

areas of wheat. They want to know whether to turn their crops into hay or use them for some other purpose.

On motion by Hon. E. M. Heenan, debate adjourned.

ADJOURNMENT—SPECIAL.

THE CHIEF SECRETARY (Hon. W. H. Kitson—West) [5.44]: I move—

That the House at its rising adjourn till Tuesday, the 13th August.

Question put and passed.

House adjourned at 5.45 p.m.

Legislative Assembly.

Wednesday, 7th August, 1940.

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

LEAVE OF ABSENCE.

On motion by Mr. North, leave of absence for two weeks granted to Mr. J. H. Smith (Nelson) on the ground of ill-health.

ADDRESS-IN-REPLY.

Sixth Day.

MR. MANN (Beverley) [4.34]: Since we met last year, events in Europe have moved rapidly, and we find Australia nearer to the possibility of invasion than it has ever been. There has been much criticism of the attitude of the Commonwealth Government towards defence measures, but I am satisfied that we are not sufficiently conversant with the position to pass judgment. One thing is clear and that is that whereas one could expect that to-day of all times there should be uniformity of ideas,

particularly amongst members of the Government, there is actually a conflict of opinion. I think the majority of members of this House will regret that both parties in the Federal sphere have not seen fit to form a war Cabinet, as was done in England. We are fighting a big battle and it is for the people of Australia to realise the position. To me the most extraordinary fact is that such a comparatively small number of men is to be mobilised for the defence of Australia. In my opinion there should be at least a million men under arms. Every man between the ages of 18 and 50 should have a full course of two months in camp. Old soldiers who are members of this Chamber will recall that those of us who served in the last war were not knocked into shape in five minutes. We were in camp a long time before going into action; and we are still playing our part, together with other returned soldiers in Australia. The question is asked as to where we should put all the men if additional numbers were mobilised. My reply is that there are many racecourses that could be used. The Show Grounds at Claremont are used as a training area, and racecourses could be similarly utilised. If the whole of the youth of this State were put into camp for two months' training, even though their services might never be required, the training they received would prove the *finest benefit* we could bestow upon them. Unfortunately there is a tendency on the part of our young men to-day to lack the discipline to which we of an older generation were subjected. Undoubtedly many men will be required for the defence of this country in the future, and I hope that a more extensive scheme for the protection of Australia will be established. I trust that instead of having so much congestion in the cities, men will be taken into the country and trained there. Some people ask where we would find non-commissioned officers to train recruits. I think that many of the old soldiers would willingly give their services in that direction. To the credit of the country areas it must be said that the returned soldiers and rifle clubs are prepared to give help, and trainees could receive instruction from those sources. I am afraid that the rifle clubs have not received from the military authorities the full re-

spect to which I consider them to be entitled. It would not be to the disadvantage of Australia for civil authorities to play a larger part in the administration of defence measures than they are at present playing. That is what is happening in England to-day. I would appeal to the Commonwealth Government to increase our military strength from a quarter of a million to at least a million men. Consideration ought to be given also to the part that could be played by mounted men in the event of an invasion by Japan, which is a possibility to be faced. Those who remember the service rendered by the Light Horse in the last conflict, especially in the entry into Jerusalem, will realise the significance of my remarks.

I desire now to refer to remarks reported in this morning's "West Australian" to have been made by the Minister for Commerce (Mr. Cameron) who drew attention to the serious situation we are likely to face in the coming year in the matter of exports overseas. Unless we can continue to export our primary products we must face the possibility of decreased production. In Australia we should be increasing rather than decreasing production, and no doubt if production were increased sufficient storage accommodation could be found in Australia for the resultant crops. I shall read some of the remarks made by Mr. Cameron—

In opening his review of wartime agricultural policy, Mr. Cameron made three points: markets have been narrowed for the disposal of products of which Empire countries produce a surplus over Empire requirements; some sources of supply have been cut off for certain products of which the Empire is deficient; and Empire shipping is subject to enemy attack.

We have been fortunate in our ability to export quantities of beef, mutton and lamb this season, but it appears there is likely to be a reduction in those exports in the immediate future. There is, however, an opportunity for increasing the exports of pork and bacon. At Midland Junction we see enormous numbers of pigs that are in a condition unfit for the export trade. Our main export in that direction should consist of bacon. The bins in Western Australia are full of wheat. If possible I should like to see large quantities of that wheat fed to pigs so that they may be brought up to a condition fit for export. Denmark was a great exporter of those products to Great Britain,

but now that market is closed, Australia, and this State in particular, should be able to take advantage of the opportunity thus offered. Wheat should be released at a figure that will enable pig raisers to top off their stock and thus make it suitable to export. At present the wheat position is obscure, and I fear we are facing one of the worst seasons in the history of the State. The difficulty concerning the feeding of wheat to pigs is the cost. The growers have complained to me that they are unable to get wheat. In the South-West enormous numbers of pigs are growing up in the various dairy-ing districts, but the cost of getting wheat to that part of the State is slightly over 4s. 6d. a bushel. That renders the price excessive for that particular purpose. There is no doubt we are facing a serious time with regard to our wheat production, and the yield will be down considerably this year. The advice tendered by the Deputy Prime Minister is that farmers should endeavour to open up other channels, should go in for fodder conservation, and the raising of pigs, sheep and stock generally for shipment overseas. No doubt many men require stock. It has been pointed out that the associated Banks, holding a second mortgage on properties, the first mortgage of which is held by the Agricultural Bank, have been prepared to find money for the farmers to enable them to buy sheep on condition that all the progeny and wool returns went towards reducing the account at the banks and ensuring payment of the cost of the sheep. The Agricultural Bank has refused to allow this. As things are, if a farmer had to rely on that bank to finance himself with stock, it could not be done. I hope this matter will be taken up with the Agricultural Bank at the earliest possible moment. Any firm that will supply a farmer with stock without any prior cash payment must benefit that individual and assist in increasing the value of his assets in a short time.

I am sorry the Agricultural Bank has lost the services of so valuable a Commissioner as was Mr. Abey, though I admire him for joining the forces and thus serving his country. Of the three Commissioners he was the outstanding official. I say that with all due respect to the other Commissioners. In Mr. Abey the Bank has lost a capable administrator. In my opinion he could serve the State much better in that capacity than in any other. He is an outstanding man.

Every member who has had dealings with him, and every farmer who has come into contact with him, realises that he possesses considerable ability. He has an intimate knowledge of the clients of the Bank and of their conditions generally. Great difficulty will be experienced in replacing him. I do not think Mr. Clarke, his successor, has the same amount of experience and knowledge as that possessed by Mr. Abey. Farmers will require every consideration in the coming year.

Reference has been made to the Address-in-reply. I am glad that members have this opportunity to say a few words. There seems to be a feeling that the Address-in-reply should be dispensed with. I think that would be wrong. It affords us the only chance of bringing certain matters before the House, and it is right that we should have that opportunity even if we are at war. I do not regard this occasion as a waste of time. I have been a member of the House for 10 years, and with other members have heard this House criticised on numerous occasions.

Mr. Marshall: Not without some justification, perhaps.

Mr. MANN: That may be so. Parliament could not be expected to be infallible. I think we have at least the majority of the people behind us. People outside are ever ready to criticise this institution. I was amused when I met a Government school inspector the other day. He began talking about Parliament and the University of Western Australia. He blamed the politicians for the position in which the State found itself, and said, "You men who are half-educated have been elected to Parliament and made responsible for the State's finances. Give the University professors the right to govern the country for 10 years and see what will happen."

Hon. C. G. Latham: Yes, see what will happen!

Mr. MANN: With all our faults, the average member of the House is democratically minded. He knows the world and he represents a democratic people.

Mr. Marshall: Can you name one University graduate who has ever made a success of politics?

Mr. MANN: I think not.

Mr. Marshall: With the exception, perhaps, of the member for East Perth.

Mr. MANN: I venture to say that some day the average man will become sick of trying to represent the people in the State Parliament. When that day comes, we may have that from which Europe is now suffering, a dictatorship. I hope, at all events, our politics will remain as they are at present, and that the people will be allowed to choose their representatives, in lieu of other high-flown systems that are being tried elsewhere. One of our difficulties in Australia is the sparse population. I had hoped that through the system of evacuation numbers of children would have been brought from England to this country, for the reason that it would more or less have ensured their safety, and for the other reason that they would gradually have become Australian minded and would be counted upon to become good citizens. Apparently, however, that scheme has not yet come to fruition. We must realise that Australia cannot long remain with her sparse population and low birth figures. The time has come when we must take a serious view of the position. The day may not be far distant when there will be equal pay for both sexes. What will happen during the present war period? We will find that the positions formerly held by men who have enlisted and gone overseas to fight for their country, will be filled with girls, and that those positions will be retained by the girls when the war is over. When hostilities cease and our men return to the State, our experience after the war of 1914-18 will probably be repeated; the returned men will find it difficult to step back into their former occupations.

Mr. Thorn: They will have a job to regain their old positions.

Mr. MANN: Yes, girls will have their jobs.

Mr. Thorn: And the girls will not want to be married.

Mr. MANN: That is so. The average girl who is in a good position appreciates the fact that she is in receipt of a substantial salary and will not be anxious to forfeit that salary in order to be married. Let members consider the position in the civil service. Let them go through any of the departments and learn for themselves the position as it really is. Take the Education Department. Some girls there are receiving salaries equivalent to those paid to men. Naturally such women say: "Why should I

marry and sacrifice the salary I now receive, seeing that my husband would not receive any better salary." That question has to be faced most definitely. When the war is concluded many men will find themselves confronted with the situation that that implies. I sincerely hope that ample consideration will be given to our men when they return from the war. If a man offers his services to his country and goes overseas to fight for our liberty, nothing is too good for him when he returns. That man makes the greatest sacrifice of all, and he should be entitled to every consideration.

Mr. Needham: What about equal pay for the sexes?

Mr. MANN: That is in accordance with my ideas, and the wonder to me is that the Government has not taken up that question. It is becoming more urgent as time goes on. So far as I am aware, there is only one industrial organisation enjoying equal pay for the sexes. I understand barmaids and bar-men receive equal pay.

Mrs. Cardell-Oliver: The same applies in hardware and chemists' shops.

Mr. MANN: I was not aware of that. However, my remarks have been mainly in reference to Government departments, banks and similar concerns where girls are largely employed. Let us consider the position in the Education Department. Is not a man capable of teaching girls in their early childhood?

Mrs. Cardell-Oliver: No.

Mr. MANN: I disagree with the hon. member. Young men who are sent out to country areas are possessed of ability. I have always said that teachers are not made; they are born. If a man's inclination is to teach children, that task dominates his thoughts, and his success is measured by the knowledge he cultivates of the mind of the child. To-day our country schools are overrun with girls, and that is wrong. If we proceed along those lines we will have no increases in our marriages or births, and that affects an essential factor. What inducement is given to the average working man and his wife to bring children into the world? Very little! Let us realise the position that may confront us in the future following upon the conclusion of present hostilities. As with the previous war, so with this. We will feel the effect in the loss of our man-power. Many marriages that were in prospect will not take place. What will

the future then hold for us? We will not be able to retain possession of this country unless we increase our population, particularly when we consider the close proximity of Japan and other countries, with their teeming populations. If the young people of to-day will not accept their responsibilities, the future outlook will not be promising.

While following this train of thought, I desire to pay a tribute to the work of our infant health centres and to express my commendation of the wonderful work carried out by Dr. Stang, who is in charge of that branch of our social activities. I would like to see more centres established throughout the State. The Government to-day has to find money for the assistance of people in many avenues, and certainly there is no finer direction in which money can be spent than in supporting the infant health centres. At the clinics mothers can learn how best to rear their children and if we can develop a healthier race in the future, there will be a saving in the cost of our hospitals and asylums. Moreover, the standard of our race will be so much improved. I hope the Government will encourage the movement and make available further grants to enable additional centres to be opened. The Government may say that a duty devolves upon the people themselves in this respect. That point may be realised, but we must also appreciate that greater inducements must be made available to motherhood than are offered at present.

Whatever Government may be in power when the war is over—no one can possibly say when that will be—I trust every consideration will be given to the soldiers on their return, greater even than that extended to them after the previous war. Under our present system, workers are entitled to the full basic wage, but the wives and children of soldiers do not receive any such advantage. Some people say, "Why talk and worry about the war to-day." We must all recognise that a responsibility devolves upon each one of us. That responsibility rests upon this House during these troublous times. The Leader of the Opposition advocated the formation of a war-time Cabinet comprised of representatives of each Party in this House. Members will appreciate that no severe criticism of the Government has emanated from Opposition

benches. We are endeavouring to assist the Government in every possible way to achieve the great objective of winning the war. I would certainly like to see some body set up representative of the three parties in this House so that it could deal with important matters, not on a party basis, but from the point of view of the best possible of attainment for the Empire.

Another important matter upon which I desire to touch refers to the half-caste problem. I had hoped that the Government would have evolved some system whereby that matter could be dealt with satisfactorily. I had hoped that some such system would have provided these unfortunate people with a chance to live as we do. I know of a number of half-castes who are anxious to serve their country during the present war. Particularly do I know of two half-castes who were exceptionally fine men and served with the Light Horse at Gallipoli. They lost their lives there. To-day there are men imbued with a similar desire. Why should they not have the right to serve their country? I commend the natives who think the country is worth fighting for, which is more than some white people do.

Mr. Marshall: They have not the right to vote, so what are you talking about?

Mr. MANN: Perhaps some have not the intelligence to vote. I have in mind some half-castes who are excellent citizens and yet they are denied the right to fight for their country. I am sorry the Government has not dealt with the position more actively. The conditions of the half-castes have not improved during the last two years, but, on the contrary, have retrogressed. On the other hand, our native population is increasing. In some country towns this represents a serious menace, but the city knows nothing about that. Surely it is the duty of Parliament to look into the question and endeavour to seek some solution. There are many abandoned farms upon which half-castes could be placed and thus be given an opportunity to develop into good citizens. There is no birth control exercised among them; they are breeding like rabbits. The result is that we will have a large population of half-castes. Although these people could develop into good citizens, they are denied encouragement and opportunities. I trust the Premier will take notice of the position, and perhaps even in these hard times he may, as Treasurer, find

means whereby some scheme can be financed so as to help lift these people out of their present slough of despair. We are responsible for them.

Mr. Marshall: You speak for yourself!

Mr. MANN: The hon. member who has interjected has an extraordinary tongue.

Mr. Thorn: And he is the Chairman of Committees!

Mr. MANN: I shall not comment upon his remarkable ideas, except to point out that he must accept his share of the responsibility just as other members of Parliament are bound to do. As a member of this House, the member for Murchison is just as much responsible for the well-being of the natives as I am. Decidedly I do not profess to such knowledge as the member for Murchison possesses. If I had, I might be a more prominent member of the Party! But, as a member of Parliament, he must accept responsibility. It is a responsibility that we must all face.

I now desire to touch upon a matter which I have previously discussed in this House. I refer to starting-price betting. I noticed recently that the magistrate at Fremantle threatened to imprison persons convicted in his Court of starting-price betting. As a result there is now no starting-price betting at Fremantle, but it still continues in Perth. We see large crowds congregating to listen to broadcasts of sporting news, but not the same number listening to more serious news. Recently a falling-off has taken place in the amount of subscriptions to our lotteries. Although I opposed the lotteries, I must concede that they have been a god-send to the State for the part they have played in assisting our hospitals. The lotteries should consequently be continued in order to facilitate the financing of those deserving institutions.

In conclusion, I hope the Government will realise that members on this side of the House will do everything possible to assist it during the present session. That is really our job. The present is no time for criticism. I realise that the Government is fully seized of the seriousness of our position. This is not a time for quarrels, not even a time for opposition. Our combined effort should be directed to our main task, which is to win the war. We have much to fight for.

Members: Hear, hear!

MR. SHEARN (Maylands) [5.3]: Any reference to the Lieut.-Governor's Speech prompts one to think that this session is an extraordinary one, having regard to the practice in the past. Formerly the Speech not only outlined the projected policy of the Government for the session, but intimated its legislative proposals for the ensuing session. That has not been done on this occasion. To be fair, one might suggest, and indeed express the sincere hope, that the Speech indicates the intention and the desire of the Government at this critical stage not to bring down legislation which might fall into the class that is termed contentious. Much has already been said in this Chamber with regard to the crisis through which the Empire is passing. We all realise the need for our Parliament and the other State Parliaments throughout Australia to co-operate with the Federal Parliament in doing everything humanly possible to subscribe to our common objective, ultimate victory in this war. God alone knows, however, what all our protestations and efforts will bring forth; but I, in common with others, sincerely believe that the spirit of the people of the British Empire and the skill and ability of its leaders spell ultimate victory for the Empire cause. As the member for Beverley (Mr. Mann) has just said, I believe that spirit animates all members of this Chamber. While some of us are in opposition, we will in these times forget there is any difference in outlook; indeed, unless we assume that attitude of mind, co-operation will not be possible, nor can we come to any speedy solution of the many major problems associated with the war that will come before us during this and perhaps future sessions of Parliament. I think I am correct in assuming that that is and will be the attitude of the Government so long as the war lasts. It is an attitude with which I am in full accord and to which I subscribe wholeheartedly.

I have said on previous occasions in this House that there has been a drift in our affairs throughout Australia, that in my opinion there should be in these times a subordination of many imaginary political differences and that our efforts should be consolidated in one common cause. If that desirable result is achieved, then I have no doubt this session will be distinguished

by real results so far as concerns the labours we are called upon to perform. Incidentally such a course may be the means of so curtailing the debate on the Address-in-reply as to permit the Government not only to introduce legislation relating to the war, but also legislation which may be found necessary in the interests of the normal activities of our State. If such measures are introduced earlier than is usual, members will have an opportunity to give them mature consideration. Let me express the hope that it will not be too much to expect, as a consequence, the elimination of the unseemly scramble which usually takes place at the close of a session, with its deplorable and most discomfiting ordeal of an all-night sitting. I notice the Minister for Mines is smiling. It would be interesting to take a photograph of the scene of some all-night sitting, when members are trying to keep awake and take an intelligent interest in what is being discussed. It is not fair to members, it is most unfair to the staff of the House and it is unfair to the people whom we represent. One often reads criticism levelled against the House. Indeed, reference was made by the member for Claremont (Mr. North) to anonymous letters in which the writers, as he termed it, sniped at members of Parliament. Unfortunately, Parliament's activities are estimated on the basis of what takes place at the close of a session; but fortunately that is by no means a criterion of the work that is actually done by members. If it is possible to bring down legislation earlier this session, we shall be contributing to a rehabilitation of the prestige which rightly belongs to this and similar institutions throughout the British Empire.

There are many matters of interest upon which one would like to speak. Like the member for Beverley (Mr. Mann), however, I feel that this is an occasion when we should endeavour to have a common outlook and assist the Government in every way possible. That is the responsibility of every member of Parliament and of every member of the community. I propose, therefore, to refrain from making reference to all the items which I consider ought to receive our attention. The suggestions made by the member for West Perth (Mr. McDonald), supplemented to some extent by the member for Beverley, might well receive

earnest consideration. As the member for North-East Fremantle (Mr. Tonkin) said, when discussing another subject, every person has a part that he or she should play and is anxious to play. I conscientiously believe that every member of this side of the Chamber is anxious, willing and ready to assist the Government in solving the problems confronting it and the State generally.

I have lately read much that has been written about the success and non-success of our industrial development. I do not propose to deal with that subject now; but there are many facts with respect thereto that require to be sifted before one could competently express an opinion upon it which would be fair to himself and to those whom he represents. I think, however, some enlightenment is due from the Minister at a later stage. I feel that our secondary industries must of necessity be fortified by an equal measure of attention and consideration to the primary producers. Every effort should be made to bring about a state of permanency and stability in our primary industries if we are to hope for real success in our secondary industries. By virtue of our development in the South-West for instance, great opportunities are offered for the establishment of secondary industries in this State.

When listening to the member for Avon (Mr. Boyle) last evening, I could not help feeling that, whilst there are a number of cases in which a measure of responsibility attaches to the persons concerned for inability successfully to conduct their farming ventures, it is within my knowledge, and certainly within the knowledge of most members of the House, that in the main the man on the land to-day is not only a trier but is also one who has staked all he possesses in the industry. Though, as the member for Brown Hill-Ivanhoe (Mr. F. C. L. Smith) suggested, there are misfits in that vocation, they are to be found in most, if not all, other vocations—people who should not have chosen to engage in a particular line of activity—but the majority of farmers are definitely triers and have endeavoured to make themselves efficient. As a result, they have reason to expect from the State some measure of consideration. I agree with much of what the member for Avon said regarding the necessity for a much more elastic outlook by the institu-

tions that deal with the farmers. The farmers are responsible for the production of a very considerable portion of our national wealth, and the institutions that have seen fit to finance farming activities must have realised the potentialities because otherwise they would not have invested in such securities. When the industry is affected, as it has been and still is, by a succession of unfavourable seasons and ruinous prices, notwithstanding the efficiency of those men, what can we expect but the financial chaos in which they find themselves? Having regard to their position and the revelations made by the member for Avon and other members closely in touch with the industry, I think the time has arrived when this House should give the farmers a more reasonable measure of consideration and protection than has been accorded them in the past. Therefore, I am hopeful that the Premier, in conjunction with the Minister for Lands, will be successful in the representations I know they have made and are continuing to make to the Commonwealth Government to alleviate the unfortunate and deplorable position in which so many of our primary producers are placed. Only by such means can this country hope to maintain equilibrium in the matter of national finance. I cannot imagine this country's enjoying a real era of prosperity unless we initially establish some satisfactory state of affairs in the farming industry.

The second point of importance—perhaps it might be placed first—is in relation to the unemployed. His Excellency's Speech disclosed that there are still 6,000 persons dependent upon the Government either for relief or for sustenance. Of course I am assuming that the Government is well aware of the fact that this number by no means represents the actual total of those unemployed, because there are many out of work that are not officially recorded. Within my knowledge there are a dozen or more men who are not on sustenance for various reasons, some of them quite commendable reasons, and then there is the huge body of single men to be added. Though I hesitate to make a guess in the dark, I suppose one would be quite safe in estimating that the number of persons unemployed in this State is 8,000 or 9,000.

We read in the newspapers of the volume of money being expended by the Commonwealth Government on war and other activi-

ties, all of which expenditure may be completely justified, but it occurs to me that this House should give the Government, which I know has been alert to the position, strong assistance in pressing for the decentralisation of this large expenditure so that this State might receive better consideration than has been its experience to date. This State suffers very severely because of the fact that it is not so highly industrialised as are the cities of the Eastern States and therefore is not capable of catering for large expenditure on war manufactures. Still, there are many other avenues in which Commonwealth expenditure might be directed to the State, not only in the interests of Western Australia but also in the interests of the Commonwealth as a whole. There can be no prosperity of a district unless each unit in itself is prosperous. Therefore I hope the House will, from time to time, continue to raise its voice as loudly and effectively as possible in order to ensure that Western Australia receives much greater consideration at the hands of the Commonwealth to the end that unemployment here might be relieved.

• Much has been said by members with experience of the war of 1914-18 of the advisableness of instituting some form of training for our people. I listened with great interest to the remarks of the member for North-East Fremantle (Mr. Tonkin). Though I did not hear the whole of his speech, I heard the major portion of it, and I felt that in reviewing the position as he did, his remarks should commend themselves to every one of us. As the hon. member pointed out—and there was a newspaper leader on the subject—if this training is not needed for the defence of the country—and pray God it may never be—we are all aware that one of the first essentials for the rising generation and even for the adult population is to keep fit. Not only would such training have that effect, but it would go a long way towards meeting the situation pointed out by the member for Beverley (Mr. J. I. Mann) in respect to s.p. betting. Many of our young fellows have drifted into devious paths because they had no definite form of recreation. The member for North-East Fremantle deserves commendation because he has not only stressed the matter in this House, but has also by his actions demonstrated his sincerity. I congratulate

him, despite the comments of the member for Brown Hill-Ivanhoe. While I readily agree regarding the desirability and indeed necessity for ensuring that such formations are properly controlled and comprise only those people whose objectives are genuine, the problem is not impossible of solution. I am dealing with the principle, and I consider that the sentiments expressed by the member for North-East Fremantle contain sufficient merit to justify action being taken along the lines he suggested.

In the course of the Speech mention was made of the need for rigid economy. Provided that rigid economy is practised along lines that will not interfere with employment that is readily possible in many avenues, it will be commendable. There are many points with which one might deal, but I propose to mention by way of illustration only one that I came upon when looking over the reports of last session. At that time a Minister stated in reply to a question, that in the Government service something like 543 motor vehicles were in use. I think we might fairly ask the Premier to give some information on this matter when submitting his Budget. This would have the effect of clearing up quite a number of ideas that are entertained as to whether or not certain economies have been rigidly effected. I should like to know whether that number of vehicles is still in use and what survey, if any, has been made to ascertain whether, in existing circumstances, so many are necessary. I should also like to know whether they are being rationed, so to speak, in regard to the consumption of petrol as well as in regard to their use. Also he might tell us whether it is a fact that many of those vehicles, for no apparent reason, are taken to the homes of certain persons and left there for periods—I do not say that they are illicitly used—and not even garaged. Unless some good reason to the contrary can be given, such vehicles, especially in times like the present, should be taken back to their official quarters, just as ordinary trading firms insist upon their motors being returned to headquarters at the conclusion of the day's work. Therefore I hope that in relation to the Government's mention of rigid economy, information such as this will be given by the Treasurer at the appropriate opportunity.

Some time ago I read in the Press that the Premier was making reference to the need for adjustment of the financial relationship between the metropolitan local authorities and the Government by an amendment of the Metropolitan Traffic Act enabling the transfer to revenue of motor vehicle license fees. The hon. gentleman also intimated that in his opinion it was not right that local authorities in the metropolitan area should, so to speak, relieve their ratepayers of what ought to be the rating basis by means of moneys garnered from the special source of traffic fees. I am assuming that the Premier, in making a further comparison between the condition of affairs in regard to rating here in Western Australia and the condition in other States, was acting upon departmental information or advice which he had received. In this connection, however, I would like to point out—I think it is quite fair to do so—that upon looking up the relevant paragraph of the report of the Disabilities Grants Commission, there appears a definite indication that the Commissioners were unable to make a comparison for the purpose of their investigation because, as they expressed it, of the differing systems of rating being observed in the various States of the Commonwealth. Therefore I would like to know, when the appropriate time arrives, whether or not I am correct in my reading of the Commissioners' report, and in the suggestion I make in regard to that particular position. As a member of a local authority, I am, however, prepared to admit, as a result of my slight investigation of the subject, that there are some local authorities within the metropolitan area which have been in receipt of these fees from the inception, and whose development has now been absolutely completed. It may well be that they are, as the Premier indicated—unfortunately, in my opinion, generally rather than particularly—using the revenue thus received, as a set-off when actually arriving at their rating basis, for a particular year. If this is correct, I certainly agree, when one looks around and discovers, as is within my knowledge, various metropolitan districts in which large numbers of motorists reside, and which have yet to undertake a huge amount of developmental work in the form of roads, that some adjustment should be made. I

know that this line of reasoning may even get into the realm of contention, but I do not think it will. I regard the matter as one to be solved on a basis of common equity and common sense. Therefore I will be bold enough to say to the Minister for Works that if what has been printed in the newspapers is indicative of the Government's intention to introduce legislation dealing with the matter, he might well call a conference of local authorities in the metropolitan area. I have no doubt that the Minister will have all his facts marshalled for such a conference. If what I have suggested is correct, no doubt the great majority who will be affected as indicated, affected detrimentally, will be able to arrive at a common basis upon which some adjustment can be reached.

I am not unmindful—indeed, this is one of my principal reasons for introducing this particular aspect—of the consideration that if the moneys can be diverted into channels where they can be used definitely for developmental purposes in connection with road construction, then of course there will be a measure of relief given to the unemployed. Surely it is a task of this House to explore every possible opportunity, however remote and small it may seem, in order to assist at least in alleviating the unemployed position. I hope the Government and this House will, so far as lies within their power, seize every available opportunity to divert moneys so as to allow of some increase in the definitely inadequate allowances being made to the people on sustenance. By this means Western Australia will be able at any rate to show that it is earnestly desirous of doing something for the least fortunate members of the community. Every member, and you, Mr. Speaker, as a metropolitan representative, will be anxious to ameliorate the conditions that are brought under our notice day by day, conditions that not only are deplorable but constitute a challenge to our efficiency and our sincerity. Nothing short of the most earnest efforts, individually and collectively, of members of this Chamber can alleviate the present condition of affairs.

Much could be said in regard to infant health, as the member for Beverley (Mr. Mann) pointed out; and much could be said regarding many other matters. However, at this juncture I feel that we have three major problems confronting us. We should

be able to take them all in turn if we form committees of the kind suggested by the member for West Perth (Mr. McDonald). Out of such committees certain suggestions would arise to which the House would give more mature consideration than possibly is given to suggestions from time to time emanating from individual members who may not possess sufficient knowledge to make them fully aware of all the factors involved.

Another matter for consideration is the desirability of and the eventual necessity for increasing our population. I am one of those members of the community who believe that is highly desirable, and indeed essential in the days to come if we are to have any possibility of making this country, as it may at any time have to be, more centralised in regard to defence. But here I am prompted to say that our duty in the pursuance of such ideas lies firstly in an endeavour to bring about a happier and more prosperous state of affairs for the people who at present constitute Western Australia's population. Having attempted that, and I hope succeeded to that extent, we shall be better fitted to anticipate and to receive those countless thousands who will after the war be seeking happier and better conditions in which to live. Other matters with which I would like to deal are such important questions as the means of coping more effectively with the increasing number of road accidents, and to bring about a more satisfactory position in relation to headlight adjustment regulation, if I may term it such, of motor vehicles. I should also like to discuss the desirableness of appointing a special magistrate to deal solely with traffic cases. Further, I should wish to mention a number of matters specially affecting my own district. However, in order to be conscientious—and I am endeavouring to be so—and in order to be consistent with the views that I have already expressed, I propose to leave such matters for discussion on the Estimates. In conclusion, I wish to thank hon. members for the indulgence they have shown me and again express the hope that we shall have the utmost co-operation and that to the fullest extent of our power we will use our activities in the interests of Western Australia in particular and the good and security of the British Empire generally.

MR. WITHERS (Bunbury) [5.42]: On looking around the Chamber I realise that very few of our present membership had experience of legislation during the last war. Practically all our members are new to legislation from that aspect. However, the trend of speeches so far in this debate has been for co-operation—all for all. But, let me ask, is not that the purpose for which all of us are here? Is not that the object for which we are elected? Why should a devastating world war be needed to make us realise that we have to work together for the good of Western Australia as a whole? Should not that desire motivate our actions at all times? The tenor of speeches that have been made brings to my mind a suggestion of Christmas, when we go around wishing everyone a Merry Christmas and all happiness. Should not that feeling be with us throughout the year? Why should we entertain such sentiments only at Christmas time? We ought to take stock of ourselves continually, and not wait for a world war before co-operating. The member for Beverley (Mr. Mann) is not in agreement with the Leader of the Opposition. The latter gentleman says that there should be opposition even under present conditions. I agree with him that we ought to have constructive opposition. Even though a good Labour Government is in power, Ministers may not always prove infallible, and they need constructive opposition when perhaps they go a little astray. Why does a Parliamentary Opposition exist? Because members have different trains of thought on matters associated with State affairs. It would be absurd to suggest that even at such a time as this we should relinquish all those feelings—feelings which are possibly inherent in the average person who desires to give expression to his opinions in times of war as well as times of peace.

I shall not say that I will not delay the House, since everyone who makes a long speech says that initially. Let me state right here that I do not agree with too much of the economy stunt. At the outbreak of war Mr. Menzies in the first instance issued a warning to the people that they must strive to continue business as usual and that they must not restrict consumption unduly. I consider that we have been in a most fortunate position so far, 11 months of war having gone by while we have been carrying on much as usual. What has been

our experience of prosperity and depression in the past? When the community is on the crest of a wave of prosperity, Parliament, like the individual, spends freely; and when depression comes the cry is, "You must not spend." My contention is that in prosperity we should prepare for depression. A time of depression is one in which we should be prepared to spend. We have been told that we must economise and keep on economising, but I hope that we will not try to economise too much. I trust that the people will still give the State and Commonwealth the opportunity of collecting indirect taxation as a result of the consumption of commodities such as tobacco, alcohol, etc., all of which are heavily taxed and from which a considerable amount of revenue is derived. There is, of course, such a thing as going too far, but we can carry on as usual and raise taxes from those who are in employment to keep those who may find themselves without it. Mention has been made of unemployment and it is satisfactory to know that the position has not worsened. Unfortunately it has not improved since the war started and I hope the Government will be able to see its way to find work for those who need it, work that will be of value to the State. The position exists to-day that existed during the last war, that is, that immediately men enlist someone is looking for the opportunity to fill the vacancy that has been created, and in many instances that vacancy is filled by a female. We know what changes have been wrought since the last war because we find that more girls and women are now engaged in occupations most of which were formerly filled by men. This in itself is causing unemployment and I would like to urge the Government to engage as many men as possible to take the place of those who have enlisted, instead of permitting girls to do so, in some instances the work being of a manual character.

Mr. Hughes: They may shift from one avenue to another.

Mr. WITHERS: Fortunately we are not in the position of Russia where women take their places alongside men, even on the roads. That is not what I call equality of work.

Mrs. Cardell-Oliver: They get equal pay for equal work.

Mr. WITHERS: Let the women have the jobs if they can do the work. Girls are

preferred in some instances, principally because it is cheaper to employ them than men. I hope the Government will remember this in connection with any of their contracts. I know of one instance where men were actually put off and girls were substituted in the positions, and only for the reason that their labour was so much cheaper. In connection with the employment question, we want also to be very careful about the employment of boys in men's jobs. There has been quite a controversy on this subject within the last few days and I suppose the Minister for Industrial Development will have something to say about it when he speaks on this debate. Unfortunately when lads reach the age of 17 or 18 and they are due for an increase in their wages almost invariably they are put off and other boys are employed. So it goes on. That is not what the people want. These are called dead-end jobs. It is not due to the system that that takes place. I have endeavoured to obtain statistics with regard to the employment of junior labour, but I have not been able to get them. Under the apprenticeship system we know that the building trade for instance, has its vagaries, and possibly it is difficult to get apprentices in that trade by reason of the fact that builders may not be in the position to employ the young people all the year round. Some method should be devised whereby trades could be taught to the boys, trades such as those, a knowledge of which they would acquire were they apprenticed to builders. Those trades should be taught the lads on leaving school.

We have always looked upon Western Australia as a primary producing State and only recently have we launched into secondary industries. Our attention has frequently been called to the fact that the value of our imports from the Eastern States has amounted to no less a sum than 30 millions. This is a considerable amount to have to send out of Western Australia for articles that could to a considerable extent be manufactured locally. Suggestions have been made to firms outside the State to establish here industries which the Government could support. In this connection there has been a move in the South-West and a body has been formed called the South-West Industrial Development Association, to collect data in respect of industries that it might

be possible to establish in the South-West. While we have a power plant at Collic, its output would not be sufficient to meet the demands of manufacturers generally. We have the coal there and every possibility of extending operations from a power-production point of view. Whether new industries could be established at Bunbury, Collic, Bridgetown or any other part of the South-West is no concern of the committee. If an industry can be established in that part of the State, the demand for goods produced will favourably affect the trade balance and reduce our imports from the Eastern States. Any movement in that direction will, I am sure, have the full support of the Minister for Industrial Development and the Government generally. A meeting is to be held in Bunbury to-morrow to consider the possibility of establishing a textile mill at that port. The people are interested in the proposition, and prospectuses have been issued outlining the scheme. I understand there is a great demand for textile goods in Western Australia alone. The two concerns operating in Perth are not capable of meeting that demand. Possibly the fact that, owing to war conditions, such goods cannot be imported from overseas at present may be responsible for the movement. Other directions in which there are prospects include the manufacture of jam and the canning of fish and fruit respectively. An important step to be taken is the collection of sufficient data to place before the Minister for Industrial Development to justify him in urging the support of the Government of any company prepared to start such operations.

Mr. Lambert: You would be well advised to steer clear of the Government in the matter of assistance.

Mr. WITHERS: At any rate, moral support is always acceptable.

Mr. Lambert: The member for East Perth can tell you about that.

Mr. Hughes: I was just about to suggest that you ask for support for Fraser's.

Mr. WITHERS: The Premier last week referred to the question of military encampments and suggested decentralisation, instancing several places where such camps could be established. During the 1914-18 war, a large military camp was estab-

lished at Bunbury, and we are endeavouring to induce the Federal Government to adopt a similar course during the present war.

Mr. Hughes: Not for the benefit of Bunbury, surely!

Mr. WITHERS: No. The member for Albany (Mr. Hill) urged the necessity for a camp at Albany, and I heard him say something about the vulnerability of certain centres.

Mr. Hughes: Then it is pure, not commercial, patriotism.

Mr. WITHERS: I urge decentralisation instead of the present method of concentrating the recruits in one huge camp and involving the men in considerable expense when they desire to visit their homes during their fortnightly leave.

The Minister for Mines: There are ten camps now.

Mr. WITHERS: But it costs a man 5s. to travel from Northam to Perth and another 11s. to reach Bunbury, with the necessity for similar payments on the return journey to Northam. That involves a heavy outlay for married men out of their meagre military pay.

The Minister for Mines: But it would cost a Northam man just as much if he had to travel from Bunbury.

Mr. WITHERS: That is not the idea. If a camp were established at Narrogin or Katanning, men from the Great Southern areas would be concentrated there.

Mr. Lambert: What about Coolgardie?

Mr. Patrick: That is "the old camp."

Mr. WITHERS: Similarly, if camps were established in other parts of the State, the convenience of the men would be met, and it would save them considerable expense when on leave.

Mr. Wilson: What was wrong with Blackboy? That was all right.

Mr. Cross: But that site has been sold.

Mr. WITHERS: To turn to another subject: I was interested in a sub-leader that was published in the "West Australian" regarding licenses for cars fitted with producer gas plants. I hope the Government will take into consideration the extra weight entailed by the installation of those plants when fixing the license fee. The extra weight of the gas producer unit

would, under existing arrangements; inevitably involve an increase in the license fee. Although the gas producer plant, if proved successful in the course of time, will probably save mileage expenses, that is no reason why an extra license fee should be required for the vehicles.

Mr. Lambert: Do you know that in France licenses are granted without payment?

Mr. WITHERS: I do not suggest going to that extent. Even to-day suction gas is extensively used in the South-West. At Bunbury two firms are manufacturing the necessary plant. One firm has a staff of 12 engaged upon the manufacture of suction gas producing plants. Apart from Collie, Bunbury is the only place where the machinery is available for turning out that work. Shops in the smaller towns have not the lathes and other necessary machinery. The day before yesterday I had the pleasure of inspecting one garage where the two men in control being mechanics, were thus enabled to instal machinery capable of cutting down the cost of manufacture. No plant was available for that type of work, and so they constructed the necessary machinery themselves. These men have been operating for two months and so far have turned out 40 odd gas producers that are in use and working very effectively. If by this means we can substitute suction gas for petrol, I trust the Government will not impose a hardship upon the users of the new type of fuel by requiring a license fee to be paid according to the weight of the vehicle.

There is another matter upon which I desire to touch. I pay tribute to the Premier for having met in Bunbury representatives not only of Bunbury, but of the whole South-West, with regard to the need for improvements to the Bunbury harbour. The Premier gave us a patient hearing and made certain promises. From inquiries made at the department, I find one of the promises has been kept; an engineer has been sent to Bunbury, where he has been stationed for some time investigating what has happened to the harbour since work on it ceased. The work done by engineers in the past was effective for what it was intended: that was not to make the harbour deeper, but to prevent it from becoming shallower. I am reminded that a considerable number of men may be looking for work when the Canning

Dam and one or two other jobs are completed. Those men's services could be utilised in improving the Bunbury harbour.

I understand the Government intends to bring down a Bill to provide for civil defence. I am aware of what has been done in that direction already by air raids precautions committees, which have done wonderful work during the past 12 months. Although it was at first stated that the prospects of an invasion of this State were remote, today the possibility is not so remote; and it is far better to be prepared for and to have an invasion, than to have an invasion and not be prepared for it. I compliment the Government on its intention to bring down this legislation. I have not seen the Bill, although I have an idea of some of its contents, and my knowledge prompts me to believe that the measure will be favourably received, especially as it will confer authority, which at present does not exist, on those in charge of air raids precautions.

MR. HUGHES (East Perth) [6.8]: I do not think it matters much to the defence of Australia whether we devote one hour or two hours to our work as Parliamentarians; but I am of opinion we ought to be careful about shutting up shop unnecessarily. If there is anything that members of this House can do to further the defence of this State and of other parts of the Commonwealth, I have no doubt they will do it. We hear much criticism about what members are doing at the present time. I have heard the suggestion made that members are using the war as an excuse to loaf away the session. But what can a State member do at the present time? The Commonwealth Government has complete powers of defence under the Defence Act. It has most extraordinary powers under the National Security Act. It is churning out regulations galore, so fast that I doubt whether any member of this House could keep himself acquainted with them from day to day, even if he had nothing else to do. The index to the Commonwealth regulations at present makes a fair-size volume; I think the digest contains 1,500 paragraphs. It is a physical impossibility for a person to know exactly what his position is today. I say without hesitation that some of the regulations ought never to have been made. They are an unnecessary infringement on the liberty of the subject, and many of them would, I believe, be held to be in-

valid if they were tested before the High Court. When all is said and done, it is not a wise plan at the first blush of aggression from outside unnecessarily to curtail the liberties of our people.

I shall make a speech tonight, if you permit me, Mr. Speaker, which I doubt I would be wise to make outside. It will be safe for me to make it here, because it will not be recorded. As far as I am aware—it is my business to have a working acquaintance with the Federal regulations—a regulation may now be in process of issuance at Canberra that may prescribe six months' imprisonment for something I might inadvertently say. A person who voices criticism publicly today is taking a great risk, because he does not know what his liberties are at the present time. I refer particularly to a regulation made concerning the publication of certain documents, documents that a person might have in his possession. After enumerating nearly everything under the sun, the regulation contains an all-embracing clause as follows:—"Any document that makes reference to the war." Anyone who has taken an interest in public affairs over the years and has collected books and pamphlets for the purpose of enlightening himself on world affairs, may thus find himself in the position of possessing documents which constitute a breach of the regulation. Members of the Federal Parliament would have done good service to the people of Australia had they insisted upon the inclusion in the regulation of some element of wilfulness. It should be an offence to have documents of such a type in one's possession if one knows he has them in his possession wilfully. Under this regulation shocking injustice may be done. There is always somebody about who wants to prevent the other fellow from having his say. There are many dictators in this country, but so far we have managed to keep them under control. A person might make a chance remark which some busybody, suffering from war hysteria, may report to the authorities, and so some innocent person may be face to face with an offence against the regulation. Surely, to go to such extremes in order to curtail our freedom of speech is unnecessary. After all, healthy discussion will not injure any effort we are making to win the war. I happen to view the war from a civil angle. Many men who shout their patriotism are not above taking advantage

of their country in war time. During the last war many traders supplied inferior goods at the full contract price.

Sitting suspended from 6.15 to 7.30 p.m.

Mr. HUGHES: Before tea I was dealing with restrictions on our liberty, restrictions as to what we shall have and what we shall not have. It seems to me there has been quite an unnecessary stringency in the regulations preventing people from saying what they want to say and reading what they want to read. That is a dangerous precedent to establish in time of war, when people are prone to hysteria. After all said and done, the right to criticise and to express our views is the very basis of a democratic Government. There is plenty of power to prevent any person saying anything that is injurious. When there exists, as at the present time, almost complete restriction of the Press, and when the radio is more or less regimented there is a grave danger of dictatorial control being set up within our own country. Members of the Federal Parliament should have seen to it that these regulations were less stringent, and should have provided for some limit of wilfulness before a man can be convicted and sent to gaol. There is talk about the postponement of the Federal election. Such a postponement would be very foolish because once we start tampering with the Constitution—

Hon. C. G. Latham: They cannot do it, as you know.

Mr. HUGHES: I do not know. The member for Murchison (Mr. Marshall) had something to say about there being no University graduates who had made a success of parliamentary life. The hon. member has it from the wrong angle. What has happened is that there has been a failure of parliamentary life for want of University graduates. Who is to say that the Imperial Parliament has not the right to amend the Commonwealth Constitution?

Hon. C. G. Latham: The Statute of Westminster prevents it.

Mr. HUGHES: But the Imperial Parliament is a parliament with an unwritten Constitution.

Hon. C. G. Latham: It passed that law.

Mr. HUGHES: But England is not like the United States or Canada or Australia, which have written Constitutions limiting

Parliament's powers. The Imperial Parliament has unlimited powers.

Hon. C. G. Latham: Within its own dominion.

Mr. HUGHES: The Imperial Parliament has no dominion. The dominion of the Imperial Parliament is the British Empire with all its dependencies and colonies.

Hon. C. G. Latham: No.

Mr. HUGHES: The Leader of the Opposition is taking on a big task in giving an opinion on that matter.

Mr. Withers: We are not accepting his opinion.

Mr. HUGHES: No. I do not know whether the Imperial Government has the power to do it or not, but what I do know is that when I was taking a course on modern political institutions at the University I was told that the Imperial Parliament could not interfere with a Colonial Legislature and could not amend the Commonwealth Act or any of the State Acts. When I went the next year to proceed with the Constitutional Law course I was told that the Imperial Parliament has unlimited powers and that it can repeal any Act it passes and substitute another.

Hon. C. G. Latham interjected.

Mr. HUGHES: That will be one of the tasks the Leader of the Opposition can undertake when he brings down his Bill to make people think right at the University. I consider the Imperial Parliament can amend the Act that established the Commonwealth of Australia. One of the fundamentals of the Constitution of the Imperial Parliament is that no Parliament can limit its successors. As a matter of fact it is one of the fundamentals of this Parliament that we could pass an Act of Parliament tomorrow deciding that the Act should not be repealed except by a unanimous vote of a future Parliament, but a future Parliament could, by an ordinary majority vote, rescind it. The member for York (Hon. C. G. Latham) is more correct when he says the Imperial Parliament will not do it. As a matter of fact, it might be a good thing for this State if the Imperial Parliament did do something to amend the Commonwealth Constitution because we could then ask the Imperial Parliament while it was doing that, to give us the right to secede if we

want to. For this State it might be a good thing if the Imperial Parliament did exercise the power to do that.

Hon. C. G. Latham: You admit it has given the people of Australia power to amend their own Constitution?

Mr. HUGHES: The Imperial Parliament has provided in this Constitution, as has been provided in every Constitution established within the last 100 years, that the people who obtain a grant of self-government have the right to amend their fundamental document in their own way. But I do not think there is anybody who can point to anything the Imperial Parliament has done that prohibits a future Parliament from amending an Act passed in a previous session. Therefore what I think will happen is that the Imperial Government will not interfere with the Constitution but will probably say, "You have a Constitution and a prescribed way of amending it and we do not propose to interfere." But there might be occasions when it would have to interfere. Suppose that, through circumstances, no election took place at the prescribed time, and the Federal Parliament ceased to exist. What would happen then? Somebody would have to seize power as a dictator or the Imperial Parliament would have to bridge the gulf.

Hon. C. G. Latham: The Governor General would dissolve Parliament and order a general election.

Mr. HUGHES: I would like to know how the Governor General could dissolve a Parliament that had ceased to exist through effluxion of time.

Hon. C. G. Latham: He could order an election.

Mr. HUGHES: Could he? If Parliament ceased to exist, I doubt whether the Governor General could set himself up as an authority to call a meeting of Parliament. If he did, and that Parliament passed laws, the first thing to happen would be that the High Court would declare those laws invalid, and we would be faced with the necessity for establishing some form of government, or getting the Imperial Parliament to amend its own Act. I am sorry but that is one subject on which I cannot bow to the judgment of the Leader of the Opposition.

There is one curious feature about the Federal Parliament which, in the interests of Australia, should be rectified without

further delay. The intention of the framers of the Federal Constitution was that Federal members should also be members of the State Houses of Parliament. The reason was to bring the State Houses into closer contact with the Federal governing authority. It was thought that by members of the Federal Parliament being also members of the State Houses, a connecting link would be formed. Before the Commonwealth Act was passed by the Imperial Parliament, the State Parliaments passed legislation to prevent a member of the Federal Parliament from occupying a seat in a State House. I do not know exactly why they did that unless it was to limit the competition for seats in the State Houses. The Federal Parliament promptly retaliated by passing a law prescribing that no State member might contest a Federal election unless he resigned his State seat 14 days before the day of nomination.

Mr. Lambert: That was an amendment to the Commonwealth Electoral Act.

Mr. HUGHES: It was a measure of retaliation.

Mr. Lambert: But that was passed 20 years afterwards.

Mr. HUGHES: The restriction is still in existence, but what a boon it would be to the State if we could get the hon. member into the Federal Parliament! It seems to be a curious provision to put into the Electoral Act because, if we look at it from one of two angles, it seems to be designed to restrict the people's choice of members of the Federal Parliament. Take a time like the present; if ever the people wanted a wide selection, it is now, and they should be able to choose throughout the length and breadth of Australia, but there are excluded under penalties all the 700 State members. What would we say of a man running a business if, when a senior position became vacant, he laid down an infallible rule that no subordinate officer in his employ should be eligible for promotion?

Mr. Lambert interjected.

Mr. SPEAKER: Order! I must ask the hon. member to keep order.

Mr. Lambert: I thought the hon. member would welcome my remark.

Mr. SPEAKER: Order!

Mr. HUGHES: I always welcome the advice of the hon. member, but do not act upon it. Every well-organised business endeavours to have a subordinate to step into

the shoes of a senior officer in case of emergency. If not, when through sickness or other cause an important executive officer was unable to perform his functions, there would be a dislocation in the business. Consequently the sensible way to conduct an organisation is to have, for everyone occupying a responsible position, an understudy who can step into the other's shoes at short notice. I think the natural training ground for members of the national Parliament is the State Parliament. I have never heard it said that because a man was a member of a municipal council or a road board, he should be automatically barred from or penalised for standing for election for the State Parliament. As a matter of fact, membership of a local authority is frequently advanced as a qualification in his favour, and so it is. The more experience a man has of government business, whether it be municipal, State or Federal, the better. So I say the natural training ground for the election of Federal members is the State Parliament. After a member has served a term in the State Parliament, he has acquired a knowledge of the State and a knowledge of making legislation, and has passed a fairly thorough apprenticeship to serve in the higher sphere.

Mr. McLarty: Most of our Federal members previously served in the State.

Mr. HUGHES: And were rejected by the State; but I would not make rejection a necessary qualification for selection. We can regard the matter from two angles. The first is whether a member of Parliament serves the State or whether, by getting into Parliament, he serves himself. If the criterion is service to the State, then his services should be available to the electors if they want him. At a time like the present, when the best talent in the community is needed to serve in the Federal Parliament, I believe that every member of the Legislative Assembly should be able to offer himself to the electors for service in the national Parliament. Then the electors would have the right to avail themselves of his services or otherwise. State members, however, may not offer their services unless they give up their State seats 14 days before the day of nomination. As Professor Harrison Moore said, they have to give up the bird in the

hand before they go after the bird in the bush. That seems to be a very stupid restriction; it deprives the people of their right to a wide selection. It is a deterrent, too, because not often does it happen that a State member resigns his seat in order to contest a Federal election. Occasionally when a State member has done that, his action has been attended by disastrous results. I recall that a Premier of South Australia resigned his seat and offered himself for service in the national Parliament and was unsuccessful. So I say the restriction seems to be a very foolish one. Putting it from the other angle that appointment to the national Parliament is purely for the benefit of the individual appointed, why should one section of the community—State members—be penalised and placed at a disadvantage as compared with the rest of the community? Representations ought to be made to the Federal Government—in fact, I think the suggestion has been made in the Eastern States—that the Commonwealth should amend the law to remove the restriction on State members standing for the national Parliament.

Mr. Lambert: And the members of the Senate should be selected from the State Parliaments.

Mr. HUGHES: Yes, by secret ballot. That would be a means of filling the gap that the framers of the Constitution intended to bridge when they visualised Federal members being representatives in both Houses. If Senators were selected from the State Parliaments, they would be under the control of the States or of the State governmental institutions and would be more likely to give effect to the spirit of the Constitution.

Hon. C. G. Latham: Would you give them life appointment as in America?

Mr. HUGHES: No.

Mr. F. C. L. Smith interjected.

Mr. HUGHES: The hon. member is in conflict with the member for Yilgarn-Coolgardie.

Mr. McLarty: The party with a majority would decide.

Mr. HUGHES: If the voting was by secret ballot, I doubt whether it would. If the party in power selected the members of the Senate, it would have some justification for claiming to have a part in the ad-

ministration of the country, and, by having the votes of the people on their side, to be the right body to choose the representatives of Parliament. In that way the interests of the State would be safeguarded. There is no question but that the Senate has failed entirely to fulfil the functions set out for it in the Constitution.

Mr. Lambert: It is a farce.

Mr. HUGHES: If the Senate is going to be controlled in the future as it has been in the past, the wisest thing for the Commonwealth Government to do would be to abolish it and leave only the House of Representatives.

Mr. Patrick: The Senate in the United States has not failed.

Mr. HUGHES: Control there lies with the States, and the Senate owes allegiance to the States.

Mr. Patrick: It is the stronger House of the United States Parliament.

Mr. HUGHES: The Senate in Australia, with its 30 members, is so constituted that the representatives of three States can prevent the passing of any legislation to which they object. They can do that for the time being, although not indefinitely. We should make representations to the Commonwealth Government in this matter.

When I commenced my speech I said that people were asking what members of the State Parliament were doing to assist in the war effort. What can we do? I suggest that one thing we could do would be to make an offer to the Prime Minister that he should have the services of any 12 members on both sides of this House in any capacity in which he liked to use them. If the Federal Government thought that members here could perform certain services, and were capable of doing so, I am sure the House would make available to the Government any member who was required. Apparently the Commonwealth Government does not want talent. I understand it is besieged by people who require all sorts of jobs in connection with the defence forces. We could, however, make that offer to the Prime Minister, and I believe it would be quite safe to do so. At least we could say we had offered to do anything that was asked of us. It would be worth while to make the offer, because some member might be used if his services were available.

I wonder when we are going to have the licensing laws enforced. It has been clearly

demonstrated to us that there has been bribery in the course of licenses being granted for hotels. That was hotly denied when Senator E. B. Johnston was in association with people who were able to secure licenses. No longer is it denied, because he and those connected with him have filed documents which prove that he was giving away interests to persons who were in a position to secure licenses for him. The time has come to abolish the Licensing Court. What service can it perform today? When some individual thinks that a certain position would be a good one for an hotel, he can send round a petition, have it signed by the local residents, publish the fact in a paper that is read by hardly anyone, and the license is granted. One thing we put into the Licensing Act was that those who obtained a license to sell liquor on certain premises had a monopoly for so doing. An ordinary building may be worth £20,000 to-day, but once there is attached to it a license to sell liquors, it immediately becomes worth perhaps £30,000 or £40,000. The value of the goodwill of a license to sell liquor runs from £10,000 upwards. I doubt if ever in the history of the State a greater premium for a license than £10,000 has been paid. Usually it ranges from £1,000 to £1,500.

Mr. Marshall: Was it not more in the case of the Brighton Hotel?

Mr. HUGHES: Yes, but it is usually not more than £1,500. The Licensing Court hears applications for new licenses, and recommends to Executive Council whether they should be granted or refused. I fail to see why that work should not be done by the existing judiciary. Why should not local magistrates go into the merits of each application and make the necessary recommendations? If a new license is sought, a majority of the people resident in the area must be in favour of it. The Licensing Court has become an anachronism. It is useless. All it has done for Western Australia is to leave with it the stigma of corruption. It is almost possible to determine that when certain people apply for a license they will get it, and when others do so they will be refused. We know now from the disputes that have arisen between Senator Johnston and his partners that he was giving them interests in licenses to enable him to obtain those licenses. He does not deny it, and justifies the action by

saying, "How was I to get them unless I gave something for getting them?"

Hon. C. G. Latham: I do not think he said that.

Mr. HUGHES: He did say so. Why did he give them interests for nothing? He did not give the hon. member anything for nothing because he could not use the hon. member's influence, or I hope he would not attempt to do so.

Hon. C. G. Latham: That is better.

Mr. HUGHES: To those who could help him and did help him, Senator Johnston gave something for nothing. That is sheer bribery. We also find that the licensing laws are not rigidly enforced. The unfairness that arises from the non-enforcement of these laws is that one licensee can go on trading in defiance of the law, whilst another is prosecuted for committing the same offences. And so the man who is prosecuted for breaking the law has a legitimate grievance. He asks, "Why should I be prosecuted for breach of the law when all around the law is being broken without prosecutions following?" It would be better to extend the hours of trading and thus place all licensees on the same footing; so that we could say to them, "Those of you who obey the law will not be placed at a disadvantage in respect of competition with others who break the law." The administration of the licensing laws in Western Australia is just about as bad as is the administration in granting new licenses here. If our licensing laws are too rigid, they should be amended. If it is necessary to have extended hours of trading—even though the extended hours were limited to certain portions of the State—I see no reason why such hours, so limited, should not be granted. If four hours' trading on Sunday are necessary in Kalgoorlie, I see no reason why that trading should not be carried on lawfully. At present it is done unlawfully. Unquestionably, licensees have to pay somebody for the privilege of breaking the law. This matter goes right to the root of administration of the law. Certain people break the law, and pay for leave to do so.

Mr. Marshall: I would not go so far as to say that.

Mr. HUGHES: I would. Any member of them would tell you that they pay for the privilege.

Mr. Marshall: I do not agree with you, and I would not like to make such a statement.

Mr. HUGHES: I have been told so by licensees who have to pay.

Mr. Marshall: If you got the information direct, all right.

Mr. HUGHES: One of the evils of the starting-price betting situation is the continual making of complaints that certain starting-price bookmakers are prosecuted while others are not. And that is the case. I have made personal investigations, and have had the records of the Police Department made available to me, and I have found that whereas one man was prosecuted seven times in nine weeks, another man, in the same suburb, carried on for 13 weeks without a prosecution. Naturally, the man who is prosecuted complains, "Why should I be prosecuted in seven weeks out of nine while someone else is allowed to go scot-free for 13 weeks?" Of course the inevitable suggestion is made that the man who is not prosecuted is being protected. The responsibility is a highly unfair one to place on any police officer, to say that certain people shall be prosecuted and that other people shall not. With regard to starting-price bookmaking, it would be much better if there were no prosecutions whatever. Then all would be on the same footing. I have repeatedly had complaints made to me by small starting-price betting shop owners that they were being singled out for prosecution with the object of squeezing them out and creating a monopoly for five or six starting-price bookmakers.

Mr. Withers: Those others were outside the ring.

Mr. Marshall: That is common rumour.

Mr. HUGHES: Furthermore, when one examines the records and sees how the small man is prosecuted often and the big man not very often, one is led to believe that there is something in the allegation I have mentioned. If there are to be prosecutions, all starting-price bookmakers should be placed on the same footing.

Hon. W. D. Johnson: Why not imprisonment?

Mr. HUGHES: That is a matter in the hands of the magistrates, is it not? A magistrate has power to say whether he will inflict a fine or send the convicted person to prison.

Hon. W. D. Johnson: What happened at Fremantle?

Mr. HUGHES: Did someone go to prison for seven days at Fremantle?

Hon. W. D. Johnson: I do not know.

Mr. HUGHES: Speaking from memory, I believe the Fremantle magistrate threatened that the next time a new man came before the court—that was the curious feature, a new man—he would send that new man to prison. I am not sure, but I think that magistrate did send someone to prison for seven days. In point of fact, that looked as if the Fremantle monopoly was being protected.

Mr. Lambert: They did not want anyone else to come into the business.

Mr. HUGHES: I suppose the magistrate looked at it this way, that those now in the business were gone beyond redemption but that he would save the newcomers. So far as I know positively, nobody has been sent to prison in Fremantle or elsewhere for starting-price betting.

Mr. Fox: I think there was only one lot prosecuted before that man.

Mr. HUGHES: The position is a strange one, and it is impossible to say what is going to turn up. I think magistrates generally take the view that if a man is charged with the offence and is fined £75, that amount goes to the State's revenue, and that it is better to have £75 additional revenue than to send the man to prison, where the State would be compelled to keep him. Starting-price betting could be stamped out by the police in three weeks; that is, if they really wished to do it. The Police Department could put on a squad and could bring a man up three Saturdays running, with the result that he would be fined £75 per week for three weeks running; and that would put nearly all the starting-price bookmakers out of business.

Mr. Withers: But how could we get the equivalent in taxation?

Mr. HUGHES: I will tell the hon. member that. Give every hospital throughout the State the right to run a totalisator on Saturday afternoon and to retain a percentage of the money invested. It would be found that a totalisator run on behalf of a hospital would pay such large dividends as compared with prices paid by starting-price bookmakers that these men would not be able to operate in competition. If a

totalisator was being run by a local committee, payment of the right dividend could be relied upon with confidence. How much money per week would be betted in Kalgoorlie on a totalisator run by a hospital committee as against the starting-price business conducted by bookmakers! In Kalgoorlie the starting-price betting industry is thriving, so far as I know. I believe there are 15 starting-price betting shops on one side of Hannan-street. And they are not small shops either, but big shops. I venture to say that the result of running totalisators as I suggest would be a great deal of money for the hospitals in addition to better returns to punters. However, at present I am not so much concerned with that angle of the question as with the unfairness inherent in prosecuting one person for breaking the betting law and allowing another person to break it unpunished. I am not too keen on prosecuting people, let me add. I am not one of those whose cry is "Let us have justice!" All I ask for is mercy. Still, if we are going to prosecute, let us do it even-handedly. Do not let the big men go scot free, and make the little men pay the penalty.

At present we are confronted with a proposal to ration the supply of petrol, which will have far-reaching effects throughout the State. Already the prospect of such a rationing scheme is causing much anxiety to men who can visualise the disappearance of their means of livelihood. Only when we are faced with such a proposition do we realise its possible far-reaching effects. Many people now are confronted with the prospect of the ruination, or at least the partial ruination, of their businesses as the result of the necessity to restrict petrol consumption. If that course is necessary in the national interests, and a dislocation of industry and the livelihood of many people ensues, surely the responsibility should rest with the Commonwealth Government to ensure that people so affected are absorbed in some other form of industry. One of the problems of progress is that during the transition period great hardship is inflicted on people whose living is taken away from them, and they are thus placed in an unfortunate position until absorbed in some other activity. The German farmers did not want progress and the industrialisation of the agricultural industry. What they desired, and got, was security for the living that

they had and would continue to enjoy. What good was progress to them if it meant that many of them would be without a means of livelihood? Surely we ought to insist that some provision be made for people whose living is affected because of the national necessity to ration the supply of petrol.

There are two institutions that will make profits out of the proposed petrol restrictions. One great mistake that was made was that the restrictions were not instituted before the licensing year commenced. It is interesting to note that the individual who seeks to license his car for the half-year period has to pay the full license fee for that period, but as a result of the proposed petrol restrictions, he will be deprived of the use of his car and will have to make other provision for transport. Surely it is very unfair that the Government should take the full license fee when national interests require that the person who pays the license fee shall receive in return only partial service for the money so disbursed. The Government should revise the license fees for cars because the motorists will be deprived of the use of their cars and will have to make other arrangements.

The Minister for Works: You should substitute "local government" for "Government" when you tender advice to people.

Mr. HUGHES: Each shares in the money!

The Minister for Works: Local government authorities get the lot.

Mr. HUGHES: Do they? In any event, there should be a revision of the license fees so that the man who pays, say, £10 for his license and has only 25 per cent. use of his car, should receive a 75 per cent. recoup, for the reason that he has to make other transport arrangements. There is another aspect of the rationing scheme that, as far as I am aware, has not occurred to anyone. When a person effects the insurance of his car, he pays a premium to cover the full year. The insurance companies work on the law of averages, and premiums are fixed on the possibility of accidents and of accident claims. Should a person secure cover for 12 months, for which he has to pay £13 or £14, and, as a result of the restriction on the use of petrol, has the use of his car reduced to the extent of 25 per cent., the risk of accident confronting the insurance com-

pany concerned is reduced accordingly. If the insurance companies in such circumstances are allowed to retain the premiums paid for the full year, members will appreciate what an enormous profit they will reap, without having to incur any risk whatever. I suggest that the Government should introduce legislation to provide for a recoup of portion of the insurance premiums already paid, to compensate for the restriction upon the use of the insurers' cars. If that is not done, the petrol rationing scheme will represent a magnificent gift to the insurance companies.

Hon. C. G. Latham: The insurance cover does not operate from the date of the payment of the license fee.

Mr. HUGHES: Who said it did? Even so, what difference would that make?

Hon. C. G. Latham: It would not be easy to effect an adjustment.

Mr. HUGHES: Why not?

Hon. C. G. Latham: Some commence in August, some in September, and so on.

Mr. HUGHES: If the rationing became operative in September and the motorist's policy fell due in October, the payment for only one-sixth of the year would require to be adjusted, and that should not be difficult. At any rate, think of the enormous profits the insurance companies will make, without any risk whatever.

Mr. Rodoreda: You mean extra profits?

Mr. HUGHES: Yes, because the risk will be reduced. Instead of the cover being for, say, 240 miles of motor travel, it will mean that the risk will be reduced to covering a mileage of 40, which must reduce the risk to one-sixth. What an enormous rake-off will be enjoyed by the insurance companies at the expense of people who have to suffer the consequences of the restriction. Surely that is a matter that the State Parliament could deal with.

At the present time we are engaged in the task of financing the war. It took 10 days to raise the first war loan, which represented £20,000,000, or £3 per head of the population. The reason for that result was not because the people had to contribute towards the war loan but because they did not have to do so. I suggest that 80 per cent. of the people engaged in primary production had no money available to lend for war purposes. They are mortgaged up to the hilt. Further, I suggest that 80 per cent. of

the industrial workers had no money to give for that purpose. They enjoy no margin out of which they could have created reserves enabling them to lend money to the Commonwealth Government for war purposes. Thus it will be seen that we cannot conduct the war in accordance with the old methods of finance. I wonder if the authorities in the totalitarian states went round for 10 days with the hat because they wanted £20,000,000 to finance a war loan. If we are to put forth our maximum war effort, we must institute far-reaching alterations in our financial system. I believe that, within the ambit of the present economic system, the Federal Government is probably exercising a maximum effort to defend Australia, but it cannot put forth its real maximum effort within the four corners of our present economic and financial methods. I believe that the present Federal Government cannot do it because its affiliations will not allow it to do so.

Mr. Marshall: You have stolen my thunder.

Mr. HUGHES: I am sorry.

Mr. Marshall: But you are doing a good job.

Mr. HUGHES: Perhaps I ought to be thankful that the hon. member is not in the Chair. The welfare of the people of this country may be seriously jeopardised because the financial oligarchs of the Commonwealth will not permit a departure from an outworn financial system.

Mr. Marshall: You are on the right track.

Mr. HUGHES: I say—although perhaps I would not say it outside Parliament—that if Thyssen was behind Hitler, then the Broken Hill Proprietary Co. is behind Menzies. Consider every appointment made by the Federal Government; it is one of the rich oligarchs that gravitate around the Broken Hill Proprietary Co. and its associated companies. Each appointment the Federal Government makes is from one of the 30 oligarchs controlling the financial destiny of Australia.

Mr. Marshall: Quite true.

Mr. HUGHES: They will not allow any departure from the present financial system if it tends to jeopardise their position. So they cling to their control even if it means a reduced war effort in defence of the country. The people of Germany had

to face such men. Hitler points out in his book, "Mein Kampf," that Germany could not allow such people to jeopardise the national welfare by clinging to their old ideas about outworn finance. Thousands of pounds are being spent in the Eastern States for war purposes, but inquiries show that contracts are being let at every turn to a group of about 30 or 40 men who really control the finances and monetary power of the Federal Government. I am of opinion that we have no occasion to borrow money to fight the war.

Mr. Marshall: I would not mind if we borrowed the money.

Mr. HUGHES: There is no reason at all why we should pay interest on money to finance the war. I had a look at the interest in my bank book to-day.

Mr. Marshall: I will be round for a loan to-morrow.

Mr. HUGHES: I think I own about 15s. of the Commonwealth Bank. The Commonwealth Bank has issued what I suggest is a curious document with its balance sheet for the year ended the 30th June, 1939. Dealing with methods of finance, the pamphlet sets out—

The methods of finance used should be those mostly to secure real resources of men and materials and equipment which can be used for defence with as little general dislocation as possible. Dislocation always means unemployment for a time.

That is true, and we shall experience it when petrol is rationed. The pamphlet continues—

The community must do without the resources used by the Government. There are broadly two cases to consider according to the state of employment:—

- (a) When there is not general unemployment, unless the Government borrows abroad, it can obtain its needs only by the community going without some goods which otherwise it would have enjoyed, either consumption goods or capital goods.
- (b) When there is general unemployment it would be possible to put some of the unemployed on defence work without any fall in the standard of living of the rest of the community. But only part could be employed directly in this way. The greater part must be left available to produce the additional consumption goods which will be required with growing employment.

Mr. Marshall: The bank must have got Professor Copland to write that.

Mr. HUGHES: Of course, what the pamphlet says is essential. If the equivalent of consumption goods is used for war purposes and not used for, say, pleasure purposes, economically it makes no difference to the community. But I fail to agree that it is necessary in Australia to reduce consumption goods in order to produce another kind of consumption goods for war purposes. I have not much faith in economists or economics. There is no doubt that the German Empire could not have done what it did had it observed our canons of economics. I can show many statements by expert economists that would have made it impossible for the German nation to organise in the way it did. That nation had practically no gold. Therefore it could not do much. The curious thing is that the German nation has given the lie direct to our economists.

Mr. Marshall: I wonder how the Germans measured their values with no gold at all.

Mr. F. C. L. Smith: The Germans had surplus exports.

Mr. Patrick: Labour was compulsory in Germany and the workers were paid very little.

Mr. HUGHES: Have not we had surplus exports?

Mr. F. C. L. Smith: No, imports.

Mr. HUGHES: What the Germans did was to organise the nation on a different conception. The economist is gone from Germany and Italy. The Germans had to organise their resources and establish foreign credits with goods that foreigners would buy.

Hon. C. G. Latham: The barter system.

Mr. HUGHES: The Germans had to create foreign credits. They did what seems to me to be a very natural thing to do.

Mr. Berry: They did not borrow money from their own banks and pay interest on it.

Mr. HUGHES: What they did was to build up their national economy by exporting goods which they could exchange for the goods they required. So they concentrated on creating foreign credits, but even then they were unable to create sufficient foreign credits to meet their outside indebtedness. They committed default time after time. I do not think they even repaid the 150 millions borrowed when Dr. Stresemann was

Treasurer. They could not get enough foreign credits to do so. No nation can pay its foreign debts unless it can establish foreign credits. Consequently, the Germans utilised for war purposes certain consumption goods by reducing the consumption goods of the German people. The document from which I have been quoting proceeds—

In either case, the methods by which the Government can obtain the money for defence are only these three: 1, taxation; 2, public loans; 3, loans by a central bank.

The last method postulates one of two things. It postulates that the Commonwealth Bank, as a central bank, can issue money for credit purposes of its own volition or can lend the money of its depositors. And if it only lent the money of its depositors the loans would be coming from the public. But, instead of coming direct they would come through the channel of the Commonwealth Bank. There is a definite opinion throughout this circular that the Commonwealth Bank could provide us with interest-free money for war purposes. The circular goes on to deal with the various aspects of the matter, and in the last two paragraphs appears the following:—

The needs of defence have nothing to do with determining the proper supply of money. If a central bank loan is made for defence at a time when the money supply does not require increasing, then the country will pay for it through rising prices and general dislocation more heavily than if the money were raised by taxation.

I do not know how they justify the statement that the country will pay for it.

Mr. Marshall: But it is true!

Mr. HUGHES: Has not the country to pay for everything? Have not the people to pay for everything? The circular states—

The needs of defence have nothing to do with determining the proper supply of money.

As a matter of fact, the proper supply of money is a very important factor in connection with the needs of defence, because defence requires three things: man power, national resources, and scientific knowledge; and those three factors have to be co-ordinated. The only way they can be co-ordinated is by having finance and credit available to do it. There is no reason in the world why we should not at the present time have money available from the Commonwealth Bank to link up our Yampi iron ore deposits with our deposits of Collie coal and other mineral

resources, and establish blast steel furnaces in Western Australia; but we will never get it under the present Federal regime, because the Broken Hill Proprietary Limited would not like us to have it. Whether it meant winning the war or losing the war, the Broken Hill Proprietary would never allow us to have credit facilities to develop those resources and establish steel works in Western Australia. There is no doubt in the minds of those who control the Commonwealth Bank as to what can be done. It is stated in this circular—

It is true that in emergency a loan might be made for defence by the central bank, when it was quite impossible to raise the money in any other way, although economic and financial conditions did not justify it. In that case, we should pay for it to the full. If the safety of the country demanded it, and there was no alternative, such a course would have to be faced, whatever the cost. But it is an expedient to be used only in the last resort.

So they recognise that they could finance the war by the use of the credit facilities of a central bank, but what they say is, "Do not do it yet. Wait until it is too late." In a similar way, bankers have said for a long time that they will have to write off the farmers' debts—but not now. If bankers have said to me once, they have said to me a dozen times, "Of course, the banks will write off a portion of the farmers' debts; but not yet." So the poor farmer has to go on living in hope that the day will arrive when he will have some relief.

The balance sheet issued by the Commonwealth Bank at 30th June, shows that although the institution started with a capital of only £4,000,000, it has already a reserve fund of £2,750,000, and that more than half its profits for the year have been distributed to the rural credits branch, the note issue and the general banking departments. Although more than half its profits have been given away each year, already it has back three-quarters of its capital, and the total of bullion and money at short call that the Commonwealth Bank has is £20,000,000. That is all that is available. That is the currency at the Commonwealth Bank, and the Bank's total liability is £155,000,000. All that it needs to keep as circulating money is £20,000,000. There is a liability of £99,000,000 to the rural credits branch and £55,000,000 to the note issue department, and all the Bank requires to keep that enormous amount going is

£20,000,000, or about a sixth, because on the law of averages that is all the currency required. If we turn to the note issue department, we find that there they have gold and English sterling resources to the extent of £16,000,000. They have debentures and other securities to the extent of £40,000,000. I would like to know what is behind those debentures. I would like to know what the debentures and other securities are. It is a curious thing that if one buys a Government security maturing at a certain date with interest at 6 per cent., the Government, in order to meet its liability, goes to its note issue department and lends itself interest-free notes against its own interest-bearing security. That is really what is done. That is the way financial juggling takes place. If the Leader of the Opposition knows so much about it, will he tell me what those debentures are?

Hon. C. G. Latham: The Bank does not issue notes to the Government; the notes are issued to the Bank.

Mr. HUGHES: Is not the Bank a Government institution?

Hon. C. G. Latham: No.

Mr. SPEAKER: Order!

Mr. HUGHES: Is it not?

Hon. C. G. Latham: No.

Mr. HUGHES: Is it not a creature of the Federal Parliament?

Hon. C. G. Latham: It was, yes.

Mr. HUGHES: Does not the Federal Government direct the way in which the Bank's profits shall go?

Hon. C. G. Latham: Only by Act of Parliament.

Mr. HUGHES: Well, how else can the Federal Government direct anything? The fact remains that there is only £16,000,000 of gold against £47,000,000 of note issue; and the notes have been issued against some sort of debentures. I do not think they are Government bonds. The savings bank has a liability to its depositors of £146,000,000, and it has in cash, coin and money at call only £11,000,000; so that £11,000,000 is sufficient to meet the payments from day to day, because, as currency goes out so it comes back. I was surprised to see a statement made by one of the most intellectual and cultured members of this Parliament to the effect that war destroys wealth. That is a curious statement. I believe that the reverse is the case—that war creates wealth. If the Commonwealth Year Book for 1914

is perused, it will be found that the total public debt of the Commonwealth on the 30th June of that year was £19,000,000. That is all the Commonwealth owed in 1914. But if the Year Book for 1922 is consulted—that is, after the war—it will be found that the Commonwealth owed about £260,000,000. Can it be said that that £260,000,000 created as a result of the war is not wealth? I should say that a man who owns £10,000 is very wealthy.

Mr. J. Hegney: Was not the cost of the war much greater, about £700,000,000?

Mr. HUGHES: The hon. member is referring to the cost since the war ended. Including repatriation charges and interest on loans, about £550,000,000 has been paid out of revenue and £300,000,000 out of loan, a total of between £900,000,000 and £1,000,000,000, but that is not all borrowed money. The Commonwealth indebtedness is about £400,000,000, and, as a result of that extensive borrowing, we have an enormous amount of interest to find each year. One result of the war, even to the victor, is that it has made the rich richer and the poor poorer. If war materials in the nature of consumption goods are unmanufactured and destroyed, they go out of existence, but if as a result of such manufacture a debt is created, it means that some citizen from then on has the right to levy toll on the rest of the community to get his money back. So the people in control of the money interest allow men to go to the war and fight and then come back and pay for it.

Mr. Marshall: That is correct. They do both, foolishly.

Hon. C. G. Latham: What is the alternative?

Mr. HUGHES: I will tell the hon. member the alternative to the interest burden that is crushing the life out of all sections of the community, particularly the primary producers. Let every primary producer work out how much he has paid in interest during the last 25 years and he will be astonished. I know a man who bought from an insurance company for £10,000 a farm belonging to a bankrupt estate. He has struggled through years of depression and has paid £14,000 and still owes £8,000. As a result of paying the £14,000, he has reduced his principal by only £2,000.

Hon. C. G. Latham: But he is £2,000 better off through having borrowed the money.

Mr. HUGHES: He has struggled against adverse prices and adverse conditions; he has deprived himself and his family of everything in order to preserve intact the asset of the insurance company. What he should have done years ago was to go to the company and say, "I have struggled and struggled and all I can do is to pay the interest without getting any further ahead. You take the farm and work it." The company would have been glad to pay him £7 or £8 a week to manage it.

Hon. C. G. Latham: We know that is not right. You, of course, do not.

Mr. HUGHES: How is it the Leader of the Opposition has so much more knowledge of the subject than I have?

Hon. C. G. Latham: Because I am a farmer and you are not, though I know very little about the law compared with you.

Mr. HUGHES: And I suggest the hon. member knows very little about the fundamentals of finance.

Mr. SPEAKER: Order!

Mr. HUGHES: The company would have to do that. There are many people on farms in this State who go to the bank manager each month and get so much sustenance on which they have to live.

Mr. Rodoreda: And pay for the property.

Mr. HUGHES: Yes; they are allowed £8, £10 or £12 a month.

Mr. Seward: And how many are put on as managers, as you said?

Mr. HUGHES: I did not say anyone was put on.

Mr. Seward: You did.

Mr. HUGHES: I said that the man should have gone to the financial institution and said, "I cannot make a do of it; you take the farm." The company would then have had put somebody else on as manager.

Mr. Seward: That is a different proposition.

Mr. HUGHES: The company would have had to keep the farm going or lose the asset. I am suggesting that, after this war, there will be a new alignment, and that it will not be employer and employee but it will be mortgagor and mortgagee.

Mr. Marshall: That stage has almost been reached now, has it not?

Mr. HUGHES: Yes. I think the farmers would have done themselves a good turn, had they been sufficiently organised, by going to their respective mortgagees and saying, "You take the farm."

Mr. Berry: I agree with you.

Mr. HUGHES: What could the mortgagees have done if all the farms had been thrown on to their hands? The best security in the world is real estate. If one went to a financial expert or to the Leader of the Opposition and asked into what money should be put for a safe investment, one would be told, "Firstly, real estate on first mortgage, and secondly Government bonds." A curious thing about financial institutions is this: If a man has a good property worth say, £1,000, he can go to any bank or financial institution and receive £600 in bank notes by way of a first mortgage against it. Of course minor consideration would be given to the personal factor.

Mr. Seward: And the borrower would be asked what he was going to do with the money.

Hon. C. G. Latham: The institution would not desire to own the farm.

Mr. HUGHES: The borrower would not be asked what he was going to do with the money.

Mr. Seward: That shows how much you know about it.

Mr. HUGHES: How often, when money is advanced against real estate is the borrower asked what he is going to do with it?

Hon. C. G. Latham: I am asked.

Mr. HUGHES: I said that the institution would take into consideration the personal factor and occasionally lenders do get suspicious. The Leader of the Opposition is the exception.

Hon. C. G. Latham: No, you are the exception.

Mr. SPEAKER: Order! The member for East Perth is making the speech and I ask other members to keep order.

Mr. HUGHES: If a man has real estate worth £1,000, he can get a first mortgage up to £600. At present it is not possible to obtain first-mortgage money on country properties. Financial institutions have refused to lend money on such securities. It is shocking that financial institutions should say they will not provide credit facilities for those who are the backbone of

the country. They will not lend money, no matter how ample the margin may be. If primary producers are the vital part of the economic life of the country, it is terrible to think that they are cut off from ordinary credit resources. There is no reason why, when people want money on first mortgage, they should not be able to go straight to the source from which the notes originally came, and on the security of their real estate obtain an advance, by first mortgage, equal to 60 per cent. of the value of the security. There is no difficulty about values, because the banks have already valued the properties. It would be a good thing for Australia if the Federal Government took over all the first mortgages of primary producers, and issued to them currency notes with which to pay off the banks. I am so convinced that I am right that I am prepared to go to York and debate the point with the Leader of the Opposition.

Hon. C. G. Latham: Why pick on York?

Mr. Patrick: Why not go to Nedlands?

Hon. C. G. Latham: Where the retired farmers reside.

Mr. HUGHES: Are there retired farmers at Nedlands? One advantage of the proposal would be that the Federal Government would take over en masse all the first mortgages of the primary producers of Australia, and give them currency with which to pay off their mortgages. For this service it could charge 1 per cent. to cover the cost of handling and the building up of a reserve against losses. The debt could be crystallised until after the war, and the principal could remain frozen until then. When the war is over, the producers could be allowed to pay off the principal, say at the rate of $2\frac{1}{2}$ per cent. per annum.

Hon. C. G. Latham: A pound will be worth about $1\frac{1}{2}$ d then.

Mr. HUGHES: I do not know why the Leader of the Opposition should make such a statement. It is appalling that a grown-up man should say that if money is advanced from one source instead of another it will depreciate from being worth 20s. in the pound to being worth only $1\frac{1}{2}$ d.

Hon. C. G. Latham: You said that notes should be issued in order to pay off the first mortgages.

Mr. HUGHES: Yes, and the Leader of the Opposition suggested that that amounts to inflation.

Hon. C. G. Latham: Is it not so?

Mr. HUGHES: No.

Hon. C. G. Latham: I think you will find that it is. That is how inflation was brought about in Germany.

Mr. HUGHES: What happened in Germany as the result of inflation?

Hon. C. G. Latham: The people starved.

Mr. SPEAKER: Order! I must ask the Leader of the Opposition to keep order.

Hon. C. G. Latham: I was asked a question, Mr. Speaker.

Mr. HUGHES: According to orthodox economic principles, when the German currency was inflated, Germany would be ruined for all time. The country could not meet its reparations bill.

Mr. Wilson: What about the £80,000,000 that was paid?

Mr. HUGHES: That did not amount to more than £1 per head of the population.

Mr. Wilson: But it was a little towards the payment.

Mr. HUGHES: According to the tenets of orthodox economists, Germany was ruined for all time. Was that so in fact? During the transition period Germany linked its currency with reality and commenced to organise its resources. Whatever may be thought of that country and its territorial aggressions, undoubtedly it did an extraordinary amount of organising and produced some extraordinary results—results that, according to the economists, could never be achieved. I understand inflation to mean that when £1,000 worth of notes are issued and distributed and used for the consumption of goods, that represents inflation; but that if notes to the value of £1,000 are issued and the person receiving them builds a house of the value of £1,500, that is not inflation. Does the Leader of the Opposition suggest that all the money that has been loaned to the producers of Australia is inflated money?

Hon. C. G. Latham: You know as well as I do there is some inflation.

Mr. HUGHES: Where is the inflation in Australia?

Hon. C. G. Latham: A good deal of it has gone to pay for the last war.

Mr. HUGHES: Australia has issued only £55,000,000 worth of notes altogether.

Hon. C. G. Latham: That is all there are in circulation.

Mr. HUGHES: I have the official balance sheet of the Commonwealth Bank's note issue department to the 30th June, 1939,

showing that the notes in circulation amount to £47,000,000. What has happened to the other notes that are not in circulation?

Hon. C. G. Latham: Locked up in the safes, I presume.

Mr. SPEAKER: Order! The Leader of the Opposition need not answer those questions.

Mr. HUGHES: You extricated the Leader of the Opposition very nicely, Mr. Speaker. That which the Commonwealth Government has locked up amounts to about £8,000,000 worth of notes. If the Government took over all the first mortgages against the properties of Australia's primary producers, it would not be inflating the currency by issuing notes against the best security in the world, real estate. Private banks are doing that to-day. The only difference would be that the Government would be charging 1 per cent. interest instead of 5 per cent., and the farmers would have lifted from their shoulders the enormous burden of debt. Over the years the average farmer has paid large sums by way of interest. By putting all that money into circulation, the Federal Government would create cheap money. The banks would be full of it, and would also have their debts paid.

Mr. Marshall: I differ from you now.

Mr. HUGHES: I am sorry to have risen to heights to which the hon. member cannot ascend.

Mr. Marshall: I cannot go with you any further.

Mr. HUGHES: I have been at great pains to educate the hon. member.

Mr. Marshall: I am afraid I am not with you now.

Mr. HUGHES: It is nice to have had him with me so far. This suggestion, if adopted, would relieve the tension on the farmers and make a supply of money available for war purposes.

Mr. Tonkin: Would it not be necessary to have some regard for how this additional money was going to be spent?

Mr. HUGHES: The money would be spent on repaying the mortgagees, and they would then have it in their possession.

Mr. Tonkin: And it would be used for the creation of additional credit.

Mr. HUGHES: The mortgagee would be paid with currency, and he would then have it available for further investments. He would look for investments, and the fact

of so much money being available for investment would cause a serious drop in interest rates; instead of having to pay 5½ per cent. for accommodation, an intending borrower would find there was anxiety to let money out on mortgage; and the farmer's experience would be similar. So the result would be cheap money and plenty of it. After the war was over, farmers would repay the principal, and thus the money could be progressively withdrawn. This may sound very strange to the Leader of the Opposition.

Hon. C. G. Latham: It does, really.

Mr. HUGHES: It may also sound very strange to the Deputy Leader of the Opposition. Those two gentlemen may be like a very honest man I met last week.

Hon. C. G. Latham: Only one?

Mr. HUGHES: Yes. I said to him that we would require some revised method for financing the war. He replied, "I do not understand it, but I am absolutely against it." That may be the trouble here tonight. In the absence of some such action, what will be the alternative? The Commonwealth Bank makes the following pronouncement—

It is true that in emergency a loan might be made for defence by the Central Bank, when it was quite impossible to raise the money in any other way, although economic and financial conditions did not justify it. In that case, we should pay for it to the full. If the safety of the country demanded it and there was no alternative, such a course would have to be faced, whatever the cost. But it is an expedient to be used only in the last resort.

So the Commonwealth Bank says, "We will restrict credit and will keep the present system going as long as we can, but in the ultimate event we will inflate the currency." That is what the paragraph means. "If necessary, in order to save our interest, we will finally inflate the currency." But that is a silly way to do it—to rush in hysterically at the very finish, when the edifice is crumbling. To inflate then would bring about all the evil effects of inflation. For inflation is not an un-mixed blessing. I would like to let the Leader of the Opposition into this secret, that after the intense inflationary period of Germany there were as many acres of land in Germany as there were before that period, and as much technical knowledge as before, and also as much equipment.

Hon. C. G. Latham: But more poverty.

Mr. HUGHES: No; not more poverty.

Hon. C. G. Latham: Yes. I was there in 1928, and know what was happening then.

Mr. HUGHES: What did happen?

Hon. C. G. Latham: One hundred and fifty suicides daily.

Mr. HUGHES: There is as dire poverty in Perth to-day as there was in post-war Germany.

Hon. C. G. Latham: I quite agree with you.

Mr. HUGHES: Inflation is not the cause of poverty. Deflation has caused a great deal of poverty in Australia. I remember saying to the late Professor Shann, under whom I had the privilege of studying economics and public finance at the University of Western Australia—and this was on the last occasion of my seeing him—“Well, you deflated the currency and put everybody out of work, and now you have to inflate the currency to put everybody back into work.” Professor Shann replied, “No; not deflate the currency, but re-plate it.” What I want is reflation of the currency. If we leave the matter to the ultimate and then rush in, we shall have what the Commonwealth Bank has called pure unadulterated inflation; but if we step into the province of money-lending, out of which banks and financiers make so much profit, and if we adopt their sound margin of 60 per cent. advances, we can progressively increase the currency and provide a ready flow of cheap money which will be available for war purposes. What is the alternative? If we borrow another 260 millions in the next three years for war purposes, the Australian people will be unable to pay the interest, and there will be wholesale default in Australia, just as there has been in every country in the world that deflated after the last war. Germany could not pay her reparations. Belgium reduced her currency by five-sixths. Turkey practically wiped out her war debt. Italy had seven successive adjustments of the lira. France repeatedly de-valued the gold franc; and the last time she did it she created 170 milliards of francs overnight. In America, when its vaults were gorged with gold, the President was invested with power to de-value the dollar. Have not we de-valued the

sovereign? And what has been the result? Wholesale work in our goldmining industry.

Hon. C. G. Latham: Only as compared with other industries.

Mr. HUGHES: We must get away from our old ideas of finance, either in the last mood of hysteria by wholesale inflation, or scientifically by finding a unit to which we can link our currency. The safest unit to which we can link it is two-thirds of the real value. That would prove a marvellous boon to the primary producers of Australia. My own view is that if the average farmer would take half a day off to calculate how much he has paid in interest during the last quarter of a century, he would decide to have completely new representation in Parliament. If he knew it, and knew the way to get out, he would force the position.

Hon. C. G. Latham: He certainly would. I agree with you there.

Mr. HUGHES: Unfortunately it seems to me that some of the farmers' representatives would sooner keep him chained to the bank at 5½ per cent. per annum interest than use the credit of the country to give him relief.

Hon. C. G. Latham: Can we do anything in that matter?

Mr. Patrick: You need to go to the Federal Parliament.

Mr. HUGHES: I would like to be in the Federal Parliament.

Hon. C. G. Latham: We will help you to get there if you will carry out the policy you suggest.

Mr. HUGHES: If the Leader of the Opposition is helping me, I shall have him in front so that I can see what he is doing. In my opinion we can do something by pointing out to the people new methods of finance.

I shall not detain the House for more than a few minutes in dealing with another of my hobby-horses. Australia at present requires foreign credits, something that people in foreign countries will take and, in exchange, supply us with goods that we require. At one time wheat was our strong standby, and we could get £1 a bag for that commodity. People in foreign countries would take our wheat and in return provide us with goods necessary for our development. Wool, again, was one of our strong points. To-day there is one com-

modity that will be taken in certain foreign countries, which will provide us with goods in exchange. I refer to gold. I think those countries are mad to do so. Although gorged with gold, America will still give goods in exchange for our gold.

Mr. Marshall: It is the best means of exchange.

Mr. HUGHES: That is so. We are so badly in need of foreign credits that we are told we must accept petrol rationing in order to conserve what foreign credits we have. We could intensify gold production in Western Australia and thereby furnish ourselves with as much additional credit overseas as we need, without the necessity for petrol restrictions at all.

Members: Hear, hear!

Hon. W. D. Johnson: But surely you do not suggest we have power to do that?

Mr. HUGHES: No, but I suggest we have power to make representations to the Federal Parliament, which possesses that power.

Hon. W. D. Johnson: That is different.

Mr. HUGHES: Yes, and we could make representations accordingly. The only manner in which we can intensify gold production is to raise the price of gold in terms of our internal currency. Therefore, the Federal Government could go on buying gold at the increased price so as to bring into production many mines that are not producing at present. That could be done by internal means, for we could adjust, as between citizen and citizen, the economic consequences of raising the price of gold. We would increase the supply of gold, which would provide us with the means of securing credits overseas. Therefore if we desire foreign credits, we should exploit to the full our capacity to produce gold at the present time. Lloyd George, in his book on war debts and reparations—he knew as much about that subject as the best informed member of this House, because of his experiences at the conclusion of the 1914-18 war—pointed out regarding the extraordinary demand for German reparations, that, so far as internal adjustments were concerned, such matters could be arranged between themselves by legislation and so on. We are in much the same position to-day. At that time foreign credits were required, and the internal economy was adjusted to meet the circumstances that arose. We can achieve the same end by

raising the price of gold and engaging upon the intense production of gold. Thus we will be able to secure credits overseas, without the necessity to indulge in the rationing of petrol.

On motion by Mr. Leahy, debate adjourned.

House adjourned at 9.14 p.m.

Legislative Assembly,

Thursday, 8th August, 1940.

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

QUESTION—ECONOMIC PROBLEMS.

Commonwealth Bank and National Credit.

Mr. BERRY asked the Deputy Premier: 1, Will he telegraph the Premier, at present in Canberra, to bring again before the Prime Minister and the Loan Council, the motion unanimously passed in this Assembly last session, as moved by the member for Murchison, that the Commonwealth Bank be instructed to issue debt free money without inflation or any financial charge through taxation for the efficient financing of the war? 2, Will the Premier also ask that the Trading Banks co-operate in detail with the Commonwealth Bank to achieve this desired end? 3, Will the State Government also inform other Australian State Parliaments of any action taken in this important matter?

The DEPUTY PREMIER replied: The motion was transmitted to the Commonwealth Government, and its import is before the Premier at the present time.