least of it, are very uneven. I have also demonstrated the fact that the previous Government, by administrative action, gave to the wage-earners in the Government service something that the Arbitration Court refused to agree to. In other words the Government altered the decision of the court. That additional money could be given only by taking it out of the pockets of other workers and——

Hon. P. Collier: The farmers.

The MINISTERS FOR WORKS: The farmers are workers as well. I have already indicated that the 110,000 workers in private employment have to bear the expense of the concession to Government workers. The Opposition tell us they are the friends of the workers, but evidently the Labour Government were the friends of the Government employees. Every penny this State adds to the cost of Government services means taking so much out of the pockets of the rest of the people, and the time has come, not only in this State but elsewhere, to rectify the position.

Mr. Kenneally: You are making out a good case for a proper charge to be made for the carriage of superphosphates.

The MINISTER FOR WORKS: If the member for East Perth (Mr. Kenneally) would only take home a bag of superphosphate, he might grow more intelligence, because super is good. We as a Government stand for the Arbitration Court. That court has never been allowed to function. We stand not only for the workers in the Government service, but we stand for justice for the whole of the people of Western Australia. Hence our action in this respect.

On motion by Mr. Griffiths, debate adjourned.

House adjourned at 8.48 p.m.

Legislative Council.

Tuesday, 2nd September, 1930.

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

ADDRESS-IN-REPLY.

Sixth Day.

Debate resumed from the 28th August.

HON. SIR EDWARD WITTENOOM (North) [4.34]: Before proceeding to address myself to the motion before the House, I should like to say how pleased I am to be back in Western Australia, and incidentally amongst my fellow members in this House. From my experience of travelling I can honestly say there are few places in the world to equal Western Australia, especially for climate and health, and I always find each time I leave it that I am more than glad to come back again. Again, I should like to place on record my regret at what I understand is a serious illness in my old friend Mr. Bernard Parker, the Clerk of Parliaments. As you all know, Mr. Parker has been associated with this House for a great number of years. He was particularly closely associated with me during my short term as President, and I can say that he carried out his duties loyally and to the best of his ability. During his serious illness he has my sincere sympathy and, I am perfectly sure, the sincere sympathy of us all. A third matter I should like to mention has to do with the Standing Orders. Standing Order No. 381 prescribes that no member shall read his speech. I think that in the past that rule has been carried out rather in the breach than in the observance; indeed I might almost say that on various occasions we have had speeches read in this House. I think that Standing Order should be eliminated, for a well-written speech is infinitely better than a long viva voce harangue which, perhaps, has in it neither point nor grammar. So I think it would be advisable to have that Standing Order expunged. My reason for referring to it on this occasion is that through my increasing age my memory is not as good as it has been in the past.

Hon. E. H. Harris: It is fairly good now.

Hon. Sir EDWARD WITTENOOM: Therefore I am going to ask your permission, Sir, to refer to what I might term copious notes. In view of this explanation, with your indulgence, perhaps I shall not be continually called to order. I have carefully read the speech with which His Excellency opened Parliament this session, and I am exceedingly sorry to say it makes most cheerless reading. It openly admits the almost hopeless position we are in financially, industrially and commercially. The position is almost as bad as it possibly could be. The Speech may be taken as a recognition of our financial and industrial troubles, and it contains some rather vague and indirect suggestions for their improvement and removal. Having just arrived from London, I am sorry to say the conditions there, politically and in many other ways, are almost parallel with what they are in the Commonwealth. In England at present there are three outstanding troubles, namely, finance, unemployment and India. If we substitute "Federal Government" for "India," I think we may say we are almost in the same position as are the authorities in England. I believe, too, that anyone who has impartially studied the present state of affairs in Western Australia must admit that for a number of years past successive Governments have governed the State exceedingly badly. Ordinary business methods have been almost entirely absent in anything they have done in relation to our various interests. I can give a few instances: Year after year the expenditure has exceeded the revenue to a very large extent till, I suppose, the aggregate deficit at the present time is a very serious one. Last year we had the example of the position being £518.000 to the bad. That does not show good government. I understand the estimate was a deficit of £105.000. That is how we were told the year would end up, namely, £105,000 to the bad. The State trading concerns have been so badly managed that I find that from their inception they have made losses aggregating no less than £2,178,027. This is a very serious matter indeed. I do not propose to go into the details of each of those trading concerns, but when we find that from their inception they have gone to the bad to the extent of £2,178,027, we must admit it is exceedingly serious. That is pretty bad, but when we come to the Railways we find that last year they, too, showed a deficit to the extent of £404,489. And it is not as if it had been a particularly bad year, generally speaking, because last year the railways had a deficit of £178,699. So again it seems the Government have not been capable of attending to affairs in such a way as to render them successful. Loan moneys have been spent on non-productive works in spite of the clause in every loan prospectus insisting upon expenditure only on works that shall be reproductive. As Agent-General in London I had experience in raising loans, and I may say that in every prospectus it was clearly stated that the money was to be expended only on reproductive public works. And how has it been spent? Certainly not all on reproductive public works. In many cases we find that money voted for a railway in the current year has been taken to pay for a railway constructed in the previous year. I have even heard that loan money voted for a railway has been taken to pay interest on previous loans raised in London. If that is to be classed as good government, I do not know what good government may be. All this appears to me to point to total incapacity in the way of personal management on the part of successive Governments, and to a large extent it is the reason for our present embarrassment.

Hon. E. H. Gray: What about the Federal Government?

Hon. Sir EDWARD WITTENOOM: A very different state of affairs should be insisted upon in the future. I am pleased to see that the new Government have declared that they intend to institute a new state of affairs. I find in the Speech these words, "Strictest economy therefore becomes imperative, and services must be curtailed to absolute necessities." And in a subsequent paragraph it is stated that the ledger must be balanced. This should be carried out in the future as should have been the case in the past. I have had a good deal to do with public companies both as a director and as chairman of directors. Suppose Western Australia were a company, the Government and members of Parliament were the directors, and the people were the shareholders. What would be thought of the Western Australian company which budgeted for a loss of £105,000 but actually lost £518,000? What would be thought of any board which brought about such a result? Governments have continually added to these deficits which represent the difference between the

expenditure and revenue. Instead of trying to make the figures balance, and getting through at a loss of only £105,000, we find that the previous Government raised salaries everywhere. The Chief Justice had an increase from £2,000 to £2,300, and the three Puisne judges went from £5,100 to £6,000. That was done in the face of an expenditure which exceeded the revenue. The Auditor General's Department rose from £6,280 to £8,200; the salaries of the Arbitration Court, the most useless thing that could exist, rose from £1,200 to £3,700; the contributions to fire brigades rose from £8,900 to £13,000; the salary of the Conservator of Forests rose from £634 to £1,000; forest transfers from revenue rose from £64,000 to £71,000; Parliamentary allowances from £32,000 to £48,000; pensions and retiring allowances rose from £37,000 to £57,000; and the Public Service Commissioner had an increase from £1,000 to £1,250, the most justifiable increase of all.

Hon. A. Lovekin: Look at the increased spending power this created.

Hon. Sir EDWARD WITTENOOM: The University, another useless affair, rose from £17,000 to £30,000. Instead of trying to make the Budget balance, the Government went from bad to worse. This shows that Governments have not been capable of dealing with State affairs from the financial point of view. If Parliament and the Government were directors, as I have suggested, the shareholders would give them the sack. At any rate they would not be voted in again.

Hon. A. Lovekin: They would not change the directors every three years. That is what has happened. It would be better if they had men who knew something about the business.

Hon. Sir EDWARD WITTENOOM: The expenditure should be kept within the consolidated revenue. It has not done so. As the Speech said, "The ledger should be balanced." When we find fault with the Government or a board of directors, the proper thing to do is to show what remedies can be made use of. I would offer one or two suggestions which, though not popular, are certainly sound. One outstanding economy would be to reduce the expenditure upon education. About £650,000 is being spent on a community of 416,000. I do not suppose such a thing has been heard of anywhere else.

Hon. A. Lovekin: If you do not educate the people, they cannot compute their income taxes.

Hon. Sir EDWARD WITTENOOM: There are, amongst other things, seven high schools and a modern school. Not one of these is necessary. There are five first-class high schools run by private enterprise. Unless a boy desires to go in for a profession he can get all the grounding he wants in our own very excellent elementary schools, which are as good as those in any other part of the world. If he wants to go in for a profession, he can attend one of these five private secondary schools at a cost of 12s. 6d. a week. As a rule, the man who goes in for a profession earns not less than £1 a day, and surely his parents could afford to spend 12s. 6d. a week on his education at a private school. We could by this means save £150,000. We also have a free university. This is highly endowed, and yet it takes £30,000 away from our revenue at a time like this. That is most unjustifiable. Universities are very popular. Many people think that every place should have a university and that everybody should be educated in one. In my travels I have found three countries that have been practically ruined by their universities. I refer to Egypt, India and Japan. In these places people make their living on the land. When young fellows have passed through universities they are informed that they should go on the land. They reply that they have not gone through the university to do that sort of work. They decline to go on the land and all they can think of is revolution. That is what is happening in Egypt, India and Japan. In America, Germany, France and England there is justification for universities because there are places to which the students can go afterwards. The sons of wealthy men attend them, and many go merely for the purpose of passing through university life. These are two ways of saving money. I believe the university is already endowed to the extent of £600,000, and there should be no necessity to give it any of the revenue of the State. Let me now deal with State trading concerns. Probably some of them pay their way, but the great fault with them all is that the principle is a vicious one. Private enterprise is prevented from entering into that field

of trade or commerce. No one will attempt to compete with the Government, for they pay no taxes and do not incur the other costs that private people have to incur. That is why State trading is a mistake. The only two State trading concerns that are justifiable are the State Shipping Service which is engaged along the north-west coast, and the Wyndham Meat Works. The State Shipping Service should be let by contract. Tenders should be called and the tenderers should state the amount for which they would be prepared to carry cargo and passengers, particularly women and children during the summer. There should be a schedule of rates. A great saving could be effected if the service were run in this way. Only two things can be done with the Wyndham Meat Works. One is, as suggested in the "West Australian" the other day, to hand them over to a man like Mr. Vestey, or to present them to the cattle owners in the Kimberleys. The cattle growers could be asked to take over the works and do the best they can with them.

The Minister for Country Water Supplies: Would they take them?

Hon. Sir EDWARD WITTENOOM: I cannot say. Probably they would do so with the help of a man like Mr. Vestey. Whatever is done with them, they should be got rid of. Anyone who read the excellent article in yesterday's "West Australian" will see the case set out plainly. I now come to the railways. These should be put on a proper footing, and, instead of losing £404,489, they should be showing a profit. Years ago I had a little experience as a Minister of the Crown. In those days the railways did pay. We always got revenue from them. I do not think there has been any revenue from the railways since the days of the Wilson Government. In my time nearly everything paid, and there was generally a credit balance at the end of the year. The object now seems to be to see how much deficit can be accumulated. The Commissioner should be instructed to make the railways pay. If he cannot do so someone else should be given the opportunity. They must be put in a position to pay their way. Whoever is in charge of them must also have removed all the drawbacks with which he is now confronted. He should be free to make the railways pay.

Hon. J. Nicholson: Some of the branch lines do not bring in sufficient revenue to provide axle grease. They could not be made to pay.

Hon. V. Hamersley: The metropolitan trains are travelling empty.

Hon. Sir EDWARD WITTENOOM: The hon. member anticipated my reference to the metropolitan service. A man told me the other day that he frequently travelled on the trains. He noticed that so many carriages were empty that the only question that arose in his mind was whether the train was justified or not, and, if so, whether it should be longer than two or three carriages. I mention these things to show where economies can be effected. It is no use talking about higher rates because the producers could not afford to pay any more. It must be a question of reducing costs. It is not a popular thing to talk like this, but we have been told in the Speech that we are in such straits now that we must effect economies. I am trying to suggest directions in which costs can be reduced. I want to put forward suggestions so that they can be heard and read. If anyone can suggest anything better there is time for him to do it when I have finished. The tramways should be made to pay. One of the worst things that ever happened was when the Government bought the trams. They should belong either to the City Council or a private company. Money should be spent on the works for which they are voted and not kept for other undertakings. Directly a work is considered necessary and reproductive, the money voted should be spent upon it. So many railways have been built in every direction that they cannot all be expected to pay. Some of them, too, have been built not always for the benefit of settlers but merely to provide work. It has also been a good excuse to advance, that because a few settlers are gathered together a railway should be constructed to their midst.

Hon. W. T. Glasheen: And sometimes because a particular member is shaky in his constituency.

Hon. Sir EDWARD WITTENOOM: Next I come to the question of unemployment, which is the most serious that confronts us at the present time. As a matter of fact, the problem is world-wide. In Western Australia I can say without hesi-

tation that the whole cause of the trouble has been the Arbitration Court, and from the time Mr. Justice Higgins uttered, I was going to say absurd, but perhaps it would be better to declare it an idealistic remark, that no bread was better than half a loaf, the development of Australia, and particularly that of Western Australia, has been hampered. Why? Because time after time Arbitration Court awards that have been given have been incapable of fulfilment, that is to say, the particular industry affected has not been able to comply with the directions of the court. The awards in so many instances have been so high that the particular industry could not carry the burden. I believe that a man should have as much as he can possibly get, and I would even go to the extent of amending the Factories Act, which says that a man shall not work after 6 o'clock at night. I would give him permission to work day and night, provided he did not employ anybody. How can individuals be expected to progress when they are tied down in the manner that we know is the case to-day? I do not say that wages are too high, but I contend that awards are such that the industries cannot afford to pay them. The result is that the industries have to dismiss a great number of men and retain only those who are regarded as the best workers. That is the invariable outcome of most of the awards. The men who might be described as second-rate cannot get employment anywhere else. Moreover, the union leaders will not allow them to take anything else. I happen to know of certain industries that do not come under an award, and the relations between the employers and the employees are very friendly; there is not the slightest trouble, the men being contented and willing to work for the wages they receive, which may be 10s. or 12s. a day. The Arbitration Court should be abolished and the people should be allowed to make their own arrangements in regard to wages and conditions. I am sure if that could be brought about, a happier state of affairs would exist, and work would be plentiful for all. We could rest assured that the union leaders would see to it that the men were properly cared for. We are aware that amongst those leaders there are many clever men, and we could rely upon agreements being framed that would give satisfaction to both parties. Then there would be thousands more men employed. Particularly would that be the case on the goldfields, where low-grade propositions could be worked. It is impossible to pay 15s. and 18s. a day to miners when only, say, 5 dwt. ore is being obtained. Summed up, we can safely say that the present position is due entirely to the awards of the Arbitration Courts, awards that industries are not able to pay and which force the dismissal of employees in some cases, and close down works in others. Seeing that the fault lies at the door of the Arbitration Court, I suggest that instead of people asking for subscriptions to assist the unemployed, the Arbitration Court should be compelled to keep all those who are out of work. Let the court find the money for the sustenance of the unemployed. Why should the court expect the public to keep all those who are out of work when, by reason of a foolish award, those men have been thrown out of employment. If all the awards were withdrawn, and people were allowed to work as they wished, and especially on the low-grade areas on the goldfields, we should soon dispose of our unemployment difficulty. Everything should be done to prevent unemployment. To have many unemployed is the worst thing that can happen to a country. People who are not doing anything are apt to make mischief. In England at the present time there are nearly 2,000,000 on the dole, and there a troubled state of affairs may be expected because there is the feeling that those who are on the dole do not want to go off it. I do not say that that is the position in Australia or in Western Australia. That is all I have to say on that subject. I may have rubbed up some people the wrong way, but I hope my remarks will be accepted in the spirit in which they were offered. I am exceedingly pleased to note by the Address-in-reply that it is intended to submit very few Bills to Parliament. It seems to have been the ambition of previous Governments to bring down as many Bills as possible, and at the end of the session to boast about the number that had been passed with or without amendments. What we want now is administration; we have plenty of legislation, though we may have to amend some Acts that have been hurriedly rushed through. There is another matter to which I wish to refer and which I think will appeal to the members representing the West

Province, which takes in Fremantle. When I returned from England recently I travelled in a Blue Funnel vessel and we arrived on a Sunday. We could have arrived on the Friday before, but I understand that payment is levied on a vessel tied up at the wharves at Fremantle whether it is working or not, Sundays or Mondays, night or day, and the payment varies according to the size of the ship. We could easily have arrived at Fremantle on Saturday, but if we had tied up on that day and no work had been done on the Saturday or Sunday, all the passengers—there were 100 altogether—would have been moving about Perth and Fremantle, spending their money. I understand that in Sydney no charge is made when a steamer is alongside a wharf and that steamer is not being worked. I thought I would refer to this matter for the benefit of the members of the West Province, and if it is possible to do so I will carry it further so that the charge to which I have referred may be abolished except perhaps any charge that it may be necessary to impose in connection with Customs work that is performed. The point I wish to make is that when a steamer has a number of passengers, it is of advantage to encourage those passengers to go ashore. We can imagine the amount of money that they would spend while their vessel was tied up at the wharf. That would be of advantage to the State. Another matter I desire to refer to is that according to an Act that was passed some time ago, no one in Western Australia can hold more than 1,000,000 acres of pastoral land under leasehold conditions. By some means or other, however, this Act is continually being evaded and therefore it may be just as well to repeal it. The law might be amended so that in the event of a property having been worked to the utmost possible limit in the way of provision of water, windmills, fencing, stock, etc., all to the satisfaction of a Government inspector, the party holding it should be permitted to purchase another property. I happen to know two or three people who would be prepared to take up other areas and spend their money on them, but as the law stands, if the holder of 1,000,000 acres has thoroughly improved the whole area, he cannot take up any more. In conclusion, I can only say that it is very difficult to suggest methods for dealing with the unfortunate financial position in which we find ourselves. I have endeavoured to place before the House my views which, though unpalatable to some, might be found useful. It must be conceded that our present position is the most unfortunate that we have experienced, and when I say "we" I mean not only Western Australia, but the whole of the Commonwealth, and were it not that Great Britain is herself in a pretty bad way in many directions, probably we should be able to get out of our troubles or have them relieved much more quickly. I support the motion for the adoption of the Address-in-reply.

HON. W. T. GLASHEEN (South-East) [5.15]: I am not at all anxious to speak to the Address-in-reply. As a matter of fact, I am not anxious to speak at any time, and I would gladly refrain from speaking this afternoon if we had any other work before us. We have to wait some little time for work to come to us from another place. Had that work been here, I would have followed the advice that, on an occasion of great financial stress and difficulty such as the present, we should get down to work. I am sorry that during the recess one of our colleagues in the person of Mr. J. R. Brown passed away. Mr. Holmes, in expressing his regret, said that at first he could not understand Mr. Brown, but that after he did understand him, he liked him immensely. Those are my sentiments. Mr. Brown had a blunt way of expressing himself that we perhaps did not always like, but behind his bluntness beat a kindly human heart. Though sorely tried with bodily affliction, he did not trouble others about it, but bore his sufferings bravely, and the spirit that so well bore its earthly troubles we hope is now very happy across the Great Divide. Passing to a more pleasing theme, let me congratulate you, Sir, upon the honour that has been conferred upon you. Since last session you have been singled out for high distinction, perhaps the highest distinction that a citizen of the State can attain, and those who know you best realise how well you will adorn that high honour. I hope you will long be spared to grace it. We appear to be living in an age of records. We have our Lindrum, our Bradman, and our Kingsford Smith; we have our great record-breaking

achievement in the shape of a champion national overdraft, though perhaps that is not a very happy record to break. But another more pleasing record has, I think, been established in this House, for I find that in addition to yourself, Sir, we have three other knights, Sir Charles Nathan, Sir William Lathlain and Sir Edward Wittenoom. Proportionate to the strength of the House, I should think that is a record for the Commonwealth. On my left sits the chief civic personage of the city, the Lord Mayor. That bench has been referred to as a "mare's nest," for in addition to the Lord Mayor, Mr. Allsop, who for a number of years was Mayor of Kalgoorlie, and Mr. C. H. Wittenoom, Mayor of Albany, occupy seats. With the distinctive status of our members, it seems unkind that some people should be suggesting a reduction of our salaries. I would say to those people that when our members gain distinction, they deserve it, and I am hoping that the rest of us, myself included, will some day be numbered amongst those marked out for high distinction. I regret that Mr. Cornell and the Clerk of Parliaments are laid aside with illness. I believe they are now slightly better, and we hope they will soon be in their places again. Nothing matters in life unless one has good health. This is the first year of the State's new century, and it is fitting that we should start it with a new Government, although many people may not agree with that. It is safe to say that the new Government start their work in a set of circumstances without parallel in the whole history of responsible Government. Only last year we celebrated the centenary with great jubilation. We made many speeches; we published a book or two; our papers were filled with screaming headlines, all advertising to the world our hundred years of wonderful progress. It seems strange that in the very next year after claiming to have wrought such great achievement, we are afflicted with a pretty severe headache. We are in the position of the drunk who, having over-indulged, awoke the next morning with a splitting headache, and not feeling nearly so great a fellow as he had imagined himself the night before. Sir Otto Niemeyer has visited Australia and has told us that, instead of a hundred years of progress, we have arrived in a state of semi-bankruptcy. Consequently I cannot help wondering what we made all the noise about last year. The passing of the headache will depend upon the wisdom, thought and work devoted to the affairs of the State in the immediate future. If Governments in future are going to auction their goods to the highest bidder and representatives of the various constituencies indulge in pump-handle politics as actively as in the past, our position will ultimately become much worse instead of better. It will depend upon how Governments and individuals alike apply their mentality and energy whether the silver lining appears soon or otherwise. Pessimism will not carry us very far. A writer once said that nothing great was ever accomplished without enthusiasm, which is another word for optimism. If we are going to sky the towel and say the task is hopeless because of our crushing disabilities and of world problems, then we are not semi-bankrupt but are well and truly bankrupt. If, on the other hand, we display the courage we should, the courage of our ancestors, I am certain we shall in time be able to proclaim Australia one of the greatest countries of the world. In the beginning I was under the impression that Sir Otto Niemeyer had come to Australia to give us the cane, but I was pleased to learn that he had not come until he was invited and that he was invited by the Prime Minister or the Commonwealth Government to tell us our true position in relation to world finance. I read his statement to the Premiers' financial conference carefully, and for the life of me I could not find one point in it that hundreds of people from hundreds of platforms and hundreds of writers in dozens of journals throughout the Commonwealth had not been saying for the last five years.

Hon. E. H. Harris: I do not think they put it as clearly as he did.

Hon. W. T. GLASHEEN: I think some of them put it more clearly; in fact, Mr. Bruce put it more clearly, but I suppose it is a question of a prophet having no honour in his own country. No one took much notice of the warnings previously given. I am inclined to believe that Sir Otto Niemeyer may be something in the nature of a convenience as regards the Federal Government. They knew they had to follow a

certain line, and they did not dare to do it in the face of the section of public opinion they represent, and so it was quite opportune to invite someone here to say what was necessary to be done, and then the Commonwealth Government started to do it and said they had to do it because Sir Otto Niemeyer had said it was essential. I had not heard of Sir Otto before he came to Australia, but the concensus of opinion is that he is one of the financial authorities of the world. He is a Director of the Bank of England. If he is such an outstanding financial genius, it is strange that he should have missed a vital point regarding the cause of the trouble in which Australia now finds itself. Sir Otto said we were living beyond our means, that we had borrowed too much money, imported too much and exported too little—claptrap stuff that everyone had been saying—and he intimated that because of this, and of the extravagance and over-borrowing of the Governments we had now reached a stage when our credit must be curtailed. I shall not make any apologies for Governments. I believe Governments have been extravagant. Indeed, I doubt whether any Government can escape that complaint. But even if our Government had been as careful as one could wish, yet there was one factor affecting them, a factor which in my opinion will affect Australian Governments for generations to come, a factor which Sir Otto Niemeyer forgot all about. I refer to the burden which the Australian people and Australian industry are carrying to-day because of the war. Everyone knows that in round figures the total debt of Australia is 1,140 millions sterling. Of that huge amount only 400 millions sterling can be described as debt native to Australia. All the remainder of the debt, over 700 millions sterling, was incurred by Australia without her having the power to escape the liability. She could have escaped it, indeed, only by resorting to an expedient to which Sir Otto Niemeyer probably would object as strongly as anybody else—by not playing her part in the war. The war, I believe, cost Australia 400 millions sterling.

Hon. A. Lovekin: £389,000,000.

Hon. W. T. GLASHEEN: I am taking round figures. After the war was finished, we had the peace expenditure of war in the form of gratuity bonds to soldiers, pensions to soldiers' widows—a very proper charge—and other things that were all consequences of the war. The general aggregate of Australia's expenditure on war has been 470 millions sterling. Sir Otto Niemeyer evidently forgot that the war expenditure was strangling Australia, rather than her native debt. I am amazed that Sir Otto Niemeyer should have talked of every thing but that which mattered most.

Hon. W. H. Kitson: It is wished we should forget that.

Hon. W. T. GLASHEEN: Australia's debt is about evenly balanced. In round figures we owe about as much in Australia as we owe overseas. Summarised, the position is that Australia, before beginning to lift the burden of principal, has to send away something like 30 millions sterling annually as representing interest on borrowed money. Sir Otto Niemeyer specifically mentioned wool and wheat, and said in effect, "You have to pull yourselves out of the bog by increasing exports, and principally those exports must be in the form of wheat and wool." Surely Sir Otto Niemeyer did not overlook the fact that before we started to do business in wheat and wool, we had to send 30 millions sterling of that commodity overseas in payment of interest. Sir Otto Niemeyer came here to tell us our true position and to state the reasons, as he saw them, of our trouble. If he has the great financial mentality with which he is credited, all I can say is that it is astonishing he did not mention the factor that makes the great difference—the cost of the war. Had we not played our part in the war and had we not incurred these huge war expenses, the British people, who have now practically stopped our credit, would have given us the cane harder than anyone else would have given it to us.

Hon. A. Lovekin: We might not have been a free people.

Hon. W. T. GLASHEEN: I am not saying for a moment that Australia should not have taken part in the war. I am merely remarking that Sir Otto Niemeyer's great mentality forgot all about that part. Mr. Scullin, even before listening to Sir Otto Niemeyer, said that Australia had to face a certain line of action to balance her trade. Mr. Scullin set about arriving at the balance by restricting imports. In other words, he put up the tariff a mile high, so that imports could not enter over the top

of it. I hate to dwell upon the tariff question; it has been worn too threadbare to permit of anything fresh being said on it. However, the latest figures of Customs revenue, for the first two months of the current financial year, have just been published in the "West Australian," and they show how things are going. I see the matter this way. Mr. Scullin is perfectly right as regards his intentions, but I do not think his expectations will be fulfilled. He said himself the revenue would be down 15 million pounds because of the restriction of imports. I fear, however, it will be down more than that. Then, when we ask where the missing 15 millions are to come from, we find that at the end of the scheme of things they have to come from the old horse, production from the land. The money cannot come from anywhere else. If that deficit is to be borne by products from the land, the natural inference is that those products are going to be pushed harder and harder against the already hard poverty line. Mr. Scullin has certainly restricted imports; but, so far as I am able to reason, in the end that restriction, in greater relativity, will restrict exports, and thus at the end Australia will be in a more deplorable position with regard to trade balance than she is now. An extraordinary position arose in Britain in the year 1783, when William Pitt became Prime Minister. He became Prime Minister at the youngest age a man has ever achieved that office, the age of 24. When he was elevated on that pedestal Britain was practically in the same position, allowing for difference of circumstances, as Australia finds herself in to-day. Britain had just finished a protracted war with America. She had also been at war with half the states of Europe. She was overburdened with debt, and Pitt is reported to have exclaimed, "The sun of England's glory has set; it will never rise again." On top of the war debt England had crushing duties on both imports and exports, higher duties than ever before known in British history. Pitt, although he had said that England's sun had set, did not despair, but tackled the job. He began in exactly the reverse way to that which Mr. Scullin has adopted. Instead of piling greater and greater burdens on imports and exports, he did the opposite, removing duties from goods and transports. The result was that the trade of Britain immediately opened up and became natural. In ten years' time British trade and commerce were greater than they ever had been previously. Those of us who are capable of thinking at all must know what the outcome of the reverse process will be in the case of Australia. Her last position will be worse than that in which she now finds herself. The great national job Australia has to face, particularly during the next three years, is the saving of those two great industries which Sir Otto Niemeyer specifically mentioned—the industries of wheat and wool. I have here some figures which make me feel rather proud of the Australian wool position. I am not going to deluge the House with figures—I hate them myself—but here are some which I think should be quoted. They are taken from the Commonwealth Year Book, and they show the total number of sheep in the world, where those sheep are located, the total poundage of wool produced by them, and the average production per sheep. If hon. members will kindly pay attention to these figures, they will, I believe, feel proud of Australia's position in that respect, proud of the merits of our sheep, and will appreciate the possibility of the wool industry pulling Australia out of the bog. In Europe, with the exception of Russia, there are in round figures 129 million sheep, producing 572 million lbs. of wool annually; the poundage per sheep is 4 1/3rd lbs.; the total number of bales is 1,907,000. The United Socialist Soviet of Russia has 120 million sheep, producing 316 million lbs.; the poundage per sheep is 2 3/5ths, and the total number of bales 1,055,000. Now comes Australia. Australia has 100 million sheep producing 924 million lbs. of wool; her average per sheep for the whole of Australia, with droughts and everything else taken in is 9 lbs. per sheep, and her total number of bales some three million. The average production per sheep in the world is 4 4/5th lbs., and the Australian production is 9 lbs. per sheep. Thus we see that Australia's wool production per sheep is double the world's average production, and I presume the quality of Australian wool can be regarded as more than double the average of the world's qualities. I mention these figures to show how all-important that industry is to Australia. When we are told to-day that as soon as shearing is complete, thousands of sheep in the northern parts of Western Australia will have their throats cut, we must come to the conclusion that, if Australia is carried

on the back of Australian sheep, the country is in a most serious plight indeed. Then we have the wheat industry. During the last few days I have been privileged to make some inquiries regarding the position of settlers who have assigned their estates and are now working them under the direction of accountancy firms in Perth. As a result of those inquiries, I found that at present 600 settlers are in that position and nearly all of those concerned, as indicated in the letters we have received regarding complaints they have to make about the system, consider that the present is about the worst arrangement that could possibly be made for them if they are to have any hope at all of success. I was one of a committee appointed to inquire into the matter. We interviewed the officials of the Agricultural Bank, representatives of the firms of accountants and others. I want to be quite fair and will indicate straight away that I will not dogmatise and say whether the settlers are, or are not, well served by the accountancy firms in Perth. It would not be fair. We have had the side presented to us by the settlers and we have had the accountants' side of the story as well. I like to be fair if I can, and I will not at the present time express any opinion as to whether this is the best arrangement or not. The basis on which the trustees work is a charge of 5 per cent. If a settler puts through £1,000 worth of produce and that is dealt with in his books, the firm of accountants in control of his business, charge 5 per cent. on the total proceeds they distribute. In addition to that, the firm levy charges for calling meetings of creditors, for an annual inspection of the farm, and possibly these with other charges cost the farmer about £100 per year. What we have in mind is that after the present harvest, unless wheat is a better price than now when it is 3s. per bushel or less, the 600 farmers will be added to possibly by 100 per cent., and then we shall have 1,200 farmers situated as I have indicated. Should that be so, I have it in mind that the Agricultural Bank, including the Industries Assistance Board, has never been a bank at all. It has been called a bank, but has not actually practised and worked as a banking institution. It would be in the interests of those concerned if it were to act more as a bank and carry out the functions of a public trustee. As it is, the bank is functioning in the interests of settlement and agriculture at a cost of one per cent. The accountants, acting as trustees for farmers whose estates are assigned, carry out their work as trustees on a basis of five per cent., plus other charges for services they render. After all, accountants in Perth cannot be regarded as practical farmers. They cannot direct the farmers whose operations they control as to what they should do; all they know about the farmers' positions is based on what appears in their books. As a result of the investigations I have referred to, I intend to make a recommendation to those concerned to the effect that, as the whole position is so intricate and so important, a select committee should be appointed to interview all the interests affected, including the creditors, banking institutions, settlers and everyone competent to give evidence on the issue. If 1,200 or more farmers are to be in this invidious position after our next harvest, every effort should be made to safeguard their interests by the best means possible. I hope the Minister will take notice of my remarks and if, as a result of the investigation, it should be found that the best solution is for the Agricultural Bank to act as a public trustee for the farmers, I hope the Government will get on with the job. In the course of the inquiries of the committee during the past few days, I noticed what I regard as a point of substantial danger. I was amazed to hear that while the Agricultural Bank holds the first mortgage, that charge is supplemented by a second mortgage held by the Associated Banks. I was not aware that such conditions obtained. I did not know that the Associated Banks would take a second mortgage when the Agricultural Bank already held the first mortgage. There may not be any danger in that practice, but I think there is. The Agricultural Bank does not function on current accounts. The Associated Banks do. In such circumstances, it seems to me that the second mortgage might really be met first. All the proceeds of the farmer's operations are placed to his credit in his current account with an Associated Bank. In those circumstances, seeing that the settler lodges the whole of the proceeds with the bank, the holder of the second mortgage has power to collect the lot and liquidate interest and principal

charges. That appears to me to be anomalous. If we had a public trusteeship, particularly if it were vested in the Agricultural Bank, something might be done to safeguard that position, which could easily work to the detriment of the Agricultural Bank. I come now to a proposal that will be received with greater enthusiasm than any other I have mentioned. I refer to the proposal to reduce Parliamentary salaries. Reduction seems to be everywhere in the air. I have my own particular opinion about the reduction of the earning power of the people. When that is done, we reduce the potentiality of the customers of every firm engaged in commerce and trade. Possibly what may be saved in the first instance will be lost in the second. Still, it is in the air that an example must be started at the top. We are to be asked to do with something less than we receive now in order that a little less may be paid to others for the services they render to the State. I prophesy that a Bill will be before the House prior to the end of the session, in which will be made provision for a reduction in Parliamentary salaries. I intend to vote for the measure and I wish to make perfectly clear the basis on which I shall vote for it. It seems to be generally believed that a member of Parliament who receives £600 a year is well paid. It is absurd. I will vote for the Bill merely for the sake of example, and I hope it may have some value in that respect. We have been told repeatedly in the course of screaming articles in the Press that we are not worth £600 a year. I am sorry for the man who considers he is not worth £600 a year for this particular job. If he does think so, then assuredly he is not worth it. If that is the estimate a man has of himself, he cannot be of much value to anyone with whom he is associated. Let us examine this assertion regarding the payment of £600 per year. On his present salary, a member of Parliament is worse paid than the man who sweeps the streets. In the first place a member of Parliament never has received £600 a year and never will. He has to fight an election and if he does so as elections have to be fought in these times, his first year's salary will be entirely gone before he takes his seat. Every member of Parliament knows what happens after he does so. Every sporting body, every meeting, everybody concerned with each and every effort, thinks it is the bounden public and political duty of the member to donate a quid.

Hon. Sir Edward Wittenoom: What is a quid?

Hon. W. T. GLASHEEN: Every Australian knows what a quid is! I am afraid the hon. member is not such a financial authority after all if he is not aware what a quid is! The fact is that every member of Parliament gets less than the basic wage. He has to live in an atmosphere of expensiveness and has to incur expenditure in all directions. Because of this I regret that so many people say that we receive £600 a year. I am sorry Mr. Hall is not present. He made a nice little speech the other day, but to my way of thinking, he spoilt it in one patch. Perhaps his speech should be regarded as a curate's egg. The patch I refer to was that in which he expressed the opinion that we had too many members of Parliament in our legislature. He said we could do with half the number of members. I am sorry Mr. Hall said that which implies that he was running stiff; that he was not all out; that he could do twice as much work, and do it just as intelligently as it is done now. I do not know if Mr. Hall really thinks that is the position. I do not know if that is what he implied, but that must be the logical consequence of reducing the numerical strength of the legislature by one half. I am reminded of a story told by Senator Lynch, as he only could tell it. He was speaking about Mr. Scullin in the Federal sphere and mentioned the Prime Minister's appeal to the farmers to save Australia by growing more wheat. When mentioning that point, Senator Lynch said he wondered if Mr. Scullin thought the farmers were running stiff. He then told a little story to lend point to his meaning. It was about a bull that was roaming in a paddock. Two Irishmen were walking around the paddock and Pat climbed the fence and strolled into the middle of the field picking flowers. The bull soon sighted Pat and took after him at once. Pat made a bee-line for the fence. When the horns of the bull were almost touching Pat, his friend Mick called out, "Pat, come on, he is getting you!" Pat's reply was, "Blime, do you think I'm running

stiff?" Mr. Hall seems to be in the same position.

Hon. E. H. Harris: I think Mr. Hall is stiff this afternoon, in not being here.

Hon. W. T. GLASHEEN: I think Mr. Hall also made the assertion that he was convinced the number of members should be reduced by half and the number of Houses by half, and that if one House should go, it should be the Legislative Assembly. He justified that opinion by saying that the members sitting in the Legislative Council were the representatives of the people who paid all the taxation. I have heard that statement made in this House before. It has always made me feel sorry for those responsible for such assertions, because those views are erroneous in the extreme. People who have made such assertions, surely have not followed the ramifications of taxation at all. It is surely wrong to say that we represent the taxpayers and that members of the Assembly do not represent them at all. That would seem to say something that is entirely wrong. Let such people go down to the Customs and see who pays the £40,000,000 received on account of various duties. We know that he does pay them: but then he proceeds to scatter them out through the community, and in the end they lodge on primary production. According to Mr. Hall, it is only those who pay taxes that should be represented in Parliament. If that were so, only primary producers would have representation here. I am sorry Mr. Hall is not deeper in his reasoning, and I shall be sorry in future to hear members say that we in this House represent all those who pay taxes to the State. A number of years ago we instituted a vermin tax. There is in this Chamber quite a number of members with pastoral interests, and I feel they would like to hear how we are getting on with that tax, what we are getting for it, and how many vermin of the classes coming under the Act we have been able to exterminate. I am honoured with the position, with two colleagues, of adviser on the Vermin Board, and I have secured certain first-hand information from the Vermin Board so that I might convey it to some in this House who are concerned in the pastoral industry, and let them see how far the tax they pay protects them. Here is a summary of operations, supplied by Mr. C. J. Craig, who is in charge of the department. It reads as follows:—

Dear Sir,—Set out hereunder you will find in Table A the numbers of wild dogs, foxes, and eagles destroyed in the State for the three months ended 30th June last compared with those for the same period of the previous year, and in Table B the numbers for the 12 months ended 30th June last, compared with those of the years 1927-28 and 1928-29. In Table C the amounts paid in the three years of the funds' existence are compared:—

TABLE A.

Wild Dogs, Foxes and Eagles destroyed for 3 months, ended 30th June.

	1929.	1930.	
Wild Dogs ...	4,572	3,892	Decrease, 680.
Foxes	1,587	3,684	Increase, 2,097.
Eagles	1,888	2,484	Increase, 596.

representing a net increase of £2,983 in bonuses paid in the 3 months.

TABLE B.

Wild Dogs, Foxes and Eagles destroyed for 12 months ended 30th June.

	1928.	1929.	1930.
Wild Dogs	15,450	14,815	12,700
Foxes	1,403	3,057	11,017
Eagles	3,406	4,946	10,905

Total Paid—(Bonuses only).

Year ended 30th June—

1928 ... ... £34,557 10s. 0d.

1929 ... ... £38,180 10s. 0d., an increase over 1928—£3,623.

1930 ... ... £50,175 5s. 0d., an increase over 1929—£11,994 15s. 0d.

The maximum amount collectable at the full rate of tax is £47,000. The expenditure last year (1929-30) was £51,175 or £4,175 in excess of the possible maximum collection. The credit balance of the fund at the Treasury on the 30th June last was £28,607.

The increase in amounts paid in bonuses is principally due to foxes which have increased at an astonishing rate. In twelve months ended 30th June, 1929, they had been paid for in 28 new districts as compared with the previous year, and during the year ended 30th June last were paid for in a further 31 new districts.

They are most prevalent in the Mt. Magnet and Yalgoo districts and westward through Mullewa to Northampton, and thence southwards in gradually decreasing numbers.

Scalps of foxes have been forwarded from as far North as Broome, from eastward of Kalgoorlie, and from Albany and Margaret River in the south, and a few have been caught at Osborne Park near Perth.

Wild dogs show a steady decrease, and this decrease is expected to continue.

The number of eagles destroyed has also shown a big increase, but it is thought that

this is due not to an increase in their numbers through breeding, but to increased activity in hunting them. They are most prevalent in the north and north-western districts.

One recommendation that we decided upon as the outcome of those figures, a recommendation we desire to submit to the Government, is that the bonus payable on foxes should be reduced to £1, while the amount now payable on dingoes should remain as it is. I hope that will be agreed to. We have also another recommendation, one to which I referred in the first speech I made in this House. I then said we would never succeed in exterminating dingoes by paying out bonuses of £2 on their scalps. The layman cannot catch a dog. It is not worth his while, for it will cost him about £50 each dog. Consequently he will not attempt to kill dogs for the sake of the bonus. So the work is left to the professional trappers. The figures I have submitted show that the time is approaching when the trappers themselves will not be able to make a living at their avocation. They will then turn to something else for a time, while the pest increases, and so automatically the dinkum trapper will never work for less than a satisfactory profit. The object of the board is to exterminate the dogs, not merely to keep them in check. But if the animals are to be exterminated it will have to be done by some system other than that at present in vogue. Under the Act on the statute-book, no money from the fund can be spent for any purpose other than that of paying bonuses on scalps. So it will be necessary to have a slight amendment made in the Act to permit of a certain amount of the fund being used to employ wages or salaried trappers. The proposal of the board is that for a start they will appoint two trappers, the best that can be found in the State. They will be paid to go wherever they are directed. At my place in two weeks I lost over £200 worth of sheep through a dingo. In such circumstances, although we all pay the tax, we can get no benefit from it; for we are in what is known as an isolated dog district, a district into which it is only occasionally that a dog comes. So the professional trapper will not think of coming into our district. If we had a paid trapper available, we could telegraph for him to come and catch the dog while the dog was in the district, with the result possibly that the destroyer would be caught within a few hours of the arrival of the trapper. The expense of two trappers will be only £1,000 or £1,500 per year, and I hope the Minister will take a note of the recommendation and treat the matter as one of urgency when it is formally put before him.

Hon. G. W. Miles: Why recommend a reduction in the bonus on foxes?

Hon. W. T. GLASHEEN: All the evidence in the hands of the Vermin Board shows that both here and in the Eastern States it has been found that foxes are everywhere on the increase. As a matter of fact, the more highly civilised and densely populated a district becomes, strange to say the more rapidly do the foxes seem to increase. In such districts I was surprised to be told—and to be shown a number of letters to the same effect—that the fox is not now regarded as a great menace, that he does not any longer kill sheep, and that only occasionally does he attack sheep and lambs. It is said, and rightly, too, that the choicest titbit for the fox, the most delicious thing you can put before him, is a nest of young rabbits. If, maybe, the fox is still occasionally a danger to sheep he is a much greater danger to rabbits. We have had the same evidence from the people in the North, who say that the fox's first pick is young rabbits, and his next pick emu eggs. At the present time he is supposed to be eating the emu eggs up North, where emus are responsible for very great destruction. A fox was seen at my place the other day, but we have not had any sheep killed by them in that district. Our experience is that the fox will only occasionally worry sheep, that he much prefers rabbits. So we recommend that the bonus paid on foxes be reduced by £1. That must be done or, alternatively, we must reduce the bonus on dingoes, which would not be at all wise.

Sitting suspended from 6.15 to 7.30 p.m.

Hon. W. T. GLASHEEN: I have a few figures which will be most interesting. They show the efficiency of the working of the Act as compared with what South Australia had before it copied our legislation. In that State in 1919 the sum of £29,609 was paid for the destruction of vermin under the local Act, which was then on all fours with our old Act; in 1920 the sum paid was £17,000, in 1921 it was £18,000,

in 1922 it was £28,000, in 1923 it was £34,000, in 1924 it was £36,000, in 1925 it was £23,000, in 1926 it was £22,000, and in 1927, £17,000. In 1928 the South Australian people became very concerned about what they had to pay in bonuses. They thought something was wrong and that the system was not working well. They sent to our authorities for some information with regard to the Western Australian Act. Prior to that they were collecting and destroying the scalps of dingoes, foxes and eaglehawks, on the spot through the police and the local governing bodies. There was quiet a scandal about one particular policeman who was brought up and convicted. I believe it was proved that in collusion with so-called trappers, who were supposed to be getting the vermin, he netted for himself and those associated with him approximately £20,000. The unwise practice of allowing the scalps of dogs to be destroyed on the spot, was put up to the local governing bodies here and the police as a distinct argument against the practice. Many road boards objected, for they said it was a kind of stigma upon their integrity and honesty. The authorities, however, insisted that all scalps, instead of being destroyed on the spot, had to be destroyed by the central authorities. In 1928 South Australia made inquiries about the working of our Act, and immediately copied it. Instead of allowing scalps to be destroyed on the spot, they were destroyed in the same way as has been done in this State. They are first received by the police, then sent to the central authorities, checked up and destroyed. This is how they got on in South Australia. In the first year after adopting our system they saved a tremendous amount of money. The yearly average in South Australia in bonuses for the destruction of vermin was £23,228. For the year ended 30th June, 1930, after the Western Australian Act had been copied, the total amount paid was £5,500. We are getting splendid results with regard to vermin destruction and also from the point of view of the efficient working of the Act. About 18 months ago we discussed the Financial Agreement. It was the most controversial question ever submitted to this Parliament. I am not in the habit of saying "I told you so," nor do I set up as being a wiseacre. It is only sometimes that I am right. I expressed opinions with regard to the Financial Agreement which rather fit in with what we are suffering to-day. At the time I put forward these views I think I was the only one to do so, and I believe no one else endorsed the opinions I expressed. If the House will pardon me I will read some of the remarks I made on that occasion. They are as follows:—

> There seems to be some fear of the long duration of the agreement over a period of 58 years. For my part I do not worry about that phase of it for one moment. I know very well I will not be here in 58 years' time, but I also know that the Financial Agreement will be dead before 50 years are over, and probably before 20 years have elapsed.

Hon. E. H. Harris: What makes you think that?

Hon. W. T. Glasheen: If hon. members will search for the foundations of the Financial Agreement, they will find that 90 per cent. of the whole is based on the present protective policy of Australia. In other words, if there is not the necessary revenue accruing to the Federal Government through the Customs, the money will not be available to carry out the provisions of the Financial Agreement.

Hon. H. J. Yelland: Then you doubt if there is any proper foundation for the agreement itself?

Hon. W. T. Glasheen: I say it is based on the ability of the Australian people to maintain the Customs revenue at its present level.

Hon. J. Cornell: The hon. member's inference is that although we may enter into the agreement, it cannot be enduring.

Hon. W. T. Glasheen: Precisely! In a speech delivered recently at Mildura the Federal Treasurer, Dr. Earle Page, surprised a great many people—certainly he greatly surprised me—when he narrated the various forms of primary production that had already received protection. The industries referred to had already reached poverty point or were barely paying and had received bonuses in one State or another. The butter manufacturing industry is a case in point. Another primary industry that has reached that stage is the mining industry. The timber industry is hampered by high production costs, with the result that American pine and timbers from other countries have come in and ousted Australian products. If we get down to bedrock we find there are two forms of primary production only that are left, wool and wheat. We are fast attacking the profit lines of these two industries, and the moment we reach those lines we shall sound the death knell of the system of production. Without adequate Customs revenue being available throughout the 58 years, the Financial Agreement will crumble from its own rottenness. As a matter of fact, such an agreement as that under consideration absolutely exists at the present moment as a result of a fluke, over which we have had no control. I say emphatically, and defy contradiction of my statement, that were it not for world conditions, in respect of which we have no say,

that have enabled us to secure such high prices for our wool and wheat, no such agreement would have been possible. If at any moment there were to be a reduction in the price of either our wheat or our wool, from that moment the agreement must stop because of the lack of money. I say, emphatically, that that might happen at any moment. We have lately read of the Geneva Conference attended by 200 delegates representing 50 countries of the world, who were practically unanimous in the opinion that the protective system all over the world was crumbling because of its lack of economic foundation, and many resolutions were passed concerning it. We have also the statement of the Tariff Board, the high priests of protection, who recently expressed grave doubts about it, and Mr. Bruce has also expressed grave doubts. If we cannot export wheat and wool and square the debts incurred for overseas imports, where is the revenue for the Financial Agreement or any other agreement to come from?

We have arrived at the point to-day, that none of us is aware whether we can get what is contained in the Financial Agreement or not. We were certain we would get a benefit over and above what we had received before, over a period of five years.

Hon. G. W. Miles: Three years.

Hon. W. T. GLASHEEN: After that, and for the duration of 58 years, we were in effect going down a sliding scale. The price of wheat and wool has fallen away and experience has shown that the protective system is bad. If the protective system dies as the foundation for the Financial Agreement, that is the end of it, as well as of other things we expected.

Hon. E. H. Harris: Who would repudiate the agreement?

Hon. W. T. GLASHEEN: We would have to repudiate it if we could not pay. Farmers may have to repudiate the debts on their farms if they are not in a position to pay, not because they would desire to do so. Many people have a lot to say about repudiation. No one wants it. I was interested in what Mr. McCallum said the other night regarding the viewpoint of labour on repudiation. It was news to me that the viewpoint was so useful to us. Repudiation would be most unwise. Mr. McCallum thinks so, as does the party to which he belongs. We may have something just as bad. We do not want repudiation, but if we cannot pay, and become bankrupt, bankruptcy may be just as bad. If there is any indication more needed than the indication we have, of our wool and wheat industries being knocked back, and our inability to meet our vast commitments, I hope it will be made apparent to us. I have all the evidence I need of that condition of things. It is very apparent to us at present. I was grieved to read in the newspaper recently that the Federal Government had refused, although they said it was only temporarily, to grant Australia a bonus upon gold. The Prime Minister did not give any reason other than that the finances of the Commonwealth could not stand it, and possibly in a little while the whole question will be reviewed. I have no time economically for bonuses, but if there is one for which there is a justification, it is a gold bonus. There are features about gold that are not applicable to any other commodity. The effect of bonuses generally when given is that they cause over-production. We have had that experience with sugar, and I believe it will not be long before we have it in regard to butter. We have it in regard to rice which we cannot sell, but that feature does not attach itself to gold which we cannot overproduce. If we had 1,000 tons of it tomorrow, the world would be waiting for it. Gold is imperishable and it constitutes, too, a basis of credit. I think it can be said also a greater ratio of wages would be paid to the gold industry, and wages are a wonderful business factor in the community. I see this possibility too: We are in trouble in common with the rest of Australia, but were a bonus to be given on gold and were we to encourage people by that bonus to go out and look for gold, I do not think one would require to be a very great optimist to realise that if an activity of that kind were set in motion and another Golden Mile were discovered, there would be a silver lining to the dark clouds and it would help to solve the rest of our problems. I should like to refer to the remarks of an ex-Minister in another place the other night. I listened to his speech with very great interest, but I was absolutely amazed—I may have been something in the nature of an innocent abroad in regard to what he said—to learn from his speech that there was not one Australian soldier buried in France for whose bit of land in which he was buried payment had not had to be made. I repeat that I was amazed to hear that statement which so far has not been denied.

Mr. McCallum also said that not one line of trench, not one foot of trench that contained Australian soldiers when fighting for the defence of the very Mecca of French civilisation—Paris—not one foot was occupied by Australian troops until the necessary rents were paid. That statement to me was most surprising. I thought, and thousands of others thought, that we were allied in the war, that all were in the melting pot; but it appears to me that those same monetary exactions that operate in any competitive form of business operated between the Allies in the war.

Hon. J. Nicholson: Is that correct?

Hon. W. T. GLASHEEN: I am only saying what Mr. McCallum said, and which up to the present time has not been denied.

Hon. J. Nicholson: It is the first time I ever heard of it.

Hon. G. Fraser: It has been common knowledge for years; whether it is true or not I do not know.

Hon. W. T. GLASHEEN: Mr. McCallum is usually fairly careful in the statements that he makes.

Hon. W. H. Kitson: What he said was correct, but he did not say what you have attributed to him.

Hon. W. T. GLASHEEN: All I can say is that I am very sorry if I misunderstood him.

Hon. W. H. Kitson: You said that rents had to be paid before the troops occupied the trenches. Mr. McCallum said that rents had to be paid.

Hon. W. T. GLASHEEN: Yes, he might have said that.

Hon. W. H. Kitson: Rent was paid for the trenches.

Hon. W. T. GLASHEEN: Perhaps he did not say that rents were paid before the trenches were occupied. All the same, rent had to be paid, and it is a great pity that that was so. We have had a lot to say about the war, and we have heard a lot about what war committed us to. I sincerely think that at the conclusion of the war if the whole of the obligations incurred by the allied world had been wiped clean out—

Hon. J. Nicholson: That is what Britain proposed.

Hon. W. T. GLASHEEN: The world would be better for it. Very few people understand the position, and I do not profess to have other than a rudimentary knowledge of the international commitments. But at the present time we know that Germany has been paying huge reparations to Britain. How is she paying? She is paying these big commitments to Britain in the same way as we have to square our overseas balances. She is not paying them in coin of the realm; she is paying in goods, and these millions, possibly billions of pounds are flowing into Britain in the shape of goods, and the British workmen are unemployed because of the fact that Britain has to take these reparations from Germany, and Germany in turn is becoming impoverished because she has to make these payments. Then the whole lot become impoverished and they cannot pay for our wheat and our wool. It is not a question of over-production. What we often call over-production is nothing less than under-consumption, and because of the wretched fallacies we hold that one nation can enrich itself at the expense of another. I do not think any economist will dispute the fact that if all moneys in regard to war commitments between the various countries of the world were wiped clean off the slate, we would not find ourselves in our present chaotic condition.

Hon. J. M. Macfarlane: Germany might have won the war.

Hon. W. T. GLASHEEN: I am not so sure that Germany has not won it as it is. Let us recall what happened after the Franco-Prussian war. After Germany won that war she exacted from France the biggest indemnity ever exacted by any one nation of another. The amount was £200,000,000, and France was down and out. What happened? Germany won the war, but it was not more than 10 years after that France demonstrated she had won it. In 10 years' time Germany was trying to borrow money from France. German exports stood still; those of France greatly increased. In Norman Angell's "Great Illusion," the most widely quoted book of its kind in the world, he distinctly proves that no nation can enrich itself by war conquest. Though the recent Great War was won by the Allies, are they not in a worse position to-day financially and economically than any other nation in the world? The position to-day indicates that though the Allies won by the

clash of armaments, the war was not won by them from the business point of view. The sooner we try to get away from parish pumps and endeavour to sell our resources to the highest bidder and acquire a rudimentary knowledge of the broader things in economics and finance, the sooner will this country turn the corner and get along the road to prosperity. I hope and trust that the silver cloud behind the dark one will appear before very long. In conclusion I would quote a few lines from a historical source. In the Roman Empire, history tells us that Horatius kept the bridge with his two lieutenants. The Tuscans were chasing the Romans across that bridge and the good man Horatius said he would hold the bridge while they chopped it down, and in his address to the Roman Council he said—

> To every man upon this earth
> Death cometh soon or late,
> And how can man die better
> Then facing fearful odds
> For the ashes of his fathers
> And the temples of his gods?

In some ways that is applicable to us. If we display the courage shown by Horatius, just as soon as we resolve to act upon that courage, so soon will this country conquer. I support the motion.

HON. SIR WILLIAM LATHLAIN (Metropolitan-Suburban) [7.57]: Speaking to the Address-in-reply and after reading the Governor's Speech, there is only one matter that can be regarded as of the greatest importance. It stands out prominently in the Governor's Speech—finance. The finances of the State and of the Commonwealth are closely interwoven and the penalties exacted by the Commonwealth in regard to taxation and tariff are a very great factor in respect of funds that should be made available for the State's development. It is very easy to preach the gospel of optimism, but when we realise the position Australia is in—and speaking as an Australian, and much as I may dislike to do so—I say that we have failed most ignominiously in the government and care of this great heritage of ours. We have failed from many points of view, not only financially but in the sound government of our country. That responsibility belongs to every individual member of the community. It is not only yours and mine, but it is a responsibility which everyone of us must endeavour to carry, and if, as has been pointed out by advisors who I believe are fully qualified to tender advice, we are prepared to take the prescription that has been prepared for us, and follow out the schemes that have been laid down, I believe that in the very near future we shall again look up with pride and confidence to that great country to which most of us owe our birth. The position to-day is very peculiar. We have been in difficulties before. We faced a great crisis in the time of war, but that crisis was not of our making. We took part in the war because we were proud to be part of the British Empire. But in the present instance the whole of our troubles are largely of our own making, and the sooner we are prepared to adopt the prescriptions recommended, the earlier will we overcome the difficulties that beset us. Australia has never yet faced the aftermath of the war.

Hon. W. H. Kitson: She is doing it now.

Hon. Sir WILLIAM LATHLAIN: But she is very late in doing it. After the war the peasants of France, the soldiers of Germany and the men of Britain were all back at their ordinary occupations as fast as preparations could be made for them. With Australia it took a long time to get ships to convey her men back, and when they landed, the work of repatriation on a large scale was undertaken. We desired to treat our soldiers as we felt they should be treated—in the best way possible. We borrowed large sums of money to give them gratuities and carry out the work of repatriation, and throughout that period we were living in a fool's paradise. Our principal products at the time were bringing satisfactory prices and all went merry as a marriage bell. Wages were increased all round and everybody seemed to be prosperous. It reminds me of the call to Waterloo, "There was a sound of revelry by night." Suddenly there came a change. Wheat and wool, Sir Otto Niemeyer states emphatically, are the two products on which Australia has lived for many years, and the prices of those have dropped. When we realise that the drop represents about £40,000,000 and that the increasing debt entails a payment of about £30,000,000 a year in England, we begin to appreciate the truth of what economists and others have been telling us for years, that

we have been living far beyond our means. Now it has been brought home to us, and the question is, are we in the frame of mind to obey the prescriptions submitted and endeavour to set Australia upon her feet once more? Comparing Australia's position with that of the sister Dominions from the viewpoint of the prices of bonds in London, Sir Otto Niemeyer states that our credit is not only less than that of many of the sister Dominions and of India, but less than that of some of the British protectorates. We might well ask ourselves the reason why. Commonwealth Treasury bills were issued last week at a discount of three per cent., which gives some idea of what other people think of the assets, the Government and the financial position of Australia as a whole. As an Australian I feel ashamed of our position, because it has been brought about by reckless borrowing and reckless spending. Mr. Collier, speaking in another place last week, stated that when the people were suffering from a shortness of income, they were compelled to pay a higher rate of interest than they did in more prosperous times. I am sorry he made that statement; it is one that has frequently been made recently. No one is more qualified to know why we are paying a high rate of interest than is Mr. Collier. He had six years as a borrower.

Hon. E. H. Harris: And he borrowed his share.

Hon. Sir WILLIAM LATHLAIN: In conjunction with the Premiers of other States, both Labour and Liberal, and both State and Federal, he borrowed as much as he could and would have borrowed a great deal more if he could have got it. Consequently, it is idle for him to ask why the interest rate is so high. I remember when I was engaged as an employee in a large warehouse, the manager remarked to me, "You know, Lathlain, it is better to lend some men £500 or £1,000 in business than to lend others £50." I am much afraid that Australia has reached about the £50 mark and that its good name is not so high as it should be.

Hon. H. Seddon: According to the rate of interest, it is down.

Hon. Sir WILLIAM LATHLAIN: Of course it is. In an article recently published in the London "Review of Reviews," a paper whose financial opinions are highly regarded, it was stated—

> For the past ten years Australia as a whole has not paid one single penny in interest out of her revenue, but all that she has paid she has borrowed, and in addition to that, she has borrowed £10,000,000 more besides.

Is it any wonder that our interest rate is high? Is it any wonder that lenders have called a halt? The point we have seriously to consider is how far we are prepared to accept the advice that has been tendered to us. One would almost imagine that no warning had been given regarding the danger that was likely to present itself. I have carefully read, as Mr. Glasheen says he has read, the whole of the review of Sir Otto Niemeyer. I have also read and carefully digested the report of the British Economic Mission issued in January, 1929, although the report was furnished to the public through the Press in the latter part of 1928. In reading the report of the British Economic Mission, popularly known as the Big Four, one realises that the whole of their recommendations are practically the same as those submitted by Sir Otto Niemeyer. There is one point about Sir Otto's review that pleased me greatly, and that was the manner in which he presented it. It is not a report. It contains simple opinions and suggestions. I know that at some of the conferences when he was asked questions, he replied, "Gentlemen, it is for you to decide." He has not come to us in an antagonistic spirit; he has come in a friendly way to advise us. Whether we act on his advice will be a serious decision for Australia. The British Economic Mission gave some very sound advice. It is interesting to ask what has been done to give effect to their recommendations. The recommendations were submitted by men highly qualified to judge the position. They were four of the best men whom Britain could lend us. At the time we felt grateful to them for the care and attention they had devoted to all the matters they investigated and for the magnificent report they presented. Let me quote from their report. Paragraph 3 reads—

> Australia has, in past years, spent too much unprofitably on development schemes which have been undertaken either without sufficient regard to their probable financial and economic results or without adequate preliminary investigation of the schemes themselves. She has been mortgaging the future too deeply

and would do well to restrict her expenditure of borrowed money for development, notwithstanding the inconvenience that must follow from deflation, and to leave the field more widely open to private enterprise.

Paragraph 11—and this is one that seriously affects Western Australia—states—

The more intensive use of land already in occupation in Australia is a matter of the greatest importance. This should be promoted by scientific research and will increase the country's wealth more surely, and rapidly and more cheaply than further extensive development is likely to do.

We have talked for years of the enormous areas of land adjacent to our railways and we have passed a Closer Settlement Act, and yet nothing has been done to bring those lands into occupation. Paragraph 12 reads—

The most vexed and most important of all Australian questions is that of the cost of production and its effect upon export industries, and of the combined effects of the tariff and the Arbitration Acts.

I shall have more to say regarding the tariff. They also stressed the burden laid particularly upon Western Australia, South Australia and Tasmania, especially on the unsheltered primary industries by the operation of the Navigation Act. That is the report of the British Economic Mission, not of Sir Otto Niemeyer. We have done nothing regarding the Navigation Act. Paragraph 14 reads—

There is ground for the common complaint of a vicious circle of increased prices due to the tariff and of increased costs of labour due to arbitration awards, and it is urgently necessary to break the vicious circle without lowering the standard of living, i.e., real wages.

Have we done anything of that nature, although we received this good advice? In paragraph 19 the Mission recommended that a full scientific inquiry be made into the whole of the operations of the tariff. I think everyone will agree there is nothing more necessary for the future welfare of Australia, which after all depends for 98 per cent. of its exports on primary production, than a full inquiry into the incidence of the tariff.

The system of settlement of industrial disputes by awards of the court set up under the Arbitration Act has failed——

No quibble is made about that. They do not say it is open to discussion. They say straight out that the system has failed. They proceed to declare that it

has involved overlapping jurisdiction and conflicting decisions, and has tended to divide employer and employed into two opposing camps. There should be a minimum of judicial and Government interference in the relations between employer and employed; and industrial disputes should be settled by way of discussion and frank interchange of views between the parties concerned.

The British Economic Mission, even before they left Australia, endeavoured to get a conference between the two parties, but labour would not agree to the terms on which the conference was to be called.

The system of fixing wages by reference to a basic money wage which rises and falls with a varying figure of the cost of living is open to the gravest criticism, as giving no interest to the workers in the reduction of the cost of living.

I am not stating my own opinion, but am quoting the opinion of men specially selected by the British Government, each of them possessing special qualifications to carry out this work, one of the gravest tasks which ever any Commission has been called upon to perform. That report was presented by them to the Australian Parliament and the Australian people. So far as I am aware, nothing has been done to carry out even one of the recommendations of the British Economic Mission. Those recommendations are just as sound as the recommendations submitted by Sir Otto Niemeyer. I go further and say that not only have we failed to adopt even one of the principles recommended, but we have in nearly every instance adopted the opposite principle. We have raised barriers, and have created numerous enemies. To Labour we have granted wages and conditions which we were officially informed, here in this report of the British Economic Mission, Australia was unable to afford. To-day we are officially informed that Australian wages are practically double what they were in 1911, and that unemployment has also doubled since 1924. Whilst, like everyone else, I am extremely grateful for the recommendations of Sir Otto Niemeyer and the British Economic Mission, I must ask what is the use of these men coming here and making such recommendations if we do not pay some attention to them? The question is whether we are going to pay the full attention which Sir Otto Niemeyer's recommendations deserve, or are going to pass them by in the

same manner as we passed by the recommendations of the British Economic Mission.

Hon. J. Ewing: We shall be forced to pay attention to them.

Hon. Sir WILLIAM LATHLAIN: One of the greatest factors in this and in the other States of the Commonwealth is the railway problem. It is practically the same problem in each of the States. I have here a copy of the Melbourne "Herald," which I obtained when visiting the East recently. Here is what the "Herald" says of the operations of the Victorian railways—

> On its operations in the financial year which closed on June 30, the Railway Department had a deficit of £1,100,000. Wages have always been a big expense factor in the railways service, and Arbitration Court awards have materially increased this burden.
>
> Although in the last financial year, however, there were 2,000 fewer employees than in 1922-23, the wages bill increased by £657,000.
>
> Arbitration Court awards from January 1, 1923, to June 30 this year have cost the Railways £2,670,276 by increasing wages.
>
> At the end of the 1922-23 financial year railways employees numbered 26,745, and got £6,293,720 in wages.
>
> By June 30, 1925 the number had grown to 29,000 and the wages to £6,969,519.
>
> On June 30 this year the number of employees was down to 24,700, receiving £6,950,000 in wages.

The position of the railways is practically the same in every State, and some drastic method will be required from the Premier and his Ministers in Western Australia to put the railways on a better footing. I have spoken of Sir Otto Niemeyer's review of the financial position. His report is written in such plain language that he who runs may read. Sir Otto goes further, and warns us that whilst wool may maintain something near its present price, the price of wheat, bad as it is at the present time, is likely to decline further. He also warns us that though we have wool, we must remember that the market prices of wheat and wool, our principal export commodities, are down to pre-war levels, whilst the cost of production exceeds the pre-war cost by a large percentage. We have been all these years without attempting to get back to normal conditions, and in the meantime other countries have been retracing their steps in this respect. The effect has been to create such a disparity in values between Australia and every other country that the gap to-day is wider than it ever has been before. Quite recently the associated Chambers of Commerce sitting in Adelaide were approached by the fruitgrowers with a request that we should endeavour to induce the Federal Government to request Germany to reduce the duty on Australian apples. It appears that the duty on Australian apples entering Germany is 2s. 6d. per case, whilst a case of Californian apples pays only 1s. duty. From my experience as president of the Chamber of Commerce, dating back to 1912, I know that Germany has always been Australia's best customer for apples, particularly for Western Australian apples. The Chamber of Commerce considered the request of the fruitgrowers, but how could the Federal Government be requested to ask the German Government to reduce the duty on Australian apples when everything that Australia obtains from Germany carries a duty far greater relatively than that imposed on our apples? That is only one instance showing how Australia is losing commercial friends by reason of her prohibitive tariff. We already have the case of France refusing to buy Australian wheat. Fortunately she is compelled to buy Australian wool, but she prefers to buy wheat from the Argentine and other countries with which there is reciprocal trade on much better terms than there is with Australia. To give an idea of the difference in prices between Australia and other countries, let me point out that in 1925 prices in Australia fell about five points. During the same period they fell nine to ten points in South Africa, Canada and New Zealand, 11 points in the United States of America, and 18 points in the United Kingdom, with a further drop to 23 points in 1930. In every one of those countries the drop has been further accentuated during the present year, by reason of deflation of business, whilst Australia remains at the same point. This, as I have said, leaves a much wider gap between prices in Australia and prices in those various countries.

Hon. W. H. Kitson: What is the hon. member referring to when he speaks of "prices"?

Hon. Sir WILLIAM LATHLAIN: Prices of products generally, prices of the things that enter into the cost of living. Sir Otto Niemeyer also says—and this is a highly important factor—that there is no sign that Australia's production is responding in any way to what is now a well-marked

international phenomenon, namely an increase of production per capita. Every other country shows increased production per capita. In this particular case I feel that Western Australia stands out a great deal better than any other part of the Commonwealth, but at the present time our finances are so wrapped up with those of the Commonwealth that one must be forgiven if he stretches a point in regard to Australia as a whole. We are lagging behind the United States, and we are far behind the United Kingdom. Sir Otto Niemeyer further states that Australia has reached a point which is economically beyond the capacity of the country to bear without considerable reductions in costs, which can only be obtained by an increased per capita output. So that instead of producing 11 bushels of wheat per acre, we must try to produce 15 as our average. Many people, when speaking about the cost of production of wheat per acre, base it on an average yield of 18 or 20 or 24 bushels per acre; but we have to bear in mind that our cost per acre is based upon an 11-bushel crop, that being the average of last year. Indeed, it is the average for our State. When listening in another place the other evening to Mr. McCallum, I was sorry to hear him twitting the Premier, in face of all these revelations made to us by British economic authorities, as to his mandate from the people to make any reductions either in wages or conditions. Surely it is patent to everybody where the Premier's right to take such action is to be found. It is to be found in common sense. Only by common sense can we get back to normal conditions. Viewing the position from a Federal aspect, I consider that probably the most disappointing feature in connection with the Federal Budget was the absence of any statement as to placing the Federal Parliament and the Federal Public Service upon a different footing. There is no sign of any Federal retrenchment beyond that which has already been published through the Budget. Those reductions fall principally upon the Defence Department, the officers of which are called upon to bear severe burdens, while most of the other Federal public servants are permitted to go scot free. I do not know whether it is because Canberra might be called the land of Canaan, but these people are to be treated to milk and honey and to remain exempt from all taxation, are to know nothing of the privations which people in the commercial, the business, and the industrial world are being forced to submit to. The fact remains that up to the time the Prime Minister left Australia, no mention had been made of any reductions applying to either the Federal Parliament or the Federal Public Service. I was present as a representative of Western Australia when delegates from this State, South Australia, Victoria and New South Wales waited upon the Prime Minister to discuss certain aspects of the Budget and, if possible, to submit recommendations to him. The Prime Minister definitely stated there would be no reduction regarding Federal Ministers, Federal Parliament, or members of the Federal Public Service. He made the statement decisively. I have nothing but congratulations for the Premiers of the various States, Labour or National, who later on insisted on the Commonwealth Government giving up that attitude and sharing the burdens that the States were to undertake as well. It is gratifying to find the Premiers from the various States standing up to the Commonwealth Prime Minister and his Ministers and telling them emphatically they must do what they required the States to do. We must all have the deepest sympathy with the Prime Minister in the herculean task he is called upon to undertake. The fact remains, however, that although dire necessity compelled action by Commonwealth and States as well, up to the time of Mr. Scullin's departure, no economy had been effected apart from what was indicated in the Budget speech.

Hon. G. W. Miles: He was afraid of the civil service vote.

Hon. Sir WILLIAM LATHLAIN: I will tell the House more about that directly. The Prime Minister also said that, in his opinion, his Ministers had been treated in a most parsimonious manner, in the light of what was regarded as the rights and privileges of members, and he further stated that they were not handing out to the people sweets but bitter medicine and bitter pills. I do not know if the Federal Government intend to hand out that sort of thing to the people of Australia and to keep the bitter medicine and bitter pills from those residing at Canberra. I consider that every portion of

the community should share in the burden, irrespective of who they are or where they are. While we have great sympathy with the Prime Minister in his difficult task, we must have much greater sympathy with our own Premier, Sir James Mitchell, and his Government in the tremendous task confronting them. When we realise that the first two months of the financial year have ended and already there is a deficit of £565,896, it gives hon. members some idea of the enormous difficulties the Government are called upon to face, more particularly as every one of the Premiers has given his solemn word to balance his State's budgets. It will be a difficult task for all of them, and it will be achieved only by the hearty co-operation of members of Parliament and of the people of the State. That will apply irrespective of who may be in power. In this State the Government happen to be a coalition Government but I feel that the same support would be given irrespective of whether it was a Labour Government or a coalition Government. I am sure the people here will give the Premier and his Ministers the support they not only deserve but have a right to expect. Whatever form the steps taken by the Government may assume, whether it be by way of a reduction in the salaries of members of Parliament, reduced train mileages, or decreased tramway concessions, I cannot say. Whatever privileges may be curtailed, it is the bounden duty of each one of us to give the Government support to enable them to carry on the affairs of the State. At the same time, it must be heartbreaking to those in power who are endeavouring to safeguard the good name of Australia, to find so many statements issued for consumption abroad, which have a detrimental effect upon Australia's reputation. In the first instance, when it was announced that Sir Otto Niemeyer was to come to Australia, and after he had sailed, a much better feeling was created in London amongst the financiers. It was at that time that there was cabled to London a report regarding the findings of the Theodore Commission. Then when Sir Otto Niemeyer arrived here and presented his review to the Premiers of the various States who accepted his advice unanimously, we had another incident. The Premiers of the States had recognised the soundness of his recommendations and realised that he was a man who carried enough weight to proffer advice that would enable Australia to save her face. Again a better feeling was created in financial circles in London. Then there was cabled Home the red element's support of repudiation.

Hon. W. T. Glasheen: Where did that emanate from?

Hon. Sir WILLIAM LATHLAIN: It does not matter where the report originated: the fact remains it was in Australia. In my opinion, there has never been a denial from the quarter we might expect, of a sufficiently emphatic character.

Hon. W. H. Kitson: Surely the hon. member has not read the papers!

Hon. Sir WILLIAM LATHLAIN: I read the papers as closely as most people, and I think an authoritative message should have been sent Home by the Acting Prime Minister in no uncertain terms as to how Australia stood regarding her debts. Then again, recently an Arbitration Court award was issued regarding the shearers. When that Court was formed, we were told there would be peace and quietness in Australian industry. Yet at a time like the present, irrespective of the fact that the Court issued the award, the shearers are on strike in Western Australia and also in South Australia. The member for South Fremantle (Mr. McCallum) and other members of the Legislative Assembly have suggested we have been paying a high rate of interest and have asked why that is so. Instances such as I have indicated have caused Australia to be charged such a high rate of interest. If only those men could realise the great harm done to this country by strikes and other such actions, they would then appreciate that they would be benefiting themselves as well as Australia if they adopted saner actions.

Hon. E. H. Harris: Is not the rate of interest based on the risk?

Hon. Sir WILLIAM LATHLAIN: His Excellency the Governor made a statement the other day that will bear repetition. We always hear that the British Government have lent us money, or that the various banks have done so. That is not where our money comes from. It is the people of the Old Land who lend us the money. Then

again we have a decided advantage inasmuch as trustees may invest their funds in Australian securities.

Hon. J. Nicholson: Under the Trustees Act.

Hon. Sir WILLIAM LATHLAIN: It is the duty of every Australian to see that our obligations regarding such stock are honoured in every way. A tremendous responsibility rests upon trustees in the investment of their funds. So it is that this money comes from thousands and thousands of people, and whatever interest we are called upon to pay, that rate is what they regard as fair and reasonable. The British Government have nothing whatever to do with the lending of those funds.

Hon. E. H. Gray: Do you think they would lend us money at all if they thought they would not receive it back?

Hon. Sir WILLIAM LATHLAIN: In these days, it is necessary for all to work together. What will be the attitude towards Australia if these things continue and people strike instead of being prepared to work. If an announcement were sent Home that the Arbitration Act had been suspended for five years, we might get all the money we require, from any part of the world. I pointed out the seriousness of the financial position and am reminded that Mr. Glasheen mentioned his disapproval of the Financial Agreement. Had it not been for the Financial Agreement, the Federal Government would probably have repudiated their responsibility for the per capita payments.

Hon. W. T. Glasheen: On a point of order. I did not say I was opposed to the Financial Agreement at all. I merely said that the Financial Agreement was not on a poper economic foundation seeing that it will continue for 58 years before expiry.

Hon. Sir WILLIAM LATHLAIN: I will accept that explanation and will say nothing more about it.

Hon. W. T. Glasheen: As a matter of fact, I voted for the Financial Agreement.

Hon. Sir WILLIAM LATHLAIN: There is another matter of vital importance to Western Australia. There will shortly be held an inquiry regarding the sugar bonus and agreement. The Federal Government have appointed a committee to hear evidence and they have selected a lady to represent Western Australia. This question is of such paramount importance to this State in particular that it is the duty of the Government to evolve a scheme whereby our interests will be properly safeguarded by the collection of evidence, and perhaps arrangements made for witnesses to represent fully the case for this State. We should not make a hash of the thing, because of its importance. We must adduce evidence with no uncertain voice and so safeguard our own interests. I have taken a great interest in this question and I will quote from the evidence I gave before the Disabilities Commission—

> I strongly urge that Western Australia may be permitted to make her own arrangements in regard to the importation of sugar. This to us is a most important factor.
>
> Three days steam from the port of Broome we have the Dutch Islands, who are very desirous of trading with us, and it should be to our benefit owing to our geographical position. This should be for us a natural market.
>
> They have a population of 45,000,000, and they desire flour, biscuits, meat, fresh and preserved fruits, and many other commodities which we are able to supply. Several embassies have visited us and approached the Chamber of Commerce and other commercial organisations, expressing their desire to trade. In addition to this our State Government organised a mission to Java with the same object in view. Both sides are satisfied that a big business can be done.
>
> The first question that naturally is asked is what can we take in return, and owing to the restrictions of the Federal Government, we are compelled to say that whilst we want to sell our products we are not permitted to take any of their staple products in exchange.
>
> By this action it will be seen that the present policy of the Government in regard to sugar has a double-barrelled penalty on Western Australia, as we are compelled to pay our quota for the high cost of its production, and are at the same time prohibited from opening up profitable markets, not only in Java, but in China and India for many of our products, particularly in fresh and preserved fruits.
>
> In the meantime thousands of tons of fruit are allowed to rot on the ground.
>
> It may here be pointed out that the present Federal policy is also having a detrimental effect in trade with the Pacific Islands. The decline from 1918 to 1919 was £700,728, and from 1920 to 1921 it was £675,735.

I now learn that the trade with those islands is practically wiped out, because we could take none of their products in exchange. I submit that if we were allowed to take sugar in exchange, and deal with it in our own way, we would not only give a very big impetus to many of our industries, but would be able to create a very fine trade in exchange for the sugar. I do hope the Government will arrange some organised plan in order that Western

Australia may be properly represented at the forthcoming sugar inquiry. There is only one other matter I desire to touch upon. That does not appear in the Speech, but it is upon the Notice Paper for discussion. I refer to the power the Government desire to sell the State trading concerns. I shall keep for another time any remarks I wish to make in regard to the sale of those dear old friends of ours, and I think when they are gone I should like to wear a crepe band in their memory. The point I wish to stress is this: if the Government in their endeavour to get rid of the State trading concerns will use the same zeal and the same energy as I feel sure the majority of members of this House will use in giving the Government power to sell those concerns, then I am certain we shall not have long to wait until those concerns are disposed of. Probably I know a great deal of what goes on in the commercial world, and I say nothing has created more dissatisfaction and more dissention in Western Australia than have the State trading concerns. To my knowledge they have prevented the establishment here on a permanent fixed basis of many industries; and I think if the State Implement Works had not been in operation the McKay Harvester people would have been here, not to assemble the various parts of their machines, but to make the whole lot of them from the beginning. I congratulate the Government on their effort in this new direction, and I trust they will be successful eventually in disposing of the State trading concerns. But in addition to the State trading concerns, I want to see every one of the State hotels disposed of.

The Minister for Country Water Supplies: They are one of the activities involved.

Hon. Sir WILLIAM LATHLAIN: I am more than delighted to hear it. In my opinion, if there is anything undignified for a Government and Parliament to enter into, it is the beer trade. Before sitting down I should like to express sympathy with Mr. Parker and Mr. Cornell in their respective illnesses, and to offer to Mr. Allsop, Mr. Macfarlane, and Sir Charles Nathan a very hearty welcome to this Chamber. Two of them are new colleagues of mine, and I am sure we shall be able to work together in harmony, not only for the solution of our own problems, but more particularly for the benefit of Western Australia as a whole. In conclusion may I offer to you, Sir, my sincere and hearty congratulations upon your elevation to the Ancient Order of Knight Bachelors. It is a very great privilege to me to welcome you as a brother in that order.

On motion by Hon. J. Nicholson, debate adjourned.

House adjourned at 8.52 p.m.

Legislative Assembly,

Tuesday, 2nd September, 1930.

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

QUESTION—RAILWAY CONSTRUCTION.

Mr. WILSON asked the Minister for Works: 1, How many and which railways are under construction? 2, How many men are employed on each?

The MINISTER FOR WORKS replied: 1, Four. Pemberton-Westcliffe, 122 men; Kulja Eastward, 163 men; Meekatharra-Wiluna, 67 men; Lake Grace-Karlgarin, 202 men. 2, Answered by No. 1.

QUESTION—LICENSES REDUCTION, COMPENSATION FUND.

Mr. MARSHALL asked the Attorney General: What was the total amount of funds standing to the credit, at 30th June, 1930, of the compensation fund inaugurated under the Licensing Act and operated on by the Licenses Reduction Board?

The ATTORNEY GENERAL replied: £8,721 3s. 11d.