

Legislative Council,

Tuesday, 21st July, 1931.

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

MINISTERIAL STATEMENT.

Debt Conversion Agreement Bill.

The MINISTER FOR COUNTRY WATER SUPPLIES: Members will notice that the first Bill down for discussion to-day is the Debt Conversion Agreement Bill. All members must be fairly well acquainted with this measure, for it has been before the public of Australia for a considerable period. The Commonwealth authorities are now anxious that no further time should be lost before the signing of the agreement here by the Premier. Time is going on and it is desired that the Bill should be passed through as soon as possible. I hope I am not presuming too far on the courtesy of members that has been extended to me as Leader of the House by asking them to agree to put this Bill through all its stages this evening, so that the Premier may sign the agreement as soon as possible.

Welcome to President.

The MINISTER FOR COUNTRY WATER SUPPLIES: I should like to claim a little further indulgence from members while in a few brief words I welcome you, Sir, back again in our midst. It is very pleasing indeed to notice that you are still enjoying your usual good health. We feel that it has been fortunate indeed that you should have been in the Mother Country at a time when we have been facing so many trials. I feel that you have been a particularly good emissary in England on our behalf, and that you have done much useful work in putting right a lot of things that to a large extent were misinterpreted by our friends across the water. I feel, too, that you have rendered good service at

the Empire Press Conference, joined up as you were with the British section of it, and that the knowledge you have gained during your trip will be very valuable indeed to this Chamber and to Western Australia. I also wish to thank on your behalf, Sir, and on behalf of members, Mr. Cornell for the able and kindly manner he has adjudicated in your position during your absence. Personally I feel very grateful to Mr. Cornell for the valuable assistance he has given to me.

The PRESIDENT: I thank the Leader of the House for the kind remarks he has made regarding me, and I feel deeply grateful to the Chairman of Committees for having carried on my work during my absence. From all I have heard he has done so in a very able manner. Also I feel equally grateful to the members of the House for having granted me sufficiently long leave of absence to enable me to visit the Old Country.

BILL—DEBT CONVERSION AGREEMENT.

Second Reading.

Debate resumed from the 16th July.

HON. H. SEDDON (North-East) [4.36]: The Bill before us is the first instalment of the long-discussed Premiers' Plan. One cannot help noticing that in regard to the present crisis as compared with previous depressions in Australia, the student of Australian history who may be reviewing the crisis of the thirties will have no lack of material from which to make his conclusions; he will be able to see by the Press reports and other publications the way in which conflicting forces operated during the depression and how the country was subjected during the whole of the time to the clash of interests and even war between those interests before finally they were constrained by stern necessity to face the problem. There are, however, some developments, quite apart from the financial side of the Bill, to which the attention of the House should be directed. It is said that one of the darkest periods in English history was that during which the Star Chamber was operating. On that occasion a few men got together and practically decided the government of the country. Whether their decisions were in the interests of the

public or in accordance with the views of the public, no notice was taken of protests expressed or otherwise; they simply had to submit to the dictates of those who arrogated to themselves the control of the destinies of the nation. We in Australia have repeatedly protested against the unfair control of our legislation through outside bodies operating and controlling political bodies. And we find ourselves in this position, that for the second time in the history of our State we have brought before us certain legislation which we are asked to approve willy-nilly, which has been placed before us by a committee composed, it is true, of the Premiers of the various States and representatives of the Federal Government. This proposal is placed before us which we as a Parliament should be competent to deal with and free to accept or reject, yet we are told that the direst consequences will result if we attempt to amend or reject this most important proposal. The Bill before us embodies the first part of the so-called Premiers' Plan. I think it will be wise briefly to refer to the conditions leading up to this proposal; because I contend they have very materially affected the outlook of the people of Australia, they have to a large extent prejudiced those people towards the acceptance of this Plan as the only way in which we can meet our troubles. If that position has been attained, then it has been attained only from one aspect, namely, it has been attained entirely because of the delay in the various Governments to arrive at the only course of action possible. Although we find ourselves in the position that it is 11 months since there was placed before us a cold and remorseless statement of facts by a visitor from overseas, we are to-day taking remedies which were then indicated to us as the only logical way of dealing with our difficulties. That delay is inexcusable, but no more inexcusable than the way in which the various Governments have been dodging their responsibilities; it is no more inexcusable than the way in which the Governments have allowed themselves to drift and see the deficits growing bigger and bigger until at last they are entirely out of control. When we remember the recommendations of the Premiers' Conference which was held soon after Sir Otto Niemeyer's arrival, we cannot help realising that the Governments have not attempted to meet the situation as at that conference they promised to do. It might be interest-

ing to refer briefly to certain statements that were included in Sir Otto Niemeyer's report; because the way in which those statements have been fulfilled during the past 11 months would certainly place the visitor in the role of a prophet as well as of a clever financier. As an illustration, he said—

So long as it is generally believed in Australia that there is an unlimited market abroad for Australian goods and that something will turn up, it will be difficult to face the realities of the situation.

That statement was made 11 months ago and the trend of events since then has proved how thoroughly he summed up, not only the public attitude, but also the attitude adopted by those in charge of the destinies of the nation. Again he said—

In short, Australia is off Budget equilibrium and off exchange equilibrium, and faced by considerable unfunded and maturing debts both internally and externally, in addition to which she has on her hands a very large programme of loan works for which no financial provision has been made.

There is another statement which has been borne out and driven home only too thoroughly during the past 11 months. And again—

A larger quantity of Australian goods has now to be given for the same volume of Australian purchases, and there is little prospect of a move in Australia's favour again for some time to come.

During the last 11 months we have seen the wheat market drop to a level entirely unprecedented in the records of wheat production in the world. During the last 11 months the banks have been attacked and described as the enemies of the country. They have been placed in the position where they have had to go outside their ordinary business activities, under political pressure, in order to carry a burden which has never been recognised as part of the burdens of the banking community. It is more a task undertaken by financial houses that are apart from the banking system. In support of that I would like to point out that the correct function of banks is to find the necessary funds for the carrying on of trade, development and industry. The constitution of the bank does not provide that its funds shall be locked up for long periods, but that they shall be constantly passing in and out of the bank in order that trade may receive the use of them over and over again during the

12 months. By the action of Governments in impressing the banks to carry their deficits, they have brought about the locking up indefinitely of a large amount of the funds of the banks, and the result is that they have further intensified trade stagnation, which has been such a great characteristic of the present depression. That is not only a most undesirable precedent, but a dangerous one. It is absolutely necessary that the banks should be able to handle their funds as freely as possible, but when they are frozen and locked up by the depression, apart from Government activities, and when in addition those funds are also locked up by Governments demanding that their deficits shall be financed, we arrive at a position that is dangerous in the extreme. In the course of introducing the Bill the Premier, in another place, gave certain statistics which will repay inspection. He pointed out that the position of the joint stock banks was that they had deposits, both current and fixed, amounting to £285,000,000, whilst their advances approximated something like the same figure. If that is the position of the banks to-day how could they have been expected to continue financing Governments and carrying on their deficits, when they themselves had approached a position of absolute danger had they persisted any further. Yet it needed the banks to attain this position, and be forced to point out to Governments that they could not carry them any further, for Governments to face the situation and bring down legislation of this character. The Premier pointed out that the first six months of our financial year are invariably the difficult months to get through. Consequently the period immediately ahead of us is one which, I think, demands not only the careful consideration and the clear-headed caution of the banks, but also requires a considerable amount of self control on the part of the general public, and a realisation that indulgence in anything like inconsiderate action may precipitate serious trouble. It is interesting to note the way in which things have developed, and the way in which we are dealing with our troubles to-day. I warn the House once more that its position as a portion of Parliament is being very seriously assailed by the fact that we have been developing an organisation whereby we have handed over the control of our finances to an Eastern States committee, and that action is now being

taken not so much from the standpoint of individual States as from the standpoint of the States and the Commonwealth working together as a committee.

Hon. H. Stewart: Good, bad and very bad.

Hon. H. SEDDON: My idea is that there is very serious danger that the individual needs of the State may tend to be subordinated to the needs of other States. Western Australia, which is feeling the depression to a far smaller degree than most of the other States, may be suffering insofar as it is not attending to its own affairs, because so much time and attention are being wasted in attending to the position in the other States. The Leader of the House this afternoon appealed to members to push this Bill through without delay. I wish to say in that connection that we have been dilly-dallying for 11 months before anything concrete has been placed before us, and now the House is asked to rush this legislation through without giving it mature consideration.

Hon. J. Cornell: The issue is a simple one.

Hon. H. SEDDON: There is a danger and a difficulty. The question is whether in rushing this legislation through we are placing ourselves in a position where we shall have accepted part of the Plan, and other Bills which have not yet been sent up here may come to us so materially altered and amended that the rest of the Plan will not be carried through.

Hon. J. M. Macfarlane: It is a question whether we agree or not.

Hon. H. SEDDON: The Plan provides not only for the conversion of internal loans, but a reduction of 20 per cent. in the adjustable Government expenditure as compared with the 30th June, 1930, including all emoluments, wages, salaries and pensions, the securing of additional revenue by taxation both Commonwealth and State, a reduction of bank and Savings Bank rates of interest on deposits, and financial relief in respect to private mortgages. Whilst a Bill has been introduced in another place to provide for some of the steps, we have not had it indicated by the Government what steps they propose to take to secure additional revenue by taxation. That is a question the Leader of the House might well answer if he wishes to get this Bill pushed through. The House

should carefully consider whether we are justified in pushing the Bill through before receiving other Bills from another place, and being able to study their contents, and see to what extent they conform to the conditions laid down in the Plan. This Plan is the product of certain public opinion that has been created. It is quite possible that had public opinion been moulded in another direction, quite a different type of Plan might have been placed before us. For 12 months a leading paper of the State has published week after week a column under the heading of "Labour Notes." That column has been ably written. The propaganda has been consistently pushed down the throats of the people without any effective attempt being made to reply to it. Some doctrines were enunciated in the column that require very careful scrutiny. Many of these were doctrines that had been imported bodily from overseas, doctrines and ideas which apply to conditions in the Old Country, where the war debt is so large a proportion of the National Debt, and where so large a proportion of the National Debt is unproductive. The result is a dead load upon the community all the time. To apply these ideas to Australia is stretching the position beyond what is a fair statement of the facts. We have had placed before us a Bill, which, if we consider it closely, may be found to have some undesirable effects, and may produce results diametrically opposed to what it aims at attaining. The gist of the remarks in the column I referred to is that the burden of interest is primarily due to the war, that it is too great for this country to bear, that this burden must be removed, and that the bondholders are bleeding the country of its financial lifeblood. During the last 11 months we have had placed before us the Anstey-Curtin scheme of inflation. We have also had a further suggestion from Mr. Yates, who advocated a certain amount of inflation with the idea of redeeming our loans by the issue of notes. This propaganda has had a material effect in moulding the views not only of the public but those who have had control of and have devised this Plan, with the result that we have before us this Bill, to which I would be ashamed to put my name. There is, and has been, further propaganda put forward with regard to further taxation. It has

been stressed by various leaders that further taxation would be entirely detrimental to the best interests of the State. I am not convinced that that is a sound basis, or that this State cannot stand further taxation. I say it can stand it, provided the method of collecting that tax is altered. This State could receive far greater sums towards the revenue fund in the way of taxation if the incidence of taxation were materially altered. It is clear that the Bill is simply a further step in the process of writing down, which has characterised our finances for some time past. It embodies the passing on or writing down of our own assets. In the past we have been content as a people to carry that burden, but now we are passing it on to the person who lent us the money with which to carry out our development. This State has borrowed £80,000,000. It has certainly repaid £10,000,000 in sinking fund. There is, however, 70 millions of fixed debt, which money has been sunk in certain works that are supposed to be valuable assets and reproductive. From the table which has been placed in the hands of members, we find that the amount due by way of interest from these loan works is £3,323,814. The amount received from them is £2,246,289, resulting in a loss of £1,077,525. It is obvious that if these loan works were carrying the interest charges they are entitled to carry, seeing that they were supposed to be reproductive works, the community would not have been faced with a loss of nearly a million pounds on the year's operations. It is obvious that the writing down of £3,000,000 out of an expenditure of £6,000,000 on the group settlement scheme, simply relieves the persons upon whom the money has been spent, and places the burden on the community. What further writing-down we shall have to indulge in with respect to our policy of development will no doubt be disclosed in due course. One cannot read the figures that were placed before the Farmers' Debts Commission by Mr. McLarty without realising that a tremendous sum will have to be written off these assets before the settlements will be able to pay their way. This burden on the shoulders of the taxpayers will certainly represent a very heavy interest load, which could have been avoided had there been a better balanced policy of development than has characterised the past. The great feature of the propaganda that

has been indulged in through the Press has been to lay the weight of our interest burden at the door of our war expenditure. Certain figures have been quoted to support that contention. When they are examined it is found that they are figures that have accumulated since the war. If we compared any of our expenditure returns in the same way we would aggregate a similar immense total in other directions. Examining the actual figures with regard to the debt of the country, and those referring to the true war debt of Australia, we see that it is bound to be a comparatively small proportion of the total. Taking the figures for the year ended the 30th June, 1930, I would point out that the total war debt overseas at that date was £92,314,000. In Australia the war debt was £189,779,000, making a total roughly of £282,000,000. The debt of the States at that time was £727,000,000. Notwithstanding that the Commonwealth works debt was something like £90,000,000, it will be seen that on our debt burden being examined, only 28 per cent. of it is war debt and 66 per cent. is States debt supposed to have been incurred to spend entirely on reproductive works. Thus the burden on the people is largely not on account of the war debt—because the interest on that is only £20,000,000 per annum—but due almost entirely to the way in which Governments have lavishly spent loan funds made available to them both in Australia and overseas to be spent on so-called reproductive works. While the people should be prepared to take their share of that burden it is, I consider, introducing a very dangerous precedent to endeavour to pass on that burden to the persons who have lent us the money in all good faith; because we have written-down, as I have said, a certain amount of expenditure on loan works by this Plan. We are writing-down the value of every bond in Australia by 20 per cent. Our Australian bonds are at about £80 at the present time; in December last they were at £100. If a holder now wants to realise on his bonds, he has to submit to a loss of in the vicinity of £20. The Bill has scaled down the standard of the value of those bonds to that extent, and that is what the bondholder who came to the assistance of this country will have to suffer. The passing of the Bill will confirm the reproach that has been hurled at Australia that she does not carry out her obligations. It may be

contended that it is a voluntary conversion. So far as the wording of the Bill is concerned, it is voluntary, but the voluntary part is accompanied by a very big stick with which to beat the man who does not convert.

Hon. W. H. Kitson: It applies only to the bondholders in Australia.

Hon. H. SEDDON: That is so, but I contend we could have secured equally good results by an appeal to the patriotism of the people of the States. When the conversion loan is launched it will be found that there will be a ready response—quite apart from the effect of the big stick or propaganda—on the part of the bondholders who went to the assistance of the States when those States had their backs to the wall. I will go further and say that the very people who at that time were holding the country back from taking her part in the Great War are the people who today have brought about the state of affairs that has rendered necessary the introduction of this Bill. If we are going to appeal to the bondholders of Australia to do their share, the other people who shirked their responsibility will also have to take their share alongside those who were patriotic. I contend that if an appeal had been made to the bondholders of Australia, there would have been a very strong response. But such an appeal has not been made; the bondholder has been brow-beaten and hampered and called Shylock and all those undesirable names that are associated with persons handling this kind of business. I would point out further that the bondholders in taking up bonds at the time when Australia was in need of money, made great sacrifices. At that time the investor was able to get more for his money from other sources, but the person who subscribed to those loans did so not only from the aspect of assisting to develop the country but also from the standpoint of safety, a principle which we are going to destroy by this Bill. I quite agree with the principle of reducing interest. I agree that with the present world price of money there is no reason why we should pay a high rate, and it is quite sound to convert. At the same time, the method of conversion proposed by the Bill introduces a very undesirable principle. It is possible to convert and convert honestly, and I will go further and say that the question of conversion could have been approached had the Governments faced the

situation earlier; the Governments could have converted the 580 odd millions internal debt and scaled it down to 4 per cent. without incurring a charge of depreciating securities or a charge of repudiation.

Hon. W. H. Kitson: We were told so many times in this House that interest should not be touched at all.

Hon. H. SEDDON: I do not know that we were ever told that. We are told that we should stand to our contracts, that we should terminate those contracts rather than violate them. That is what I am advocating. The world price of money is so low that it should be possible to get money in Australia—provided we retain public confidence—and obtain it easily at about 4 per cent. But during the last 11 months we have been adopting every means to destroy the confidence of investors, and in that way alienating the assistance that would have come to us. Now we are bludgeoning the bondholders into accepting 4 per cent.

Hon. H. Stewart: If we had acted 11 months ago, we would have avoided all this.

Hon. H. SEDDON: Undoubtedly. There will be a reaction overseas on the passing of this legislation. When introducing the Bill in another place, the Premier indulged in the usual lamentations about the impossibility of raising money in London. As a matter of fact, if the Premier could only keep his mind off London and get his nose down to the problems confronting the State, he would do a lot better, and he would gain the appreciation of the people as also would the Government of which he is the head. Anyone examining the position so far as Australia is concerned will realise how serious it is with regard to meeting our overseas obligations, and it will be said that the man who advocates going to London to borrow money for Government purposes needs to be watched. In my opinion such a man is a serious public menace. I recognise that it is necessary we should have funds provided for the development of the State, and funds from overseas, but the only reasonable way in which we can get that money is through the channels of private enterprise. Private enterprise is prepared to take risks in the development of a country.

Hon. J. Cornell: It looks as if we will have to change the Premier for the hon. member.

Hon. G. W. Miles: It would not be a bad scheme, either.

Hon. H. SEDDON: With regard to the London position, funds are undoubtedly available there, but they are only available for those people who can be trusted. I should like to refer to a very interesting and hopeful development that has occurred in connection with the overseas position. Any hon. member who has studied recent trade statistics will see that in Australia they are now in a much more satisfactory position, and it looks as if the time were not far distant when not only our exports will exceed our imports, but will also provide sufficient funds to meet current capital charges. That is a most desirable state of affairs to achieve, and it is one of the most hopeful signs in the crisis through which we are passing. Once we are in the position of having a satisfactory overseas trade balance, it will not be long before we shall be able to adjust our difficulties internally. I referred a little while ago to the source from which our bonds have been raised. Certain figures were placed before the conference of Commonwealth and State Premiers which may be of interest to this House. In passing, I should like to draw the attention of members to the report which was placed on the Table of the House by the Minister last week, and to say that it provides most interesting reading. Members will read there the utterances of Ministers who attended that conference. In the course of the report we find that certain figures were given. It was pointed out that, of our internal loans, the Commonwealth Bank held £35,000,000, the State Savings Banks £90,000,000, the Joint Stock Banks £23,000,000, and the insurance companies £71,000,000, a total of £219,000,000 out of £560,000,000 of internal debt. Regarding the effect of the Plan laid down by the Premiers' Conference, it might be interesting to read from a publication issued by J. B. Were & Son, Melbourne, a firm who handle a considerable volume of public securities. The following statement made by Mr. Scullin in January last was quoted—

The outstanding feature of an investment in the Commonwealth Government loan is its unimpeachable security. The whole of the natural resources of Australia are pledged to the prompt and regular payment of interest and to the redemption of loans at maturity. There is an absence of worry, risk or trouble in an investment in a Government loan.

It is very interesting to recall those remarks, especially in view of the conditions laid

down in this Bill. In contrast to that statement J. B. Were & Son, in their publication of the 28th May, said—

The very fact that these proposals can be seriously discussed by representatives of responsible Governments has probably done Government finance more damage than it will completely recover from in a generation. The fruits of repudiation can only be enjoyed once; the Australian public having been once bitten will be twice shy.

Hon. W. H. Kitson: What did Mr. Lyons say?

Hon. H. SEDDON: He pointed out that he could not consent to the Plan unless the principle of voluntary conversion was introduced.

Hon. W. H. Kitson: What did he say about the security?

Hon. H. SEDDON: When he appealed to the people in December last, he used his eloquence to the utmost to induce them to renew the loan and enable Governments to meet their obligations. A nice return those investors got for answering the appeal! Regarding the Plan, of which this Bill is a part, it cannot be denied that it has been evolved by men who in the past were responsible for landing us in our present position. Therefore, if we are going to accept legislation of this kind, it should be followed by further legislation that will place a distinct limit and a distinct control upon the methods of borrowing adopted by the State in the past. Two provisions should be included, (1) that all deficits shall be met in the year as they occur or immediately afterwards, and (2) that no loans shall be raised unless the people first sanction them by referendum. That is the only way in which we shall be able to control the policy of the Government in the matter of floating loans. I wish the House to realise the trend of government in the legislation before us. The Loan Council was devised to control loan flotations for the Commonwealth, to stop wild extravagance and high interest rates being offered in competition by the States, to stop excessive borrowing, and to ensure that there would be an equitable distribution of the funds made available from such loans as were floated. We now have another authority constituted, namely, the Premiers' Conference, which is determining and centralising the control of finance both State and Federal. I wish to warn the House that if this sort of thing goes on and if, as in the case of this Bill, we are

told that we must accept it or there will be serious consequences, Parliament will be stultified. Parliament is being robbed of the purpose for which it was constituted, namely, to act as a controlling influence over the Executive of the State.

Hon. J. Nicholson: That was one of the things in the Financial Agreement Bill.

Hon. H. SEDDON: There may be amongst us some extreme secessionists. If they are not careful they will find that they have been placed in the position of being part of a unification scheme, and divested of their powers by allowing the Premiers' Conference to make decisions of this kind.

Hon. G. W. Miles: The Financial Agreement gives them a lot of power.

Hon. H. SEDDON: I consider that the Financial Agreement was in the best interests of Australia. The only trouble is that it was not introduced before 1926, so that the present difficulties might have been averted.

Hon. Sir Edward Wittenoom: Hear, hear! You are quite right.

Hon. H. SEDDON: I have not much time for Mr. Lang, but there is one thing about him that might well be copied by the Government of Western Australia.

Hon. Sir Edward Wittenoom: Would you bring him over here?

Hon. H. SEDDON: That one thing is a little more independence and defiance of the attempts being made to control the destinies of this State from the Eastern States. The Government and the people of Western Australia still have certain powers and assets that are very valuable, and instead of allowing the Eastern States to control them, the Premier might well have maintained a more defiant attitude towards the Premiers' Conference.

Hon. J. Nicholson: But Mr. Lang's reasons are different from yours.

Hon. H. SEDDON: Mr. Lang did stand up to the Premier's Conference and say that he disagreed with it. He said he could do without it.

Hon. J. Cornell: But he cannot do without its help.

Hon. H. SEDDON: That has been proved. Our Premier, by adopting a similar attitude, might have placed this State in a better position and avoided the necessity for bringing down a Bill of this kind.

Hon. E. H. Harris: Perhaps he did it in another way.

Hon. H. SEDDON: I have pointed out that it is possible to relieve the interest burden by an honest method of conversion. I go further and say it is possible to relieve unemployment by a conversion plan that will achieve lower interest in a better way than this Bill can, and provide funds for the employment of idle men until we get on to a sounder basis.

Hon. Sir Edward Wittenoom: Are you referring to the £71,000,000?

Hon. H. SEDDON: I am stating that it would be better to proceed on other lines than those laid down in the Bill. The Bill is the result of investigations made by economists who, I consider, have been rather misled by certain information placed before them. They have relied too much upon the figures submitted to them from the standpoint of the politicians, rather than from the standpoint of exactly how much State or Commonwealth can bear. The Plan will not enable us to balance our Budgets. The authors of the Plan say so. The Plan will not relieve unemployment but will rather tend to increase it. The economists say so. The Plan does not explore the avenues of budget balancing to the degree that is possible in the direction of budget stability. The alternative of governmental inability to pay, while it might be very painful and even disastrous, might in the long run be the quickest way of getting down to a standard where we shall be living within our means, and it might be the quickest way of making the people realise that there is a way of maintaining the standard other than by a reduction of wages and salaries, and by putting affairs on a false basis, such as we are trying to do at present.

Hon. Sir Edward Wittenoom: How about getting a man who will keep expenditure within the revenue?

Hon. H. SEDDON: The hon. member has moved a motion on the subject of budget economies. Treasurers would have been compelled to keep expenditure within revenue if the banks had definitely told them that they would no longer finance their deficits.

Hon. H. J. Yelland: Why did not you move an amendment to Sir Edward Wittenoom's motion?

Hon. H. J. SEDDON: This Bill is the first instalment of the Plan. The whole Plan depends upon the carrying out of every part of it. If we pass this Bill, we may find ourselves placed in the unenviable position of

nullifying the good we would have done by incurring losses in other directions.

HON. J. CORNELL (South) [5.27]: For close on an hour I have listened to Mr. Seddon and not one remark of a useful nature has fallen from his lips. All his speech has been in the shape of criticism—criticism of what the Governments are attempting to do. Let us get down to earth and inquire where we stand. Let us ask ourselves seriously whether an anaesthetic, a surgeon's knife or a post-mortem is going to get us any further ahead. I submit that it will not. No one can gainsay that the State is up against things. The Bill had its origin in a conference of the six Premiers, the Prime Minister and economists, who set out to devise a plan which, in their considered opinion, might place Australia on the road to financial and economic recovery. Whether we like it or dislike it, we must face the position, and any expressions derogatory to the decisions of the conference will get us nowhere. What ought to be, or what might be, if certain men were in certain positions, does not help us any more than the hon. member's suggestion that the Premier should be told he is not fit for his job. That, I believe, is a correct interpretation of the hon. member's comments upon the Premier and his borrowing policy.

Hon. H. Seddon: No.

Hon. J. CORNELL: At all events, it is my interpretation. The fact remains that the Premier is in his job. While he is in it, there is no alternative for Parliament but to back him as regards the Plan decided upon at the Premiers' Conference. This Bill represents one step agreed upon at the conference. It may not be amiss to remark that the conference was composed of men of conflicting opinions. It represented two distinct shades of political thought. There were three State Labour Premiers, and the Prime Minister of the Commonwealth is likewise a member of the Labour Party; the other Premiers were either Nationalist or Country Party. The decisions reached at the conference were unanimous. Whatever brand of political opinion any member of this Chamber may hold, he will cut no ice with me if he finds fault with what was agreed to at the conference. In the dark and dire necessity of war do the generals conducting the campaign turn to the rank and file for lessons in strategy or tactics? If they did, it would be

a queer old war. What the generals do is to endeavour to make the best of the situation as it presents itself, in the hope that the organised strategy or tactics agreed upon will lead their armies to victory. The seven gentlemen I refer to, assisted by economists, drafted this Plan. Mr. Lang was one of the seven Premiers, and whether he altered the proposals after leaving the conference is another matter. If the Plan is not agreed to, what is to take its place? Is a conference of economists to be called together for the purpose of suggesting an alternative plan? There is no such institution available.

Hon. W. H. Kitson: Only Mr. Seddon.

Hon. J. CORNELL: Though the Plan may hurt a lot of people, it can be said that there was a logical endeavour on the part of the Premiers to arrive at something like equality of sacrifice. People holding Australian bonds in Australia are asked to convert them by voluntary action, and to convert them on the basis laid down in this Bill. By no stretch of imagination, can I conceive that even 10 per cent. of Australian bondholders will view the Bill and the present situation in the light suggested by Mr. Seddon. What appears to be the alternative to the Plan? Repudiation, and no payment whatever. Any sensible man who holds bonds will accept a well thought out and orderly plan to preserve some, if not the whole, of his security, rather than a nebulous scheme under which he may lose the lot. I do not wish to be egotistical, but I think the commonsense Australian bondholder will convert, and convert gladly. Another point raised by Mr. Seddon seems to me totally beside the question. The Minister has stated that in compliance with a request from the Federal Prime Minister he is anxious that the Bill be passed this evening, in order that consideration may be given to the first part of the Plan. In response to that appeal Mr. Seddon has made the startling revelation that he at least considers the passing of this part of the Plan should be contingent upon the passing of the remainder. That is tantamount to saying that when a general moves his army into action, he should move the whole of it into action at the same time. His only proper course is to move his forces into action in the manner he considers most effective. We under our Standing Orders, and the Federal Parliament

under its Standing Orders, must pass Bill by Bill. It is not practicable to hold up one Bill until another measure is passed. One Bill must necessarily be passed before another. My reply to Mr. Seddon is that if the Bill providing for 20 per cent. reduction in salaries and wages does not pass, the whole Plan falls to the ground. The effect of passing this particular Bill may be to preserve to Australian bondholders some part of their security, whereas if things remain as they are, there will be no security whatever. After all, what is security to-day, and what is wealth to-day? Every member of this Chamber has personal acquaintances who 12 months ago were considered wealthy but whom the turn of the financial and economic wheel has left broke, to use a vulgar term. Where is their security? The position brings home to us the fact that the only real wealth is that produced by the application of labour to land. Hoarded or invested wealth can disappear in a night, as the era through which we are passing has proved. The Plan to which the Australian people are asked to subscribe must be subscribed to loyally. We must of necessity endeavour to give it a chance. Though I am loth to say it, if we give it a chance and it fails, no prophet is needed to foretell what Australia's position will be. The Plan may have faults, failings and shortcomings, but there is nothing to put in its place, and there is no institution which can prepare anything to put in its place. Speaking for myself, I am ready to give my whole-hearted support not only to this Bill, but to the Plan as a whole; and I advise every loyal Australian desirous of helping his country out of the mire to do likewise.

HON. SIR WILLIAM LATHLAIN (Metropolitan-Suburban) [5.41]: This Bill is the first of a number that will eventually be presented to the House with the object of rehabilitating the finances not only of this State, but of the whole of Australia. I congratulate the Leader of the House on the lucid manner in which he has explained the provisions of the measure as regards State indebtedness and more particularly as regards indebtedness applying to Australia as a whole. I was struck by his remark that the interest rate in the London market is much less than that in the Australian

market. Whatever opinions or principles we may hold as to matters which have preceded the present position, undoubtedly we are now facing a grave crisis. The scheme has already received the close attention not only of the State Premiers and the Federal Prime Minister, but of economists and others well qualified to deal with such matters. As the previous speaker stated, we must bear in mind that the Premiers' Conference was composed of men holding utterly diverse political opinions. As they have come to a unanimous decision regarding the scheme that is best for the whole of Australia, we are bound to give it our most careful consideration. In this crisis I am reminded of certain words of William Pitt which I committed to memory as a school-boy. They are from his very eloquent address upon the American war. Speaking not only with great emotion, but with the wonderful knowledge of affairs that he possessed, and with the oratorical power which commanded the attention of the entire House of Commons, he said—

This, my Lords, is a perilous and tremendous moment. It is not a time for adulation, and the smoothness of flattery cannot save us in this rugged and awful crisis. We must, if possible, dispel the delusions and darkness which envelop us, and display in its full danger and genuine colours the ruin it has brought to our doors.

While I as an Australian deeply deplore the grave crisis which this, my country, is in now, I nevertheless realise that we as Australians, and therefore as Britons, have to face the position with the grim determination that is so characteristic of our race. I went through the land boom crash in Melbourne, and I well recall the terrible tragedy with which the Victorian people were then faced. But once the people realised the position, they faced it with that grim determination to which I have alluded; and eventually they succeeded, and succeeded in a measure far beyond their anticipations. I venture to say that not only the banks of Melbourne, but all the commercial houses and institutions of Melbourne, having passed through that crisis, are now upon a much surer foundation than the corresponding activities of any other Australian State. That is on account of the experience they gained during that terrible crisis.

Hon. V. Hamersley: Western Australia helped Victoria out of her difficulty.

Hon. Sir WILLIAM LATHLAIN: Western Australia did a great deal, but it must be remembered that Victoria did a lot for Western Australia in providing the man power necessary to develop this State to the prosperity we enjoyed later on. Much has been said regarding what might have been. This is not a time for recrimination. We could go back to the days before the visit of Sir Otto Niemeyer, and suggest that had we accepted the advice of the Big Four, which was much the same as that tendered to us later on by Sir Otto, we could have avoided the greater portion of our present difficulties. Nevertheless it is useless indulging in such recrimination, and we must face the serious position in which Australia finds herself today. In such a crisis it is incumbent upon each one of us to do his utmost to meet difficulties firmly. In that respect it is interesting to note how the proposals embodied in the Bill will make for the benefit of all our citizens. I have been making some inquiries and I find that the Perth City Council, which body is heavily indebted to the Commonwealth Bank for various loans, will benefit by between £7,000 and £8,000 in the remission of interest.

Hon. J. M. Macfarlane: When will that commence?

Hon. Sir WILLIAM LATHLAIN: It is operating already. When we consider the position of a big concern like the Perth City Council, it can readily be understood that if the remission of interest does not make possible a reduction in rates, it may prevent the necessity for an increase in rates. Thus the people will benefit directly from the operations of the measure. The Minister has indicated the necessity for passing the Bill at the earliest moment, and I do not desire to delay the measure, but will content myself with dealing with one or two further points. Mr. Seddon said it was necessary to know whether the provisions of another Bill would be agreed to before we pass the Bill now before us. On the other hand, is it not necessary, when we shall have to deal with a number of Bills that will be involved, to first pass one before we can realise the position with regard to the others? Having passed one Bill that is essential with regard to our loan indebtedness, it will be easier for us to deal with the remaining Bills involved in giving effect to the Conference Plan. I agree with what Mr. Seddon said when he urged the neces-

sity for every section of the community bearing its share of the burden. Under the Bill we are considering, the burden has been well distributed throughout the various sections of the community.

Hon. E. H. Gray: It is well loaded where the workers are concerned!

Hon. Sir WILLIAM LATHLAIN: We are always hearing about the workers. They are not the only ones. I am one of the other section, and I would probably be better off if I were a worker at present, and not one of the other section of the community that has to carry the burden of so much responsibility. It is all very well to have this constant chipping about the workers. They are no worse off than others who have to carry heavy responsibilities involved in the conduct of big concerns in times such as those through which we are now passing. I agree that the burden should be borne by all sections according to their responsibilities and their capacity to meet the difficulties involved. I shall support the second reading of the Bill and shall do my utmost to face the position as I consider every Australian should meet it.

HON. J. M. MACFARLANE (Metropolitan-Suburban) [5.50]: In common with other hon. members, I feel rather depressed at having to discuss such an important Bill, having in view the circumstances under which it has been proposed. It is fraught with grave issues and, as the discussions have shown, conflicting views are apparent in both Commonwealth and States. There is not the slightest doubt that the decision to adopt the plan was arrived at only after close consideration had been given to the report of the experts by the Commonwealth representatives and the State Premiers. We would do well not to waste time in prolonging discussions on the Bill before us, because it is necessary in order that the Plan may become operative, and we will later on have an opportunity to more fully discuss subsequent Bills that are also involved in the Plan. We cannot progress with the consideration of the financial phases of the problem until the agreement has been ratified by the Federal and State Governments. I sympathise with the desire of the Leader of the House, who urged that the Bill should be passed speedily, as pressure was being brought to bear on the Premier to intimate to the Prime Minister that Western Australia had signed the agree-

ment, so as to clear the way for the consideration of other major questions involved. I shall support the second reading and shall not speak at any great length. There may be some principles involved in the measure that members may feel disposed to criticise. They may adversely comment upon conditions that were set up and which necessitate the introduction of the Bill. I am satisfied that on calm reflection such hon. members will appreciate the fact that they cannot afford to vote against the Bill. Behind it is the country's necessity. That phase alone will force them to support an organised proposal for rehabilitation such as that before the Commonwealth and State Parliaments to-day. I have noted criticisms of the Plan, but I have not yet known of any alternative to replace the Plan accepted by the Premiers' Conference. That being so, I have little doubt as to what course of action I should take. Although I may not entirely approve of all the proposals, I feel bound to support the legislation so that concerted action may be taken to secure the results desired. When Mr. Seddon claimed that we had been dallying with the problem for 11 months, during which we had gone from bad to worse, I felt I could not agree with that view. As Mr. Cornell pointed out, conflicting interests had to be harmonised before the Plan would be formulated. Taking everything into consideration, I believe the scheme was completed rapidly, and I am convinced we can congratulate the Loan Council and the experts on the Plan that was agreed to. There are one or two features I wish to mention. One relates to the Associated Banks and their attitude towards the proposal. It will be remembered that a recommendation was recently made that Victoria, New South Wales and Western Australia could well increase their income tax by £1 per head in order to equalise the taxation position as between the various States. That suggestion first requires consideration. I believe that such an increase in taxation in this State would greatly affect the result intended to be achieved under the Plan itself. I suggest that the Leader of the House give some consideration to that phase, particularly in relation to the financial Bills that will be placed before us later on. I think that some other means could be adopted to secure the desired end, rather than that the income tax burden should be added to as suggested. There has also been indulged in by the

same authorities considerable criticism regarding the expenditure of the New South Wales Government, and it has been suggested that a saving of £2,000,000 or £3,000,000 could be effected in that State, if reasonable economies were effected. Probably the haste with which the experts undertook their work and framed their recommendations, was responsible for other phases of the question not receiving due consideration. I believe that increased taxation here would do much adversely to affect the Plan agreed to by the Premiers. The point that I am concerned mostly about is the attitude of the Associated Banks. The sub-committee of the Loan Council recommended that there should be a 20 per cent. reduction in all adjustable Government expenditure, a conversion of the whole internal indebtedness in Australia at a reduced rate of interest equivalent to a reduction of 20 per cent., and that it was important and possible to bring about "an immediate and progressive reduction of private interest by arrangement between the Associated Banks, Government Savings Banks and other institutions." If those steps were agreed upon, the sub-committee expressed the opinion that it would be possible to raise a substantial loan in London towards meeting unavoidable current commitments. The report of the Loan Council showed that the Plan adopted was as follows:—

The conference has, therefore, adopted a plan which combines all possible remedies in such a way that the burden falls as equally as possible on every one, and no considerable section of the people is left in a privileged position. This sharing of the burden is necessary to make the load more tolerable; it is still more necessary, because only on this condition will it be possible to get the combined effort required.

The Plan has been adopted by the conference as a whole, each part of which is accepted on the understanding that all the other parts are equally and simultaneously put into operation. It embraces the following measures:—

- (a) A reduction of 20 per cent. in all adjustable Government expenditure, as compared with the year ended 30th June, 1930, including all emoluments, wages, salaries, and pensions paid by the Governments, whether fixed by statute or otherwise, such reduction to be equitably effected;
- (b) Conversion of the internal debts of the Governments on the basis of a 22½ per cent. reduction of interest;
- (c) The securing of additional revenue by taxation, both Commonwealth and State;

(d) A reduction of bank and Savings Bank rates of interest on deposits and advances;

(e) Relief in respect of private mortgages.

In reading the "Monthly Summary of Australian Conditions" for June last, issued by the National Bank of Australasia Ltd., I was forced to the conclusion that the bank is inclined to oppose the Plan and the attitude adopted by the various Governments. In the publication I refer to the bank states—

Prominence is being given to suggestions that the banks are avoiding their share of the sacrifice called for under the Economists' Plan and the resolutions of the Premiers' Conference. The suggestions of the sub-committee of economists and Under Treasurers with regard to a 20 per cent. reduction in adjustable Government expenditure, and in interest payments on the internal national debt are definite and specific. No percentage reduction was suggested in bank interest rates, the sub-committee recognising that this difficult problem should be solved by arrangement between the main financial institutions. This fact is clearly shown in the report of the Premiers' Conference, from page 1 of which we reprint the following section of the sub-committee's proposals—

It is important and possible to bring about an immediate progressive reduction of private interest by arrangement between the Associated Banks, Government Savings Banks, and other institutions.

I fail to see how it is possible to bring about an "immediate" and at the same time a "progressive" reduction of private interests. It is a pity the recommendations of the committee were not more definite, and, in respect of private interest, that the recommendation was not that interest should be reduced by at least 1 per cent. or more. The deduction may be made from that argument that the Government and the experts cannot effectively deal with the position and are leaving it to the banks themselves to make an immediate progressive reduction. And the banks say they purpose doing it in this way—

Advance rates generally will be reduced in due course. In necessitous cases the reduction of 1 per cent. will apply at once.

In another part of their report they say that if they were to give an immediate reduction of 1 per cent. on the bank rate, it would reduce the profits of the bank by 50 per cent. On reading that, one cannot avoid saying, "Happy banks!" The position of the commercial man is that not only are his profits gone, but unless he can get immediate relief,

his capital will be gone also. So if that is the only reason the banks can advance for not giving relief to the commercial community, there is no real reason why they should not put into effect the suggested reduction of 1 per cent.

Hon. J. Nicholson: It can only be done gradually.

Hon. J. M. MACFARLANE: So they say. But they have already reduced the interest to depositors, so there is some offset for a reduction of the bank rate. They could well give some effect to it so as to let the burden fall equitably and quickly, and thus afford some relief to the community as a whole. I have already said I regret there is any suggestion to bring income taxation in Western Australia up to the level of the other States. It may be that our income taxation is low while that of the other States is high, because we have been governed better than have the other States. So it would be wrong to try to bring our taxation up to the level of the average in the Eastern States, where the expenditure has been on a profligate scale whereas the Government of this State have been endeavouring by writing-down to reach a very necessary position. It has been said, perhaps without sufficient stress, that we hope our primary products, which have fallen so far below previous values, will again meet with an upward turn. This would afford us substantial relief more quickly than any Parliament can do. I, with the Leader of the House, urge the Chamber to come to a decision on this Bill to-night. The Government have been asked for this State's reply, indeed for an announcement that the Government have signed our part of the agreement. There have to be seven signatures to the agreement before it becomes an effective bond.

Hon. H. Stewart: Has Mr. Lang signed it yet?

Hon. J. M. MACFARLANE: I do not know, but I do not wish it to be said that Western Australia has lagged behind in any public sacrifice. So if we agree to pass the Bill to-night, we shall be doing it with the full assurance that we are not binding Western Australia immediately, and indeed cannot bind her until all the other States have signed the agreement.

HON. H. STEWART (South-East)
[6.5] Like Mr. Seddon, I am perturbed at the thought that our passing of the Bill will

not ensure that the other portions of the agreement arrived at by the Premiers' Conference will be carried into effect. There are grave reasons in support of that. One can read now the statement by the Prime Minister at the conclusion of the Conference—there has been so much publication in the Press that we have all had opportunity to read it, and so I do not propose to quote it. But there are certain steps to be taken, and even now we see that trouble is arising in that connection, not only in regard to the reduction of wages and salaries, but also to a reduction in interest on overdrafts. The banks have to do their bit. They have done their part in leading the people into extravagance by the liberality of their advances in recent years; they have not been as well-advised as they ought to have been, and so they have to do their part in this rehabilitation scheme. But the Premiers have a great faith, almost an amusing faith, in the recommendations of the economists. Yet economists are not divinely endowed with wisdom to deal with the position, any more than is Mr. Lang. Mr. Seddon, in extenuation of the economists, said this afternoon they had made their recommendation because, perhaps unconsciously, they had expressed views when they had been supplied only with information that dealt with a certain aspect of the case. Of course, the economists who gave advice to the Premiers' Conference should be above requiring any particular information, and equally above forming opinions on insufficient information.

Hon. G. W. Miles: Do you not think they went far enough?

Hon. H. STEWART: No, I do not think they went far enough. I say the Commonwealth cannot be rehabilitated so long as the various Governments and the people who elected those Governments fail to realise that the rehabilitation is dependent on the primary industries. My lack of faith in the economists arises from the fact that they have not put forward any strong recommendation for the relief of the men in the primary industries, the men contributing the wealth on which the bondholders have loaned money to the country. The advantages we should be deriving from our natural resources are being hamstrung at every turn, and in my opinion the finances of Australia cannot be rehabilitated until the people engaged in the goldmining, the agricultural and the pastoral industries are in a position to carry on their respective industries

at least without loss. I heard it said by a banker to-day that in spite of the existing difficulties, the agriculturist could, with the help of his wife and family, still manage to live. I said, "Yes, with the help of his wife and family, and that is the standard of living that, in fairness to those engaged in the primary industries, should be the standard of living in Australia." If the rest of Australia adopted the same standards of work and of hours and of living as the Governments of Australia have imposed on those engaged in primary industry, all would soon be well. I still feel that this measure is not going to be satisfactory, because it is incomplete and further steps must be taken to deal with the matter. It is a good thing this conversion was not made compulsory. I should like the Minister, when replying, to give me an answer to this question:—Amongst the bondholders there are some elderly married couples who have thus invested the whole of their life savings, and the interest they now derive is less than £200 per annum. I know of several such instances. I want to know are they going to be morally compelled to convert to a lower rate of interest, or are they going to be allowed, without any thumping of a big stick, to remain as they are, to decline to convert, and when their bonds mature, get their returns and be permitted to do with them what they like? I cannot find in the Bill any provision in regard to such cases. It is a point worthy of consideration. In the past we have found that when wages, daily or weekly, are under consideration, ample effort is made to protect them. Now I want to see those who have been so much concerned about small incomes in the past give similar sympathetic consideration to small incomes from bonds.

Sitting suspended from 6.15 to 7.30 p.m.

HON. E. H. HARRIS (North-East) [7.30]: This Bill, which is designed to lengthen the period of loan conversion and to reduce the rate of interest, has reached us after a conference, convened by the Prime Minister, of the Premiers of the States.

Hon. C. B. Williams: Are you a supporter of the Prime Minister?

Hon. E. H. HARRIS: The gilt-edged securities of the Commonwealth and the

States, their various bonds which have been looked upon as gilt-edged securities, will in future have 22½ per cent. of the gilt rubbed off them.

Hon. C. B. Williams: Is that because the Labour Party are in power?

Hon. E. H. HARRIS: These bonds will not be so popular in the future as they have been in the past. Thanks to the over-borrowing and the imprudent spending of loan moneys by both the Commonwealth and the States, we are now in a precarious position. Politics have for years played a very important part throughout the Commonwealth. Many of Australia's citizens have been employed on wages that have been fixed by the Court of Arbitration, and much of our loan moneys has been spent on works which are not of a reproductive character. Now that the loans have ceased we are thrown on our own resources. These resources have been considerably boosted and we now find difficulty in making ends meet.

Hon. C. B. Williams: What are our resources?

Hon. E. H. HARRIS: The resources of this State are great. This State is probably as rich as any other in the Commonwealth, but we have not a big enough population properly to develop it.

Hon. C. B. Williams: I thought you represented those resources.

Hon. E. H. HARRIS: The province I represent produces a good deal of that commodity, gold, which is so useful both to the country and the individual or company producing it. Gold is at present at a premium, and this fact has induced a number of people to invest their money in this country. It is good for the individual to gain the 30 per cent. premium, but every time it is paid we put another nail in the coffin of the State. All our money is sent abroad to pay our interest, and when we have to pay this additional amount it means consequent embarrassment to the Treasury.

Hon. C. B. Williams: Should not the wheatgrower get the 30 per cent. too?

Hon. E. H. HARRIS: Warnings have been given from time to time, even to the legislators of Australia, but most of those warnings have been ignored by the Government of the day. It was not until the point was brought home to us that we thoroughly appreciated the warnings. When Mr. Bruce, as Prime Minister, went to England the

matter of the extensive borrowings of Australia was brought home to him. He returned determined to establish a Loan Council in order to limit borrowing. Then came the visit of the Big Four, who went quietly through Australia, investigated matters for themselves, and then said what they thought some of our troubles were due to. After that the Prime Minister, Mr. Bruce, established a Loan Council. Then came the Federal elections and Mr. Scullin filled the place of Mr. Bruce. The cry at the election was the abolition of the Federal Court of Arbitration. At the Premiers' Conference Mr. Bruce said, "Will you give me your powers to deal with arbitration?" And each one of the Premiers refused to give consent.

Hon. C. B. Williams: That was after the election.

Hon. E. H. HARRIS: No. The then Premier of Western Australia (Hon. P. Collier) said he would not forego the powers of the State.

The PRESIDENT: I would remind Mr. Williams that he will have an opportunity of speaking later on. I ask the hon. member to allow Mr. Harris to proceed with his speech without interruption.

Hon. E. H. HARRIS: The election was fought on that issue, and the result was an overwhelming majority for the Scullin Party. After Mr. Scullin had been in office for a while his Government realised the difficulty confronting them, and sought advice. Sir Otto Niemeyer, at their request, came to Australia and tendered advice, but the advice was not acted upon. The whole business may be likened to a slow-motion picture. We first had those happenings which led us into our present position, and then we had a slower motion picture showing the haggling on the part of those responsible as to the methods to be adopted to carry the recommendations into effect. I think it was Lord Dewar who said, "Many a false step is made by standing still." Because of their inactivity, the Commonwealth Government may be said to have stood still.

Hon. Sir William Lathlain: They stopped dead.

Hon. E. H. HARRIS: They marked time. During the last 11 months this has cost the Commonwealth Government at least a million pounds.

Hon. G. W. Miles: More than that.

Hon. E. H. HARRIS: Upon that sum we have to pay interest, which adds to our already heavy burden. The Scullin Gov-

ernment then convened a meeting of the Loan Council, and co-opted the services of several citizens outside those associated with politics. This gathering created a Plan and even drafted the Bills necessary to put it into operation.

Hon. C. B. Williams: In other words, they accepted your plan.

Hon. E. H. HARRIS: The Scullin Government expounded a plan.

Hon. C. B. Williams: It is your party's plan.

Hon. E. H. HARRIS: Mr. Scullin's Government submitted the Plan which has now reached us. It was not until the Prime Minister definitely announced that his Government were unable to meet their obligations further than 12s. in the pound that many people realised the difficult position we were in. The Plan was then accepted. The Bill now before us has passed another place, and we are asked to review their decision. We know that the obligation is cast upon the State to fulfil the contract that has been entered into between the Prime Minister and the Premiers of the States. By this measure we are asked to repudiate the interest to bondholders. On these bonds is printed a statement to the effect that a certain rate of interest will be paid and the capital repaid at a certain date. This Bill brushes all that away. The chief aim of the Government appeared to be that the bond should remain intact, that there would be no actual default in the repayment of the capital. I may here remark that the Commonwealth Government, in their wisdom, promised a bonus of £1 an ounce on all gold produced.

Hon. C. B. Williams: What has that to do with the repudiation of interest?

Hon. E. H. HARRIS: Then followed the decision to reduce the amount of the bonus. This act has been described as repudiation, and a confidence trick. It has been said that the State was being robbed, that less interest would be taken in the gold-mining industry, and that this would have a bad effect on people overseas. We now find that some of those people who beat the drum in consequence of this decrease in the bonus are now strongly supporting the repudiation of interest on bonds.

Hon. C. B. Williams: Do you not find yourself in an awful position through having to support this Bill?

Hon. E. H. HARRIS: I have not been in the awful positions the hon. member has found himself in.

Hon. C. B. Williams: I am a repudiationist.

The PRESIDENT: I must ask the hon. member to allow Mr. Harris to proceed.

Hon. C. B. Williams: I would repudiate anything.

The PRESIDENT: Order! Mr. Williams will have the opportunity to speak later on.

Hon. E. H. HARRIS: I regret there is only one thing for the House to do, namely, to pass the second reading of this Bill. The Leader of the House said this was an urgent matter and that the Prime Minister was waiting for it.

Hon. C. B. Williams: Who is the Prime Minister to-day? He is only a door-mat. A door-mat for whom?

Hon. E. H. HARRIS: It has been pointed out to us that even if the Plan is passed in its entirety, and works according to programme, at the end of the year Australia will still be £14,000,000 short of her requirements. Although the Bill repudiates interest to bondholders—

Hon. C. B. Williams: Can you justify your support of it?

Hon. E. H. HARRIS: I am reluctantly compelled to support the second reading.

Hon. C. B. Williams: In other words, you go back on all you have said.

HON. SIR CHARLES NATHAN (Metropolitan-Suburban) [7.45]: I feel that perhaps it is desirable I should say a few words upon the Plan as embodied in the Bill. Everybody regrets the necessity for the introduction of a Bill of this kind. We all know that a Bill which seeks to take away the benefits of a security which has been accepted in good faith, is one which no reasonable community or honest individual can receive with any degree of satisfaction. At the same time, we are faced with a position which necessitates action. And I think the time for action is long overdue. For many months now—11 months has been mentioned by several members—and if my memory serves me correctly it is not for a period of 11 months but two years, that we have been talking about the difficulties of Australia and of Western Australia in particular. Many of those difficulties are due to circumstances over which we have no control, and they have been accentuated by

local conditions—what some hon. members have called mismanagement and gross extravagance. There may have been, and there is with all Governments, a certain amount of extravagance in administration, but after all said and done, the most that can be charged against the Governments of Australia as a whole is that they have been unduly optimistic of the future and have endeavoured to move ahead a little too fast.

Hon. C. B. Williams: Overtaken by circumstances no one foresaw.

Hon. Sir CHARLES NATHAN: At the same time, no one with any degree of sanity can say that taken as a whole Australia's indebtedness is not well covered by the assets she holds.

Hon. C. B. Williams: Then why the necessity for this Bill?

Hon. Sir CHARLES NATHAN: There is need for many things besides the Bill.

Hon. C. B. Williams: You are the only honest Australian who has spoken in Parliament.

Hon. Sir CHARLES NATHAN: If the hon. member means that, I take it as a compliment.

Hon. C. B. Williams: It is true, too.

The PRESIDENT: Order! I would remind the hon. member that Sir Charles Nathan is addressing the Chair.

Hon. Sir CHARLES NATHAN: I feel that the time for argument is well nigh over. The subject of the depression has been the topic of discussion for a considerable time; every man and woman in the streets has been talking of it for months and it is just about time that we gave over talking and started to put our house in order. It is no use blaming the Scullin or the Bruce Government. The circumstances have been such as one hon. member said that no one foresaw what was coming. All that we are asked to do now is to take the first step. We have a long row to hoe. It does seem to me that it is time for action now, and not time for words. For 11 months the heads of the various Governments have been endeavouring to arrive at a common plan of action which might start us on the road, and all this time a toll has been taken, a toll of human blood almost. Now the contending forces have arrived at a plan which may be good or otherwise. Certainly it stands for united action. To that extent I intend to support it and hope that the Bill will go through this evening as the Minister desires. It is not, I believe, Parlia-

mentary to refer to other legislation which at the moment is not before us, but I may be permitted to express the hope that when it is before us it may not contain such contentious matter as unduly to delay its passage, because, after all, while we are striving for the balancing of Budgets, that task in itself will not bring back prosperity to Australia; in fact, it must cause a considerable amount of further unrest, unemployment and distress, and anybody who hopes merely by balancing Budgets to bring back prosperity to Australia as a whole, is making a grave mistake indeed. The effect it will have, however, will be to bring along a feeling of confidence which the people now sadly lack.

Hon. Sir Edward Wittenoom and Hon. C. B. Williams interjected.

The PRESIDENT: I ask hon. members to maintain order.

Hon. Sir CHARLES NATHAN: It is a very difficult task that lies before those who are in control of the affairs of the State and it will be difficult even after this legislation has gone through. For that reason I hope that during the debates on this Bill or the Bills to be brought forward at a later stage, members will recognise that what is proposed is the best that can be done under a set of circumstances which we all deplore.

Hon. C. B. Williams: And at the cost of the workers.

Hon. Sir CHARLES NATHAN: No. If the hon. member thinks that he is the only champion of the workers in this House he is entirely mistaken.

Hon. C. B. Williams interjected.

The PRESIDENT: I ask Mr. Williams to allow Sir Charles Nathan to continue his remarks.

Hon. C. B. Williams: I apologise.

Hon. Sir CHARLES NATHAN: The prosperity of all in this State is wrapped up in the prosperity of the individual worker, and there is only one thing we can do to bring about the position of affairs we are all striving for, and that is to get every man back at work. But we shall not be able to do that unless we have the wherewithal.

Hon. C. B. Williams: Tell us where to get the wherewithal.

The PRESIDENT: I ask the hon. member to maintain order, otherwise I shall have to take another course.

Hon. Sir CHARLES NATHAN: I am sorry my remarks have been such as to invite so much attention on the part of certain members of the House. I do not think there is any necessity for me to say anything more, except that I hope the Bill will have a speedy passage.

HON. W. J. MANN (South-West [7.55]): I intend to support the second reading of the Bill, because I believe it is vitally necessary that it should be passed, and that it will in no way affect the contemporary Bills that are to follow. I listened attentively to Mr. Seddon's speech, but I cannot see anything in the Bill before us that is likely to have any prejudicial effect on the Bills that are to follow. I congratulate Mr. Seddon on some of the points that he made. His remarks were very interesting, even though he went back into the realms of the past. But when he touched on the Premiers' Conference he was on less substantial ground. I believe that the Prime Minister and the Premiers of the several States were imbued with honesty and with the idea of doing their best for the States they represented. I do not agree with Mr. Seddon when he inferred that the Premier of Western Australia should have accomplished more than he actually did. It is a matter of common knowledge that Sir James Mitchell's efforts at the several conferences were very highly appreciated. I was in Melbourne in March last, and I had the opportunity of meeting some leading business men who suggested that Sir James Mitchell might be able to do greater service if he could be induced to leave State politics and enter the Federal arena. If the conference of the Premiers and the Under Treasurers cannot be trusted to bring down the best possible scheme in a crisis such as this, I want to know, with Mr. Cornell, who can suggest an alternative.

Hon. C. B. Williams: You tell us.

Hon. W. J. MANN: We might call in the Miners' Union, with Mr. Williams as president. Would that be satisfactory?

Hon. C. B. Williams: Certainly not.

The PRESIDENT: I ask the hon. member to keep order, otherwise I shall have to take a course that I have not yet had occasion to follow. The hon. member must cease his constant interjections.

Hon. W. J. MANN: I am not the least disconcerted by Mr. Williams' interjections, because I know he does not mean any

harm. If we cannot trust the Premiers' Conference to bring forward some scheme at a time like this, whom can we trust? I do not know of any public body we could invite to undertake a task of this description, and I feel sure it would be utterly impossible to get a body of men knowing the conditions in the several States that could submit to us anything better. Would Mr. Seddon bring down several different schemes, one from each State? If he did we should never reach finality. I should also like to remind Mr. Seddon, who said that we had been dilly-dallying for 11 months, that the whole of that time was not wasted. Mr. Theodore brought down a plan that was examined carefully. There was some gain in that, some advantage. The proposal was carefully scrutinised and the weak points made clear. The people of Australia have been asking for a lead for quite a long time, and now that we have one, it is the bounden duty of this Parliament to pass the Bill and assist to get on with the business as quickly as possible.

HON. C. B. WILLIAMS (South) [8.0]: I do not want to be annoyed any further with your threatenings, Mr. President, that you might do something or other. I do not wish to be disrespectful to you; that is the last thing that would enter my mind. But I am disgusted with the politics of Australia, and particularly with my own party, the Labour Party. You, Mr. President, have had brains enough throughout your life, though being on the verge of associating with the Labour Party, to stand as an independent. I am a member of the same Province as you, Sir, and represent the Labour Party who elected you to the honourable position you occupy. To-day, for the first time in the 20 years of my existence in this State I am like yourself, what might be termed in all matters affecting the Labour platform, a Labourite. In other words, I do not know where the Labour Party is drifting to. I am a dyed-in-the-wool Labour man, and I am asked to support this Bill which is a child of the Labour Party, but I cannot support it. I do not know whether I shall be expelled from the Labour movement. It worries me not, either. I find Sir Charles Nathan and Mr. Miles supporting this Bill, and I have to ask myself whether I have been right for 30 years or whether I am wrong now. Why do I find them in my corner, or am I in their corner? I won-

der why they support Mr. Theodore. I wonder why I do not. I can tell members why I do not support him. Because, as I said the other night, I am of the workers and am still of the workers. Mr. Theodore and Mr. Scullin were of the workers, but to-day they are, to my mind, representing the capitalists. That is what is wrong with the Labour movement of Australia. The party in this State are represented by Mr. Collier in another place and Mr. Drew here. I do not know that, as regards the Labour movement, Mr. Drew counts for any more in this House than does the youngest member, Mr. Fraser, or myself. I can say that when I speak for South Province, I do so with as much authority as do those members when they speak for their provinces, and I do so, on all matters not affecting the Party platform, without interference from Caucus or anyone else. I speak my mind and care not for the results. Anyhow I have three years of my term ahead of me and I am conscious of the fact that I must answer for my political service. I do not represent the Labourites of Fremantle. I represent the workers of the country. The workers of Australia are being sold by a mob of self-seekers and place-seekers. They are being sold by a mob of self-seeking politicians who for the moment are in power as Labour politicians. All said and done, they are more or less selfish. If a Federal election occurred to-morrow, where would Mr. Drew stand? Where would Mr. Fraser stand? Where would I stand? There are only two Labour members from this State in the Federal Parliament, Mr. Green and Mr. Curtin. Naturally Mr. Fraser, if he followed the impulse of self-interest, would stick to Mr. Curtin, while I would stick to Mr. Green, but as a fact I would stick to Mr. Curtin. I do not ask the opinion of Mr. Drew, although portion of his constituency is represented by Mr. Green. Mr. Drew will have occasion to disclose his hand sooner or later. I am quite sure that Mr. Fraser would not seab on the Government. He would not dare to do so. To-day, the Labour movement of Western Australia is split in twain. We have before us a Bill evolved by a conference of State and Commonwealth Ministers. New South Wales, Victoria and South Australia have Labour Governments.

Hon. E. H. Harris: Good men, too.

Hon. C. B. WILLIAMS: I am speaking for the moment.

The PRESIDENT: I do hope the hon. member will ignore interjections in the interests of the good order of this House.

Hon. C. B. WILLIAMS: I directed your attention to the interjection.

The PRESIDENT: I ask the hon. member to ignore interjections.

Hon. C. B. WILLIAMS: The Federal Government is a Labour Government. In three of the six States the Labour Party are in power. I am a trade unionist, recognised as a member of the political Labour Party of the State and of the Commonwealth, and I am asked to vote for this Bill at the behest of the Labour movement of Australia, not Western Australia. We are asked to vote for a reduction of interest to bondholders in Australia.

Hon. G. Fraser: Do not you believe in that?

Hon. C. B. WILLIAMS: The hon. member can speak for himself.

The PRESIDENT: I ask the hon. member not to interject.

Hon. C. B. WILLIAMS: Let the hon. member speak for himself when the time comes. There is nothing wrong with the hon. member, though he is a bit young as yet. We are asked to vote for a Bill requesting people who have shown faith in Australia to accept a reduction of interest on the money they lent to Australia in years of prosperity. The Government have put their proposals before us in piece-meal fashion. It is getting on my nerves to have to repeat the view that this House is really the Government of Western Australia. Whether there be a Labour Government or a Nationalist Government in power, this Chamber finally shapes the legislation of the country. Members pass it or reject it or retire it for a period of months, just as it suits them, and it does not matter what their politics are, either. We have witnessed the spectacle of the president of the Nationalist Party and the heads of the Labour movement combining to defeat a Bill. Certainly the Labour Party had no time for that particular measure. I merely mention that incident in justification of my statement that the Legislative Council is really the Government of this State. We are asked to pass this Bill requesting people to reduce the rate of interest on money they have lent the Government. That is quite right. Western Australia, in common with the rest of Australia, is in financial difficulties. It has been said that posterity should be called upon to bear

its share of the burden. Posterity is being called upon to bear its share much sooner than was expected. What we have to consider is what is of benefit to the Commonwealth and the State. This is really a Commonwealth measure, but Western Australia is our country, the country in which we get our crust. To-day Western Australia is the only bright spot in Australia. It produces nearly as much wool, and certainly as much wheat, as any other State of the Commonwealth. Western Australia, moreover, produces four-fifths of the gold won throughout the continent. Now we are asked to pass a Bill which says to Australian lenders of money that they must forego something. Very well; I quite agree with that feature of the measure. To-day the patriotic Australian owning any portion of Australia in the form of bonds, land or houses should be prepared to sacrifice what the unemployed labourer is sacrificing. I will not split straws, but the Australian unemployed to-day comprise many family men who are in the category of the homeless under the existing social system. Such a man has no hope of recovering even the position he occupied when earning the basic wage. The bondholder is asked merely to accept a reduction proportionate to the reduction in salaries or wages of Government employees. Parliamentarians are to be reduced by another 10 per cent. The Parliamentarian may for the moment be regarded as the best-paid Government employee in Western Australia. He has no boss. It is a matter of courtesy whether he attends Parliament even once a year, so long as the Standing Orders are obeyed as to his obtaining leave of absence. One is entitled to take this House as representative of Western Australian Parliamentarians. This House passes what it likes, amends as it wishes, and stands on its dignity, whether the Government in power be Country Party, National, or Labour.

The PRESIDENT: I assume the hon. member will connect his remarks with the Bill before the House.

Hon. C. B. WILLIAMS: The Bill, I understand, refers to reduction of rates of interest payable to Australian bondholders. If you, Sir, wish to tie me hard down, I must refer to what will come in order that I may link up my remarks with the Bill. This measure is only preliminary to what is to come. If it is accepted by the House unanimously, and if the measures to come

are rejected, the bondholder will be entitled to reject what has been enacted so far as he is concerned. Western Australia, after all, is the only State with which we are concerned. We are not worrying about New South Wales, Victoria, and South Australia under their Labour Governments, nor about Queensland and Tasmania under their National Governments, nor about the Commonwealth under a so-called Labour Government. I am a dyed-in-the-wool, pledged Labour man; but let me not be asked my politics from now onwards, because I do not know where I stand. The Bill asks money lenders who have faith in Western Australia to accept a lesser rate of interest. We are asked to repudiate as regards those bondholders. Let us not worry about New South Wales or Victoria. If hon. members want to do that from the aspect of party politics, I will go as far as they desire me to go; but for the present I speak of the State in which I live, in which my life and all my interests are wrapped up, as I assume is the case with all members of this Chamber. I refuse to be dragged into any argument about party politics, desiring merely to argue as a good Western Australian. I have finished with party politics, having come to the conclusion that they are all rot. We have to pass this Bill to-day, a Bill which says to the Western Australian bondholder, "As from this date you will get such and such rates of interest." He replies, "I have lent my money. It has gone. I have no hope in life, though my children may have, of getting my money back. Where do I stand?" We say, "We are going to reduce every worker in Western Australia by the equivalent of the amount of money by which we reduce your interest. We are going to reduce the earning capacity of every individual in the State, be he worker or merchant or shopkeeper or anything else." If I were like Mr. Nicholson, I could make an hour's speech on what I mean. However, the profits and wages of every man in Western Australia are to be reduced. The more we reduce wages in Western Australia, the more unemployed we have. We started with a few hundred men bemoaning the fact that they were out of work and almost rioting in the streets against the Labour Government. To-day we have 12,000 persons out of work. I do not profess to know anything about finance, except that I find it very hard indeed to

finance myself. Getting down to taints, I consider that the man who has lent money to Western Australia should be pleased to say, "I do not want any interest for the next six years, so long as I get my capital back." If this Parliament does not pass the Bill, and if the three renegade Labour Premiers of Australia and the renegade Labour Prime Minister turn the proposal down, where will Australia be? It will be bankrupt. It is bankrupt already so far as Labour is concerned. I do not know where I stand.

The PRESIDENT: I must ask the hon. member to confine his remarks to the Bill before the House.

Hon. C. B. WILLIAMS: I am linking them up, Sir, or endeavouring to do so. If the Australian Labour Governments repudiate this measure, where will the financial status of the bondholders of Western Australia or any other State be? They would be repudiated. They would be placed in the same position as the workless workers. The 12,000 unemployed workers of Western Australia have as big a stake in Western Australia as have the bondholders in Western Australia or in England. If an unemployed cannot obtain bread, he dies, and the State has to bury him at some cost to the community. If the bondholder in England or elsewhere is in the same position, he has to be buried but not at the expense of this State. The man who is unemployed in Western Australia is a much more expensive citizen of the State than the bondholder, provided he resides outside the boundaries of the State. What is required in Australia is a dictator. He is wanted badly and wanted quickly, be he of the workers or of the capitalists. The dictator is required to take away from the politicians of Western Australia, and of Australia as a whole, the control of our wonderful country. In Western Australia we have a Government who have introduced the Bill as a measure calculated to promote the solvency of the State. True, the Bill is opposed by the Labour Opposition in this State, but I do not know that they themselves would do any better if they were in charge of the Government. The object of the Bill is to secure the solution of our present depressing financial position. Already wages have been reduced by 10 per cent., and the natural corollary to the Bill

before us is a further measure that will be introduced later on to secure another 10 per cent. reduction from the workers, including the politicians, who do not work at all. Are we justified in asking the bondholders of Australia to agree to a reduction of their interest, when we know that the bondholders residing in other countries are not asked to do so as well? Is it right, is it fair? The bondholder who lives in Bulgaria, Germany, Austria, France or Russia is not to be asked to forego any of his interest, only the bondholders in Australia are to be asked to do that. We are asked to get our own people to penalise themselves and thus add to the profits of the foreign bondholder. We do not ask the Frenchman, for whom Australia sacrificed thousands of lives, to make the sacrifice, but we ask those who made the sacrifice for France's cause, not our own, to forego their interest. We are asked by the Federal Government, of which I am a supporter, to sacrifice the interests of men who gave their all for the sake of the nation, men who fought for what they thought was more to them than their wives and families. Of the bondholder across the seas, we ask nothing. We are to require of our own people the sacrifice of interest for what purpose? To pay the war debt, which each man who went away, whether he returned intact or maimed, paid for by that very act. Now we ask the maimed, the blind, to accept a miserable reduction in their already miserably small pension. We are to be asked to require the wage earners to sacrifice a further 10 per cent. For what? In order that the overseas bondholders shall show a profit on the lifeblood of Australia. The Government of this State are supported by a Labour Government in the Federal arena. I know this, that just as surely as the Federal Labour Government will be replaced by a Nationalist Government in due course so the Western Australian Nationalist Government will be ousted by a Labour Government at the first opportunity, although many Labour people will probably possess no higher ideals in the interests of the workers. Nevertheless, the bondholders of Australia who count are to be asked to sacrifice their interests, while the bondholders overseas are to get off scot free. To-day the farmers of this State are working at the behest of the Agricultural Bank on the

basis of what may be given them by that institution. Their equity is the land. The equity possessed by the bondholder is the promise to pay made by the Government in office for the time being. The undertaking given to men who invested their money during the progress of the war and subsequently is to be repudiated. The worker's bond is repudiated, and the bondholders of Australia are in the same position. The foreign bondholder is on the pig's back, living on the fat of the land. We are sacrificing the interests of those who were game to volunteer to fight overseas. I was not, and I make no apologies. I have every respect for the man who risked his all, and I regard it as the lowest thing in politics or in human imagination that such men and women should be called upon to make such sacrifices as those proposed at the present time. Men who, through war experiences, are blind or maimed, without hope of competing in any walk of life, except in point of intellect, with the average man who did not go to the war, are to be sacrificed. I am not a soldier. I have no time for soldiering; I have no time for what we now realise took our soldiers overseas, but I have every respect for those who went. In view of the sacrifices we are asked to agree to on the part of those men, we have come to the parting of the ways. I am no longer a Labour man. When Labour can support such proposals, I am no longer a Labour man. I was not elected upon such a policy. For the future, I am, as you are, Mr. President, a man independent of any party but always for the bottom dog.

HON. E. H. H. HALL (Central) [8.45]: I am pleased to think the Premiers' Conference agreed so well despite their various political opinions, and that in this time of adversity, unprecedented in our history, they were able to rise above petty party politics and take the wise view which I am sure the leaders of the country have been expecting them to take for some time past. As the result of that statesmanlike outlook we have this Bill before us. I quite sympathise with the viewpoints of Mr. Seddon as he expounded them to us this afternoon. It is, I am sure, repugnant to the great majority of us to think we are forced by circumstances to approve of what, after

all, is nothing less than an act of repudiation. We all feel just as acutely as Mr. Seddon does on that point. But there is the old saying, that circumstances alter cases. There recurs to my mind a quotation—I have forgotten the name of the author—"That which is economically unavoidable is not morally wrong." As one who does not know very much about this intricate matter of finance, I agree that with all these portents looming ahead of us we are going to be reluctantly forced to alter the ideas that many of us have held for years past. It is only because men of utterly different political ideas feel that something like this has to be done that they have consented to do it. As for any remarks made in this Chamber concerning certain men being traitors to their country, the least said the better. I am pleased that this Plan has at last been resolved upon. Unlike Mr. Seddon, I think the State Parliaments have reason to be grateful for the results of the Premiers' Conference. All I am sorry for is that the conference did not deal with something that was pointed to by Sir Otto Niemeyer and the Big Four, and which will certainly have to be tackled before long, namely, the tariff; I was going to say the abominable tariff. For after all we are dependent on our primary industries, and unless we can ease the tariff burden on those industries there can be no salvation for us as a people. Unless the Commonwealth Parliament can be induced to see reason in this matter and lower the tariff and cultivate a business relationship with other peoples instead of expecting people to trade with us when we refuse to trade with them, we shall be forced to further repudiation and so have occasion to be very much ashamed indeed. As to leaving untouched the overseas bondholders, it seems to me that if anybody is called upon to make a sacrifice just now, it should be our own people first. If we wish to create confidence in other parts of the world, we need not only labour, but also money, and surely there is no finer gesture we could make than calling upon our own people to submit to sacrifice, by which alone we can expect to win our way out of this very severe crisis.

THE MINISTER FOR COUNTRY WATER SUPPLIES (Hon. C. F. Baxter—East—in reply) [8.50]: Confining my remarks to the queries raised by members, I cannot agree with the view expressed by Mr.

Drew that the more straightforward method would be to tax interest at its source. In that contention the hon. gentleman apparently overlooked the fact that the conversion has two objects, namely, to restore financial stability by decreasing governmental expenditure, and to reduce costs of production by lowering the rates of interest. A tax on interest might assist in reducing governmental expenditure, but it would certainly not decrease rates of interest generally. Indeed, it may confidently be assumed that a tax on interest would tend to increase rates of interest, and thus defeat one of the objects of the conversion loan. Our costs of production must be reduced to an exportable basis, and that would not be possible if heavy taxation were imposed on interest.

The hon. member disagreed with this idea of a voluntary conversion loan and maintained that behind the invitation to convert there is a threat of drastic penalties to those who do not respond to the appeal. Whether or not that be so, it is surely much better for bondholders to have an opportunity of voluntarily converting their loans, rather than that they should be compelled to do so. The aim of the agreement is to restore confidence, and if a large number of bondholders voluntarily convert their holdings the beneficial result on the credit of Australia will be very far reaching. On the other hand, compulsory conversion would no doubt detrimentally affect the credit of Australia. The hon. gentleman stated that a number of people had invested money in Government loans, and said he was afraid that as a result of the conversion loan they will not live long enough to see their money returned. Mr. Stewart in similar strain referred to small investors whose income from interest was not more than £200 per annum. That may be so, but there is no reason why such holders should not sell their stocks in the market, because in all probability the market price of the conversion loan stock will be much higher than the present market price for Government bonds. If the loan is a success the credit of Australia will be greatly enhanced, and it is therefore reasonable to assume that the conversion stock will be more healthy in the market than the present bonds are.

Mr. Drew criticised Clause 6 of the Schedule because it provides somewhat loosely, in his opinion, that special arrangements are to be made to consolidate small holdings on conversion. Obviously, some

power must be left with the Loan Council to make such arrangements. It would be impossible in the agreement to make provision to meet every possible contingency that may arise, and the same can be said of the proposal that the Loan Council should have the right to modify any details of the Plan. The necessity for the provision was emphasised at the Premiers' Conference, when the Treasury officers said that some anomalies might arise in the conversion operation. For example, short dated loans have been secured at comparatively low rates of interest. They are for a period of only 12 months, and a big cut with respect to such loans and similar ones might work injustice. Again, queries might arise in regard to the apportionment of the ten maturities of the 4 per cent. stocks. For instance, the Commonwealth Government will be converting a lot of securities held by Government institutions and the equal division between the ten maturities ought to apply primarily to the securities held by the public. It might suit the Commonwealth to put some of the institutional moneys into a long period, with the consent of the parties concerned.

Mr. Drew referred to the word "etcetera" in paragraph 4. I agree that the word is indefinite. I made inquiries in respect to it, and was informed that it really means that all existing forms of governmental securities will be continued in the conversion loan. The hon. member also questioned the use of the words "Commonwealth law" in paragraph 1. Obviously, the reference is to the present Conversion Loan Bill before the Commonwealth Parliament. It was impossible when the agreement was drawn up to refer to an Act which was not then in existence. The hon. member suggested that before the present Bill becomes law, the words "Commonwealth law" should be struck out and the name of the Act inserted. The agreement, of course, cannot be altered without the consent of all parties, but when the conversion loan is floated, the terms of the conversion will be published in a prospectus which will be available to each bondholder. Since the Bill has been under discussion the Commonwealth Government have been in consultation with the States and, as a result of the advice of the Federal law officers, the States have been asked to amend the Schedule in certain directions, as indicated in the amendments on the Notice Paper which I propose to move when the Bill is in Committee.

I desire to thank members for their kind remarks and assurances of support for the measure. No doubt they have studied the question and so realise that the passage of the Bill is quite essential. Usually Mr. Seddon when speaking reveals careful thought, but on this occasion his remarks certainly lacked vision. If the Plan is rejected, the misery cannot be imagined. I cannot understand his criticism of Sir James Mitchell. Sir James has had a most thankless task ever since assuming office. Even Mr. Seddon, free of all worries, is unable to suggest an alternative to what is proposed. Sir James Mitchell on all occasions during the whole of his political career has been a very hard and tenacious fighter for Western Australia, whether in Western Australia or in the Eastern States or in any other part of the world. His fine work for this country has been known over a long series of years. If Sir James is a "public menace," as declared by Mr. Seddon, then the foremost men of Australia also are public menaces: for all believe that new money is needed to employ our people and that unless it can be procured the suffering will be immense. I should like to say to Mr. Seddon and others that if they are of opinion that this State can get along with four million pounds of loan money for one year and nothing in the next, they must look for nothing but starvation, poverty and misery. We cannot drop from a huge expenditure to no expenditure at all. We must take each step most carefully if we are to be successful in getting all our people back into employment and overcome our present difficulty. Mr. Seddon also referred to what he termed the Star Chamber methods of the conference, and disagreed with the decisions arrived at. The conference, which lasted for a long time, was attended by the Prime Minister, the Commonwealth Treasurer, the Premiers and Treasurers of all the States, the Under Treasurers, by gentlemen representing all shades of political thought and many important organisations, and likewise had the support of Sir George Pearce, Mr. Lyons and Mr. Latham. The whole Plan has been backed by the banks and financial institutions which practically control all Government investments. Despite this the hon. member is the one man who says they are all wrong. I suppose he is the only one who is right. Both he and Mr. Stewart suggested this Bill should not have been dealt

with until the others had been brought down. We must make a start somewhere if we are to carry out the Plan, and one Bill must come in ahead of another. The Government are desirous of passing all this legislation through as rapidly as possible so that all may share in the inevitable sacrifice. It is no pleasure for the Government to bring down these measures. It is unfortunate that we have to inflict them upon the people. The intention is that all must assist even if all must suffer. Suppose one of the other Bills had been brought down! The members in question would probably have had the same objection to it. Whilst the other Bills may be retrospective, this one is not. Mr. Seddon also said that all loan moneys should have returned interest. I do not think any member who has studied the position could expect Government utilities to pay interest during the last 12 months. Where is the trade and where is the money coming from? Our wheat and our wool are returning practically nothing. There is no money available. It is not surprising that interest should not be paid; it could not be expected.

Hon. H. Stewart: We were not thinking of the past 12 months.

The MINISTER FOR COUNTRY WATER SUPPLIES: Mr. Seddon made the surprising suggestion that all loans should be submitted by referendum to the people. For what purpose is Parliament elected? Are we going to ask the people if we can do all these things? Parliament is the one safeguard in respect to the raising of loans. We are sent here to do our job. Surely the hon. member does not suggest we have fallen down on our job.

Hon. H. Seddon: We seem to have done so up to the present.

The MINISTER FOR COUNTRY WATER SUPPLIES: I appreciate the support that members generally have accorded to this Bill. These measures have practically been before the public for some time. Members have shown their wisdom by supporting this Bill and agreeing to our first measure being read a second time.

Question put and passed.

Bill read a second time.

In Committee.

Hon. J. Cornell in the Chair; the Minister for Country Water Supplies in charge of the Bill.

Clauses 1 and 2—agreed to.

Schedule:

Hon. J. M. DREW: In the course of his reply the Minister for Country Water Supplies made a remark which is calculated to create a wrong impression of my views. He said I advocated an interest tax instead of inviting persons to convert their loans under this measure. I did say that, but added that something else was necessary if relief were to be given to industry; that it would be essential to introduce a Bill regulating interest generally, advances, mortgages, etc. I wish to make that correction.

The MINISTER FOR COUNTRY WATER SUPPLIES: I have several amendments to move, all of which were telegraphed over by the Federal Government at the end of last week, in order that the Bill might be uniform throughout the States. I move—

That the Schedule be amended as follows:—

(1.) Delete from paragraph 16, under the heading "Loan Council," in the second recital of the Agreement, the words "and whereas the Australian Loan Council has approved the said conditions with modifications."

(2.) After the said paragraph 16 insert a third recital as follows:—

"And whereas the said conditions, with certain modifications, have been embodied in a Bill for an Act to be known as the Commonwealth Debt Conversion Act, 1931, which has been passed by both Houses of the Federal Parliament and is ready for presentation to the Governor General for the Royal assent and is hereinafter referred to as the said Act: And whereas there have been incorporated in the said Act additional provisions deemed to be convenient for carrying out the said conditions as so modified as aforesaid:"

(3.) Paragraph 16, subparagraph 2.—Delete all words after "interest" in the second line of the subparagraph down to and inclusive of the figures "1931," in line 5, and insert the words "in accordance with the terms and conditions of sections three, eight, and ten to twenty-two inclusive of the said Act."

Insert after the word "Commonwealth," in the third last line, the words "(including borrowings by the Commonwealth for or on behalf of a State under the said Financial Agreement)."

Insert after the word "Australia," at the end of the paragraph, the words "The said sections of the said Act shall be binding upon the parties hereto as part of this Agreement."

Amendments put and passed; the Schedule as amended agreed to.

Bill reported with amendments.

Recommittal.

On motion by Hon. J. M. Drew, Bill re-committed for the purpose of further considering the Schedule.

In Committee.

Hon. J. Cornell in the Chair; the Minister for Country Water Supplies in charge of the Bill.

Schedule:

Hon. J. M. DREW: I should like the Leader of the House to explain what is meant by the last few lines of the amendment reading, "In accordance with the terms and conditions of Sections 3, 8, and 10 to 22 inclusive of the said Act." Which Act is meant by "the said Act"?

The MINISTER FOR COUNTRY WATER SUPPLY: The Commonwealth Act.

The CHAIRMAN: "The said Act" means the Commonwealth Debt Conversion Act, 1931.

Schedule put and passed.

Bill again reported without further amendment, and the report adopted.

Read a third time, and returned to the Assembly with amendments.

BILL—STATE MANUFACTURES DESCRIPTION.

Message from the Assembly received and read notifying that it had agreed to the amendments made by the Council.

House adjourned at 9.23 p.m.

Legislative Assembly,

Tuesday, 21st July, 1931.

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

QUESTION—UNEMPLOYED.

Work at Poison-grubbing.

Mr. NORTH (for Mr. Griffiths) asked the Minister for Agriculture: 1, Has consideration been given to utilising unemployed in country districts for the grubbing of poison plants along roads, stock routes, and reserves. 2, Will not the lessened activities of road board officials now enable them to supervise such work with no extra expenditure from local funds? 3, Seasonal conditions being especially favourable for the work, will he consider whether it can be undertaken? 4, As sheep husbandry will prove one of the main industries through which Australia will rehabilitate itself financially, will he investigate this matter with the Minister for Labour to determine whether action as suggested can be taken?

The MINISTER FOR AGRICULTURE replied: 1, Yes. 2, I am unable to say. 3, Answered by No. 1. 4, Yes.

QUESTION—STOCK REGULATIONS.

As to inquiry by Royal Commission.

Hon. W. D. JOHNSON (for Hon. M. F. Troy) asked the Minister for Agriculture: 1, Is he aware that a resolution was passed by the Legislative Council, with only one dissentient, recommending the appointment of a Royal Commission to investigate the administration and application of regulations under the Stock Diseases Act, 1895, as gazetted on the 11th October, 1929, particularly as they relate to the restriction of the movement of cattle from the Kimberley district? 2, Do the Government propose to act upon the recommendation?