

has a similar measure to this. Unfortunately the samples are not at present available for exhibition to hon. members. I do not think there is any cause for alarm. It has to be remembered that the Bill will apply voluntarily and if the producers and manufacturers wish to push the sale of their goods in Western Australia, they will see to it that any mark used is easily distinguishable. As to fraudulent marks, we will have to guard against that phase. Hon. members can rest assured that the position will be attended to.

Clause put and passed.

Title—agreed to.

Bill reported with an amendment.

*House adjourned at 8.34 p.m.*

## Legislative Assembly.

*Tuesday, 30th June, 1931.*

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

### QUESTION—WYNDHAM MEAT WORKS, EMPLOYEE.

Mr. COVERLEY asked the Chief Secretary: What official position is at present held by Mr. C. D. McCoombe on the Wyndham Meat Works?

The CHIEF SECRETARY replied: Manager of supplies branch.

### QUESTIONS (2)—FIRE BRIGADES BOARD.

#### *Midland Junction Brigade.*

Hon. W. D. JOHNSON asked the Chief Secretary: 1, Has he approved of volunteers displacing permanent firemen at Midland Junction? 2, If so, how many permanent firemen will be displaced? 3, If they are transferred, are they going to vacancies or will they cause the dismissal of others? 4, What is it estimated the annual reduction in payment will be to the Midland Municipal Council as a result of obtaining this free labour? 5, What plant has been removed from the Midland fire station since the employment of volunteers was approved? 6, Does the Fire Brigades Board accept any responsibility in the event of an outbreak of fire at the Midland Railway Workshops, the Federal ordinance stores, the Midland saleyards and abattoirs, and/or the Midland Railway Company's buildings? 7, If not, why not? 8, If it does, how is it proposed to function when volunteers can only be available during leisure time? 9, Do fire insurance premiums vary when permanent firemen are stationed in a town as compared with a volunteer fire brigade?

The CHIEF SECRETARY replied: 1, The Minister allowed an appeal by the local authority against a decision of the Fire Brigades Board in compliance with representations made by such authority that a volunteer fire brigade was necessary at Midland Junction in order to relieve the burden of rates charged. 2, Two. 3, Application will be made to the Arbitration Court to ration the men displaced, and pending such decision the men are temporarily retained at headquarters. The Fire Brigades Board has not yet determined the disposition of the men should the court decide not to grant its application, but in any case every endeavour will be made to retain their services, either by the proposed rationing scheme or by vacancies arising. 4, The estimated annual reduction in the expenditure in the Midland Junction fire district is £400 for the first year and £640 for subsequent years. The reduction in the payments by the municipal council is estimated at £150 for the first year and £240 for subsequent years. 5, A Dennis fire engine has been removed and a Ford engine returned to Midland Junction in lieu of the former. 6, Yes. 7,

Answered by No. 6. 8, The available time of the personnel of this brigade is such that a complement of members should be available for duty at all times. 9, The Minister has no responsibility in the matter. The fire brigade position in a town is only one of numerous factors which are, no doubt, considered by the underwriters.

*Payments by Local Authorities.*

Hon. W. D. JOHNSON asked the Chief Secretary: 1, What has been the total payment to the Fire Brigades Board for the past three years by (a) the Bassendean Road Board; (b) the Guildford Municipal Council; (c) the Midland Junction Municipal Council; (d) the Swan Road Board? 2, Does each amount represent the total liability of each of these bodies; if not, what are the arrears?

The CHIEF SECRETARY replied: 1, The following payments have been made to the Fire Brigades Board for the three years ending 30th June, 1931: Bassendean Road Board, £225 14s. 6d.; Guildford Municipal Council, £243 1s. 10d.; Midland Junction Municipal Council, £1,759 5s. 10d.; Swan Road Board, £32 15s. 2d.; total, £2,260 17s. 4d. 2, No. Arrears, Midland Junction Municipal, £152 6s. 4d.

**QUESTION—TAX-FREE LOANS.**

Hon. A. McCALLUM asked the Premier: What are the rates of interest, dates of maturity, and amounts of each tax-free loan raised by this State?

The PREMIER replied:

Per cent.	Date of Maturity.	Amount.
		£
3½	1-1-1935	78,185
4	1-1-1932	370,790
4	1-1-1933	309,130
4	1-1-1934	297,045
4	1-1-1964	1,566,000
4½	1-1-1938	711,025
4½	1-1-1939	7,000
4½	1-4-1939	8,750
4½	1-5-1939	7,500
4½	1-6-1939	5,000
4½	1-7-1939	3,000
4½	1-11-1939	13,000
4½	1-12-1939	34,400
4½	1-4-1940	10,000
4½	1-9-1940	9,658

Per cent.	Date of Maturity.	Amount.
		£
4½	1-1-1933	110,000
4½	Indefinite	*245,000
5	24-4-1933	25,000
5	4-5-1933	5,000
5	5-5-1933	150
5	9-5-1933	500
5	18-5-1933	600
5	21-4-1933	1,600
5½	1-12-1933	3,325
5½	9-9-1932	2,240
5½	22-9-1932	1,700
5½	4-12-1932	400
5½	15-12-1932	2,000
5½	3-1-1933	2,000
5½	31-1-1933	500
5½	17-2-1933	5,000
5½	3-3-1933	500
5½	9-7-1943	1,100
5½	1-7-1942	61,637
5½	1-1-1933	306,345
5½	31-12-1933	260,745
5½	1-1-1934	275,615
6	1-1-1932	798,205
6	1-1-1933	50,000
6	1-1-1943	755,000
6	1-11-1935	25,000
6	1-12-1935	25,000
6½	30-11-1947	250,000
		£6,644,715

\*Deposit under Insurance Companies Act, 1918.

**BILL—TRUSTEES' PROTECTION.**

Introduced by the Attorney General and read a first time.

**BILL—DEBT CONVERSION AGREEMENT.**

*Second Reading.*

Debate resumed from the 25th June.

**HON. A. McCALLUM** (South Fremantle) [4.38]: On Thursday afternoon the Premier, in reply to a question I put to him, said he desired that the general debate on the plan arrived at by the Premiers' Conference should take place upon this Bill. While the hon. member, in moving the second reading, gave us a fund of information and very informative figures relating to the national debt and dealing largely with finance, he made no reference whatever as to how the Government proposed to give effect to the other decisions of the Premiers' Conference which make up the plan, apart from the

Bill we are now considering. As I understand the position, the arrangement is that there shall be a 20 per cent. cut in all controllable Government expenditure, based on the figures as at the 30th June, 1930. How that is to operate, how it is to be put into force, is left to the Government to devise their own ways and means. We have not been told what the Government propose to do; we have no information whatever on that score. So it is quite impossible for the House to discuss propositions that we know nothing about.

The Premier interjected.

Hon. A. McCALLUM: We would be asked to express views committing ourselves on proposals regarding which the Government have not declared their policy. So, although the scheme has been declared indivisible, we do not propose to adopt that viewpoint at all. It will be divisible, so far as we are concerned. We propose to discuss the merits of this Bill alone.

The Premier: It is divisible in some respects.

Hon. A. McCALLUM: We propose to discuss the merits of this Bill alone, without entering into discussions of other Bills relating to the general plan. We know nothing whatever of what is in the minds of the Government, and so it would be unreasonable to ask us to do more than I suggest. Therefore, I propose to keep within the four corners of this Bill, at any rate, and not to go any farther afield than did the Premier himself.

The Premier: I fully realise the difficulties.

Hon. A. McCALLUM: The proposal in the Bill is to convert the existing internal loan indebtedness of Australia, amounting to approximately £550,000,000, into consolidated Commonwealth stock, and reduce the aggregate interest by 22½ per cent., which is to effect a saving of approximately £6,350,000. It is estimated that the saving for this State will be £350,000, and this Bill is to authorise the conversion of Western Australian stock into Commonwealth stock. The interest on the new stock is to range from 4 per cent. to 3⅞ per cent. and 3 per cent. and the maturity dates range from seven years to 30 years, while the existing holdings may be split up to cover all, or a number, of the maturing dates. That is the proposal in this Bill, which we are called upon to decide. No

doubt the figures the Premier gave to the House impressed one with the enormous financial load this continent is called upon to bear at the moment; in fact, the loan figures read by themselves and relating to so small a population appear to be staggering. When comparisons are sought to be made between various countries as to their indebtedness, it is almost universally quoted on a per capita basis. But I do not think such a comparison is at all fair to this continent; I do not think there is any country in the world whose loan indebtedness we can quote in a fair comparison with that of Australia. For we include in our governmental activities, under public ownership, so much that no other part of the world does. We own our railways, our telephones, our tramways, our water supplies, our harbours, and other assets that in a great many other countries are privately owned. So, when it comes to comparing our loan indebtedness per head of the population, I do not think there can be any fair comparison between this nation and any other nation.

The Premier: But we have the assets.

Hon. A. McCALLUM: Yes, we have the assets. Many other countries do not own their railways, some do not own their telephones, and in others the harbours and water supplies are privately owned, whereas here they are owned by the nation. In no other part of the world have Governments lent to individuals the amount of money that has been advanced in this country. The figures given to us by the Premier represent phenomenally large amounts. In respect to the assets the country has for the money which has been borrowed, our country cannot be compared with others on the per capita basis. Generally speaking, before the fall in the price of wool and wheat, I do not think it was held that we had overreached ourselves in the matter of borrowing for public works. Certainly there had been some difference of opinion amongst political parties in Australia, and we had received certain criticism from outside. The opinion that we were over-borrowing was certainly not held by the Imperial Government or by the British Parliament. That Parliament entered into an agreement with the Governments of this country to make available £30,000,000 odd to assist Australia to increase its borrowings and to press

on with its development. Australia was urged to go on the money market to carry out further development, and press on with the work we had in hand, not only from Australia's point of view but the Imperial point of view. If the Imperial Government and Parliament thought, our position was unsound and that we had over-borrowed, it would have been inconsistent for them to have given us further facilities, and actually urged us on by agreeing to pay one-third of the interest bill on new development work. That goes to show that up to the time of the present crisis it was not held by many people who were vitally interested in the development of this nation that we had over-stepped the mark. We now find that the London market is closed against us at a time when this continent needs help. I have stated in this House before that I do not think the Imperial Government had dealt fairly with Australia regarding her war debt. I see that this question has been actively canvassed in certain quarters since then. In this trouble I do not think the British Government have done the fair thing by us, either. There are ways in which they could help Australia in the present crisis, and I think it is their duty to help us. We have not received that help which our continent is entitled to receive. It is costing Australia at the moment at the rate of approximately £10,000,000 a year to meet the exchange.

Hon. J. C. Willecock: That is for Governments alone.

Hon. A. McCALLUM: Yes, to meet our interest bill overseas. It would be a simple matter for the Imperial Government to help us. I cannot see any difficulty in the way of their establishing credits or guaranteeing them for us in London, to meet our commitments there, on condition that we paid into the Commonwealth Bank in Australia the amounts of money we were due to meet in London. It can only be a question of meeting the interest bill at either end. The money banked in Australia would be drawing a greater rate of interest than if banked in London, and the Imperial Government would lose nothing. It would save this continent ten millions a year in exchange, and obviate the necessity for remitting money from Australia whilst the difficulty lasts. This practice has been followed by business concerns in the city, and has been adopted by different commercial institutions all over

Australia. If private concerns can operate in this way, and English business concerns are prepared to have their money paid to their credit here and left standing at short-dated calls, surely it is not beyond the British Government to come to the help of this nation and assist us to that extent. Instead of coming to our help, we have had very little sympathy from them, but any amount of lecturing, quite a fund of advice, and any amount of criticism in the English Press, telling us we have to be taught a lesson. There have been very few expressions of willingness to lend us a helping hand. On the other hand, during the past fortnight the Bank of England has actually financed Austria to prevent the collapse of an enemy nation. It has stood guarantee for a substantial amount to save the Bank of Austria from collapse. Whilst no money is made available to this nation, England can stand in with other nations and guarantee money to Germany, a country which fought us during the war, and is the cause of the great war debt the nations have to bear now. England can provide millions of money for the purchase of cheap Russian wheat, when Russia repudiated her debt to England and confiscated all British rights in that country. On the other hand, Great Britain can let our wheat become a glut on the market. While all these things are happening, our country is singled out for special criticism and receives no assistance whatever. While in London three years ago I attended a function at which a member of the then British Cabinet was present. He asked me whether I was there to get some more money for Western Australia. He then went on to say that they were determined in London to cut off our credits, that they were not going to find money for Australia to go on with her advanced social legislation, and he told me definitely they were going to cut off our supplies. I made investigations as to the reliance I could place on that Minister's word, and was told he was recognised as the mouthpiece in the Cabinet of the London financiers, and that what he said could be taken for granted. At that time there was in Sydney a representative of the British financiers, who was cabling to the Old World almost daily articles denouncing Australia's economic position and dealing with the financial position generally. I remember that the Leader of the Opposition attended one conference.

He came back to our Cabinet and reported how seriously these articles in the London Press had been viewed. He said that steps had been taken to combat them, and to issue some millions of leaflets in London setting out the true position. We spent on the war somewhere about £750,000,000, and that expenditure is still costing us millions. That is what we have done for Great Britain. Now our turn has come for a little help we find that countries which stood as Britain's enemies during the time of war are being assisted. Britain seems to be more friendly disposed towards them than towards this country. I say, as I said in connection with the war debts, I do not think Great Britain has treated this continent fairly. I am not arguing that the Old Country is responsible for our being so heavily in debt. We asked the people at Home for the money. It was not forced upon us. We were glad to get it so that we might go on with our development. Now the world depression has come about. We have no control over price levels abroad, which cannot be governed from this end. None of these things were foreseen. If England has any help to give and can spare assistance, instead of giving it to an erstwhile enemy country, it should be given to those of her Dominions that are in need of it. It is the general practice outside Australia to place the blame for the heavy borrowings of the past, and the big development debt with which Australia is confronted, on the shoulders of the Governments of the country. All the responsibility cannot be placed upon Governments. I remember a Government that were in power in 1904 in this State, which warned the people of Western Australia concerning the heavy borrowings that had been indulged in and what this would mean in the future, and they urged that the pace must be slackened and that the rate of borrowing must be curtailed, otherwise it would be very serious for the State. The moment that pronouncement was made by the then Labour Government there was a hue and cry from the Press and the public. They were dubbed the mark-time Government.

Hon. J. C. Willecock: That was in 1904.

Hon. A. McCALLUM: Yes. They were driven out of office as a result. The cry was raised that they were a mark-time Government, and had no confidence in the future of the country. The people absolutely demanded that there should be greater

activity in public works, and the Government were put out of office. The people themselves have to shoulder the responsibility, because no Government could have lived unless they had indulged in the amount of borrowing that the people have been so persistent in demanding during the last quarter of a century or more. We are told by the sponsors of the plan that the success of the conversion loan will not only save Australia 6½ millions in money, but will have a marked effect on the restoration of confidence. Will it have that effect? We have all been told it frequently of late. We were told so when the Financial Agreement was entered into. It was said that if there was a definite arrangement for the establishment of a sinking fund to wipe off Australian debts in a given time, if it was published to the world that we were facing our responsibilities in unison, there would be a marked effect in creating confidence overseas. That was urged in connection with the last two Commonwealth loans, particularly in connection with the very latest. The Commonwealth Government pleaded that the success of that loan would be a declaration to the world of the confidence Australians had in their own country, and would undoubtedly result in restoration of confidence overseas. But that has not been the effect. While we have been led on to make sacrifices within the nation, so far that action has failed to influence our creditors, who still look upon us with a glassy eye. It has frequently been asserted in the Press and from the platform that the main cause of what is generally termed the lack of confidence throughout the Commonwealth is the policy, or want of policy, of the Commonwealth Government. I have no desire to defend the Commonwealth Government. They can speak for themselves. But I do wish to say it cannot be held that the Commonwealth Government whether culpable or not, are responsible for the whole position. My personal conviction is that the main cause of the lack of confidence in Australia is to be found in the tactics of the present Federal Opposition, in both Houses of the Federal Parliament: in the action of certain sections of the Press, in the action of the banks throughout the continent, and in the tactics of the Nationalist State Premiers. I propose to offer a few comments under each of these headings. I regard the present Opposition in both

Houses of the Federal Parliament as the most unscrupulous and the most scurrilous that has existed in the history of this nation's politics. They have played the party game lower than it has ever been played in Australian history. No political party in this continent has previously stooped to such a level for party ends as the Opposition in both Federal Houses.

Hon. S. W. Munsie: And their backers in the Press talk about all pulling together!

Hon. A. McCALLUM: While they were talking about pulling together and having a national government, they were jointly broadcasting statements which could have no other effect than to undermine the credit of the country. They frequently gave out that no one would trust the present Commonwealth Government with money. If those statements had remained within Australia they would not have mattered so much, because we can value them at their worth, which is known to us. But those statements were cabled abroad and published overseas, where it has been our desire to establish confidence. A week or two ago I received a letter from a man I met in England. It included a cutting from the "London Times" containing a cablegram with extracts from a speech made by Senator Pearce attacking the Federal Government. The writer of the letter said, "You people wonder why your stocks fall in London. While statements such as these come from responsible men, we have no alternative but to think they are correct." The statements made by the Federal Opposition, and their low-down, scurrilous tactics, have done more to damage the credit of this nation overseas than anything else that has happened during the crisis. The present leader of the Federal Opposition, even in the campaign for debt conversion, cannot keep off party politics. In his appeals to the Press last week, he indulged in criticism of the same kind. Hon. members know my opinion of Mr. Lang, the Premier of New South Wales, and his policy. I have given it here before. I firmly believe that his policy would sooner or later have resulted in the closing of the New South Wales State Savings Bank, but I say most definitely that the statements made by Mr. Latham in the House of Representatives precipitated the run on that bank. They were featured in the Sydney Press, and next morning the run started.

Hon. S. W. Munsie: Featured in three-column headlines, Latham's statements appeared in the Sydney papers the next morning.

Hon. A. McCALLUM: They were featured the same evening.

The Attorney General: The run was on already, was it not?

Hon. S. W. Munsie: It was not.

Hon. A. McCALLUM: Surely it is the duty of responsible men to recognise the position and to guard against the making of such statements. Merely to gain a political advantage, the Leader of the Federal Opposition by his questions in the Federal House caused a run on the State Savings Bank of New South Wales. The game could not be played lower.

The Attorney General: Whatever may be said of other members of the Federal Opposition, I never heard the slightest criticism of Mr. Latham in that respect.

Hon. A. McCALLUM: The Attorney General hears it from me now. It cannot be denied.

Mr. H. W. Mann: Mr. Scullin recently said that Mr. Latham always had been very fair, and he regretted that Mr. Latham was relinquishing the Opposition leadership.

Hon. A. McCALLUM: Mr. Scullin had something severe to say about the incident to which I refer. There can be no denying the facts I have stated. Certain sections of the Press featured the statements in question, and cabled them abroad. In so doing they did a disservice to Australia. As regards the banks, I know of instances—I do not suppose there is a member of this House but can quote similar instances—where the banks issued instructions that overdrafts must be redeemed, and took action to close down on people who up till that time had been regarded as absolutely sound financially. I know of instances in this State where the banks pushed people, not only encouraged them, into taking additional liabilities; urged them, pushed money on them and then, without warning, closed down on them and ruined them. Such people are out now without a shilling. In the capitals of the Eastern States I was told of accounts that had been with the banks for over half a century, and considered pretty sound in every way, the accounts of some of the soundest financial men in Australia,

yet suddenly ordered to be liquidated. The banks suddenly stepped in and closed down on them. What is the psychological effect of such action on the community? It has been enormous. The Chief Secretary, in his speech at Nedlands, asked, "What have the banks done to undermine the credit of the nation?" They have created this psychology. People have known what is going on. They have seen old-established businesses, some of the most solid in the Commonwealth, suddenly closed down by the banks. Then people began to look around and say, "If this is what the banks think as to what is ahead of us, well, I am going to tighten up." The banks started the scare. Undoubtedly their action in that direction had a most marked effect in undermining confidence from one end of this country to the other.

The Premier: The aggregate of overdrafts has increased steadily all the time.

Hon. A. McCALLUM: That is not all the tale. The Premier quoted figures to that effect the other night, but they tell only half the tale. A little more has to be told before the full truth can be known. As regards the State Nationalist Premiers, at each of the conferences that have been held they have used the opportunity for party political purposes. Take our own Premier. On every occasion that he has attended a conference in the East, both prior to leaving here and while he was there, in his trips over and back, he issued statements attacking other Governments. Party political propaganda all the while! He particularly singled out the New South Wales and Commonwealth Governments. All the time he was saying, "Why don't they live within their means?" A pet phrase of his was, "Why don't they do the simple thing and pay their way?" He was continually attacking the Commonwealth and New South Wales Governments.

The Premier: Be careful in your statements.

Hon. A. McCALLUM: The hon. gentleman himself has never balanced a Budget in his whole life.

The Premier: Because I have always followed you.

Hon. A. McCALLUM: The hon. gentleman was here long before I was here. He held power in this country in the very good times, and yet was never able to balance a

Budget. To-day, while he lectures other Governments about their Budgets, he has the biggest deficit per head of any Treasurer in Australia. Still he lectures other Treasurers and tells them what they should do. He holds up Mr. Lang, Mr. Scullin, and Mr. Theodore. His deficit per head of population is a long way greater than Mr. Lang's.

The Premier: No, it is not.

Hon. A. McCALLUM: I will give the figures.

The Premier: I don't care what you do.

Hon. A. McCALLUM: Of course not. The hon. gentleman has said some things so often that he believes them himself. However, here is the statement of the State Statistician. I do not know whether the Premier is going to contradict that. Still, he has got so used to saying certain things that he believes them to be right.

The Premier: I am sure I am right.

Hon. A. McCALLUM: I have not the figures for last month, but I kept them every month up to the end of April. Western Australia's deficit per capita then was £3 8s.; the deficit of New South Wales £3 2s. 4d.; Victoria's £2 15s. 9d.; Queensland's £1 4s. 7d.; South Australia's £3 4s.; Tasmania's 9s., and the Commonwealth's £2 19s. 4d. The hon. gentleman is a long way ahead of all the others. He is the deficit king. No one can approach him. He leads this continent. Not only has he the biggest deficit per head of the population, but he has the largest percentage of unemployed in Australia.

The Premier: No. We have the least.

Hon. A. McCALLUM: The Premier has stated the opposite so often that he has convinced himself he is right. In the face of that, the Premier indulged in lecturing the New South Wales and Commonwealth Governments. Why, he asked, did they not live within their means; why did they not do the simple thing? And his own deficit this year will be £1,500,000, the biggest deficit this State has ever known. Then again, on his journeys to and from the conferences in the Eastern States, he issued the statements to which I have referred. Even in the wilderness through which the Trans line passes, at little sidings where blackfellows only camp, we read of interviews coming from the Premier as he passed, interviews that contained nothing but purely political propaganda. There were no interviews during the latest trip! I suppose King Billy the

blackfellow must have been on a walkabout; he had no interview with the Premier as he went through this time. I am told—I know it for a fact, because it was published in the Press—that on the last occasion, the Premier and his Nationalist friends were pulled up after they had issued a statement relating to one meeting, because the statement was purely political propaganda.

The Premier: That is absolutely untrue.

Hon. A. McCALLUM: I am merely going by the Press reports that were published here, and they indicated that next morning an official statement was issued by the conference furnishing a contradiction of what the Premier and the Premiers of Queensland and Tasmania had said.

The Premier: Where?

Hon. A. McCALLUM: In the Press! The statement was published here. The Premier had his own reporter with him, and that reporter issued for him statements that embodied purely political propaganda.

The Premier: I say that is absolutely untrue.

Hon. A. McCALLUM: It is quite true.

The Premier: It is untrue that we were pulled up, as you describe it.

Mr. Marshall: No, you were jerked up.

The Premier: I deny that we were pulled up.

Hon. A. McCALLUM: The next morning the conference issued a statement in which it was made clear that some members of the conference had more regard for political propaganda than they had for the country's business. I presume the Premier agreed to the statement that was issued, and which contradicted what he himself had said in the Press.

The Premier: That is not so.

Hon. A. McCALLUM: It is a fact.

The Premier: It is not a fact.

Hon. A. McCALLUM: The Premier denies that!

The Premier: You know it is not a fact.

Hon. A. McCALLUM: In the face of these happenings, the Premier and his friends cannot blame the Commonwealth Government for all that has happened. They have been materially undermining the Commonwealth and other Labour Governments, and have not ceased from indulging in political propaganda throughout the negotiations. In his statement to us the other night, the Premier said that under the plan there would be a saving of

£6,500,000, but that is not enough to provide for exchange amounting to £10,000,000. The saving to Western Australia was estimated at £350,000 and our exchange runs into £600,000, so that the estimated saving is little more than half the amount of exchange that we have to pay.

The Premier: Not on this money, of course.

Hon. A. McCALLUM: No, we do not pay exchange on Australian money, but we have to pay the exchange on the interest bill that has to be met in London. Certainly the saving indicated will help a little, but it is not enough.

The Premier: Of course it will not go to the account of the Treasury; it will have to be passed on to the Agricultural Bank.

Hon. A. McCALLUM: The saving will not mean a benefit of £350,000 to the Treasury, because it would be most unreasonable for the Government to take advantage themselves of the saving, and to refrain from passing the benefit on to the clients of the Agricultural Bank. The money was borrowed in the first place for the purposes of the Agricultural Bank and if the Government make a saving, they cannot take advantage of it themselves, but will have to pass on the money to the Agricultural Bank, so that the clients of the institution can benefit to that extent. I have previously expressed my opinion in this House that a lot of humbug has been spoken about the balance of trade and its effect on exchange rates with different countries. I know that the professional economists say that the cause of the exchange being against Australia is that the balance of trade is against her. When I spoke previously, I cited countries where the reverse is the fact. At the moment, the balance of trade is on the right side for Australia.

The Minister for Lands: It all depends on the amount of interest that has to be sent away.

Hon. A. McCALLUM: No, it depends upon our commitments. If we take the first ten months of the financial year, it will be seen that Australia's exports exceeded her imports by £19,900,000. During the last three months a better average than that has been disclosed. If we take the average for the last three months and take that as the basis for the figures for the year, it will be seen that our exports should not exceed £42,000,000 and that the exports for the financial year, even allowing for the



fall in prices, will exceed £80,000,000. That will leave a surplus of approximately £38,000,000 with which to meet overseas commitments that amount approximately to £28,000,000.

The Minister for Lands: There are other commitments as well.

Hon. A. McCALLUM: I am referring to the trade of the nation. That will leave us £10,000,000 after meeting those commitments. I have disregarded the export of gold in excess of production, and my figures are based on the Australian currency. In view of those figures, what is the reason for an exchange rate of £30 per cent.?

The Premier: It is a good thing for our producers.

Hon. A. McCALLUM: I do not say it is not a good thing in many ways. But let us ascribe the position to its proper cause. Do not let us blazon it forth throughout the world that the position of Australia's trade and commerce is such that our currency has depreciated to such an extent that it costs us over £30 in exchange on every £100. At the moment, the exchange has nothing whatever to do with the question of our exports and imports. The truth is that the banks deliberately pegged the exchange down at that figure.

Mr. H. W. Mann: One bank.

Hon. J. C. Willecock: But all the other banks followed.

Hon. A. McCALLUM: One bank did it at first on the advice of the professional economists, and then the other banks followed suit. The truth of the matter is that the banks pegged the exchange rate at £30 to prevent the flight of capital from Australia. It may be a good thing to prevent the flight of capital from Australia, but why publish to the world that our currency has depreciated to such an extent because our trade and commerce has become so stagnant as to warrant the step. It is not the position at all. The banks fixed the exchange rate for a given purpose and the condition of our trade and commerce had nothing whatever to do with it.

Mr. H. W. Mann: It resulted in our producers getting a better price for wheat and for wool.

Hon. A. McCALLUM: I have made it clear already that I am not contending it was a bad move; I am presenting the truth, and we should let the facts be known. These tales that the professional economists have put up do not represent the facts at all.

The balance of trade should not be blamed for the position. In Australia we have made an enormous recovery during the past year, and the Commonwealth should be given credit for the recovery that has been accomplished. I challenge anyone to contradict me successfully in that respect. I suggest that the Premiers' Conference and the Governments throughout Australia should have seen to it that the Government payments were exempted by the banks. If what I have indicated was the desire of the banks, then the banks should certainly have refrained from applying the exchange rate to the payment of Government funds overseas in liquidation of commitments in London and elsewhere. Even if it became necessary to fix the exchange rate to prevent the flight of capital, that additional burden should not be placed upon Governments in meeting their commitments. There is another point in respect of which the professional economists seem to be altogether astray. The Premier said that the Governments of Australia had borrowed £28,000,000 overseas and had no tangible assets to show for that money. The borrowing of that money was for the purpose of meeting our deficits.

The Premier: I was comparing that phase of our borrowings with other loan funds.

Hon. A. McCALLUM: Yes. The Premier gave us particulars regarding the money spent from overseas loans on works and on ordinary departmental expenditure. He indicated what the £28,000,000 was for, and pointed out that there was no tangible asset behind that money. While I am not contending that that has affected the note issue, I do say it is a form of inflation, seeing that there is no tangible asset to show for that money.

Hon. M. F. Troy: They had to get credit somewhere.

Hon. A. McCALLUM: Yes, of course.

Hon. M. F. Troy: And it was inflation.

Hon. A. McCALLUM: Yet the economists say that with inflation up go prices. Despite their claims, we find that although there was inflation to the extent of £28,000,000, prices have been falling all the while. I agree with Mr. J. H. Thomas, the Secretary of State for the Dominions, when he says that the economists are hopeless. History shows that they are hardly ever right, and they are always in disagreement.

The Chief Secretary: Then one of them must be right at some time.

Hon. A. McCALLUM: Nearly always they are wrong. If any Australian Government were to pin their faith to the predictions and calculations of the economists, then God help Australia! I would sooner accept the viewpoint of the hard-headed, practical business man who is daily confronted with facts, than accept the opinions of anyone who sits down with pencil and paper to figure out things on the basis of theories. I would not stake the position of the country on the views of any of the economists.

The Premier: They have special knowledge.

Hon. A. McCALLUM: I would not entrust them with the management of any business. From the earliest stages of the discussions regarding the reconstruction of the nation, the members of the Labour Party have stood for the reduction of interest. We have stressed the point right through that interest must come down. In his speech when commenting on the report of the Premier after the previous Premiers' Conference, the Leader of the Opposition emphasised that point. Not so the members on the Government side of the House; they have not stood for that principle.

Hon. J. C. Willecock: They said we could not break a contract.

Hon. A. McCALLUM: Even Sir Otto Niemeyer in his recommendations for the re-establishment of Australia's financial position, did not include a proposal for the reduction of interest. Only from the Labour side of politics did the plea come that interest rates must be reduced. In the course of his speech the Premier told the House that the plan adopted by the Premiers' Conference should have operated as from a year ago. We say, too, that interest should have been reduced a year ago.

The Premier: I agree with you.

Hon. A. McCALLUM: It is not frequently that the Premier does agree with us, but we are pleased to have a convert.

The Premier: You claim converts when you do not get them.

Hon. A. McCALLUM: We can take it that on the reduction of interest as a principle, we are in agreement. On the other hand, as to the methods suggested for giving effect to the plan, there is plenty of room for disagreement. We have held that interest has no special claim for exemption

from taxation. We have, from time to time, decided that certain forms of income should be free from special taxation, and we have selected certain avenues for special taxation. For instance, income derived from other than personal exertion has to bear a special tax, while the land has been selected for its special tax. Why should the business of money-lending be exempt from special taxation? The only argument advanced against the policy of a special tax on interest has been that it would jeopardise the success of future loans, and that people would ask for higher rates of interest before subscribing to future loans. What kind of precedent does the plan set up? It proposes that because there is a slump and money should be cheaper, the country should refuse to pay the higher rates and lenders must convert at lower rates. If that policy be accepted, the reverse should also apply. What would have happened during the war if the people who, in earlier years, had invested in loans carrying interest at 3 and 3½ per cent., had agitated in favour of converting into loans carrying 6 and 6½ per cent.? They could equally have claimed that the conditions had altered. Would not they have been equally entitled to claim that, as the country was booming, an alteration should be made in their favour? Dangerous as is the precedent now proposed to be set, it would be equally or more dangerous if it operated in the other direction. From the viewpoint of investors I consider that the taxation of interest would have been preferable. If conditions improve, and Australia gets back into its stride, it would be a simple matter to modify or lift taxation.

The Premier: But the interest is too high.

Hon. A. McCALLUM: Then a reduction should be made by means of taxation. If conditions improved and the country returned to prosperity, there is nothing more certain than that interest rates would rise. The plan of the Premiers, however, will fix conditions for 30 years. I do not know whether the Premier expects Australia to remain in its present position for 30 years, but I think the policy we suggested was the soundest from every viewpoint. There can be no question that great hardship will be caused by and complications will arise from the alteration of the dates of maturity. I know of instances, and doubtless other members know of them also, of trust moneys

having been invested in Commonwealth loans. In one instance the fund has to be distributed when the youngest child reaches the age of 21. Now that loan, or a percentage of it, will be extended for 30 years. If a man had £2,000 invested in the loan, it might be divided by ten and returned to him in lots of £200. If he had £1,000 invested he might get it back in lots of £100.

The Premier: If the sale of the bonds can be effected at par, what does it matter?

Hon. A. McCALLUM: I think it will be a long time before it will be possible to sell them at par.

Hon. S. W. Munsie: Chop out the stock exchange quotes and they will soon return to par. The stock exchange people have made millions out of bonds already.

Hon. A. McCALLUM: Other people have entered into definite obligations to meet liabilities on certain dates. They have invested the money in Commonwealth loans, thinking it would be available when the obligations became due. Their contracts cannot be altered. I know of men who are involved to the extent of hundreds of pounds. They invested all their money in Commonwealth loans, believing that at the date of maturity they would be able to draw the money and meet their obligations. Now the date of maturity is to be altered; they are not relieved of their obligations, and the money will not be available. Whichever way we examine the position, the proposal of the Premiers' Conference is more objectionable than the policy of the Labour Party. Elderly people have invested in short-dated loans, relying upon the interest income to carry on. I feel guilty for having advised a poor soul of 70 to put her small savings into the last loan. She will never see the money again because it will not be available for 30 years and she cannot live that long. Many instances could be quoted of the hardship that will result from the plan.

The Premier: The Financial Agreement provided for paying loans in 59 years.

Hon. J. C. Willecock: No, for redeeming loans in 59 years.

Hon. A. McCALLUM: That has nothing to do with the plan now before us. A man with a couple of hundred pounds, not needing it for five or six years, might have in-

vested it in a loan, believing that at the expiration of the period the money would be available to enable him to meet his obligations. Now the ground is cut from under his feet.

Mr. Sampson: The difficulty is to find an alternative.

Hon. A. McCALLUM: An alternative was suggested.

Hon. S. W. Munsie: And was adopted at the previous conference of Premiers and then upset.

Hon. A. McCALLUM: Many elderly people depend upon the interest from their small investments to live on; it is sufficient to keep them afloat.

The Premier: And you would tax them!

Hon. A. McCALLUM: To tax interest would be more equitable as, under the income tax provisions, exemptions could be provided for all those receiving under a given sum so that the incidence of the tax would be equitable. The Premier does not suggest any exemption regarding loans. A person of limited means has to lose his interest income just the same as a man with £300,000 invested in Commonwealth loans. View it as we will, the Premiers' plan will do far more damage than would have resulted from our proposal. The plan absolutely alters the main conditions of a prospectus issued a mere six months ago. The people were then asked to subscribe to a national loan under given conditions. Now the whole of those conditions are to be altered. Call it by any name we may, there is no question that in essence it is repudiation. It is not the blunt and brutal repudiation of Mr. Lang; it is of a more refined type, but it is repudiation all the same. People subscribed to a loan six months ago, but the conditions are not to be observed. If that is not repudiation, I should like to know what it is.

Mr. Marshall: It is made respectable now since Lyons and Latham support it.

Hon. A. McCALLUM: What is going to happen to those people who refuse to convert into loans carrying a lower rate of interest?

Mr. Marshall: Nothing.

Hon. A. McCALLUM: The Premier has not told us.

The Premier: That depends upon the Federal Government. We cannot tax interest.

Mr. Marshall: You were all parties to the plan. Why does it depend upon the Federal Government?

The Premier: The State cannot tax interest.

Hon. A. McCALLUM: We are asked to subscribe to this agreement, which is to cover all the States. Surely we are entitled to know what is going to happen to those who refuse to convert. To convert will mean great hardship in many instances, but some people will be dominated by selfish motives. Before we pass this legislation we are entitled to know what is going to happen to such people. What are the Premiers' ideas?

Mr. Marshall: I do not care what is in their minds. I want to know what is in the Bill.

The Premier: Read it.

Mr. Marshall: It is not stated in the Bill what is to be done to those people.

Hon. A. McCALLUM: I also want to know what is going to happen regarding private interest rates. The Bill deals only with Government interest rates. Is no lead to be given to private mortgagees? The banks have declared their intention of lowering the rates on fixed deposits, but they have made no declaration about lowering the overdraft rate. If there is to be a general cut in interest, it is not sufficient that it should apply only to Government rates. I press for a declaration of the Government's policy as regards private interest rates. The other night the member for Geraldton pointed out by way of interjection the effect of interest on rents. When buildings are erected with borrowed money, the interest rate is the governing factor in fixing the rents. Rent is a big item in the domestic budget of every householder in the country. I want the Premier to understand the position of the wage earner who is purchasing his own home. He entered into obligations to pay certain instalments. A man who was receiving £6 a week might have committed himself to the payment of £1 a week in respect of his home, and since then his wages have been reduced, and there are to be further reductions of wages to £5. In the first instance, the worker was paying one-sixth of his wages for rent, but under the altered conditions he will be paying one-fifth.

The Premier interjected.

Hon. A. McCALLUM: Does the hon. member propose to tax private interest?

We do not discriminate between Government and private interest. That interest has to pay its toll towards the national obligations.

Hon. J. C. Willecock: There is a tax now of 1s. 6d. in the £1 on property.

The Premier: Interest is charged to those people who have borrowed money to build houses.

Hon. A. McCALLUM: I want relief given to those people who have entered into these obligations. Their assets are being whittled away; their income has been taken from them. A part of the agreement of the conference is to reduce them by 20 per cent.

The Attorney General: That is part of the plan, the reduction of interest in private contracts. It was published in the papers.

Hon. J. C. Willcock: I asked the Premier about it on Thursday and he did not give us any satisfaction.

Hon. P. Collier: Did the conference come to a decision to reduce private interest?

The Attorney General: Certainly.

Hon. P. Collier: By what means?

The Attorney General: By the application of the mortgagor to the court.

Hon. J. C. Willecock: The Premier was very silent on that question; he did not give us any information.

Hon. A. McCALLUM: Do I understand from the Attorney General that he proposes to bring down a Bill to deal with that?

The Attorney General: Certainly.

Hon. A. McCALLUM: Up to now we are without information of any description. We have not been told that there is to be any alteration, and I do not know anything that has been decided. We shall wait with interest to see what the policy of the Government is.

The Premier: Our policy is to carry out the resolutions of the conference.

Hon. A. McCALLUM: We do not know what they are.

The Premier: They have been published.

Hon. A. McCALLUM: What has been published in the Press has been considerably abbreviated, and Parliament should not be left to learn the decisions of the conference from the newspaper reports. The very important decisions of a conference of that description should be put before us here, and we should be told what it is intended to do and under each heading what the policy of the Government is to be.

The Premier: The policy was put up by the Chairman, Mr. Scullin.

Hon. A. McCALLUM: Very few members of this House know what was suggested under the heading of the reduction of private interest. We shall wait and see just what the Government propose when they bring down their Bill. Another point: The Plan does not deal at all with the question of our overseas interest. We have an enormous overseas bill to meet, and the Plan does not touch it.

The Premier: It cannot.

Hon. A. McCALLUM: Are we to understand that the overseas bondholders are the only section of the Australian investors that are not to be asked to make a sacrifice, that they are to go scot free?

The Premier: The interest they pay is just over 4 per cent. in our case, and the law will not touch them.

Hon. A. McCALLUM: I suggest that there is a precedent that could easily be followed in this case. We know that the bonds are held by a great number of people, that those people are scattered over a very wide field, and that it would be almost impossible to negotiate with every individual holder; but there is a precedent for what I suggest, and it is that the Governments should set up committees or boards, and that those committees or boards should negotiate and come to an agreement, and the decisions passed into law by the different Parliaments. That has been done before, and it appears to me it should be followed in this instance. Unless we face the reduction of the enormous amount of overseas interest that we have to meet, we shall still have to carry a heavy burden. I should like to say to the primary producers and the members of the Country Party in this House who talk so much about reducing the cost of production that if they reduced wages, working conditions, hours and every conceivable production charge, including the tariff, back to the 1913 level, that in the aggregate the cost of production would still be up 45 millions. That is the increase in our public interest bill since 1913, and production has to carry it.

Mr. Patrick: Presumably that money was borrowed for public works.

Hon. A. McCALLUM: That is to be met by production.

The Minister for Lands: Not necessarily.

Hon. A. McCALLUM: The money that has been spent on our railways?

The Minister for Lands: What about metropolitan water supplies?

The Attorney General: Production is increasing.

Hon. A. McCALLUM: The figures are 45 millions over those of 1913, and you can bring down hours, wages and tariffs, but you cannot do anything unless you tackle that increase. Production will have to carry it.

The Attorney General: That is conceded.

Hon. A. McCALLUM: The Plan does not deal with it.

The Attorney General: But it leads up to it.

Hon. A. McCALLUM: It is not much use leading up to it and stopping there. We want to go further. This is only 6½ millions: it is not meeting our exchange bill. Something in addition will have to be done. I have found it pretty difficult to understand just what is the policy of the Government, if the Premier speaks for that policy of the Government. But does he on this question? After the previous conference the Premier spoke at a luncheon given by the Chamber of Commerce, and I have here the newspaper report of his remarks. He said he doubted whether any country in the world could face the interest bill that Australia was now obliged to meet. That was at the luncheon. An hour or two afterwards, in reply to a question asked by an unemployed deputation to this effect, "When can we tell the unemployed that we will put them back at work?" he said, "As soon as the Federal Treasurer can borrow the money." The very essence of this Bill and the only reason for bringing it in is that Australia cannot meet its interest obligations. The Premier said here that he could not find work for the unemployed until we were able to borrow more money. If our interest bill is so high that it is impossible for Australia to meet it, is it the only remedy that the Premier has that he should borrow more money and make the interest still higher and say to Parliament, "It is impossible to carry our present load"? What is the position of the Premier? The Chief Secretary does not subscribe to the Premier's idea. He made it perfectly clear in his address at Nedlands that he did not look to overseas borrowing as a way out of our difficulties. There seems to be a cleavage be-

tween the policy set out by the Premier and that of the Chief Secretary. I want to make it clear that our attitude on this Bill is not to be taken as an indication of our attitude on the other Bills that are to come down. It has been said by the Premier that the whole plan is indivisible. We do not subscribe to that. We are going to divide it, and we are not shaping our attitude on this Bill as an indication of what our attitude will be on the Bills that are to follow. I have outlined what the policy of this party has been, and what should be done. The position now is that there has been an agreement by all Governments to reduce interest by this method. If the voluntary conversion fails, that will still leave the field open for the taxation that we have advocated in the past. We stand for the principle of relieving the community from the enormous interest burden with which it is faced at the present time, and with that in view we do not propose to offer any opposition to the Bill. We think our proposal will work with far less inconvenience than the measure before us. Here is an agreement, arrived at by all Governments, that can be put into force, and we are not disposed to discard that by reaching the end that we desire, merely because we are not arriving at that end in the manner by which we would wish to do so. Our attitude on the remainder of the scheme will be indicated when the Bills are presented to Parliament.

On motion by the Attorney General, debate adjourned.

#### **BILL—FARMERS' DEBTS ADJUSTMENT ACT AMENDMENT.**

Returned from the Council with an amendment.

*House adjourned at 6 p.m.*

## **Legislative Council,**

*Wednesday, 1st July, 1931.*

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

#### **QUESTION—CAVES HOUSE, RE-BUILDING.**

Hon. G. FRASER asked the Minister for Country Water Supplies: 1, Is the statement appearing in the "West Australian" that the Government have no funds to rebuild the Caves House correct? 2, Were the premises insured; and, if so, (a) for what amount, and with whom, (b) what has become of the money?

The MINISTER FOR COUNTRY WATER SUPPLIES replied: 1, Yes. 2, (a) The premises were insured for £12,000 with Messrs. Bennie S. Cohen and Son (W.A.), Ltd.; (b) the sum of £3,283 was recovered from the insurers for the damaged portion of Caves House, of which £1.106 17s. 1d. has been spent in replacements, and the balance of £2,176 2s. 11d. is in the Treasury (Trust Account).

#### **BILL—FIREARMS AND GUNS.**

Report of Committee adopted.

#### **BILL—WORKERS' COMPENSATION.**

*Second Reading.*

Debate resumed from the previous day.

**HON. SIR EDWARD WITTENOOM** (North) [4.37]: My remarks on this Bill will be brief, at all events for the present. The measure is certainly one of the most puzzling within my experience. It puts me in mind of the old saying concerning the curate's egg, which was good in parts. One can hardly realise the source from which the Bill originated, when many of its clauses are considered.