If they are going to

balance the ledger by the end of the year, they must get in revenue and get it in quickly.

Hon. G. W. Miles: We have to cut down expenditure quickly.

Hon. H. SEDDON: The accounts of the past two months have been made available, and I have taken the opportunity to obtain from the Treasury an analysis of these accounts in order that I may be able to compare the revenue and expenditure of the various departments. It is astonishing the way this has operated in regard to the various departments. We find that taxation and stamp duty and those things connected with commerce are coming down. We find also that revenue from the earning departments such as the railways and the harbours are feeling the effect of the considerably diminished traffic. We are in one sense fortunate that there is still a considerable tonnage of wheat in the State which has to be moved to the seaboard. That will have the effect of increasing temporarily the receipts of the railways. I should like to refer to this question of balancing the ledger from another point of view, because I think it is important that we should just see the extent to which Budget forecasts in the past have been carried out. I shall go back to 1926 and from that year trace on the position. In each of the years following 1926 we showed a deficit except in one year. In every case the expenditure was brought down under the estimate, and although the expenditure was within the control of the Treasurer, the revenue in every case was not, and it is on the revenue side that the Treasurer is going to experience difficulty in making correct forecasts. Here are the figures:—

Year.	Estimated Revenue.	Actual Revenue.	Under the estimate.
	£	£	per cent.
1926 ...	8,832,731	8,808,166	...
1927 ...	9,701,611	9,750,833	...
1928 ...	9,877,596	9,807,948	...
1929 ...	10,222,712	9,947,951	...
1930 ...	10,019,598	9,277,083	...

The last figures are those for the year in which the depression was beginning to be felt, and therefore, in framing an estimate for the present year it is obvious that the Treasurer will have to make a great allowance in respect of the receipts. These figures may be difficult for hon members to follow, but they will be available in table form in "Hansard." It is desir-

able that they should be placed on record, because after all it is only by the experience of the past that we can forecast in the future. I would like the Minister to make a note of this point because it is desirable that the House should be assured that these facts have been taken into consideration in the preparation of the Budget. Otherwise we shall find ourselves faced with the position that we experienced last year that the estimated surplus of £104,000 was converted into a deficit of £518,000. As an illustration I should like to mention that it is already indicated that values for taxation purposes will be down very considerably in the present year. Departmental returns will be greatly affected and departmental fees also, as members will see from the returns of the Lands Titles Office and the returns from stamp duties.

Hon. J. Nicholson: They are very marked.

Hon. H. SEDDON: Yes. The figures of the past two months indicate that the expenditure for welfare and relief is going to be very high. During the month of July it was £24,725, and in August it was £27,272. It is of course only to be expected that this department will be loaded with heavy charges due to unemployment and the depression through which the State is passing, and we have to remember also that these figures do not represent nearly the amount of money being spent in relief, because under the present system the local authorities are taking part, and public benevolence is also exerting itself to a marked extent. Thus in succeeding months the figure will be considerably more than the £27,000 which was spent in August for the relief of the unemployed. One aspect that must concern every hon. member with regard to balancing the Budget is the efficiency in the services. I have been carrying out a certain amount of investigation work so far as I have had the opportunity to do so into the efficiency of the services, and there are some figures which should be brought under notice. As an illustration I will take the Railway Department. The locomotive which is used at the present time on our express traffic is that of the P. class and it is a very expensive machine. It is carrying interest charges amounting to no less than 24s. per day. On the details that are supplied in the railway report we find that taking the 26 days per month that this engine is actually running, it averages

only 75 miles a day. The engine can only be earning while it is running. It is carrying a daily charge of 24s. and it is actually only running, according to the details supplied in the report, 75 miles each day.

Hon. H. J. Yelland: Fourpence a mile interest.

Hon. H. SEDDON: It appears that there is room for investigation here. These engines should be covering a great deal more country than they are doing. Of course the position may be explained, possibly by the fact that one or two of these engines are out of traffic; but even allowing for that we should be able to get a great deal more work out of them than is the case. I should like to follow that up with other comparative figures. I have taken the analysis of the railway returns and have compared the figures for the period 1924 to 1929. I have not yet had the opportunity of obtaining the figures for 1930. I have taken the number of employees and divided them into the number of miles open for traffic. I find that in 1924 there were 2.11 men employed on our railway system per mile of railways opened, and in 1929 there were 2.35 employed. The .25 does not seem too much, but when we realise that there are 9,000 employees in the service it represents a considerable increase in the number of men. The number of employees has increased from 7,682 in 1924 to 9,612 in 1929. In 1924 the earnings per man employed in our railways was £420, and in 1929 the figure was £395, a difference of £25 per man, while on the number of employees a considerable increase exists in the working expenses, an amount of £299 in 1924 and £318 in 1929. The passengers handled per man in 1924 numbered 2,360 and in 1929 1,550, a very marked decrease in the passenger traffic carried over the railways.

Hon. G. Fraser: Have you the goods traffic figures?

Hon. H. SEDDON: Yes. The number of tons carried per man in 1924 was 445 and in 1929 it was 437. I have referred to the table regarding the locomotives; now I should like to refer to another table dealing with goods stock, that is, the wagons employed on the railways. In this case I have taken out the capital cost per ton of load capacity and I find there is a very great difference. Taking the HA trucks, which are open-sided, the capital cost per ton of load capacity is

£8.5; FA truck, used for carrying fruit, £41.3; coal box trucks, £20.6; high-sided steel wagons, recently constructed in our workshops to deal with general traffic, which have a ratio of load to tare of two to one, £18.5. Hon. members will appreciate that the earning capacity of a truck has to be much greater when its capitalisation is higher. I should also like to refer to the QA timber truck which is frequently used for the conveyance of wheat. In this case the ratio of load is two to one and this truck costs per ton of load £17. The fruit truck, which is a bogey truck, is again affected by the high cost. This costs £30.3 per ton of load. Then we have the cold storage wagon, and in this case the cost is £130 per ton of load. These are figures which will stand investigation, because, after all, they provide a considerable item in our working costs, and it means that unless these trucks are kept on the move there will be an increased charge in working expenses. It has been pointed out that it is necessary for the Government to take immediate action with regard to balancing the ledger, and in this direction the Government have already taken drastic steps in connection with the railway system. They have effected a number of reductions and for that action have been severely criticised, chiefly by members of the Opposition. I have followed the discussion carefully, and so far as I can see the Opposition could not have done anything more nor anything less than the Government have done in this direction, having in view the serious financial position through which we are passing. There are figures which I have been able to extract showing the ratio of wages and salary charges to the total expenditure of various departments. In doing this I have been considerably handicapped because it was not possible to obtain the figures for every department. The public accounts, however, give certain figures which enabled me to make comparisons that I should like to place before the House, because it is only right that we should get an idea of the true ratio between the wages and salaries expended in the operation of a department and the total expenditure. I do not offer these figures in any spirit of criticism of the employees concerned. I desire to place on record my appreciation of the fact that the civil service was the first institution in Western Australia to recognise the seriousness of the financial position and to

do its duty by imposing a levy on its members of so much in the pound of salary in order to assist the unemployed. We should recognise the lead given by the service. In the present crisis; the lead in every instance seems to have come from the public. Members of Parliament should be the leaders at such a time, but on more than one occasion the public have taken the initiative in efforts to deal with the existing serious position. There are two ways of looking at that: I think it is a hopeful sign because it shows that the people of the State are prepared to do their duty, that the whole community are prepared to undertake their share of the sacrifice if given a proper lead. There is a splendid opportunity for the Government to work in full co-operation with the spirit manifested by the community and thus give a lead in the direction that will ensure an equitable bearing of the burden of sacrifice for the good of the State. I have divided the various departments into their respective classes. For instance I have taken administrative departments such as those which deal with special Acts, the Treasury and the Child Welfare and Relief Department which may be regarded as the spending departments rather than the operating departments. The figures are—

Administrative Departments.	Expenditure.	Wages and Salaries.	Percentage.
	£	£	
Special Acts ...	3,829,819	142,771	3.9
Treasury ...	338,706	94,640	17.5
Welfare and Relief ...	136,222	10,564	7.7
	<u>£4,304,747</u>	<u>£247,981</u>	<u>...</u>
Operating Departments.			
Parliament ...	14,175	11,210	78.9
Premier ...	132,439	70,541	53.0
Forests ...	23,081	19,228	83
Justice ...	86,327	74,986	86
Land and Surveys ...	79,294	63,488	80
Chief Secretary ...	206,388	140,828	68.1
Education ...	679,019	610,252	89
Mines ...	102,148	45,901	44
Health and Medical ...	212,202	85,468	29.8
Agricultural ...	93,851	80,748	86
Police ...	236,332	204,855	86
Aborigines ...	6,791	2,941	43
Railways ...	3,075,568	2,551,056	82.9
Tramways ...	289,673	173,850	64
Electricity ...	212,909	57,940	27
Total ...	<u>£5,430,587</u>	<u>£4,171,175</u>	<u>...</u>

The figures for Parliament might interest some people who have been so strenuously advocating a reduction of members' salaries. The Aborigines' Department is one of whose figures I could not be quite sure. Possibly certain salaries have been included in general expenses. It was impossible to get the

figures of wages and salaries for other departments, so I took the expenditure over the year and applied the ratio of salaries and wages in the operating departments. The totals are—

	£
Public Works ...	111,192
Goldfields Water Supply ...	134,941
Kalgoorlie Abattoirs ...	2,328
Metropolitan Abattoirs ...	28,654
Metropolitan Water Supply and Sewerage ...	142,785
City Markets ...	865
State Batteries ...	22,636
Cave House ...	14,332
Other hydraulic undertakings ...	29,828
Total ...	<u>£487,661</u>

Taking the percentage of 78 as representing the average of the operating departments, the wages and salaries would amount to £380,275. The reason I have quoted this array of figures is to show this important fact: it has been suggested that we could reduce salaries and wages throughout the Public Service by 10 per cent. A 10 per cent. reduction on the wages and salaries expended by the various departments I have quoted, and on members' salaries would give a sum equal to £479,843.

Hon. G. W. Miles: It has to be done, and the sooner it is done the better.

Hon. H. SEDDON: In whatever way it is done, whether by a direct reduction of salaries, or by way of a special emergency tax to the extent of 10 per cent.—

Hon. E. H. Harris: Or a further sales tax.

Hon. H. SEDDON: That is the figure which would be obtained if members of Parliament and public servants were to forego 10 per cent. of their remuneration.

Hon. A. Lovekin: It would keep the unemployed for 12 months.

Hon. H. SEDDON: The important consideration is that it would go a long way towards meeting the deficit we are incurring on this year's operations. There has been a considerable amount of discussion regarding the effect of interest and of wages and salaries in the operation of various concerns. A great deal of political propaganda has been indulged in by various persons, who have pointed out that public companies are paying very large dividends and that interest is an item which might well be dealt with when the country is passing through a seri-

ous depression. It is only fair to show a comparison between the amount incurred in the way of interest on capital invested in a concern and the amount paid in wages and salaries. If we can show that figure, I think it could be demonstrated that the ratio of interest and the amount of saving which would be effected by a reduction of interest would be very small indeed as compared with what could be saved by a reduction of labour costs. Let me make it clear that a reduction of labour costs does not necessarily mean a reduction of wages. Take the Railway Department as an example: About £23,000,000 has been invested in the railways, and there can be no question of the capital being overloaded, or watered or anything of that kind. The capital of the railways represents the money actually spent on the development of the system. Taking last year's figures, the total expenditure including salaries, wages and interest charges and cost of material was £3,978,463. Of this sum wages and salaries comprised £2,551,056, a percentage of 64. Members will notice that there is a difference between that figure and the percentage I gave earlier. The reason for the difference is that in the present instance I have included interest charges which were not included in the operating charges of the railways quoted previously. Interest at 4 per cent.—that is not a very high rate—amounts to £923,017, equal to 23 per cent. of the operating costs of the department. There is a figure which might bear investigation and possibly form ground for a certain amount of debate. With interest at 4 per cent., it amounted to only 23 per cent. of the total operating expenditure, while wages and salaries amounted to 64 per cent. I have quoted these figures because I wish to stress the great importance of labour costs with regard to the operation of public concerns. We are justified in saying that as the experience of Government departments has been that the cost of labour is a very high item, so in commercial concerns the cost of labour is very high unless they are on the lines which characterise many American concerns, where much capital has been sunk in machinery, in which case it would be quite probable that the labour cost would be

very much decreased and the capital cost correspondingly increased. In such a case the concern would be justified in incurring tremendous capital expenditure only if there was a condition of industrial stability, and it would be seriously menaced by the suggestion now being widely discussed in this and other States that there should be a reduction of interest charges. I wish again to stress the point that a saving of £479,849 per annum would be effected if we could reduce the labour cost in our departments by 10 per cent. Whether that was done by rationing the work so that the staff would be on a rotation of one week in ten, or done by a reduction of payment, would be for the Government to determine. I merely place the suggestion before the Government and before the people. Reference has been made to Australia's financial position, and I should like to quote figures as to the real wages in Australia compared with real wages in other parts of the world. The figures seem to be important, because large numbers of people appear to think that the Australian standard is being seriously menaced by the proposal to reduce the cost of labour. That may or may not be the case; the fact remains that when one compares the Australian standard of real wages with the standard of real wages in other parts of the world, it comes out very high. The figures I am about to quote are taken from the "Manchester Guardian" of the 17th April, 1930, and are calculated for countries in which there is a considerable similarity in the habits of consumption of the workers and their families, by ascertaining how much bread, meat, butter, milk, eggs, potatoes and other commodities can be purchased by the wages in each country. The figures are based on statistics compiled in this manner by the International Labour Office of the average hourly wages in January, 1930, of adult male workers in typical occupations in the building, engineering, printing, furniture-making, transport and food industries, and in electrical power distribution, and municipal service. The "Manchester Guardian" says of the figures that—

they are representative for the large cities only, and show the relative purchasing power of the wages in relation to the chief food commodities, and coal, wood, gas and electricity.



Relative real hourly wages, January, 1930—

United States .. ..	197
Canada .. ..	165
Australia .. ..	148
Sweden .. ..	108
Denmark .. ..	107
Great Britain .. ..	100
Irish Free State .. ..	97
Netherlands .. ..	87
Germany .. ..	78
Switzerland .. ..	77
Czechoslovakia .. ..	70
Poland .. ..	62

The figures are illuminating, because they show that Australia's real wages compared with those of Great Britain, for example, are in the ratio of 148 to 100. Now I wish to refer to the question of the present methods of dealing with unemployment. Undoubtedly these methods are emergency methods. They had to be devised hurriedly, and as far as they went they were a satisfactory means of meeting the position. They comprised voluntary effort by the generously disposed members of the public. They also included efforts by the local authorities and assistance from the Government; and a scheme has been evolved whereby the three contributing parties are bearing the burden of the unemployment of this State. In that connection I desire again to stress the important point that a large number of the people of Western Australia are not bearing their full share of the burden of unemployment.

Member: Some are not bearing any share at all.

Hon. H. SEDDON: Some are escaping their responsibility. I say here and now that the position would be met if we had a State unemployment tax imposed, whereby everybody would contribute, proportionately to his salary, towards the expenses of unemployment. My reason for advocating such a tax is that the unemployment problem is not a temporary problem, but one which has come to stay. It is a trouble which has been steadily growing for the past few years. It is a trouble which might have been considerably minimised if only the reports of those who have in the past investigated the question had been seriously considered. However, it is too late to talk about that now. The fact remains that we are confronted with the problem. We have in Western Australia about 8,000 persons out of employment, and we have to find some way of dealing with those people. To deal with them satisfactorily it would

be necessary to depart from the present method and introduce some system whereby every person who is earning money in this State will bear his share of the responsibility, some scheme whereby these unemployed men can be re-absorbed into reproductive work, as everyone admits to be necessary. There is a fact which has come out, and which I think it only right to stress, that the relief committee established in Kalgoorlie has found that while certain members of the public are prepared to bear their share of the burden of unemployment, and while the local authorities and also the Government are bearing their shares, an appeal which was issued to the workers generally in that community met with only a disappointing response.

Hon. E. H. Gray: That is not the case, though, in Fremantle.

Hon. H. SEDDON: I do not like to make that point. It is quite possible there may be an explanation as regards Kalgoorlie, but the fact remains that the response to the appeal was not as general as it should have been. When we realise that the burden of unemployment falls entirely on the workers, we cannot help feeling disappointed that the response has been so meagre from the labour organisations concerned. There may be an explanation; I am simply stating the facts. Various arguments have been raised with regard to retrenchment. There is an aspect of retrenchment which has been stressed by the Labour Party, and in my opinion with a considerable amount of truth, that retrenchment creates more unemployment and thus merely intensifies the difficulty. It appears to me now necessary, before embarking upon retrenchment, to consider whether we cannot do something better in the way of rationing. After all, rationing does distribute the burden; and although it results in a reduction for a period of the actual wage received by the employee, it means that a number of people, instead of being simply on the margin of existence, are able to pay their way to a certain extent, and in that manner bear a share of the obligation. Therefore I suggest that the Leader of the House might explain to us what the Government have decided upon in regard to rationing as against retrenchment, with a view to meeting the emergency with which we are confronted. That brings me to another aspect of the financial question: have we any

means of increasing the revenue? The Premier has said that a community cannot be taxed into prosperity. Perhaps that is so. The Premier, however, is in an awkward position. Prior to the general election he made a definite promise that he would not increase taxation, and I am sure will not do so willingly. I consider the position is such that the Premier would be justified in approaching the people and telling them, "I find the position and prospects such as to make it absolutely impossible for me to carry out my promise." In my opinion the emergency would have justified such action on the part of the Premier, who I believe would have found that that statement would have met with approval from at any rate the great majority of the people because it would have been a frank statement of the position. The fact remains that we are in such a situation that we must find revenue from some source or other. There is this possibility about taxation, that its present incidence can be considerably amended. Our present burden of taxation, when compared with the burden of taxation in other countries, is almost negligible. In support of that contention, may I point out that an examination of the report of the Commissioner of Taxation shows that only 12 per cent. of our population are paying income tax. The total number of wage and salary earners in Western Australia, according to figures furnished to me during last session by the Government Statistician, was 119,710, whilst the total number of income taxpayers here was 48,969, equal to only 40 per cent. of the wage and salary earners. Our income taxpayers comprise professional men, farmers, pastoralists, and men in other occupations. It is evident, therefore, that of wage and salary earners a very small proportion are income taxpayers. During the year 1927-28, the last for which we have complete figures, according to the report of the income tax Commissioner, salary and wage earners paying income tax numbered 23,913. That comprises not quite 20 per cent. of the total of the wage and salary earners for the State. I have repeatedly contended that we will never get a full appreciation of the responsibilities of government, and that we shall never have a complete civic conscience on the part of our people, until every person who is earning income in Western Aus-

tralia is contributing to the cost of carrying on the government of this State.

Hon. G. W. Miles: In proportion.

Hon. H. SEDDON: In proportion to income, certainly. Even the office boy who is getting a pound a week should contribute something, however small, towards the cost of government, and thus be brought to feel that he is responsible to that extent for the welfare and well-being of Western Australia. Then a lot of the visionary ideas that are brought before unthinking sections of the public at election time—dreams impossible of attainment—would be subjected to more severe scrutiny, because the persons to whom they were addressed would feel that they would have to pay for them. There is another aspect of taxation. The Premier's Conference undertook to place before the public of each State a monthly return of revenue and expenditure and of short-term debts. There is this advantage in that project. If revenue is collected monthly, it will be collected in one-twelfth of the amount that is collected annually. This would have a considerable bearing on the financial position of Western Australia early in the financial year. As it is, so much money has to be set aside to meet tax requirements, especially in the case of large assessments. A rate of tax which, collected annually, would stagger the community would not be so severely felt if collected in twelve monthly moieties. I was glad to hear Mr. Lovekin's argument regarding a stamp tax, because it seems to me that here is an avenue of raising money to enable us to carry the burden of unemployment, and possibly in the same way impose an extra amount of taxation on the community through the wages sheets, thus enabling us to meet our interest and sinking fund. The Government should do something to enable us to obtain monthly payments, a thing which we have not been able to secure up to the present. I have said that we are not taxed in anything like the same proportion as the British taxpayer.

Hon. A. Lovekin: We have two double taxes, though, Federal and State, and you must add them together.

Hon. H. SEDDON: Even from that aspect, I still would like to quote the British taxation figures. The British public debt at the present time amounts to 7,621 millions sterling, and the annual charge to the

British public is 369 millions. It may be interesting to hon. members to note those figures, because it has been suggested by certain men prominent in Labour politics that we should ask the Imperial Government to come to our assistance in our time of trouble. I quote the British figures by way of comparing the burden upon Australia with the burden which is placed upon the British people for two generations because the the British people are determined to stand by those principles of integrity which have made the British nation great. The minimum income upon which taxation is levied in Great Britain is £135 per year, and from that amount to £250, the rate of tax is four-ninths of the standard rate, which is now 4s. 6d. in the pound. When we work that out, we find that a person who earns £135 a year has to pay at the rate of 2s. 3d. in the pound, which means that his income tax will amount to something like £13 per annum. That is the burden the British taxpayer is carrying at present and is likely to carry for many years to come!

Hon. G. W. Miles: For 62 years.

Hon. H. SEDDON: The standard rate of income tax on incomes above £250 a year is 4s. 6d. in the pound. We hear people in Western Australia and Australia too, saying that the burden of taxation in the Commonwealth is too great. It may be too great, in the higher rates. I have reason to know it is high, because my attention has been drawn to the income tax paid by men who are earning large salaries. It is evident, however, that with the lower rates of income, the incidence of taxation could be considerably extended and the people of Western Australia as a whole could be made to shoulder a larger proportion of the income tax than they do at present. I quote these figures in support of the contention I advanced last session when we were dealing with the incidence of income taxation. I then said that it would be desirable, in the interests of the State, to go into the question of the incidence of taxation and ascertain whether it could not be extended. There is another aspect. If it is true that we cannot tax people into prosperity, it is equally true that we can change their expenditure by taxation. That is an important phase in times of trouble such as the present. For instance, when we read the returns of money put through the totalisators at race meet-

ings, it must be patent to all of us that people who can use their money in that direction in this time of depression, do not exhibit any sense of responsibility towards their fellow citizens.

Members: Hear, hear!

Hon. H. SEDDON: When we realise that £250 would provide a working wage for a married man and enable that man to be supported by primary production, we readily appreciate what this sort of thing means to the State. With totalisator transactions, the money is merely transferred from one person to another, from one section of the community to another, without being of any benefit to the community as a whole. If we are content to allow that practice to continue in these days, we will permit something that no civilised community should tolerate.

Hon. A. Lovekin: Then there are the picture shows, and so on.

Hon. H. SEDDON: That is so.

Hon. W. H. Kitson: Is there no other avenue you could refer to in the same way?

Hon. H. SEDDON: Yes, but I stressed the totalisator investments because they were most obvious at the present time. Amusements afford a considerable field for taxation, and we should urge a revision of the imposts to meet the circumstances of the present. There are other avenues, too, that could be dealt with, and thus provide money for the employment of men who at present are not engaged in reproductive work. The present system of relief is merely a temporary expedient, and we cannot regard it as reproductive in the interests of the State. There is one most important point I wish to mention. When passing through a period of financial crisis, it is absolutely essential to create and maintain confidence. All this foolish talk regarding repudiation and reduction of interest rates will merely react on the community at a time when it is desirable to get hold of every penny possible in order to carry on our activities. I will have something more to say on that point later on. I refer in passing to that phase merely to stress the absolute necessity for commonsense, and we must make it known that there will be no departure from practices already laid down. It should not go abroad that we are complaining of the unfairness of the present rates paid for money borrowed because we

should not forget that money has its price like any other commodity. That point will have to be seriously considered because talk such as we have heard recently in Australia may have the effect of creating a greater evil than that which the talk was aimed to cure. I have referred to the figures relating to income taxation in Great Britain and have pointed out that a salary of £135 carries a tax of £13. On the other hand, a salary of £1,000 in Great Britain carries a tax of £225. There is a great contrast in those figures and between those figures and the relative taxes paid by people in Australia. I previously pointed out that our revenue from taxation will be lower this year, and the same applies to stamp duty. We have a more hopeful outlook in connection with our public activities because from the bountiful harvest that appears to be assured—perhaps I had better “touch wood”—we may expect to derive increased revenue from our railways and harbours, which will be welcome. Regarding loan funds, the activities of the State are financed in two ways. There is the Consolidated Revenue account, from which are met the operations of the State, and there is loan expenditure, which may be regarded as additional capital required from year to year to enable the State to progress. It is stated that loan expenditure throughout Australia will have to be considerably curtailed during the year, and a Press statement published recently gave the allocation of loan funds for the financial year 1930-31. The allocation was as follows:—

	£
Commonwealth ..	2,000,000
New South Wales ..	5,700,000
Victoria ..	3,000,000
South Australia ..	1,800,000
Western Australia ..	1,750,000
Queensland ..	1,750,000
Tasmania ..	350,000

Our normal loan expenditure for the past six years has represented over £4,000,000.

Hon. G. W. Miles: That was too high.

Hon. H. SEDDON: If Western Australia's loan expenditure is to be reduced to £1,750,000 there will be an inevitable result; there will be created considerable further unemployment. According to figures presented to the House last session, some 3,000 people have been employed by the Government in the past out of the expenditure of loan funds. With such a reduction in loan expenditure, it is probable that a large num-

ber of men will be placed on the labour market. My reason for obtaining the figures regarding the number of men employed by the Government, was that I wished to form an estimate of what would be the effect if our loan expenditure had to be considerably reduced. The amount of interest and sinking fund incurred in connection with present loan works is about £3,000,000 per year. In reviewing our financial position, it is necessary to ascertain to what extent those concerns can meet their obligation to find sinking fund and interest charges from their revenues. I know the Government are investigating that phase of the question, and it is most important that every department should at least be so worked that it will meet interest and sinking fund charges on the capital invested in each. The loan expenditure at the 30th June, 1929, totalled £70,253,221, made up as follows:—

	£
Railways ..	21,225,104
Harbours, South-West ..	4,090,936
Harbours, North-West ..	395,436
Water Supplies ..	8,459,826
Mining ..	2,133,178
Agricultural ..	25,030,983
Roads and Bridges ..	2,782,441
Trading Concerns ..	2,234,018
Sundries ..	3,900,299
Total ..	70,253,221

Some of the departments are contributing a considerable amount towards the revenue of the State. The latest figures available show that out of the £3,000,000 we have to pay in interest and sinking fund charges, something like £1,500,000 is contributed by various departments, and it appears to me that it is possible for the Government to increase those figures so that the departments that are not adequately contributing now shall be made to pay a fairer share of the burden. I will refer to the Agricultural Department. Under the heading of Agricultural Loan expenditure there are the following items:—

	£
Agricultural Bank capital ..	3,734,000
Loan money, soldier settlement scheme ..	7,791,000
Group settlement ..	6,964,000

The group settlement figures are up to the 30th June, 1929, since when the outgoings have increased considerably. On top of that, a large sum has had to be written off. When the House in due course agrees to the select committee to investigate the finances

of the State, which I hope will be appointed soon, I trust that we will be able to find out how much of the capital invested in the Agricultural Bank is paying interest and sinking fund charges. I think it will be found that a large proportion is not carrying that burden. I will not say more regarding that phase at the present time. I have quoted figures regarding loan expenditure and have pointed out that if that expenditure for the present year is reduced as I have indicated, there will be a great increase in unemployment unless a way out can be found through other sources. We have to recognise the limitations placed on loan expenditure that the Premiers' Conference recommended should be carried out. It has been arranged that while in the past we have employed State funds temporarily in anticipation of loans to be raised, that practice will not be permitted in future. That statement appeared in remarks made in the Press by the Premier, Sir James Mitchell, on his return from the Premiers' Conference. I will ask the Leader of the House, when he replies to the debate, to explain just exactly what that statement means. Does it mean that any loan money raised between now and next June has to be raised to reimburse funds that have been carrying the loan expenditure, or does it mean that we have that money to spend during the present year? That is a rather important point. There is one phase of the Premiers' Conference to which I desire to draw attention. It has been pointed out that Australia must undertake to meet her liabilities. Some remarks recently made by a prominent public official—the Under Treasurer, Mr. G. W. Simpson—indicate what would ensue if Australia did not do so. In the course of his statement Mr. Simpson said—

The Commonwealth floating liabilities, State and Federal, as a whole, consisted of Treasury bills, bank overdrafts and advances made by the banks. At any moment the Australian Governments might find themselves faced with one of their creditors calling up those advances. They were held by people entirely outside the control of any Australian Government. Unless the Budget were balanced bankruptcy would be the result. That really means this: That unless we satisfy the requirements of the recent conference we will not have the cash to carry on. No banking institution in Australia will stand behind us. No financial institution will lend us money. We will simply have to live on whatever revenue or taxes we can collect. The cash position is so serious unless we can get the assistance of a bank overdraft from the Commonwealth or some other bank that we cannot pay our cheques. The State Govern-

ment in collaboration with the banks have agreed on the policy that is the only way to bring Australia out of the present financial difficulty.

Those remarks were made by a responsible officer who, perhaps, has a better knowledge of the financial position in this State than has any other person. They are very weighty remarks and I think they should be seriously impressed on all of us. There is one point arising out of all this, and it is that we are definitely off the overseas loan market. That is pretty clear.

Hon. E. Rose: And a good thing too.

Hon. H. SEDDON: I quite agree with that. In future we can only depend on local funds with which to carry on, except in regard to the renewing of our short-term obligations, and the meeting of conversions as they become due, until we have funded the overdrafts and balances in London. At the present time we cannot go on the London loan market for any further loan moneys. Consequently, with overseas loan moneys stopped, the question arises, can we find moneys in Western Australia? The suggestion has been made that possibly we might get over the next three months by short-term Treasury bills—that is to say, if we can find the necessary money in Western Australia. The next three months will be particularly critical to the State Treasurer. After that period, of course, we shall be getting revenue from the transport of the crops and from other sources, but in the meantime we have to tide over and, as I say, it has been suggested that short-dated Treasury bills might meet the position. They would be only three months bills. Then there is another aspect of this question: During the war we issued war savings certificates to encourage the small investor. Here is an avenue that might be exploited, and I should like to know whether the financial authorities of Australia have investigated it. After all, there is a considerable number of persons in Australia who can put aside a few shillings now and again and who would be prepared to invest it in savings certificates, whereas they might not have sufficient to warrant going in for bonds. I suggest that in that way we might get enough to meet our loan expenditure. It is sources of income such as this that require to be exploited; for if this country is going to get out of its troubles, it will only be by the exertions and sacrifices of the wage and salary earners of Australia.

The greater proportion of our people are wage and salary earners, and whether they make voluntary or involuntary sacrifices, whether they are subscribing to loans or whether they are taxed and their wages reduced, it is from that source that the money must come to enable us to meet our immediate liabilities. The extent to which the small investors supported this country's demands during the war was amazing. At that period an enormous number of persons subscribed, each in quite a small way, to meet the expenses involved in carrying on the war. I should like again to stress the undesirability of making any attacks on the interest rate or price of money. If there is one thing that we in Australia know at the present time more than we know anything else it is the importance of capital. It is only by the expenditure of capital that we are going to solve this unemployed problem.

Hon. A. Lovekin: Some of these people would tax the money coming in.

Hon. H. SEDDON: Whether it is in private employment or in Government employment, to employ a man in Western Australia at the present time may cost £250 per annum. Some £500 of capital in the way of land, buildings and plant and machinery per head, it is estimated by the Commonwealth Statistician, has to be found to employ a man in manufacturing in Australia. So members will realise the tremendous demand that is going to be made on the capital resources of the country in order to get all our unemployed back to work. There is here another aspect of the question: There remains considerable reproductive work to be done in the country, work that would absorb a number of those men. It is the provision of country water supplies. In the dry parts of the State there are numbers of farmers who cannot work their holdings to the full because they have not adequate water supplies. When we realise that in those dry parts of the State men are relying on wheat crops alone, we see that those men are going to have a very serious time. If they could but supplement their wheat crops by carrying a number of stock, they would be assured of success. But it is quite obvious that to give those people adequate water supplies means finding the money. I suggest the money might be found by increasing the avenues of loan raising, extending even to

the small investor. A lot of this work in the country is urgent, and I should like to quote some figures relating to one of the departments the Leader of the House is administering. The Minister himself was kind enough to make these figures available to me, so I feel sure he knows them and will appreciate their meaning. Other members too will appreciate the position that might be attained by making money available to the Minister for Country Water Supplies. In the goldfields water supply scheme last year 556,000,000 gallons of water was unaccounted for out of 1,200 odd millions drawn from Mundaring. The cost of pumping that water was 1.69d. per thousand gallons. I have been able to get the figures showing the quantities of water unaccounted for between the various pumping stations. It must be remembered that water lost on the other side of the No. 7 pumping station had already been pumped seven times. So when we take the cost of pumping that water and multiply it seven times, it will be seen that the loss represents a very considerable sum of money. Between Nos. 1 and 2 pumping stations the water lost represented 9.2 per cent. of the total quantity pumped; between stations Nos. 2 and 3 the quantity lost was 13 per cent.; between stations Nos. 3 and 4 the quantity lost was 7.2 per cent.; between stations Nos. 4 and 5 the quantity lost was 8.8 per cent.; between stations Nos. 5 and 6 it was 3.8 per cent., and beyond station No. 6 it was 19 per cent. The gallons of water pumped at those various stations have to be multiplied by the number of the pumping stations, with the result that we find the pumping costs of the water unaccounted for, that is to say lost, was no less than £14,543. In other words, that is money directly lost to the department in the way of pumping, and that amount probably could have been entirely saved if the water main were in a satisfactory condition. Surely this alone is proof positive that the main ought to be thoroughly overhauled and put in proper repair.

Hon. W. H. Kitson: You would not say the water was all lost.

Hon. H. SEDDON: It was lost in so far it was not sold. It was lost to the goldfields water scheme, and the figure I have quoted represents only the pumping costs and is exclusive of interest costs. This aspect of the case should commend itself to members, for I feel sure the Minister's re-

presentations in regard to money required would be well supported by this sort of thing. Anyone who knows the goldfields water main will know the condition in which it is and be well aware of the fact that something will have to be done to repair that condition very soon. Incidentally I may say that the loss to the State to date on the goldfields water supply is 13¼ million pounds. To touch on another aspect of the question namely the finding of money for loan expenditure. At the present time the officers of the Public Service are enjoying long service leave. Whatever may be the general expression of opinion as to the wisdom of granting that long service leave, personally I think the Government would be well justified in withdrawing long service leave and instituting in its place some system of pension scheme or superannuation to which the Government and their employees could subscribe. Incidentally I should like to draw the attention of members to the Commonwealth scheme, under which the officers of the service contribute, and which will provide for them in their declining years an income sufficient to make them comfortable. Another consideration: A considerable amount of money is passing into the Commonwealth hands fortnightly from this scheme, and so there is a large sum of money made available to the Government which can be invested in public works and so earn interest and sinking fund and provide regular revenue for the Government, enabling them to meet their loan expenditure. Of course it is quite clear that this money is regarded and must be regarded as trust money.

Hon. A. Lovekin: There are two millions in the fund now.

Hon. V. Hamersley: Where is it invested; at Canberra?

Hon. A. SEDDON: No, it is invested in Commonwealth public works. In Western Australia we have plenty of avenues of reproductive work in which this money could be invested. Also, I really think the scheme would recommend itself to a large majority of the officers of the public service. Another aspect of the whole question is relief work. If we are going to abide by the conditions of Government employment in other industries, we can never hope to control or provide for the number of men requiring relief. We have to re-

member that many of the men on relief work are not accustomed to manual work. To ask them to stand up to a full day's manual work is more than we have any right to ask of them until they become inured to it. Many of them will never become inured to it. But we have to remember that this is relief work in every sense of the term. The existing shortage of money means that every pound has to go to its fullest extent. I can see no way of satisfactorily disposing of this question of relief work, unless we can do it on some basis of piece work and in such a way that it can be regarded only as relief to a man until he can get back to productive employment. That is the only solution I can see for the unemployment problem confronting the State. Members will agree that it is a problem of considerable magnitude to-day and will be considerably greater next winter. So we have to make every pound that we can raise go as far as possible in the way of assisting those men by finding them employment until the change-over in the economic system of Australia has taken place. For, as I have already remarked, that is what this crisis means. It means a permanent change in our economic system.

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

Hon. H. SEDDON: There is one point I should like to clear up with respect to the figures referring to the relationship between wages and salaries and expenses. Dealing with the item "Parliament," the figure quoted was £14,000. It is evident that this figure does not include the allowances and salaries of Parliamentarians. These allowances and salaries are included under the heading of special Acts, and the parliamentary salaries for members, Ministers and others, amount to £58,000. That is the item I wish to correct. Prior to the tea adjournment I was referring to the alterations that would have to take place if the State is to meet its obligations, and pointing to the urgent necessity for taking action to raise money to meet requirements for the next three months. I wish to refer to Mr. Williams' remark on Thursday last. He made some very strong references to the question of interest and to the meeting of our obligations to bondholders. The opinions expressed by the hon. member are held

by thousands of workers in Australia. There seems to be a concerted movement in the direction of encouraging that opinion, with a view, possibly, to effecting an adjustment of the interest rates. Three or four questions arise and are confusing the minds of the workers. These will have to be settled satisfactorily if we are going to avoid serious industrial trouble. Already the question has been raised why, when we have unemployment, we increase the hours of work from 44 to 48? Does it not follow, as the result of such increase, that more men will be thrown out of work? Then there is the question of over-production. If we have over-production, why are we advised to produce more? Does it not seem to be nonsense, if we are already over supplied, to advise the worker that whilst we are in our present troubles he should engage in even greater production? There is also the question of reducing the purchasing power of money. If we are to reduce wages, are we not going to reduce the purchasing power of wages? These problems are agitating the mind of the worker, and we will have to satisfy him with very definite answers if we are going to get him to agree to a reduction in labour costs, such as inevitably awaits us in Australia. I have already quoted the proportion of wages and salaries so far as the total expenditure on Government departments is concerned. These figures will serve as an indication of what exists in ordinary business channels. There is one point to consider about the distribution of earnings, and it is that whether it be in the form of an unemployment tax, or whether it be a direct reduction of wages, the effect will be that there will be a wider distribution of remuneration or wage fund by the taking of these steps. It can be said that considerable savings may be effected by reducing the rate of interest on loans. Certain figures were given in the "West Australian," these being taken from the Statistical Year Book. They referred to the estimated production values in Australia, and comparisons were made of the values of 1925 with those of 1929. The total production value in Australia for 1929 was £447,863,000. The total interest bill for Australia now is roughly £56,000,000. A reduction in interest rate amounting to 1 per cent. on the whole of that interest bill—and some of it covers loans carrying only about

4 per cent.—would produce only £560,000 by way of saving. An increase of efficiency in Australian production of only 1 per cent. would, however, provide an increased annual income of £4,478,630. This would represent an increase of £4,500,000 in Australia's national income, compared with a saving of only half a million on account of interest. If the rate of interest were reduced by 1 per cent., it would have a serious effect not only on our loan prices, but on the authorisation of loans coming about and the flotation of new loans. These figures are worthy of serious consideration on the part of anyone who contemplates a reduction of Australia's rate of interest on loans.

Hon. J. Nicholson: That is a very important point.

Hon. H. SEDDON: Another question has been referred to under the heading of "Production Costs." It is claimed that these costs must be reduced. Labour papers strongly stress this point, and claim that this means a reduction in wages.

Hon. E. H. Harris: Even the Prime Minister said that.

Hon. H. SEDDON: Members may refer to any recent issue of the "West Australian Worker," and they will find that point stressed over and over again. The position is better stated by saying that labour costs must be reduced. I mean by that, if we can have an all-round increase in efficiency of production we can attain the same result without inflicting any hardship such as by reducing the rate of wage. That point will need very serious consideration, and the co-operation not only of leaders of labour, but managers of industry, would be required. If leaders of labour wish to avoid what is almost inevitable, a reduction of wages, the best line they can follow is to consider the efficiency of production, because that would have an enormous effect upon the development of the Commonwealth. On the question of efficiency, I have already quoted figures with regard to Government departments. I now wish to refer to the point already stressed by previous speakers, namely, the utilisation of land within a working distance of our railways. It is evident that, with the shortage of loan moneys, any extension of our railway system must be placed in the background for some years. On the other hand, there is room for con-



siderable improvement in the utilisation of land within easy distance of existing railways. I have compiled a table from the "Statistical Abstract," showing the acreage alienated or in process of alienation within 12 miles of existing railways. There are also particulars of the acreage within 12 miles of a railway, excluding the dry areas. I will quote the figures for 1930 as they will serve as an example. For the year ended June last the area alienated, leased, or licensed, was 281,429,000 acres. The area alienated or in process of alienation was 36,039,000 acres. The acreage within 12 miles of a railway, excluding the dry areas, was 47,877,000 acres. The area within 12 miles of a railway exceeded the total acreage alienated by something like 11,000,000 acres. The area in agricultural use was 13,797,000 acres, comprising 29 per cent. only of the acreage within 12 miles of a railway. The area under crop was 4,566,000 acres, comprising 9.5 per cent. of the acreage within 12 miles of a railway. That is an indication of the tremendous advance that could be made in the utilisation of land within easy distance of a railway, and of the tremendous advantage that would accrue to our railways by the production of crops or by the commercial use of the land in the way of providing production and increasing the working profits of the system. These points will be worthy of investigation by the Government with a view to applying the provisions of the Closer Settlement Act to see that the land alienated is brought into profitable use, or its owners severely penalised in these times of depression, because they are not contributing their fair share to the wealth production of the country. We then come to the question of producing more and consuming less. That is another direction in which the worker is being perplexed. He is being told to produce more and to save money, but he very properly wants to know exactly what is meant by that. He points out that the warehouses are stocked up, that there is a blocking back taking place in the distribution of commodities, and that unemployment is creeping into the factories. There is no demand for commodities and the whole system is upset. He therefore asks, why use the argument of producing more. Is it not a fact that only by consumption can we provide trade? If we buy things we pro-

vide employment for others. The answer to the question is this. It is crudely expressing an important economic truth. The economic truth that it is intended to convey means increasing the production per head, and conserving the surplus of production for further efforts. We have attained a considerable advancement in our civilisation to-day because we have solved the problem of liberating labour. In the early and most primitive social systems, the greater part of a man's time was taken up in finding the means of livelihood and providing shelter from the weather. As the community becomes more and more civilised, and as the work is divided, so more and more time is available for the worker who finds other means of spending his time, and he is spending more on living. The more highly civilised the community is, the higher the standard of those living in it. But this can only be done by so increasing the production per head as to enable the workers to engage in the supplying of comforts or luxuries—luxuries frequently in the eyes of more backward communities. All this can only be done by conserving labour and conserving what is regarded as surplus labour, i.e. capital. The more wealth we can save to employ men in the future, the more luxuries will be made available for each of us, and the higher will be our standard of living. It is a recognised fact all over the world that the rarest skill is organising skill, and it is that that we have to thank for raising us up to a high standard of civilisation. We have the greatest object lesson in the world in the way civilisation in Russia has been destroyed. The whole of the intricacies of production and distribution which had been evolved have been destroyed and the whole of the wealth lost to the community, and the standard of living lowered to the level of the savage.

Hon. E. H. H. Hall: Has it been destroyed?

Hon. H. SEDDON: Undoubtedly. Anyone reading the literature produced from Russia, issued by the Soviet, will be satisfied about that.

Hon. E. H. H. Hall: Russia to-day is responsible for the low price of wheat. We were told Russia would not come back for years, but it has come back.

Hon. H. SEDDON: I am referring to the social system in Russia and I would sug-

gest the hon. member should read the publications issued by the Supreme Council of the Soviet Republic, one of which is what is called "The Five-Year Plan." That shows that Russia has restricted and mobilised labour into certain sections, and whole masses have been concentrated to supply shortages of what we here regard as essentials. That five-year plan has been so arranged that people have been handled in masses just as in war in order to make up the shortages created by the destruction of wealth and organisation. There we have an object lesson for the whole of those people in Australia who are threatening our financial system, a system which is not only intricate but from which we can sustain rude shocks such as those that come in times of financial depression. The doctrines of those people are pernicious in the extreme and are totally unfounded. Any person who has studied the question of finance will realise what harm can be done by those ideas which have been advanced by leaders of the Labour Party. At the present time the Commonwealth needs the soundest and wisest leadership it is possible to get in the realms of finance if it is to meet its obligations, if it is to save the credit of Australia and Australia's good name in the eyes of the world. I would refer to the remarks of Sir Otto Niemeyer, in which he said that we had to arrest the financial drift because we could expect to receive no further assistance from overseas; in other words, that we had to cut out the idea of overseas loans for a considerable time to come, and that we would have to show our ability to live within our means. We have to find the money from our production in one way or another—limit our imports and deprive ourselves of many things, and what we cannot make we must be prepared to do without. That brings me to another important side of the present problem, and it is that the whole question of the remuneration of the worker has to be revised. Anyone who has studied the economic system of Australia, the system of wage-fixing, the basis on which the Arbitration Court works, can point back to where we left the track, and most people who have studied that system will agree when I say that the initial mistake was made when the Harvester judgment was adopted as a basis for fixing wages. It was based on the standard of comfort

and the fixed remuneration to be paid in secondary industries. This country has lived upon a revenue that she has recorded by exporting her primary products, and the standard of wages in the primary industries has lagged considerably behind the standard of wage in the manufacturing industries. Next, by fixing the standard of wage on the standard of comfort and ignoring the output per head, we have created a vicious circle and raised costs and wages until the present time, by the cutting down of the national income, the whole of the edifice has crashed to the ground. You can legislate as much as you like, but you cannot break down an economic law; you must conform to it. If we are to get over our troubles we must face the question of the revision of the system on which we established arbitration. We must give the Arbitration Court new powers so that when it fixes wages it must determine the work that must go with that wage. Until then, we shall be pursuing a mirage. I should like to refer to the question raised by Mr. Williams the other evening, the relationship between loans and banking interest. This question has been countered by many leaders of the Labour Party. Mr. Kenneally, who occupies an important position in the Labour movement of Western Australia, made use of certain remarks at Northam recently in the course of which he said there was a conspiracy to bring down wages and thereby reduce the standard of the worker in Australia. Mr. McCallum, in the course of a speech, said that the power rested in the hands of a few private individuals, and suggested that Australia was being attacked and menaced by some evil people who were making the attack upon our standards. So far as one can see, the evil which has come upon Australia to-day is an evil which has been brought upon the worker very largely by our own ill-advised actions in the past, and if we are at the mercy of any outside financial cabal we have put ourselves there and the best thing we can do now is to get ourselves out as quickly as possible. It is the effect of the destruction of wealth which occurred during the war and largely, too, the inability of our people to adjust themselves to the new conditions. To say that Australia's credit is in the hands of a few private individuals is to mis-state the truth. Take the Australian banks, which are joint stock companies. Any person in the com-

munity who has a little money can buy bank shares, so long as he knows that he is taking on a responsibility equal to twice the value of the bank shares that he buys, because there is a reserve liability in order that those who deposit money in the bank shall be protected. The banks operate simply by utilising the money entrusted to them by depositors and that money is loaned out in the form of advances. The banks also handle exchange and other problems. I have here a very interesting extract from the "Westralian Worker" of the 21st March. It is an article by "Faceplate," who is trying to explain to the Australian worker how a bank operates. It is interesting to read what this man says about Australian banking—fallacies which are being widely disseminated amongst the workers to-day. The article reads—

When the Fisher Government established the Note Issue in conjunction with the Commonwealth Bank it was hoped by the sanguine that a new era was in sight. In part the abrogating to itself by the State of the right to produce currency served a very useful purpose in stabilising the issue of paper money and putting confidence behind the notes. But in neglecting to nationalise the right to create credit, it soon was revealed that but half the job was done. To-day the cheque drawn on a credit created by any one of the Associated Banks is currency exactly as is the Treasury or Commonwealth Bank note . . . . The policy now being followed by the banks of calling in overdrafts is currency deflation, and is seriously hampering industry . . . .

Farmer A wishing to extend his operations, clear and develop the virgin half of his thousand acres, and having in the past returned all his surplus earnings into the property either in the way of supplying plant and stock or paying of the debts on his property, or both, decides to approach his banker for a loan. He takes his deeds of ownership with him, and talks as ingratiatingly to the banker as possible. After a deal of consideration the banker decides that if he can hold the deeds for the £5,000 property, he might be able to allow Farmer A to operate on an overdraft to the extent of £2,000. Of course, Farmer A would pay 8 per cent. for the privilege, money being tight, etc. Mr. A. returns to Windup full of jubilation, and Mr. Banker congratulates himself on having made a good deal. The £5,000 deed secures him of itself. But as 99 per cent. of the £2,000 will go into the £5,000 property and rapidly breed more wealth, he can look on having a £10,000 security in a few years. But the banker has a job to do when he has finished gloating over his deal. He has got to find £2,000 for Mr. A. . . . Does he go down in the vaults and rummage around until he finds sufficient currency to meet the needs of Mr. A? No! Experience has shown him that if he gives Mr. A a cheque book, and A draws a cheque pay-

able to B, operating in the same bank and probably with an overdraft, also a simple matter of pen work, will adjust the matter without touching a radoo of the currency in his cash box. Should A's cheque be payable to a customer of another bank, it may chance that someone else's cheque on that bank passes through his hands in time to neutralise A's cheque. In the few cases where a cheque is presented for cash, the currency paid over will be brought back by a baker or a grocer or a publican within a week in payment of interest on overdrafts, and things are quite safe. Without any new currency notes being issued, the banker can inflate the sum total of a country's currency, and do no damage.

There is the fallacy that is going to wreck Australia unless it is contradicted and the truth is driven home to the minds of the worker. A bank can no more do that and inflict no damage than we can start the printing presses in Melbourne turning out Commonwealth notes and do no damage. A bank's funds and credit can only be controlled by the amount of its deposits. Unless the money is available in the form of deposits, a bank cannot make advances. This has been tried in the past. In 1860 the great banks of England one after another were seriously menaced and some of them crashed because they overlooked that important point of banking law. A bank cannot make advances outside its deposits, capital and reserves without seriously impairing its position. What is the position at the present time? Anyone who reads the newspaper can see that the banks during the period of prosperity made big advances, and ever since they have been unable to get their money in. Every time a Commonwealth loan is floated, certain deposits are taken from the Associated Banks and that money is utilised by the Government for Government purposes. True, it is finding its way through the channels of banking, but as regards the banks, their position is that every time deposits are withdrawn they have to look around to see how they can readjust their advances. If they do not, they will be trapped into a position which is unsafe and will not be able to meet the demands which most likely will be made upon them. Arguments such as I have quoted contain a pernicious doctrine, the only effect of which can be to damage the whole system of banking. I wish to make it quite clear that I am referring entirely to the Associated Banks. My remarks have no bearing

on, nor do they apply to, the savings bank. The savings bank position has been most carefully safeguarded, and there is not the slightest need for doubt on the part of any depositor regarding his savings bank account. When the Labour Party say that this sort of thing is being deliberately engineered, they betray a lack of knowledge of economic laws whose operation necessitates that when the national income is reduced, the circulation of money is slowed down, and when that happens the banking costs are increased. A bank has to safeguard itself, and the only way it can do that and make up for the losses that will inevitably occur is by raising its rate for overdrafts. On the other hand, it raises its rate of interest on deposits. It tries to attract money to the bank and at the same time to prevent money from going out of the bank, and that is the reason for the variation of the rate of interest which Mr. Collier the other day said he found hard to understand. The whole thing is summed up in the working of ordinary banking practice which has been in vogue for the past century. I have pointed out that banks are all joint stock institutions and any member of the community may become a shareholder. I wish to apply the same remark to our bonds. They have been taken up by ordinary people, not by parasitic money lenders in London, not by ghouls who are trying to grind the faces of the poor. The bonds are held by ordinary working people. When anyone attacks those bonds, he is attacking the savings of the people of the community. Let us consider the latest Commonwealth loan. How much of that consisted of insurance company money? Does not every working man strive to make provision for the future by means of insurance, and is not the money he is paying to insurance companies being subscribed for loans and coming back to the community to provide employment? Yet some people would attack the interest paid on such loans. The higher the rate of interest, the better the results for the insured in bonuses and the better the provision he can make for his family. This State and every other State can prosper only by encouraging thrift in the community. Australia more than once has been described as the waster's paradise, because its ameliorative legislation has benefited those people who made no provision for themselves rather than the people who have been thrifty. Take the old age pensions: As that scheme works out, can we

imagine a more absurd method of providing for the aged? If a man and his wife have been thrifty, and have made provision to meet illnesses and other emergencies of life and they happen to have a certain amount of money in the bank, their old age pension is reduced. If a man is a waster who has been drunk week after week and has squandered his earnings, he gets his £1 a week and no questions asked. The method of providing old age pensions is encouraging people to be thriftless, although there are only too many other ways in which thriftlessness is also encouraged. This is the cause of many of our troubles to-day. Instead of penalising thrift as would be done by reducing the interest rate, we should encourage thrift. If we raised the rate of interest we should cause money to flow into Australia, provided the talk about repudiation were first stifled. As I have pointed out, there are well-recognised laws governing banking, and the banker who does not observe them must inevitably come to grief. Banking history indubitably proves that. Credit can be granted only against deposits, and the banker's first duty is to safeguard deposits. Therefore a bank must take precautions long before the ordinary man can see the danger coming. When a man finds his credit restricted, the action is often taken in his own interests because a crash would involve not only him but possibly also the whole community in ruin. I mentioned that the greater portion of our loans are being subscribed by small investors. I have some figures from the Commonwealth Year Book of 1924 which gives particulars of locally raised Australian loans:—

Inscribed Stock	..	..	123,683
Treasury Bonds	..	..	710,069
Total number of subscribers	..		333,752

The total amount subscribed was £250,172,440, and the average amount per subscriber was £300. If we allow for the number of high subscriptions by insurance companies, trustee companies and banks who wished to invest their money in Government securities, we can realise what a comparatively low average holding per head was obtained by those subscribers. In other words, it was the thrifty section of the community who found the money we so urgently required during the war to enable this country to bear its fair and adequate part.

Hon. E. H. Gray: The thrifty or the fortunate?

Hon. H. SEDDON: The thrifty people of Australia; the fortunate were in a considerable minority, because the greater proportion of those funds came from the savings of the people. What is the position to-day? How far would Australia have got with her development but for loan money? That loan money comes out of the pockets of people, both here and in the Old Country, who by thrift have endeavoured to make provision for themselves and their dependants. What is the position in Australia? We have spent the money, much of it foolishly. We have fallen on hard times, and now we are asked to go back to the British people and say, "We have had a remarkably good time at your expense. You go short of a little of your interest so that we shall have an easier time in passing through the depression." That is what we are doing in suggesting reduction. I wish to refer to a few remarks made regarding our war debts and our relationship with Great Britain. A little while ago I referred to the enormous debt that Britain is carrying and the enormous annual charge on the people of Great Britain to meet their obligations. Mention has been made of Australia's part in the war. A certain Labour leader in Western Australia said Australia ought to get help from the Old Country; the Old Country should ease the burden of our debts. Let me refer to the actual position that existed at the time of the war. I want members to realise that this country's fate was as much involved as was Britain's, and Australia at the present time, having scrapped her army and navy under the guise of economy, is relying on the protection of Britain to keep her safe from molestation. It is only the prestige of the British nation that is safeguarding this spoilt child of the Empire from being despoiled and invaded by people, who have not only a lower standard of living, but a standard of thrift and usefulness so much higher as to put us to shame. After the war, every country was impoverished, but Australia least of any of them. What happened after the war? One country after another went crashing down. Germany and Austria were destroyed, and the whole of their financial system was lost. France, the country that has been held up as an object-lesson to us, was crashing, and

every effort she made to save the situation failed. The franc fell to one-fifth of its value. When anyone talks of France as an illustration, let us remember that it is a country of thrifty people who have a standard of living that we would not tolerate. The thrift of her people has enabled her to attain the position they now occupy. France was falling down and only saved the franc by the most stringent financial measures that could possibly be resorted to. She destroyed the value of every loan and robbed every person who held 100 francs worth in French war loans to an extent that they became worth only 20 francs in purchasing value. That was the result of her financial system. Australia with a debt of only £1,100,000,000 must now go and ask Britain, with a debt of over £7,000,000,000 to come to her assistance. Australia with about 200,000 unemployed must go to Britain who has permanent unemployed numbering about 2,000,000 and ask her to come to our assistance. Australia, with a system of taxation under which a person with £1,000 of personal income pays just under £100 taxation whereas in England the tax would be £225, yet asks Britain to ease her burdens. Australia has a standard of living so high that when the migrant comes here it takes him all his time to accustom himself to the new conditions, and yet we must ask Britain to come to our assistance. If I have any knowledge of the nature of the Australian citizen, if I have any knowledge of the pride of the Australian people, they will rise and repudiate any suggestion along the lines mentioned by members in another place. In a time of trouble when we have to readjust our values consequent upon our own extravagance, they would, from very shame, if for no other reason, refuse to ask the Old Country to come to our assistance. I wish to refer to some figures which have been given regarding our war indebtedness, because they are just in keeping with the propaganda as to interest. I was astonished when Mr. Glasheen mentioned figures which have been continually reiterated in the Press regarding the cost of the war. On page 68 of the Commonwealth Budget for 1930-31 the figure quoted by the hon. member is mentioned, "Total cost of the war and repatriation, £744,162,409." That total represents the accumulated costs over 15 years of the war and repatriation, and includes,

amongst other things, not only original loans, but the annual cost for interest, war pensions, repatriation of soldiers, and other war services. All those annual charges are included in the figure of 744 millions. That is a totally unfair method of referring to the situation. Why should we not refer to old age pension charges in the same way? The cost of old age pensions in Australia and the amount which she is paying for war pensions and repatriation of soldiers compare as follows:—Old age pensions 1930-31, estimated at £10,791,326; war pensions and repatriation, £8,941,289. In other words, in spite of all the talk about the legacy of the war, Australia has actually paid less by way of war pensions and repatriation than she is paying to her old people in the form of pensions. And yet we make a great song about the cost of the war to this country! There is another aspect of the position which ought to be brought home. I refer to the question of interest. We have reduced the amount of our war debt by something like 40 millions sterling, and the present charge for interest on war debts is in Australia £10,235,359, and overseas £4,647,992. For the sake of that 4 million odd it is suggested that we should go Home to complain to the Old Country, it is suggested we are not prepared to bear our portion of the cost of the war which was just as much our war as it was Britain's! As regards interest payable by the Australian States, the annual amount payable in Australia is £16,869,733 and the amount payable overseas £19,168,203, making a total annual interest charge of £36,037,936 payable by the States. Thus we are now paying some 36 millions of annual interest for the States and something like 20 millions for the Commonwealth. Of the 20 millions, 14 millions represents war interest, and of this again four millions is payable overseas. The burden of Australia's interest debt on account of war is, therefore, small compared with other expenditure. The greater part of the debt Australia carries at the present time is works debt, and only a comparatively small portion of that belongs to the Commonwealth. There has been much talk about Commonwealth extravagance. But as a matter of fact the extravagance has been on the part of the States. It is State payments which at present bear on us so heavily. I wish to quote the figures relating to the

States for the last 10 years, showing the amounts of their respective borrowings:—

State.	Increase. £
New South Wales ..	110,981,198
Victoria ..	66,444,765
Queensland ..	42,471,507
South Australia ..	49,614,443
Tasmania ..	6,060,742
Western Australia ..	25,168,321

In the case of Western Australia there must be added the amount of money repaid out of sinking fund, £8,581,420. It is plain that the greater part of the debt load has been incurred by the States. It is the burden imposed on Australia by the borrowings of the States that is oppressing us, and not Australia's war debt. In spite of all the talk about the terrific burden of Australia's war debt, one cannot get away from the fact that such talk comes from people who during the war were not found assisting Australia, were not found occupying the camps where they might help the men at the front. We know how the great split in the Labour Party came about in the days of the war. It was because one section of the party was prepared to put the whole force of the community behind the prosecution of the war, and another section was not. I venture to predict that before 12 months are out, this question of repudiation is going to provide as bitter a controversy throughout the length and breadth of Australia as ever the question of conscription did. Unless we are prepared as a community to fight against repudiation, we shall find Australia's name mixed up with the advocacy of ideas which are against the best interests of the community. A reference has been made to Britain having gone to the assistance of foreign Governments in preference to coming to the assistance of the Commonwealth. In opposition to that view I wish to quote again from the "Manchester Guardian." This time I shall quote from its issue of the 31st July, 1930, in which it refers to new capital issues for the past six months, and says that the main changes are a heavy fall in the total amount of new money raised, a smaller proportion of Home borrowings, a larger proportion of overseas borrowings, more borrowings by Governments, municipalities and public authorities, less borrowing by industrial companies, and more long-term loans at fixed interest. The

"Manchester Guardian" analyses the borrowings as follows:—

Year, 1930; Total, £141,860,000; Home percentage of total 51.9; Overseas percentage of total 48.1; Governments, Public authority, Railways, 61.2; Industry, Trade, Finance, etc., 38.8.

Those figures serve to show the position of the Old Country relatively to assistance given to the Dominions. The "Manchester Guardian" also makes reference to the very large demands made by Australia up to the year 1928 on the capital market of the Old Country. Before concluding I wish to refer to certain observations made by Sir Otto Niemeyer. He points out that so long as it is thought in Australia that there is an unlimited market abroad for Australian goods, it will be difficult to face realities. He also points out that Australia is off Budget equilibrium and exchange equilibrium, and that a maximum period of two years is allowed her in which to put her house in order, thanks to her having no external maturities during that period. In other words, during those two years we have to readjust our position so that when loans become due we shall be able to make provision for their repayment or, in some cases, conversion. I would like hon. members to refer to a graph prepared by the Bank of New South Wales, having reference to wholesale prices. It shows that during the years 1925-29, while Australia's wholesale prices have remained more or less on a level footing, wholesale prices in the United Kingdom, the United States of America, and Germany have all fallen tremendously since the year 1928. The gap between Australian and other wholesale prices is getting wider. "While the sheltered trades of Australia take so large a share of the national dividend, a share increasing as the national income drops, the difficulties of our export trade increase." "Australia has to adjust herself to a world economic situation less favourable to her than that of the last decade." "Australian production is not following the world phenomenon of increased production per head." "The standard of Australian living is beyond the economic capacity of the country without considerable reduction in costs and increased production per head." "The money wage has doubled since 1911, and the number of unemployed has

doubled since 1924 and must increase." Those are serious warnings indeed, and I think they indicate that Australia's policy must change. Sir Otto Niemeyer points out that the value we are going to receive for our overseas products is diminishing, and that our internal standard is seriously menaced by the decrease in our national income. I have taken out certain figures of production per head in various industries. Those figures have been arrived at by dividing the number of persons employed in, say, agriculture, into the value of agricultural production in that year. For the year 1928 I get the following figures—Agricultural £413, pastoral £963, dairying £650, fisheries and forests £469, mining £473, manufactures £331. Then I have worked out the imports of Western Australia and divided those figures into various classifications of imports. If we take our imports under the head of agricultural and divide them by the local production per head, it appears that our imports would provide employment for 2,575 persons. In the case of pastoral they would provide employment for 556, in the case of dairying for 1,556, in the case of forestry and fisheries for 1,130, in the case of mining for 280, and in the case of the manufactures for 45,629. By the time all those people were employed, it would help us through our difficulties, but we would have to do something further, because the standard of efficiency is lower in the last-mentioned than in any other industry. Hon. members can work out for themselves just what it would cost to employ those 45,000 persons in manufacturing industries. If we can secure increased efficiency in our manufactories, then we can see there are avenues in that direction that afford the best chance of absorbing our unemployed and of supplying markets with our products. One of the most serious problems is that of cutting down our imports. Some lines we can manufacture for ourselves, and the more we can do that the greater will be the opportunities for absorbing our people in productive employment. If we can do that, the greater will be our chance of getting free from the disabilities that militate against our progress at the present juncture. In conclusion I wish to say this: The whole world at the present time is passing through a very serious crisis. There is no country in the world

that is not feeling the effects of that depression, irrespective of whether it is a primary producing country or a manufacturing country, or whether it is a country of high efficiency, like the United States of America, or a low efficiency country like some of the more elementary agricultural communities. Australia is in a unique position. Her people have shown themselves as energetic and have as much initiative as as those of any other nation in the world. They have proved that in comparatively recent years. Australia is in a serious position with reference to her capital commitments, but she is in no position that she cannot get out of with hard work and economy. Australia has been regarded as the economic laboratory of the nations, and she can solve this problem with less handicap than any other country if she is prepared to put her shoulder to the wheel and take as her watchword, Efficiency in Industry. If the whole of the Labour Party were to change their point of view and consider the condition of countries in which efficiency obtains, they would realise that efficiency is just like all the other sciences: It has definite laws that have been expounded and can be explained. Those able to propound those laws are able to talk to working men or union secretaries so that they can be understood. If those laws were applied to any industry in Australia, we could get a tremendous increase in efficiency. Although our importations of overseas products are very high, that position can be remedied. It must be remembered that we have created in Australia a community largely of manual labourers, and we have neglected the development of skilled labour, which we have imported. We must turn round and reorganise production. We must realise that our present position is due to unbalanced production rather than to anything else. As I pointed out a few sessions ago when speaking about unemployment, if the Government would consider the question of appointing a committee to consider imports and consumption, that body could very soon arrive at a position enabling them to determine exactly how many employees per annum could be taken into any occupation. The committee could arrange a schedule of information indicating just how a quota of boys could be taken every year when they left the public schools, and how they could be

absorbed in certain proportions by various industries. Above all, in approaching this question of raising the standard of efficiency, if we could show increased production per head throughout industries in Australia, we could speedily get out of our troubles. We might also go so far as to devote ourselves to meeting our overseas debt commitments, and then make up your minds that for the future any money required for developmental purposes would be raised in our own country. Although it has been said that Australia cannot raise internally the money required for development, the answer to that is that the scheme under which development has been carried on in the past has been wrong, as we have thrown State organisation over the whole length and breadth of the country instead of developing intensively, thereby increasing the burden on the community. If there is one way in which we can work to get out of our present difficulties and make Australia the envy of the nations; if we want the Australian worker to stand alone, an object of comment for other countries, it is for us to adopt as our watchwords: Efficiency in Industry, Efficiency in Organisation, and above all, Efficiency in ourselves as members of Parliament, who are in the position of leaders of the people and can devote ourselves to studying these problems, and procuring data for others to work on. That covers the whole of my remarks regarding the problems confronting us, and I offer them for the consideration of hon. members. I would like to refer to one or two local questions. One that most seriously concerns the people of the goldfields at present relates to provision for those suffering from miners' phthisis. I will not go over the grounds associated with that question, because every year the subject has been dealt with by myself or my colleagues. I will merely urge the need for a consolidated scheme under which the men will be dealt with. The present opportunity lends itself to the Government to consider the advisability of consolidating the legislation already in existence and removing anomalies, together with the provision of a scheme something along the lines of that operating in South Africa, under which men are induced to leave the industry before they are seriously affected in health by the dust. At present there are more men out in the country looking for



gold than for many years past. Those men should be helped. Here is a field ready to be developed. Some of these men are old and proved prospectors. Some are not allowed to work in the mines because they are dusted or affected with tuberculosis. Those men go out into the bush and engage in work that they are accustomed to. They are the men who are most likely to find new gold deposits. Gold represents one of the things we most require at the present time, and relief money could not be more wisely spent than in assisting the men I refer to in their work in the bush. They could be assisted possibly by our geological officials in mapping the goldfields areas, thus helping them and making provision for those who come after them. I have pleasure in supporting the motion before the House.

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

*House adjourned at 8.40 p.m.*

## Legislative Assembly,

*Tuesday, 9th September, 1930.*

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

### QUESTION—GOLD BONUS.

Mr. MARSHALL (without notice) asked the Minister for Mines: Has any negotiation been made with the Federal Government for the payment of a gold bonus since their temporary rejection of the request?

The MINISTER FOR MINES replied: Nothing further has happened since we received an emphatic answer in the negative. At the time it was suggested that the question might be considered at some future date.

## ADDRESS-IN-REPLY.

*Eighth Day.*

Debate resumed from the 4th September.

**MR. SAMPSON** (Swan) [4.34]: First let me offer my congratulations to the Government on their accession to office, and to you, Mr. Speaker, on having been appointed to the honourable position you now occupy. The fact that your appointment has been so acclaimed by members must be gratifying to you. Unquestionably it has met with the wide approval of members and citizens. That we have in power a Government comprising representatives of the Nationalist and Country Parties is pleasing, particularly in view of the serious problems that face the country. I hope it will be possible for the Government to carry on satisfactorily without having to impose further taxation. It has been rumoured that certain new taxes will be levied, but I am hopeful that further consideration will show that action in that direction is unnecessary. If additional revenue must be raised, it would perhaps be best to increase the income tax, as I am firmly of opinion that a multiplicity of small taxes, such as a hospital tax and certain other taxes that have been mentioned, would be very irritating indeed. I am pleased at the generous offer of help made by the Leader of the Opposition. In the midst of a world-wide avalanche of trouble, it is essential that party differences and viewpoints should be abandoned and that all members should set themselves resolutely to work in the interests of the State. One of the main problems to be faced is that of unemployment. The Minister for Labour is deserving of praise for the stand he has taken. If there is any action calculated to intensify the trouble, it is the paying out of money without requiring any return from the recipient. Unemployment is a difficult problem, and the Minister is wrestling with it in a way perhaps better than any other Minister could have done. It is satisfactory to find local governing bodies co-operating as they are doing. The provision of funds without requiring work in return has proved degenerating elsewhere. In England degeneration arising from this cause has been most marked. The London "Weekly Times" of the 7th August last contained the follow-