

Queensland



Parliamentary Debates  
[Hansard]

**Legislative Assembly**

**WEDNESDAY, 14 OCTOBER 1931**

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ALLEGED INTENDED EMPLOYMENT OF ITALIANS  
ON THALLON-ST. GEORGE ROAD.

Mr. BRASSINGTON (*Balonne*) asked the Secretary for Railways—

“In connection with the contract given to one Haydon, of Quirindi, New South Wales, to construct a further section of the Thallon-St. George road, it is reported in St. George that this contractor intends employing Italian labour. As unemployment is extremely bad in the St. George and Thallon districts, will he instruct the Main Roads Board to insist on employment of at least 80 per cent. of local labour on this job?”

The SECRETARY FOR RAILWAYS (Hon. Godfrey Morgan, *Murilla*) replied—

“The contract is being entered into under the ordinary conditions of contract governing works under the Main Roads and Federal Aid Roads Acts, which stipulate that local authority and main roads award rates and conditions shall apply. No special conditions in regard to the employment of labour other than the above are desirable or necessary.”

STRIKE OF EMPLOYEES OF PETERSON AND  
POWELL, MOUNT OXIDE.

Mr. A. JONES (*Burke*) asked the Secretary for Labour and Industry—

“1. Is he aware that the men employed by Peterson and Powell, at Mount Oxide, are at present on strike against the refusal of the company to bring the price of commodities at the company's store into line with the drastic wage cuts recently imposed since the suspension of the mining awards?”

“2. Is he aware that the following prices are at present being charged at the company's store:—Butter, 3s. 1d. per lb.; tea, 3s. per lb.; sugar, 7d. per lb.; Nestle's milk, 1s. 3d. a tin; tinned fruits, 1s. 8d. a tin; bacon, 2s. per lb.; potatoes, 4d. per lb.; onions, 4d. per lb.; 50-lb. bag of flour, 14s. 6d.; kerosene soap, 1s. 8d. a bar?”

“3. Seeing that the cost of transport from the railhead at Dobbyn to Mount Oxide is £3 per ton, does he not consider the prices being charged by Peterson and Powell excessive?”

“4. In view of the wage reductions suffered by these employees, will he have investigation made with a view of reducing the cost of the necessaries of life to a reasonable price?”

The ATTORNEY-GENERAL (Hon. N. F. Macgroarty, *South Brisbane*), for the SECRETARY FOR LABOUR AND INDUSTRY (Hon. H. E. Sizer, *Sandgate*), replied—

“1 and 2. No.

“3 and 4. Investigations will be made.”

AUCTION SALE OF GOODS IN QUEENSLAND BY  
NEW SOUTH WALES TRADERS.

Mr. DASH (*Mundingburra*), for Mr. BEDFORD (*Warrego*), asked the Attorney-General—

“Seeing that local merchants in many Queensland country towns are being opposed by traders from New South

WEDNESDAY, 14 OCTOBER, 1931.

Mr. SPEAKER (Hon. C. Taylor, *Windsor*) took the chair at 2.30 p.m.

QUESTIONS.

SALE OF STATE BUTCHER SHOPS.

Mr. DASH (*Mundingburra*) asked the Secretary for Labour and Industry—

“1. How many State butcher shops were sold?”

“2. How many were subject to lease?”

“3. Have the original conditions of sale been carried out?”

“4. If the answer to No. 3 is ‘No,’ in what respect have they been amended?”

The ATTORNEY-GENERAL (Hon. N. F. Macgroarty, *South Brisbane*), for the SECRETARY FOR LABOUR AND INDUSTRY (Hon. H. E. Sizer, *Sandgate*), replied—

“1. Thirty-four shops, including eleven slaughter-yards, and one meatworks, Charleville.

“2. Three (one lease and two sub-leases).

“3. Yes; except in the case of seven.

“4. By accepting interest only and extending payments of instalments of principal for periods varying from three months to two years. In two cases payments of the amounts secured were anticipated and the balances paid in full eighteen and twenty months, respectively, before due date.”

[*Mr. Hynes.*

Wales who sell dumped goods by auction, can 'The Auctioneers and Commission Agents Acts, 1922 to 1924,' be strengthened to prevent Queensland auctioneers' licenses being issued to these birds of passage?"

The ATTORNEY-GENERAL (Hon. N. F. Macgroarty, *South Brisbane*) replied—

"Amending legislation would be required to give effect to the hon. member's request. The matter is already receiving consideration."

**COST OF MR. G. FITZPATRICK'S COLLECTIONS FOR NEW SOUTH WALES HOSPITALS.**

Mr. DASH (*Mundingburra*), for Mr. BEDFORD (*Warrego*), asked the Home Secretary—

"In the matter of a visiting philanthropist named G. Fitzpatrick, and described as President of the New South Wales Community Hospital, who advises Queensland hospitals to 'concentrate on the engagement of specialists to raise revenue,' will the Chief Secretary cause inquiries to be made in New South Wales as to the cost to the charitable public of that procedure, with special reference to the cost of Mr. Fitzpatrick's collections, which are stated in Sydney to be 12s. or 13s. in the £1?"

The HOME SECRETARY (Hon. J. C. Peterson, *Normanby*) replied—

"Inquiries will be made."

**RETIRING ALLOWANCE PAID TO EX-DETECTIVE SENIOR SERGEANT D. FOWLER.**

Mr. DUNLOP (*Rockhampton*) asked the Home Secretary—

"1. Seeing that Mr. D. Fowler drew for five years salary at the rate of £1 3s. 7d. per diem, and contributed to the superannuation fund on that amount, and when transferred to General Police at the behest of the then Home Secretary (Hon. W. McCormack), was paid at the rate of £1 0s. 7d., and his retiring allowance reduced from £328 10s. to £282 17s. 6d., does he, as Home Secretary, still maintain there was no reduction in salary or status?"

"2. What was the reason for above-mentioned transfer?"

"3. What salary was paid to a detective senior sergeant, and what was the retiring allowance due to a member holding that rank in 1921?"

"4. What salary was paid to a senior sergeant of police in 1921, and what is the retiring allowance for that rank?"

"5. Seeing that Mr. Fowler's salary was reduced £54 15s. per annum, and his retiring allowance reduced from £328 10s. to £282 17s. 6d., does he still maintain that he was not reduced in salary and status?"

"6. Is it a fact that when Detective Senior Sergeant A. Clarke was transferred from C.I. Branch to the general police he was paid the allowance he was in receipt of as a detective senior sergeant during the time he was in charge of South Brisbane and up to date of his retirement, so that he would suffer no pecuniary loss and his status would be preserved?"

"7. Why was this precedent not followed in Mr. Fowler's case?"

"8. Is it a fact that the late Sub-Inspector T. Head was notified on his retirement that his retiring allowance would be £300 per annum?"

"9. Did the late Sub-Inspector T. Head apply for the allowance of £328 10s. as allowed him, vide Executive Minute served on him as a detective senior sergeant, and was not his application at first refused?"

"10. Is it not a fact that the late Sub-Inspector T. Head automatically forfeited all claim to the retiring allowance of £328 10s. on promotion to commissioned rank, and was sworn in as a sub-inspector?"

"11. Is it not a fact that the late Sub-Inspector T. Head persisted with his application, which was ultimately approved, and that he was granted the retiring allowance of £328 10s., thereby retiring a commissioned officer on a non-commissioned officer's retiring allowance?"

"12. Why was this precedent not followed in Mr. Fowler's case?"

The HOME SECRETARY (Hon. J. C. Peterson, *Normanby*) replied—

"1. When transferred from C.I. Branch to general police there was no reduction in status or salary. Any extra allowance paid to police of the C.I. Branch was and is to cover out-of-pocket expenses whilst engaged in detective duties.

"2. Reason not on record, but it is presumed his services were not considered necessary at the C.I. Branch, and might be more usefully employed in another sphere.

"3. Salary of detective senior sergeant in 1921, £1 1s. 11d. per diem; pension allowance under older Acts, £328 10s. per annum.

"4. Salary of senior sergeant of police, 1921, 13s. 11d. per diem; retiring allowance under older Acts, £282 17s. 6d. per annum.

"5. Mr. Fowler was paid the same retiring allowance under the old Police Acts as was paid to senior sergeants of the general police, of whom he was one when he retired.

"6. Yes, apparently, on a decision of the then Commissioner, but ex-Senior Sergeant Clarke's pension was at the rate of £185 per annum, whilst ex-Senior Sergeant Fowler's pension was at the rate of £282 17s. 6d. per annum.

"7. See answer to No. 6.

"8. No; the Home Department's letter fixed the late Mr. Head's pension at £328 10s. per annum.

"9. No. The late Sub-Inspector Head applied for a pension as for an inspector of police, but this was not granted.

"10. No. See answer to No. 8. Mr. Head was performing detective duties when he retired.

"11. See answers to Nos. 8 and 9. The late sub-inspector was appointed to charge of the C.I. Branch, and retired while holding that position, thus preserving his rights to the extra pension laid down for the C.I. Branch. The late

Sub-Inspector Head drew salary of £450 per annum, and paid superannuation thereon, but his pension was at the rate of only £328 10s., as already stated."

"12. The cases are not at all parallel."

LIABILITY OF FEDERAL PUBLIC SERVANTS TO PAYMENT OF UNEMPLOYMENT RELIEF TAX.

Mr. GRIMSTONE (*Stanley*), for Mr. BUTLER (*Port Curtis*), asked the Treasurer—

"Are Federal public servants in Queensland liable for payment of Unemployment Relief Tax?"

The TREASURER (Hon. W. H. Barnes, *Wynnum*) replied—

"Yes."

JUNIORS AND APPRENTICES IN EMPLOYMENT; UNEMPLOYED AGRICULTURAL AND PASTORAL WORKERS.

Mr. HYNES (*Townsville*): I desire to ask the Secretary for Labour and Industry if he has a reply to the following questions, which I addressed to him on the 3rd September:—

"1. What is the number of juniors, viz., persons under twenty-one years of age, employed in factories and shops at the 30th June, 1929, 1930, and 1931, respectively?"

"2. The number of apprentices placed in private employment in the years 1929, 1930, and 1931, respectively?"

"3. The number of agricultural and pastoral workers registered as unemployed on the 30th June, 1929, 1930, and 1931, respectively?"

"4. The number of excess registrations for employment in the agricultural and pastoral industries in the years 1929, 1930, and 1931, respectively?"

The ATTORNEY-GENERAL (Hon. N. F. Macgroarty, *South Brisbane*), for the SECRETARY FOR LABOUR AND INDUSTRY (Hon. H. E. Sizer, *Sandgate*), replied—

"1. In factories at 31st January, 1929, 10,911; 31st January, 1930, 11,136; and 31st January, 1931, 8,927. In shops at 31st January, 1929, 9,667; 31st January, 1930, 10,271; and 31st January, 1931, 9,407. 31st January is the date prescribed for these returns under the Factories and Shops Acts.

"2. Year ended 31st December, 1929, 697; year ended 31st December, 1930, 447; and from 1st January, 1931, to 30th September, 1931, 191.

"3. 30th June, 1929, 1,737; 30th June, 1930, 2,065; and 30th June, 1931, 2,099.

"4.—

	1929.	1930.	1931.
January..	2,200	3,291	4,839
February ..	2,118	2,853	4,900
March ..	1,581	3,102	4,420
April ..	1,292	2,591	3,139
May ..	1,375	2,470	2,683
June ..	1,737	2,065	2,099
July ..	977	1,303	3,447
August ..	564	1,404	860
September ..	546	1,061	..
October ..	895	1,538	..
November ..	1,714	2,289	..
December ..	2,737	3,871	.."

SUPPLY.

FINANCIAL STATEMENT—RESUMPTION OF DEBATE.

(*Mr. Roberts, East Toowoomba, in the chair.*)

Question stated—

"That there be granted to His Majesty for the service of the year 1931-32, a sum not exceeding £300 to defray the salary of the Aide-de-Camp to His Excellency the Governor."

Mr. HYNES (*Townsville*) [2.37]: When the House adjourned last evening, I was reading for the edification of hon. members a letter addressed by the organiser of the Country Progressive and Nationalist Association of North Queensland; and I was proceeding to answer an interjection of the Premier regarding a Mr. Jackson, who assisted the Nationalist Party in their futile efforts to defeat me for the Townsville seat at the last election. The Premier attempted to infer that in a communication I had written to Jackson I had addressed him as "Dear Bill." I wish to say that I have had no communication other than hostile oral communications with the person under discussion. I know that the Premier's party engaged Mr. Jackson at £100 for the job of professional mud-slinger for the election. I was able to point out to the electors of Townsville that Mr. Jackson is the man who made very discreditable statements about the nurses who went to the front during the war time. He made the statement that the women who went to the war went there for immoral purposes, and for that statement he was fined £25 by the police magistrate in Townsville. That is the man who was associated with the Premier and his party in their endeavour to take the Townsville seat from me. His speeches consisted of attempts to discredit the Labour Administration, and mud-slinging at the Labour Party; and he certainly was doing the job pretty well. In order to indicate what the Townsville electors thought of Mr. Jackson, I would point out that he received twenty votes on polling-day. I told the Premier some time ago that he was associated with Jackson, and he admitted that he had a consultation with the Nationalist candidate and with Mr. Jackson during the time he visited Townsville.

The PREMIER: Mr. Roberts, I rise to a point of order. I deny that I had a consultation with the Nationalist candidate. I said that I had never had a consultation with the Nationalist candidate, but that I spoke to Mr. Jackson, or rather that he spoke to me in the post office. I never spoke to him about Mr. Garbutt.

Mr. HYNES: I think the Premier is a little confused. It was the letter that he wrote to Jackson which started off with "Dear Bill," when he asked him to come in and help to save the country.

The circular from which I was reading when the House adjourned last night continues—

"You are proud of your business and realise all that it has cost you to achieve your present position, and are you satisfied to risk all that you have at stake by not fighting to return a sound Government?"

"Your contribution is in the form of an insurance, and my executive want you

to realise that we are facing a common enemy, and if Labour achieves office, what will be the result?

"We can win the next State election—thanks to a system of redistribution which will give us the benefit of the great Nationalist vote which every year is cast in our favour. Last Federal election the anti-Labour forces in Queensland polled over 40,000 more votes than did the Labour Party; and at that election the Nationalist Party suffered the greatest defeat in their history."

That is an indication that the Nationalist Association in Townsville, at any rate, is quite candid that the redistribution of seats in Queensland and the reduction of seats from seventy-two to sixty-two is brought about for the sordid purpose of enabling the Government to retain office.

The PREMIER: That is what you have always said.

Mr. HYNES: The redistribution has been introduced for the purpose of enabling the present Government to hang on to the Treasury benches. The Government are condemned by their own propaganda. The circular continues—

"The Hon. H. E. Sizer, Minister for Labour, is coming North shortly, and a few weeks later we will have Mr. G. A. Francis, our candidate for Herbert, visiting us. Both of these excellent speakers will address meetings in defence of our policy."

Mr. KILSO: What is wrong with that?

Mr. HYNES: I think the description is inaccurate—

"We must be optimistic, and not allow people to disparage the work of the Moore Government, particularly when every paper in Australia eulogises their work and their legislation.

"They took office in the worst possible time, and you will quite realise that it is very easy to govern when times are good; but the true test of administration is to legislate when the country is in its present state."

The PREMIER: There is nothing wrong in that.

Mr. HYNES—

"At the meeting a strong executive was formed, and each morning and afternoon I will be taken around to meet our friends and supporters in Townsville, and on that occasion I will be delighted to answer any question or give any information which you may require.

"Trusting that our appeal will receive your earnest consideration.

"Your faithfully,

"(Sgd.) J. J. McDONALD,

"Organiser, Northern Division."

Mr. MAXWELL: That is a decent, honest letter.

Mr. HYNES: It is decent and honest, and more candid than the hon. member is in dealing with this question in this Chamber. The circular is accompanied by a statement regarding the alleged benefits that the employers have received from the administration and legislative enactments of the

Moore Government. This is what the attached statement says—

"SOME OF THE THINGS THE MOORE GOVERNMENT HAVE DONE.

"Immediately abolished the rural workers' award. Abolished awards in pastoral and mining industries."

GOVERNMENT MEMBERS: Hear, hear!

Mr. HYNES—

"Catered for the unemployed by the institution of a relief tax of 3d. in the £1."

GOVERNMENT MEMBERS: Hear, hear!

Mr. HYNES: In my opinion, most of those men who were working under that award in our time were working under award conditions and getting a decent wage—

"Despite the demand for this fund, it is still 3d., net 1s., as in New South Wales."

Mr. KENNY: Looking after the worker.

"Prevented the unemployment insurance from being 'blagged' on by imposing a £220 limit.

"Amended the Land Acts and gave allotment-holders and farmers the right of owning their own land, and reduced the capital value of the land.

"Reduced pastoral rents considerably.

"Abolished the dingy tax—an imposition on the producer and grazier."

GOVERNMENT MEMBERS: Hear, hear!

Mr. HYNES: The circular goes on—

"Amended the Elections Acts to prevent duplicate voting.

"Took the public service from the Arbitration Court.

"Reduced the railway staffs to a proper level, and reduced wages."

What about the hon. member for Oxley now? He has declared emphatically in this Chamber that the present Administration never reduced wages, yet here we have the statement sent out by their own organiser.

The PREMIER: Quite right!

Mr. HYNES: That circular indicates that one reason why the Government are entitled to the financial support of the employers is that they have reduced wages, and the Premier says in his callous way, "Quite right!"

The PREMIER: He is not denying it.

Mr. HYNES: The circular continues—

"Reduced the cost of living in the State.

"Encouraged a vigorous system of prospecting for gold and other minerals.

"Have given extensive concessions to encourage capital in the mining industry."

That is, by cutting out awards and removing those safeguards which Labour, in its wisdom, imposed on the mining industry. The result has been that since that action fatal accidents have occurred consequent on that policy. The circular continues—

"Opened tobacco land at 2s. 6d. per acre when private people are selling adjoining land at prices from £8 to £10 per acre.

"Settled the returned soldiers on terms which are amazing, and given larger area.

Mr. Hynes.]

"Amended the Municipal Elections Acts, and restored a property franchise.

"Made the recipients of the dole work for their money, and despite the influx of unemployed from other States, have the lowest unemployed in Australia.

"Have definitely assisted hydro-electric investigation by the Barron Falls scheme.

"Gave Tully farmers the right of owning their own mill.

"Running the Chillagoe smelters free from graft, and with a minimum loss less than £18,000 a year."

GOVERNMENT MEMBERS: Hear, hear!

Mr. HYNES: The court decided that there was no graft in connection with the Chillagoe smelters; and we are more likely to believe a jury than political partisans. The next paragraph in the circular is—

"Sold all the unprofitable State enterprises, which would have ruined us now.

"Have abolished the policy of derelict politicians taking important offices, such as Land Court judges, etc.

"Amending Hospitals Acts to remove burdens from property-holders.

"Made a definite attempt to balance the Budget."

They are gone £2,000,000 to the bad! The circular concludes—

"And are recognised as the soundest, most honest, and efficient Government in Australia, and we should be proud of them, and work to ensure their return, as their record is exceptional."

In that circular, they first of all make the statement that they are entitled to the financial support of the employers in the State by reason of the fact that they have reduced wages of employes in our industries. They also make the statement that the redistribution of seats has been brought about for the purpose of enabling the present Government to hold office when the electors have the opportunity to pass judgment on them next year.

The PREMIER: They do not say that.

Mr. HYNES: Those are the two outstanding points in that letter, which was signed on behalf of the Nationalist Association in my electorate; and I want to inform the Premier and his colleagues that, notwithstanding all their propaganda, "Mossie" Hynes is going to be the member for Townsville again when the numbers go up at the next election.

It would have been in the best interests of the people of Queensland if the Government had made some effort to give relief to people engaged in business or who have leased properties in the cities and towns of Queensland.

Relief has been extended to other people; but no relief whatever is possible, say, for an individual who entered into a lease of a shop, hotel, or any other business three years ago, when times were more prosperous. These individuals are suffering from the infliction of a severe hardship. In accordance with their rehabilitation legislation which has been considered during the past few months, the Government should endeavour to rectify this anomaly.

I should now like to deal with the problem of unemployment. After giving some atten-

[Mr. Hynes.

tion to the problem and to current politics, I have concluded that the job of the capitalist politicians—such as the Moore-Barnes brigade in this Chamber—is to prevent capitalism from breaking up, and to keep capitalism as solid as possible in this State, whereas the duty of the Opposition and every Labour man is to substitute socialism for capitalism. That really sums up in a nutshell what the political parties in this Chamber should do—one standing for the exploiter, the other for the exploited.

The TREASURER: There is more shell than nut in that.

Mr. HYNES: The Treasurer did not show much "nut" in preparing his Financial Statement. The cure for unemployment is, of course, employment: that is a simple panacea. The present Government have intensified the unemployment position in this State by their legislative and administrative action. In the Windsor district, in which I reside, there are to-day working under the intermittent relief scheme 820 men, who, under the Labour regime, were employed by the local authorities and on sewerage work, earning from £4 5s. to £6 per week, thereby keeping their wives and families in decent comfort. Most economists are agreed on this point—that goods are produced by the payment of wages, and that goods are consumed by the spending of those wages; consequently, when the spending power of the purchasers is affected, the production of goods must necessarily be affected. That is exactly what is going on, and what has been intensified by the present Government in Queensland.

The following extract which appeared in the Brisbane "Worker" of 7th instant sums up the position so far as the workers in Queensland are concerned:—

"Edward A. Filene, merchant prince of Boston, known internationally as a sound thinker on economic and social questions, calling on business leaders to 'put their house in order or face the consequences,' concluded with this pointed prediction—

'The masses want a higher standard of living. They are certainly having difficulties in getting it. But they are going to try, and the fact that they do not know how to get it is not going to keep them from trying.

When the standard of living of any nation is going constantly lower and lower and no definite, planned movement is launched to raise it, one of the things that is sure to occur to the masses is to overthrow the Government.

On the other hand, no Government was ever overthrown by revolution if the masses of the people were enjoying prosperity, and if their standard of living was constantly being raised.'"

That is the great danger that I foresee. To-day, there is a change of attitude on the part of the masses regarding constitutional and political action as a means of obtaining redress for their industrial grievances. The Australian Workers' Union, of which I have the honour to be vice-president in Queensland, has been challenged. The Government have arbitrarily suspended some of the industrial awards. In season and out of season the Australian Workers' Union has advocated constitutional action, and has urged its members to accept the awards of the

court even when the awards prescribed reductions in the nominal wages. The Australian Workers' Union recognises that arbitration is the best means of securing the distribution of wealth in a particular industry, and is a common-sense method which should be adopted by every civilised community. In face of that circumstance, the present Government have thrown down the gauntlet. They have, in effect, said to the Australian Workers' Union: "We are not going to encourage you in your policy of advocating constitutional action."

This union, which is the largest industrial organisation in the Commonwealth, and one of the soundest in the world, is faced with a peculiar position. It is advocating constitutional methods in the field and in the workshops—that is a policy of arbitration—and the Government have ruthlessly taken away from the members of that organisation the protection of the industrial court. That means that the Government are forcing on this organisation the policy of direct action. It also means that there is a possibility of a very grave conflict in the industrial field in the near future. I warn the Premier and the Treasurer that, when the Australian Workers' Union takes on a fight by the direct action method there is going to be something doing.

Mr. MAXWELL: Let them go.

Mr. HYNES: "Tombstone Jimmy" interjects. "Let them go." He will be up a hollow log when the fight starts.

The CHAIRMAN: Order! I ask the hon. member to withdraw the epithet which he applied to the hon. member for Toowong.

Mr. HYNES: What was the epithet you complain of?

A GOVERNMENT MEMBER: "Tombstone Jimmy." (Laughter.)

Mr. HYNES: I withdraw, and I would substitute "the hon. member for Toowong." The Government are unwise in adopting such a policy. They have not the knowledge of what the masses are thinking at the present time. If harmony and contentment are wanted in the community, it is essential that the workers should be given every possible means of access to the Industrial Court. The Government must encourage constitutional methods as against direct action methods. A large number of people are endeavouring all the time to disparage constitutional means to obtain the redress of grievances, but the Government by their action in suspending these awards, have given an impetus to that propaganda. I understand that no request was received from the pastoralists or the employers directly concerned asking the Government to suspend the award relating to shearing experts and wool classers.

The bell indicated that the hon. member had exhausted his time.

Mr. WIENHOLT (*Fassifern*) [2.57]: I do not intend to take up any great amount of the time of the Committee; nor do I intend to speak on more than one matter. Under ordinary circumstances the Budget would contain matters of great comment, and give rise to varying views. Under ordinary circumstances the budgeting for a deficit of nearly £2,000,000 would be a

matter for very keen debate. I do not intend to touch on that phase of the Budget beyond saying that present-day circumstances have not caused me to depart from upholding the principle of living within our means.

There is one matter I wish to raise, and it will be found on page 12 of the Financial Statement. I first desire to assure the Premier and the Treasurer that I do not raise this point in any party sense, or in any way to embarrass either hon. gentleman. I realise that the Premier and the Treasurer are facing very great and a serious set of financial difficulties; but we must not forget that great difficulties make for great opportunities. The point I am confining myself to is that the Government have found it expedient to alter the terms of a contract, and propose to support a proposal to convert compulsorily the debentures or stock which have not been converted voluntarily. The word "expedient" is indeed an unfortunate one, because it really carries within itself a note of condemnation. I do not intend to go into the rights or wrongs of the question, or anything of that sort; nor do I intend in any way to fight for the interests of the bondholders or debenture-holders concerned in this stock. I think it is the "Master of the English language" who said—

"Who steals my purse, steals trash;  
But he that filches from me my good name,  
Robs me of that which not enriches him,  
And makes me poor indeed."

I am not concerned with the question of why the bondholders did not convert. I can neither defend nor attack them, because I do not know the reasons which made them unwilling to convert.

So far as Queensland is concerned, it is a particularly pleasing feature that bonds to the value of only £230,000 odd have been left unconverted, whereas bonds aggregating £26,000,000 were converted voluntarily. That is a wonderful result, and it seems to me to be a terrible thing that persons holding only £230,000 worth of bonds should be forced to convert and so undo the entire good of the voluntary conversion. That may have very far-reaching effects—how far-reaching we cannot say at this time.

We know that last May twelve months we had a very considerable sum of money to be repaid in London, and the Treasurer will remember that the Commonwealth Government absolutely fell down on the job. The Loan Council could not convert, and it fell back on this State to convert the loan in her own name. That shows how important it is that we should do nothing in any way to jeopardise the faith and credit which we possess. For the sake of £230,000 odd—a sum for which individual stations have been sold in this State—we are about to sell and give away the virginity of Queensland's good name, faith, and integrity. Honesty is not a question for subtle argument, for hair-splitting, or for political debate. It seems to me that honesty is a question of instinct or conscience. To me it is like a golden sovereign, which must either be pure coin of the realm, carrying its worth in all lands, or else it must be counterfeit, false, worthless—and worse than worthless—carrying with it the stamp of deceit and dishonesty. There can be no halfway in a man's honesty. The Treasurer knows that

*Mr. Wienholt.]*

a man cannot be "fairly honest" or "nearly honest." One could not give a recommendation to a friend, and say that a man is "almost honest," or that he is "almost invariably honest." Honesty cannot be qualified. A man must be as straight as a die, with his word as his bond, or he must be under some suspicion.

I am entirely against the proposal of compulsory conversion, because it is dishonest and dishonourable to break any contract between the State and any private citizen. It is to me as though for this paltry sum of £230,000 we are going to sell the very brightest jewel in Queensland's crown.

I have taken purposely what I call the "higher ground." I shall now, if I may, take a very much lower one. It reminds me of what Fouché, Napoleon's Chief of Police, cynically said of a certain act of his master, "It is worse than a crime; it is a blunder." To do this, apart from the moral wrong and the dishonesty of the thing, it is unspeakably stupid and incredibly foolish, for you are throwing away by this repudiation for this paltry sum the most wonderful asset that Queensland possesses. If you destroy confidence in the belief that her word is her bond, you can never say how badly in the future that will be needed. I do not know that the comparisons we sometimes make can always be held as sound comparisons; but I would ask the Treasurer to consider the position of the New Zealand Treasurer, the Hon. W. Stewart. The Treasurer knows well that New Zealand credit has always stood high in London and elsewhere. In fact, the New Zealand bonds always compare more than favourably—whatever be the reason—with our own Australian debentures and stock. In a recent speech the New Zealand Treasurer said quite plainly that he would not compulsorily convert any of the New Zealand bonds, because he believed it would strike a very serious blow in the future—and it is to the future that we must look—at New Zealand's credit. I want to ask how, if the Government are not strictly honest—if the Government do not set this example of absolute uprightness in financial dealings—how we can expect individuals to do it. Why bring in a Companies Bill strictly regulating the care and control of these private and semi-private financial institutions if you are not going to maintain the good name and good faith of the Government? If you repudiate once—if you break faith once—you can never be trusted again; and we do not know how badly we may need confidence in the future. We do not know what may happen. We may have a pestilence, or a war, or anything else of that sort. We do not know how badly we may need money in the future; and, if we do this for a paltry sum, we shall never again have that splendid credit and trust in our finances that should exist in the British Dominions. I have the most implicit faith in Queensland and in Queensland's people. I am sure that we shall fight our way out of our difficulties; but we must do it honestly and voluntarily. I would suggest to the Premier and the Treasurer that there is a bigger and better way than by attempting to repudiate any part of our liability. I believe that, if we repudiate now for this paltry sum, we shall make the road of recovery immensely more difficult. I believe we shall be restricting, rather than increasing, the confidence which is so necessary at this time to help to bring us out of the many

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difficulties surrounding us. Above all things, I am afraid it is going to be the greatest possible handicap to employing our people. Unemployment has been a nightmare to me for many years. In the Federal Parliament and ever since unemployment has overshadowed everything in my mind.

I listened with interest to the speech of the hon. member for Burke. I thought it was a very fine, moderate, and fair speech in regard to the position of the Western workers in his electorate. I am most anxious in regard to those workers; and, if the Government perform this act of repudiation, they are going to throw further back our chance of again getting these men back into good work with decent wages.

I want particularly to appeal to the Premier. I know and realise that he has great difficulties; but is it not great difficulties that give great opportunities? Though I may have doubted the Premier's political strength in the past, I have never doubted his political honesty and uprightness—

GOVERNMENT MEMBERS: Hear, hear!

Mr. WIENHOLT: Till I saw that statement in the Budget. (Opposition laughter.) There is an old Chinese proverb which I want to quote for the Premier. It says that no man ever got lost following a straight road. There have been many Premiers before the present one—able and distinguished men. They, too, had their difficulties; they had great problems to meet; and they met them. I ask the Premier to meet these great difficulties in the same spirit in which they have been met in all previous times. The regrettable part about the whole of this matter is that it is not being done by the Queensland Parliament, but at the bidding of an outside body. That is the hardest and bitterest part for me. I am afraid lest Queensland is being sacrificed, and her chance of recovery jeopardised by the weakness—I can only use that word—shown by our representatives in the conferences going on down below. The Premier knows that he is being driven from position to position by the consolidated vote of the other Premiers and the Loan Council. Somewhere or other he has to make a stand and fight, and show where the Commonwealth stands to Queensland, and Queensland to the Commonwealth. This matter has been drifting for months and months, and we have to stand up and fight to clean up the whole position. It means a fight; and on what better ground could we fight than for the good name, integrity, and honour of the State of Queensland? I ask the Premier to make a stand on this question of sacrificing the good faith, good name, and integrity of the people of Queensland. I ask him to take courage, and face the thing in that spirit; and I, for one, will be only too glad to do what I can in my humble capacity to help him in carrying out that policy.

It has been a policy of borrow, squander, and taxation. Now we are to have repudiation—all milestones along the politicians' march to ruin! I particularly want to appeal to the Treasurer to take every precaution before committing this beautiful State of Queensland to any act of repudiation. We have all read about the appeal of the peasant woman to Philip of Macedon, who appealed from "Philip drunk to Philip sober." And I want to appeal from the Treasurer of 1951 to the good Queensland

Treasurer of 1910, 1911, 1912—to see whether the Treasurer of 1910, 1911, and 1912 would do what the Treasurer is doing to-day. I particularly want to appeal to the Leader of the Opposition. He is not Queensland-born. He came here a comparatively grown man; but, like myself, he owes very much indeed to Queensland. He has talents and force of character. He is not a chocolate-leader of men, but a man of great ability and great force of character. Queensland has treated the Leader of the Opposition well, and I hope he will consider carefully before he commits the great party behind him to any dangerous course, which would involve repudiation and damage the good name of Queensland. The Leader of an Opposition is always what we might call Premier presumptive—although, of course, sometimes presumptions do not come to much. I would particularly appeal to him—for he may become Premier of this State, though hardly by any support of mine, as we differ politically as widely as the poles—to ask him self whether he would or would not find that position easier if he could point to a clean record behind him or with the stain upon it through an act of repudiation. I appeal also to Queensland born and bred members of this Parliament to be careful of what they are doing. We are told—

“The evil that men do lives after them.”

And we should be careful that, when we pass out of this Parliament, we do not leave behind us one single act of repudiation the effects of which will fall on the shoulders of those who come after us. I particularly wish to appeal to members such as the hon. member for Ipswich and the hon. member for Warrego; for the support of such hon. members would be like the support of a host. I particularly appeal to the younger members who have come into this Parliament for the first time and who have been asked to take up this position in their first parliamentary years. They should ask themselves, after the old men who have given service here have left this House, whether they did right or wrong in risking in this way the inviolable name and good faith of Queensland.

I appeal also to certain persons outside this Chamber—the Queensland senators—who will be called upon to express an opinion when the measure comes before the Federal Parliament. I have my own opinions to stand and fall by. I do not take Mr. Theodore as my leader, either politically or financially. I owe him no allegiance, any more than I would owe allegiance to Dr. Earle Page, if Treasurer, or anyone else; but I do appeal to the Queensland senators, for the credit of Queensland, that, when a vote is taken in the Federal Senate, they will remember—a thing, I think, that they have too often forgotten—that they are representatives of Queensland first and representatives secondly only of any Nationalist organisation. I believe this measure will be disastrous to Queensland's interest, and I intend to move an amendment in order to test the opinion of the Committee on the question. It is unfortunate that the rules and forms of the House do not enable me to move it in a way in which I should like. I would like to vote the money, and then make an addition to the motion in the form of some resolution as to the opinion of this Parliament of

Queensland with regard to this disastrous and dishonourable course; but it is not feasible to do it in that way. I assure hon. members and the Treasurer that I take this course only with the idea of trying to avoid what I believe to be discreditable and almost incredibly foolish. If there is any other way in which the Premier thinks effect can be given to what I suggest, and I can carry my point without needless embarrassment to the Government, I will do it; but, in order to bring matters to a head, the only possible course to take is to move my amendment.

I beg to move—

“That the vote be reduced by £1 as an intimation to the Government that the people of Queensland, having always honourably met their liabilities in the past, do not now consent to any breaking of their pledged word and bond.”

The CHAIRMAN: The question now is—  
“That £299 only be granted.”

The TREASURER (Hon. W. H. Barnes, *Wynnum*) [3.20]: Mr. Roberts—

The CHAIRMAN: The Treasurer.

Mr. POLLOCK: Will this speech by the Treasurer close the debate?

The TREASURER: I have risen to speak to the amendment.

Mr. POLLOCK: We have had your tricks before.

The TREASURER: I resent the remark of the hon. member for Gregory.

Mr. COOPER: We have it in “Hansard.”

Mr. KIRWAN: Will the speech of the Treasurer close the debate?

The CHAIRMAN: No.

The TREASURER: I am speaking to the amendment. Apparently the hon. member for Gregory has forgotten parliamentary procedure.

Mr. POLLOCK: I have not forgotten that you rose during the early stage of this debate to close the debate, and we had to stop you.

The TREASURER: That is not correct.

Mr. POLLOCK: And you did it in 1929.

The TREASURER: No one could have followed the speech of the hon. member for Fassifern without being very deeply impressed with the very earnest way in which he submitted to the Chamber the matter with which he has dealt. The position is perfectly clear, notwithstanding some of the statements he has made. Every member of the Government, and every member of this party, is desirous, not only of being “almost honest,” but of being “absolutely honest,” and certainly honest in connection with the proposal to which the hon. member for Fassifern has taken such strong exception to-day. A conference representative of all the Premiers and Treasurers of Australia was called, and the members were faced with the fact that payments, which it was quite impossible to meet, were falling due; and, unless some arrangement was made, there was going to be default, whether we liked it or not. We had either to accept a position which would at least protect bondholders to a very great extent, or do something else which would probably jeopardise the bondholders to a very great extent indeed. Which was the wiser course to

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follow? Was it simply for the Premier and myself to say that we would not submit to anything with which the other States agreed, and allow the Commonwealth and the States to make default, or was it wiser to fall into line, and do what has been done, and to which there has been a marked and wonderful response? Is it not a fact that only about 3 per cent. of the bondholders have protested against what was done? Any one who has read the press of to-day will have noticed the remarks made by the Federal Prime Minister, Mr. Scullin, in connection with this important matter. It is no use an hon. member saying that we are going to be dishonest, or that we are going to be unspeakably stupid. We would have been very stupid indeed if we had stood out from this necessary arrangement, which no one liked making. Does any public man like to be associated with something that means that the public are to be the losers? No one likes doing that. We like to do those things that are popular, irrespective of our brand of politics.

Mr. A. J. JONES: It was unpalatable.

The TREASURER: It may have been unpalatable. The hon. member must know that the Commonwealth Government and the Governments of the other States associated with ourselves had to do certain things, and very reluctantly, too.

The hon. member for Fassfern referred to New Zealand. He said quite properly that, generally speaking, New Zealand stock stands very much higher than Australian stock. I cannot deny that. I have said that over and over again; but there is no questioning the fact that, since this arrangement was made, our own stock has increased very considerably in price. It has not only increased considerably in price, but it is pleasing to take up the papers from day to day and read that the financial journals in England and America are speaking approvingly of what has been done. We find again and again expressions indicating very great approval of what has been done by the Federal Government and the various State Governments. I agree with the hon. member in his statement that we must keep faith with Queensland.

Mr. WIENHOLT: Hear, hear!

The TREASURER: We all have faith in Queensland. I have said repeatedly that Queensland is the best of the States of the Commonwealth, and will be the first to emerge from her difficulties; but our service to Queensland at this time may be a service of doing things which may hurt the people. Would anyone say that the fact of reducing interest did not hurt many people, who found it exceedingly difficult to submit to it? There are people who were getting very little at the higher rate of interest; and they are getting less now; but service to Queensland and Australia in vital matters has led to their discomfort. The fatal statement made by the hon. member for Fassfern was that wherein he spoke of the weakness of the Premier. No one who has attended a Premiers' conference could ever suggest that the Premier has been a weak man. I am surprised that the hon. member, who usually is so guarded in his remarks, should attribute one of the causes of that agreement to the weakness of the attitude of our Premier.

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Mr. POLLOCK: Some particularly good judges do say that of the Premier and Treasurer.

The TREASURER: I would not like to say what some good judges have to say of the hon. member for Gregory. It would not be too complimentary. At this serious juncture it would not be wise to intrude in that domain. The hon. member for Fassfern has at this particular juncture made a very grave error in intruding on this matter, because he will have an opportunity of addressing himself to the Bill which will be introduced to deal with the matter.

Mr. WIENHOLT: The Bill cannot be altered.

The TREASURER: Certainly the agreement must be accepted or rejected in the form it is introduced. That is because it is an agreement between the Commonwealth and the various States.

Mr. DUNLOP: What view did our two representatives adopt on the question of compulsion or voluntarism?

The TREASURER: I cannot answer the hon. member on that aspect of the question to-day; but the action taken by our representatives was the action that any representatives would have taken. Their action was in the very best interests of the country; and, when the history of Queensland is written on this question, the people will see that our representatives at the Premiers' conference did not fail to do their duty either to Queensland or to Australia.

Mr. W. FORGAN SMITH (*Mackay*) [3.30]: I regret that I did not have the opportunity of hearing the speech of the hon. member for Fassfern. I had other important business to deal with this afternoon, and did not anticipate an amendment of this kind. However, the amendment is self-explanatory. Since I came into the Chamber, I have been informed of the main lines on which the hon. member stated his case.

Arguing on the high plane of national honour, the hon. member for Fassfern said that it would be dishonourable and tantamount to repudiation to introduce any scheme of compulsory conversion in respect of those bondholders who would not voluntarily convert. I am pleased to find the hon. member for Fassfern adopting that high and honourable standard. He said, in effect, that there were no degrees of honesty. May I remind him also that there are no degrees of repudiation? He said that he was going to test the Leader of the Opposition and hon. members on this side of the Chamber on this matter.

Mr. WIENHOLT: I did not say that.

Mr. W. FORGAN SMITH: The hon. member has been frequently tested in this Chamber on various degrees of repudiation. I cannot agree with this high-souled attitude being adopted so far as bondholders are concerned; whilst at the same time solemn pledges made to the electors are cast aside as though they were of no account. The present Government made solemn pledges to the electors that they would maintain the Industrial Court, and would not permit interference with the wages or the standard of living of the people. Yet their whole administrative

and legislative record has been in the direction of repudiating those pledges: and the hon. member for Fassifern has to a very large extent supported the Government, and allowed that conditions of affairs to exist.

On the general question under discussion, hon. members on this side dealt with it very fully when the Financial Emergency Bill was before Parliament, when we argued that there was differentiation in the methods adopted, because the bondholders were asked to agree to such things, whilst in the case of the wage earners, pensioners, and those in receipt of benefits from social services no kindly "beg your pardon" or "by your leave" method was adopted. As I said on that occasion, it was a conciliatory attitude that was adopted so far as "Interest Avenue" was concerned; but going down "Wage Street" purely arbitrary methods were employed. We have repeatedly said that there is no equity in a system of sacrifice which comes on the one hand, and imposes on the other. It is mere humbug to talk of equality of sacrifice when there is no equality of income, because, if there is no equality of income, there can be no equality of sacrifice.

Another aspect of this matter, with which the Treasurer has to some extent dealt, is the question of whether an injustice is to be perpetrated on 97 per cent. of the bondholders because of tender regard for the 3 per cent. who have not voluntarily converted. There would be no equity in paying a reduced rate of interest to the majority, while maintaining the old interest rate in the case of only 3 per cent. of the bondholders.

I have argued against the whole general scheme; and I still contend that, instead of a conversion loan on the scale that was launched, the amount the bondholders should pay as a contribution to the States and the Commonwealth could have been secured by a special tax at its source. The Treasurer knows that could be done, because at a previous conference he agreed to a tax up to 17 per cent. The benefit of that method was that there would be no violation of a contract, whilst at the same time it would be simple, and could be carried out without expense. When the need for that special tax disappeared, the thing could be reviewed. The whole thing indicates that the general scheme adopted at the Premiers' Conference is open to very serious question from very many points of view.

Some people have argued that no permanent remedy will be achieved by the plan. Others argue that a reduction in capital values of all kinds is required before stabilisation can be reached; and that applies to the bondholder just as it applies to stockholding companies and to property owners. Every man knows that, on the basis of the existing values, capital charges are too high for the national income to meet. In any case, we cannot agree that there is any violation in principle involved in bringing a small percentage of bondholders into line with the great majority. National necessity demands that certain things shall be done. The methods adopted are the responsibility of the Governments which entered into that arrangement and they are responsible for that policy. I have different ideas as to the methods that should be adopted, and I have explained them to this Parliament and to the public on various occasions. But the

Government having placed their legislation on the statute-book, and having carried out the plan, I am not going to be a party to a reduced rate of interest being paid to the great majority of bondholders in the Commonwealth and the States and then agree to a proposal which is tantamount to saying that 3 per cent. of the bondholders can, if they so desire, remain outside of the general scheme of things and get all the advantages as if nothing had occurred.

Mr. WIENHOLT: It is nothing like 3 per cent.—£230,000 as against £26,000,000.

Mr. W. FORGAN SMITH: The Commonwealth Government, if they so desired, could have made arrangements to purchase those bonds, particularly those maturing this year or at an early date; but I am pointing out that, no matter what the percentage may be, it would be inequitable to pay even one bondholder a different rate from what is being paid generally. That is really what is involved. We are not in the position now of being able to review the Premiers' plan. It has been enacted. We opposed it in this Parliament, and I have opposed it elsewhere.

Mr. WIENHOLT: You were responsible for the Loan Council.

Mr. W. FORGAN SMITH: No. The Labour Government were not responsible for the Loan Council; but I take full responsibility for what I did in connection with the Financial Agreement. The hon. member does not appear to understand that the States were placed in a cleft stick by the Commonwealth Government.

The TREASURER: I opposed the abolition of the per capita payments.

Mr. W. FORGAN SMITH: The Treasurer was the only member of his party who was alive to the serious position that was created by the Commonwealth Government of the day withdrawing the per capita payments. They were abolished completely, and the States were left high and dry. The States then had to make the best arrangement possible with the Commonwealth Government of the day; and the best arrangement possible was what is now embodied in the Constitution as the Financial Agreement.

Mr. WIENHOLT: It has proved absolutely disastrous to Queensland.

Mr. W. FORGAN SMITH: From many points of view that may be argued; but the States were in a cleft stick. As the Treasurer recognised by virtue of his experience, the States could not afford to do without the income that previously had been secured to them at the time of federation, but which had been abolished by the Commonwealth Government and the Commonwealth Parliament.

Then Mr. Bruce came forward with a proposal which involved the payment of a stipulated amount annually to the various States. Having regard to the existing financial position of the Commonwealth and the huge drop in revenues, particularly from customs, it is perhaps as well from some points of view that the agreement was entered into.

With regard to the point that the hon. member for Fassifern raised, there is nothing wrong basically with the financial agreement. What is wrong is how it is operated at the present time by the Governments which are parties to it. Many things were

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done by the Loan Council that are not involved in the constitution of the council. They are items of policy for which the members of it must be responsible the same as the members of a Cabinet are responsible for their policy. The policy of the Loan Council can be altered at any time by a majority of its members. What the hon. member for Fassifern does not distinguish is the difference between policy and constitution. He objects to the policy of the Loan Council—as I frequently do. I object to the policy of this Government, but I am not advocating the abolition of Parliament entirely.

Mr. WIENHOLT: I object to the financial agreement.

Mr. W. FORGAN SMITH: That is the analogy. So far as we are concerned, we fought for the retention of the old system inaugurated on the federation of the States. The only support we got in this Parliament outside of our own party was from the present Treasurer. It shows that no man is utterly and thoroughly bad politically. (Laughter.) He was the one member of his party who realised the position, and he supported at that time the attitude of the Government of the day. The then Opposition, including the present Premier, inexperienced and having little knowledge, allowed things to go by the board. The hon. member for Fassifern would be wise to distinguish between policy and constitution. The position is this: This Government and the other Governments of the Commonwealth are responsible for the Premiers' plan—they and they only. We opposed it on grounds that have been stated by most hon. members on this side of the Chamber. We set out our case, but it would be futile in the extreme to accept an amendment which would be tantamount to saying that those who refused to convert should be allowed to continue on the old basis, and practically say to those who agreed to the voluntary conversion that they were foolish for so doing. That is what the amendment amounts to. We have to deal with the facts—not as we desire them to be—not as they would be if a better policy existed on the part of the Government—but in the light in which they exist to-day. No good purpose can be served by the amendment.

Mr. DUNLOP (*Rockhampton*) [3.44]: Like other hon. members, I did not know until yesterday that there was a likelihood of an amendment being moved, when the hon. member for Fassifern kindly told me that he intended to move an amendment. Whilst I have been in this Parliament, irrespective of what any hon. member has said, I have always had the courage of my convictions. As the hon. member for Fassifern intends to test the feeling of the Committee, naturally it is only honourable and courageous on my part to express my opinion, and not merely exercise a silent vote. After listening to the speech of the hon. member for Fassifern, I say without hesitation that it is the most honourable, straightforward, and outspoken speech that the hon. member has made in this Chamber, so far as regards trying to impress either the Premier, the Treasurer, the Leader of the Opposition, or any other hon. member as to just what he means. The Treasurer camouflaged the question to a certain extent. I disagree very largely with what the Leader of the Opposition has said. Like the hon. member for Fassifern,

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I shall express my views in unmistakable terms, and nobody can honestly suggest that I ever twist on what I say.

Like the hon. member for Fassifern again, I have the greatest respect for the honesty of purpose of the Premier and the Treasurer. I think that, if the hon. member for Fassifern wished to apply the acid test to the Government, it should have been done before Parliament ratified the agreement. Then was the time when he should have asked this Parliament to say, "We are not going to repudiate our honour, whatever you are going to do with yours."

When the conversion loan was put before the people of Australia, it was distinctly stated that the whole affair was to be on a voluntary basis. Its sponsors made no bones about it. They said nothing about compulsion. The Leader of the Opposition said in unmistakable terms that it was a national affair, and that the honour of Australia was at stake. The honour of this State also was at stake. Then was the time when they could have made it compulsory; but they said that it was to be a voluntary act; and, that being so, there is only one honourable course to take. Those who wish to do so should take the lower rates of interest; and those who cannot see their way clear to convert should not be forced to do so. I interjected with good intentions, "What attitude did the Premier and the Treasurer take up at the Premiers' Conference when Mr. Theodore brought the question up?" I would like to know whether they took a firm stand, and said on behalf of Queensland that they would not countenance repudiation, and whether they said that, sooner than do that, they would go back to their Parliament and advise it to refuse to ratify the agreement. Mr. Lyons had the courage of his convictions. I hold no brief for him, as I have said already on the floor of this Chamber, but in this my views agree with his. He said that we had honestly entered into a voluntary system, and we should adhere to it.

The Leader of the Opposition says, "Why should 97 per cent. of the bondholders submit voluntarily to a reduction of 22½ per cent. in their interest rates and the other 3 per cent. get off scot-free?" After persuasion had been resorted to, an additional number of bondholders decided to convert voluntarily. I strongly differ from the Leader of the Opposition and the Treasurer in their assertion that the 3 per cent. should be made compulsorily to convert.

The hon. member for Fassifern uttered true words in expressing his opinion of the capabilities of the Leader of the Opposition, and I endorse his remarks on that, too. I referred to this subject in this Chamber on 8th October, and my remarks are to be found at page 1,222 of "Hansard." I then pertinently inquired whether we were going to repudiate and to besmirch the fair name of Queensland. I am not prepared to swallow the utterances of Mr. Theodore; and I am surprised that the Treasurer should allow Mr. Theodore to put it over him, to the detriment of the honour of Queensland. A Premier and a Treasurer worthy of the name should refuse to be associated with a matter of this kind. The Treasurer has been in Parliament for many years; and I suppose that this is the first occasion on which he can be charged with having repudiated a serious contract. If

the Premier and the Treasurer aspire to the position of prominent statesmen, then they should be strong enough and courageous enough to say in Parliament, "We refuse to pass this law. It is our unswerving belief that the honour of Queensland must stand first." The "Courier" of to-day's date contains the dictatorial utterance of Mr. Theodore in connection with legislation introduced in the Federal Parliament compulsorily to convert the holdings of dissenting bondholders. This is the report—

"NATION'S NEED.

"COMPULSORY DEBT CONVERSION.

"*Treasurer's Plea.*

"Bill to Coerce Dissentients Moved.

"The Premiers' Conference believed that the national necessity would justify compulsory conversion. The majority at the Premiers' Conference agreed that all bondholders should be given an opportunity to convert voluntarily; and, if the majority did so, then the Government could justifiably convert the remainder compulsorily."

Was there ever such a somersault on the part of Mr. E. G. Theodore? The report continues—

"The Commonwealth Debt Conversion Agreement Bill, No. 2, which provides for the compulsory conversion of the holdings of dissentients, was introduced by the Treasurer (Mr. Theodore), who moved that the debate be adjourned until a later hour, so that he could introduce concomitant Bills giving the Commonwealth power to compel conversion."

The report further states—

"Moving the second reading of the Agreement Bill, Mr. Theodore stated that the Bill was part of the Premiers' plan, as the Premiers believed that the national necessity would justify compulsory conversion."

Mr. Theodore must have known that, if there had been any suggestion of compulsion about the debt conversion loan, not one-half of the amount would have been converted.

Mr. POLLOCK: Do you not think that the conversion should have been made compulsorily from the start?

Mr. DUNLOP: It was for the authorities concerned to say whether that course would be in the best interests of the nation, and to examine the position to see whether any alternative was possible. I would have preferred to see the matter settled in one way or the other.

The conversion loan should have been made compulsory or voluntary in the first instance; and the Premiers should not have receded from that position. I ask the hon. member for Gregory whether, if the loan had been made compulsory, he would have been justified subsequently in taking up a different attitude. If so, the hon. member would not be worthy of the name of a representative of the people. The Federal Treasurer should have seen to it that the conversion loan was compulsory right off the reel; and his pronouncement yesterday makes him unworthy of the name of Treasurer of this great Commonwealth. The report states—

"The majority at the Premiers' Conference agreed that all bondholders

should be given an opportunity to convert voluntarily, and if the majority did so, then the Government could justifiably convert the remainder compulsorily."

I cannot understand how a man of Mr. Theodore's standing could use two such contradictory terms in the one sentence—

"Mr. Theodore continued that the internal debt at 30th June, 1931, was £557,988,304. The voluntary conversions totalled £510,331,153, and the automatic conversions in the absence of notification were £31,011,982. Dissent was expressed in respect of £16,655,769, only 3 per cent. of the total. Therefore, the small proportion of dissentients was a justification for the Government compulsorily to convert the remainder. The total saving in interest would be £6,500,000 yearly."

Then there was a little cross-firing between Mr. Theodore and several Federal members; and the report says this—

"Mr. Theodore: I am trying to be honest.

"It was not right, continued the Treasurer, that those who did not convert should be placed in a better position than those who did. There were undoubtedly cases of hardship, but, on the other hand, many dissented through gross selfishness.

"Mr. Yates: But they will not submit to repudiation.

"Mr. Theodore: They are getting better security for eventual repayment. They ignored the difficulties of the nation, and stood out for their last pound of flesh.

"A few seconds later Mr. J. A. Beasley interjected. Turning to him, Mr. Theodore stated, 'As one so concerned with honouring promises, you will be able to say whether you stand for this or not. Your policy is that of a Government which stands for reckless and unrestricted repudiation.'

"Mr. Beasley: That is what you are doing to-day.

"The Treasurer continued that, if the dissentients had been allowed to enjoy the old rate of interest, some of their securities would have matured in August. It would have been impossible to raise the money to meet them, and attempts would have restricted the money available for unemployed relief."

It is stated there quite specifically in one sentence that the conversion loan was voluntary; but, if the bondholders did not come forward and convert, the loan would be made compulsory. The Premier knows quite well that it was the voluntary aspect of the conversion loan which made it the wonderful success it was. It was quite fair to approach those bondholders who did not voluntarily convert, and try to persuade them of the necessity of converting; but it is most dishonourable, and is not in the interests of Queensland, to force these people to accept a variation of a contract which was entered into years previously.

When the question was being considered it was an opportune time for the Premier of Queensland to show that he was indeed a firm statesman, and to say "No" most emphatically to any proposal that savoured of repudiation. It is not too late even now for the hon. gentleman to take a firm stand,

*Mr. Dunlop.]*

seeing that the Bill to ratify the compulsory conversion has yet to be considered by this Parliament. I do not know what the Premier said at the Premiers' Conference, but I should imagine he would express his true feelings on the matter. After all, although the hon. gentleman is quite all right if you do not tread on his toes, he reminds me of the death adder—and I ask the hon. gentleman's pardon for the analogy—because, when the death adder is disturbed, someone has to take the sting. (Laughter.) In that respect the Premier is not different from the Leader of the Opposition. (Renewed laughter.)

The Treasurer has stated that Queensland dissentients represent bonds to the value of £231,475, whilst voluntary conversion was effected in respect of an amount of £26,025,725. It would appear, then, that it is a question of paying the stipulated rate of interest on £231,475, thus adhering to a contract, or else damaging the good name of Queensland.

The Leader of the Opposition and the hon. member for Gregory have said that compulsory conversion should have been made from the commencement of the negotiations. I venture to say, however, that, if the hon. member for Gregory were a party to a contract, he would honour it sooner or later. I congratulate the hon. member for Fassifern on the attitude he has adopted in this matter, but I cannot congratulate the Treasurer on his endeavour to clear the fair name of Queensland. Mr. Lyons definitely said "No" to the proposal, and I want to know why the Premier and the Treasurer did not adopt the same attitude. If the Committee is divided, I shall most certainly support the hon. member for Fassifern.

Mr. POLLOCK (*Gregory*) [4.5]: The amendment has been very cunningly framed, but the hon. member assured me that it was framed without guile. (Laughter.) If that is the case—and I accept the hon. member's word—it is an amendment that any man would find it difficult to vote against, although this party, I think, will vote against it. Certainly I shall vote against it, and the Leader of the Opposition, speaking for his party, has said that the party is against it. The amendment reads—

"That the vote be reduced by £1 as an intimation to the Government that the people of Queensland, having always honourably met their liabilities in the past, do not now consent to any breaking of their pledged word and bond."

The CHAIRMAN: Order! I would like to point out to the hon. member that the question before the Committee is—"That £299 only be granted." There is no question about honouring an agreement.

Mr. POLLOCK: You did not intimate that to the Committee previously.

The CHAIRMAN: Order! I distinctly stated that the question before the Committee is—"That £299 only be granted."

Mr. POLLOCK: I have read the amendment that the hon. member for Fassifern handed to me.

Mr. WIENHOLT: That is what I moved, and that is what I mean.

Mr. POLLOCK: It would be difficult for any member of this Committee to vote in favour of any Government breaking its

pledged word or bond. If the amendment was framed without guile—and I accept the hon. member's statement—then he adopted a very effective method of getting members to vote against their convictions, and still in favour of them. It is one of those double-barrelled questions put to candidates at election meetings, "Have you ceased beating your wife?" You cannot find the right answer to it, and the best thing is to keep quiet.

I foresaw this position when we held the financial session earlier in the year. I said at the time that it was very obvious that the bondholders had Hobson's choice. Those are the words I used. Any man who knew his business must have known that, if the people refused to convert £45,000,000 worth of bonds, no State could repay them, if they became due within a few years. That was obvious to everyone. Now the hon. member for Fassifern asks why we should ruin the good name of Queensland for a matter of £231,000. To use his own argument in that homily on honesty and honour which he delivered to us—no doubt with the very best of intentions—you cannot be half-way honest; you cannot be partly honest; and you cannot be even occasionally honest. You are either honest or dishonest. When the hon. member said that we should not lose our good name for £231,000, did the hon. member mean to assert, on the other hand, that we ought to lose it if it were £231,000,000? The same principle applies. The Governments cannot pay the money; and, if they could pay the money, I would still object to voting for the amendment for the reason that the interest that was paid on these bonds in the good times between 1920 and 1925 was an amount that the State could well afford to pay. People could afford to pay it, because it was the general rate of interest at that time, and everything was flourishing.

Mr. WIENHOLT: These bonds bore different rates of interest.

Mr. POLLOCK: I quite understand that. The fact remains that the bonds were carrying a rate of interest that people could well afford to pay. Since that time everybody has had to make some sacrifice. Of course, wages and prices have fallen to-day. Why should we discriminate in favour of the few people who liked to play the hog and refused to convert their bonds, and who refused to come to the assistance of the country in its time of trouble? That is, those who could afford to convert. If we vote for the amendment of the hon. member for Fassifern, and if all Governments refuse compulsorily to convert the balance of the bonds, those few hogs will be getting from the States and Commonwealth a profit made out of the misery of the balance of the people.

Mr. WIENHOLT: Which they would be entitled to, as it was honourably done; it was a voluntary conversion.

Mr. POLLOCK: It is just as well to understand where the hon. member is on this question. In my opinion, they are not honourably entitled to it. If 95 per cent. or 93 per cent. of the bondholders come to the rescue of the State in its time of trouble and voluntarily convert—I believe many of them converted because they knew there was no other alternative, and thought they might as well do it gracefully as do it

[*Mr. Dunlop.*

compulsorily later on—but, if these people come to the assistance of the State and voluntarily agree to accept the reduction in interest—whatever their reasons may be—then we would be very poor types of people if we bled the rest of the community white in order to pay them, like Shylock, their pound of flesh. Under cover of being a plea for national honesty, this amendment is a plea for a privileged section of the community, who believe that they can get out of their responsibilities. My own opinion—I do not say the hon. member for Fassifern is deliberately the author of this—is that, if it were given effect to, those responsible for the general objection to the conversion of bonds would be put in the position of getting  $6\frac{1}{2}$  per cent., 6 per cent., 5 per cent., or  $4\frac{1}{2}$  per cent. out of the misery of the bulk of the people who have been forced to make the sacrifice.

When it comes to a question of honesty and sanctity of contract, let me remind the hon. member for Fassifern that the Government went to the country two years ago with very definite planks in their platform. One of those planks was the preservation of arbitration. It was a definite contract made with the people. It was a verbal contract, it is true; but it ought to be none the less binding on men of honour. That contract has been broken by the Government.

The PREMIER: In what respect?

Mr. POLLOCK: The Government have removed from the ambit of the Industrial Court people who previously received protection therefrom.

The PREMIER: So did your Government when they found they could not do otherwise.

Mr. POLLOCK: In addition to that, the Government actually reduced wages in Queensland, although they had promised that they would not do so; and the hon. member for Fassifern—whether he likes it or not—knowing that the Government were repudiating their promises, voted with the Government to repudiate them.

Mr. WIENHOLT: I take full responsibility for that.

Mr. POLLOCK: Of course. Then, why preach about degrees of honour to grown men, who know where they are on these questions? If it is dishonourable for a Government to break a contract with bondholders, it is no less dishonourable to break a pledge and a contract—even though it is a verbal one—given to the electors, because that is the basis of representative government. Before the hon. member endeavours to lecture us about degrees of honesty, he should first look to his own conscience.

The PREMIER (Hon. A. E. Moore, *Aubigny*) [4.15]: Nobody regrets the position in which the Government find themselves more than I. I am sympathetic towards the amendment moved by the hon. member for Fassifern: but I would like to go back a little, and explain the position exactly as it has evolved.

When the question of securing a reduction of interest on the internal loans of Australia came up at the Premiers' Conference, the first idea was that any action taken should be compulsory on everybody. Nobody liked doing it; but that idea was proposed merely because, after going into the whole question and considering the

reduction of the national income, it was obvious that the country was not able to continue to pay the existing interest bill. After discussing it for about a week from all points of view, and considering the pros and cons of voluntary and compulsory conversion, the conference invited the Leader and Deputy Leader of the Opposition in the Federal Parliament to join them. When they came in, they put forward a plea for voluntary conversion, arguing that, if we could get a voluntary conversion, it would be a wonderful advertisement for Australia. They thought it advisable to trust the people; but nobody at that conference ever dreamed that we were going to get 100 per cent. conversion. They knew it could not be done. Estimates of the probable amount of voluntary conversions varied, and the percentage of refusals to convert was put at from 25 per cent. to as low as 10 per cent. Nobody dreamed that we were going to get a conversion to the extent we did. We knew that there would be certain cases in which it would be very difficult for people to make up their minds. We knew that there would be people who would be selfish. It was definitely decided that we would not discuss what would happen to those people who did not convert, but that, when the number of dissentients was ascertained, we would decide what it was necessary to do. The time arrived when the number of dissentients was known. I suppose that this is the most remarkable conversion that has ever been achieved. The people recognised their duty to the country, and their patriotic feeling induced them to come along and convert. Even before the matter was decided by the first conference, people wrote and said, "We are prepared to convert our holdings." There was a definite desire to help Australia, even before the question of compulsion was raised. Some of the bigger holders, especially in New South Wales, sent telegrams saying, "We want to help, and we are prepared to put in all our holdings."

Mr. FOLEY: It was a good proposition.

The PREMIER: They were people who definitely wanted to help the country. Afterwards the question arose as to what was to be done to the people who did not convert. There was a suggestion that there should be taxation. The Leader of the Opposition and the Deputy Leader of the Opposition in the Federal Parliament said that taxation even up to 40 per cent. or 50 per cent. of the interest would not meet the case, nor would it be fair, as people who subscribed to the loan floated last year, redeemable at the beginning of next year, would still be in an immeasurably better position than those who had long-term holdings. Taxation of 40 per cent. would have been paid willingly by the former, because the loan would have to be redeemed next year, whereas to people who had loans with, perhaps, ten years to run, such taxation would be a very severe hardship, and it would not have been fair according to the terms of the loan. We worried over the thing to determine what was best to be done. One thing was perfectly definite and obvious—we could not by any means that we knew of raise £18,000,000 to pay off the dissentients. Moreover, it was recognised that some people had purchased in the open market at £80 per cent., and others had purchased  $3\frac{1}{2}$  per cent. and 3 per cent.

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stock as low as £54; and it did not seem to be fair that they should have their loans redeemed, even if we could get the money for the purpose, when other people had suffered a reduction.

Nobody liked the idea of compulsory conversion; but it has to be remembered that it is not a question of the compulsory conversion of Queensland loans. All of the loans in Australia are Commonwealth loans, and guaranteed by the Commonwealth. Queensland could not say, "We will pay our loans; but the rest of the Commonwealth can do as they like." It was not within our power to do that, because the responsibility for all loan commitments has been handed over to the Commonwealth Government under the Financial Agreement, and they were guaranteed by the Commonwealth Government.

Mr. WIENHOLT: We had to float our own last conversion loan in London.

The PREMIER: The hon. member is quite right. We did float our own last conversion loan in London. We did not have to do it, but we were asked to do it by the Commonwealth Government. It was the responsibility of the Commonwealth Government; but they asked us to shoulder that responsibility—not because we were entitled to do it—not because there was any difference in the security involved—not because the Commonwealth was not guaranteeing the interest payment—but merely because of the prejudice of a certain section of people in England, who are accustomed to invest their money in certain loans. It is obvious from the different loan quotations that the people of England do not realise that the whole of the loans are guaranteed by the Commonwealth, and that they have exactly the same value as other loans on which the same rate of interest is paid. I do not know whether it is correct to say this, but I believe that there was the idea on the part of the Commonwealth Government to "try it on the dog." If the Queensland conversion loan had proved a failure, then it would not have been to the discredit of the Commonwealth—the guarantor of all the loans.

Mr. WIENHOLT: I object to these things being tried on the dog, when the dog is Queensland.

The PREMIER: I object to that, too; but, when one is faced with no other alternative, the only thing is to try to make the proposal as successful as possible. We considered the taxation method, but, before finally agreeing to any proposal, I consulted with financial people in Melbourne in whom I have the greatest confidence as to the probable effect on the credit of the Commonwealth and the credit of Queensland. I was told that the effect of each of the three different proposals would be much the same. There has been practically a referendum as to whether the people of Australia were prepared to convert their loan obligations. Ninety-seven per cent. of the people have replied in the affirmative; and the fact of compelling the other 3 per cent. to fall into line is not going to have any effect on the credit either of Queensland or of Australia. It was the only course available, because it was impossible to obtain the money to pay off the dissenting bondholders.

Mr. DUNLOP: The scheme was discussed only on a voluntary basis.

The PREMIER: The hon. member is not right in saying that the compulsory basis

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was not discussed. We discussed the whole matter for ten days.

Mr. DUNLOP: The conversion loan proposal was placed before the people on a voluntary basis.

The PREMIER: That is quite right. It was recognised from the very beginning by the Federal Leader and the Deputy Leader of the Opposition that, when the number of dissentients became known, appropriate action could be taken. They said: "We will meet that position when it arises."

The difficulty is to meet the position that has arisen. A large number of dissentients include very poor people—people who had invested their small savings in Government securities, having been induced to do so by the appeals to the country from the platform, the press, and over the air.

Mr. POLLOCK: They are not included in the people to whom I referred as "hogs."

The PREMIER: There were a few people representing big amounts. I admit quite frankly that there were friendly societies representing big amounts in the aggregate, but representing small individual investments. The position presented a difficult problem to them because they had invested the money in the loans knowing that they would be able to obtain its release at a given date. They had invested in these loans, knowing that they had definite obligations to meet. They had withdrawn their money from savings bank accounts, and, in response to the country's appeal, had invested the money in Commonwealth loans, believing that the money would be available to them at a definite date to enable them to meet their obligations. It was a very difficult thing for those people to agree to the proposal. There were some of those people who dissented, and there were some large holders who also dissented. Some who dissented had definite obligations to meet.

I know of one case—that of a company which was formed to undertake gold mining in Queensland. Its promoters collected £16,000. Then they found they did not want the money for six months because of their inability to get to the field to start operations. They, therefore, decided to put the money into a loan maturing in 1931—when they wanted it. They were placed in a most unfortunate position. All those cases were taken into consideration, together with the cases of people who were looking to the loans as a means of sustenance. It was difficult to decide to compel those people to come in; but it was not fair to treat them differently from those who had voluntarily converted under the same circumstances. It was eventually agreed that the amount of money—£1,500,000—which goes into the sinking fund should be used to redeem the holdings of such people, as well as of those in straitened circumstances, who wanted the money actually for maintenance. The agreement provided for these people to be able to get the money from the Commonwealth Bank over a period of five years, starting this year. There were people who had up to £1,200 invested in bonds who genuinely wanted it for sustenance or to meet a particular payment. The Commonwealth Bank and the Commonwealth Treasurer will pay out to them their money much in the same manner as the New South Wales Savings Bank, by instalments over a certain period. Sir Robert Gibson has recently stated that he will probably be able to go further than

the £1,457,000 which it has been agreed to pay out to cover cases of hardship.

The position was that the Commonwealth Government had either to break their bond or not be in a position to meet their obligations when they came due. When one cannot raise the necessary money, the only alternative is to break one's word and make the payments in smaller amounts.

Mr. DUNLOP: If war broke our to-morrow, they would get all the money they wanted.

The PREMIER: It is all very well for the hon. member to talk like that; but war is not breaking out to-morrow. Every possible avenue was explored to try to find the amount of money that had to be paid. Bondholders who acquired 3 per cent. and  $3\frac{1}{4}$  per cent. securities before 1914 will not suffer any reduction; but bondholders who purchased those bonds since 1914 because of their low market quotations must suffer the same reduction as the holders of 6 per cent. bonds. Every effort has been made to see that bondholders suffer no hardship, more especially those who put their savings into bonds with the idea of living on the proceeds. They are in the position that, having bonds, they cannot get the old-age pension. They are placed in a most invidious position. The sinking fund I spoke of will be made available to relieve people holding bonds who are in difficult circumstances. I do not know what it will amount to, but, from information available at the Loan Council, and from information given by the Federal Treasurer, apparently £1,400,000 a year will meet such cases. Sir Robert Gibson has since announced that he can probably find a little more money than he previously announced in order to meet necessitous cases. That is the only possible way of preventing undoubted hardships being inflicted on people. There were only two alternatives--to meet interest, which we could not do because we had no money, or reduce the rate of interest and pay our way.

Mr. DUNLOP: Why didn't the Loan Council make the conversion loan compulsory right from the jump?

The PREMIER: As I explained to the hon. member previously, the reason for not making it compulsory was to give an opportunity to the people of Australia to show whether they were prepared to assist their country in its time of need. The people did so; and that wonderful advertisement was worth all the anxiety that may have prevailed previously. I do not like the position; but one thing which hon. members have to remember is that there can be no compulsory conversion until the Commonwealth Parliament passes the Bill.

Mr. DUNLOP: It is to be hoped the Senate throws it out.

The PREMIER: All I can say is that, as a member of the conference who has gone fully into the question and recognises the unpleasantness of the position, I still would have to introduce that Bill into this Parliament and endeavour to pass it, because I cannot squib on the rest of the Loan Council. Although I did not like it, I accepted the conditions, which seemed inevitable; and I have joined in with the Loan Council, and the Queensland Government have had to join in with the Loan Council too. If the Commonwealth Government pass the Bill, then I am in duty bound to pass a similar measure here in order to ratify the agree-

ment. It is not a question of whether I like to do so or not. It is a case of national emergency; and my duty is to stand with the rest of the Premiers of Australia, however distasteful and unpleasant the task may be, and however much we may try to find a way out. The Loan Council having come to a conclusion, I have no option but to carry out my part of the bargain.

Mr. POLLOCK: You didn't make these apologies when you slashed wages.

The PREMIER: It is not an apology, and I am not excusing myself. I am merely saying that, even if I were in a minority at the Premiers' Conference, I would be in duty bound to carry out any resolutions passed by the majority at that conference. I accept the responsibility of being a member of that conference; and I shall not at any time shirk my responsibilities by saying that I did not agree with this or that. After all, that is all part of responsibility that one has to assume in a national emergency; and that responsibility is taken by the Government.

Mr. BRUCE (*Kennedy*) [4.32]: The hon. member for Fassifern gave an excellent dissertation on honesty, but, unfortunately, did not give any definition of honesty. He considered as dishonest the proposal on which he has moved an amendment. When the hon. member for Gregory mentioned the fact that the Government had reduced workers' wages and that the hon. member for Fassifern had supported that action, the latter replied that he took full responsibility for his attitude. Apparently he has one form of honesty towards the bondholders and a different form of honesty towards the workers. Nobody will doubt that the Leader of the Opposition is perfectly honest in his political opinions; nor will anyone doubt that the hon. member for Fassifern is honest in his; yet, as the hon. member for Fassifern says, these opinions are as far apart as the poles. Both sets of opinions are honest, although they differ; so that, when the hon. member for Fassifern spoke about honesty, he should have given us a definition of the word. Of course, it is difficult to give a definition either of honesty or of truth; but, so far as patriotism is concerned, we have a clear definition. So far as patriotism is concerned, the individual must be subject to the State, and the best interests of the State should control the actions of the individual. In this instance we were told that the position of the Commonwealth was so serious that it was absolutely necessary for people to convert their bondholdings in order to save the country. Under those circumstances, the individual being subject to the State, all bondholders should have converted. On the other hand, the hon. member for Fassifern entered no protest against the Federal Government cutting down old age pensions. He did not care about the sanctity of any contract that might have been entered into between the Commonwealth Government and the old-age pensioners to pay the latter a certain pension per week. That was a mere bagatelle so far as he was concerned. But he was very earnest, very keen, and very perturbed because 3 per cent. of the bondholders are going to be made to conform to what 97 per cent. of the bondholders have done already. Many people would not consider that to be honest. You cannot say a man was partly honest, or that a man was almost

*Mr. Bruce.]*

invariably honest. You must say that he is honest or that he is not honest. The hon. member apparently takes no interest in the old-age pensioners who have been reduced; but he takes a very keen interest in a few bondholders whose livelihood is not affected. That kind of attitude is not absolutely honest.

There have been cases of hardship, as mentioned by the Premier; but, as stated in the press this morning, those cases of hardship are provided for. £1,000,000 or more is to be provided annually to meet these cases; therefore, nobody can say that something has not been done in that direction. On the other hand, the Federal Treasurer stated that many large bondholders had not converted. He said there were five bondholders who held £50,000 each who had not converted; five other bondholders who held £100,000 each who had not converted; two bondholders who held £200,000 apiece had not converted; and two other bondholders who held more than £1,000,000 had not converted. These people cannot be said to be in difficulties; and they cannot be the cases of hardship that the hon. member for Fassifern is worrying about. When the smaller bondholders were persuaded by the representatives of the State and Commonwealth Governments to convert, and the men holding these large amounts of money have not converted, then the action of the Commonwealth Government is sound, and I fail to understand the attitude of the hon. member for Fassifern, who shows so much perturbation and so much concern for these large bondholders, and takes the trouble to move an amendment in their interest.

This question of the sanctity of a contract is very much abused. When Havelock Wilson, the General President of the Overseas Seamen's Union, entered into a contract with the employers that the wages of British seamen should be reduced from £10 to £9 per month, the Reverend Maynard, of All Saints' Church, Brisbane, had a meeting, and pointed out that £9 per month was a very small sum for a seaman to maintain a wife and family and himself. This induced the press to ask Archbishop Sharp what his attitude towards the overseas seamen was; and he said that he believed in the sanctity of the contract; that, as the Overseas President of the Seamen's Union had entered into a contract with the employers, the men should abide by that contract. Above all, the sanctity of the contract must be maintained. Although that was some years ago, and despite the fact that contracts with the workers have been broken time after time, Archbishop Sharp has not come forward and advocated that the sanctity of those contracts should be observed. When a contract is made with the capitalists, we find men in leading positions are prepared to state that they believe in the sanctity of the contract; but, when a contract is broken with workers who are unable to defend themselves—and they frequently have been broken by the present Government—none of these men advocate the sanctity of the contract. If the doctrine of sanctity of contract applies to small people, it should be applied to the bigger people. We have the hon. member for Fassifern worrying about the sanctity of the contract in regard to those bondholders, representing amounts ranging from £50,000 to £1,000,000; yet he has not raised the question of the sanctity of the contract

[*Mr. Bruce.*

to old-age pensioners receiving from 17s. 6d. to £1 per week, who also have had their contract broken. The hon. member for Rockhampton is in the same class.

Mr. DUNLOP: I have never broken any pledges made outside since I have been in the House. Name one case!

Mr. BRUCE: The hon. member for Rockhampton has never raised the question of the sanctity of the contract between the Commonwealth Government and the old age pensioners.

Mr. DUNLOP: Did I ever vote for a reduction of wages here?

Mr. BRUCE: I have got the floor. The hon. member has never raised the question of the sanctity of the contract between the Commonwealth Government and the old age pensioners.

Mr. DUNLOP: Because it has nothing to do with this Parliament.

Mr. BRUCE: He has supported the hon. member for Fassifern because he considers the Commonwealth Government have broken their contract with the bondholders. The hon. member is to-day behind the moneyed people of Australia. He is behind the hon. member for Fassifern in protecting men with £1,000,000 worth of bonds.

Mr. DUNLOP: Mr. Roberts, I rise to a point of order. The hon. member for Kennedy says that I stand in the interests of the big money-lenders.

The CHAIRMAN: The hon. member cannot make an explanation.

Mr. DUNLOP: I deny the hon. member's statement.

The CHAIRMAN: Order! There is no point of order.

Mr. DUNLOP: Mr. Roberts, I rise to a point of order. I deny what the hon. member said about me, and I ask for a withdrawal.

The CHAIRMAN: Order! I would explain to the hon. member that he has made a speech this afternoon, and the hon. member for Kennedy is giving his interpretation of that speech. I rule that there is no point of order.

Mr. DUNLOP: He accused me of something that I never did.

The CHAIRMAN: I have ruled that there is no point of order.

Mr. BRUCE: The hon. member for Rockhampton has stated definitely that he is going to support the amendment of the hon. member for Fassifern, which is a protest against compulsory conversion by people who failed to convert voluntarily.

Mr. DUNLOP: The breaking of a promise.

Mr. BRUCE: The hon. member for Rockhampton stands in the interests of the wealthy class of people.

Mr. DUNLOP: I believe in a promise being kept—that is what I stand for—and my votes in this Chamber have always proved that.

Mr. BRUCE: When the old age pensioners of Australia were reduced by the Commonwealth Government, the hon. member for Rockhampton never got up to protest against it.

Mr. DUNLOP: Did you get up? It was a Federal matter. It had nothing to do with us.

Mr. BRUCE: He never worried about the interests of the old age pensioners; but to-day he is right behind the hon. member for Fassifern in the interests of the wealthy class. It is a remarkable attitude for the hon. member for Rockhampton to take up. It is no more justified than the attitude of the hon. member for Fassifern, against which I am speaking now. I believe in the sanctity of a contract; but I believe in its sanctity with regard to the poorest people in Australia, who are least able to protect themselves, just as I do in the sanctity of a contract with regard to a man who is in a higher position than the average, and who is able to protect himself. A man who is unable to protect himself should be supported to a greater extent than those who are more fortunately situated.

The hon. member for Fassifern overlooked the fact that the Premier entered into a contract with the other Premiers at the Premiers' conference that a certain line of action would be taken. The Premier having entered into that contract, would it be honest for him to break it now?

The whole trouble with the speech of the hon. member for Fassifern was that he gave a dissertation on honesty, but did not give a definition of honesty. Had he done so, it would have assisted this Committee considerably. He says that he stands for the sanctity of contracts, and that he is making this protest because a contract is being broken with those who have refused to convert; but, when the hon. member for Gregory points to other contracts that have been broken, the hon. member says that he takes full responsibility for supporting the breaking of those contracts. So we have one conception of honesty in one case and another definition of honesty in another case, both suggested by the hon. member. A dissertation on honesty or truth is useless in this Chamber unless we have definitions of what those terms mean, and I would suggest to the hon. member for Fassifern that in future, when giving us his excellent dissertations, he should first define his terms.

Question—"That £299 only be granted" (Mr. Wienholt's amendment)—put; and the Committee divided:—

Mr. Dunlop	AYES, 2.	Mr. Wienholt
Mr. Annand	NOES, 54.	Mr. King
" Barber		" Kirwan
" Barnes, G. P.		Mrs. Longman
" Barnes, W. H.		Mr. Macgroarty
" Blackley		" Maxwell
" Bow		" Moore
" Boyd		" Morgan
" Brand		" Mullau
" Brassington		" Nimmo
" Bruce		" O'Keefe
" Bulcock		" Pease
" Carter		" Peterson
" Clayton		" Plunkett
" Conroy		" Pollock
" Cooper		" Russell, H. M.
" Daniel		" Russell, W. A.
" Dash		" Smith
" Deacon		" Stopford
" Edwards		" Swayne
" Fry		" Tedman
" Hanson		" Tozer
" Hill		" Warren
" Hynes		" Wellington
" Jamieson		" Winstanley
" Jones, A. J.		
" Jones, A.		Tellers:
" Kenny		Mr. Foley
Dr. Kerwin		" Grimstone

Resolved in the negative.

At 4.54 p.m.,

Mr. GRIMSTONE (*Stanley*), one of the panel of Temporary Chairmen, relieved Mr. Roberts in the chair.

Mr. KIRWAN (*Brisbane*) [4.54]: I desire to offer my contribution to this very important debate, and at the outset I should like to recall those memorable words with which the present Government appealed to the electors of Queensland in 1929, when they said: "It can be done! It will be done!" Those words were enunciated as the slogan of the Country-Progressive-Nationalist Party, and there were no qualifications whatever.

It is interesting to recall some of the statements that were then made. The Secretary for Labour and Industry, then the hon. member for Sandgate, speaking at Geebung, as reported in the "Courier" on 6th April, 1929, said—

"To-night," concluded Mr. Sizer, "I feel that I am a messenger of hope to our boys and girls; that I can confidently promise our unemployed better times; that for our industrialists I can really predict a time of peace and advancement; and that, as a lover of Queensland, I can join with every big Queensland in breathing a sigh of relief that the McCormack incubus will soon be removed, and that Queensland will again move steadily forward to her appointed destiny of greatness."

That was the prophecy of the hon. gentleman. How far that prophecy has been realised can be gathered from the Budgets that have since been presented in this Chamber. The first Budget provided a record deficit for Queensland. The second Budget eclipsed that deficit; and the third Budget forecasts a deficit practically doubling that of last year.

We have ample evidence of the methods of management of the present Government. The question of unemployment has been discussed, not only during this session, but in the previous sessions of this Parliament. If the present Government were returned with any definite mandate at all, it was to redeem their promise to solve the unemployment problem. We are frequently asked by hon. members opposite, "What would you do? Where would you get the money from?" I would remind them of the scheme outlined by no less a person than the Deputy Premier, Mr. King, and supported by several Government candidates long before the brilliant brain-wave of £2,000,000 and 10,000 jobs which was broadcast a few days before polling day. The Deputy Premier, speaking at the corner of Juliette and Emperor streets, Thompson Estate, is reported in the "Telegraph" of 2nd May, 1929, as having said—

"As a further step towards relieving unemployment, the party proposed to reduce the members' salaries by £250 a year, and the surplus thus obtained would pay the interest on a loan of £300,000, which would be added to a similar amount procured from the unemployment insurance fund. Local authorities would then be approached to allocate certain work within their particular areas which could be carried out, but which would not have been done under ordinary circumstances. They would be asked to pay two-thirds of the cost of the work, while the Government would provide the additional third. By this means work to the

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extent of £1,800,000 could immediately be carried out, which would provide employment for 10,000 men for at least twelve months."

You, Mr. Grimstone, were asked to join in the general sacrifice of a reduction of £250 a year in your salary. You certainly consented to that, with good grace or otherwise; but you were told that this sacrifice was for the purpose of raising a special fund for the employment of a large number of men. What has become of that scheme?

Mr. BLACKLEY: It has been carried out in the best possible way.

Mr. KIRWAN: Listen to the lame apology offered by the hon. member for Maryborough! Where has this £1,800,000 been spent? There was no mention in the speech of the Deputy Leader of the Government of either a wage tax or an unemployment relief tax. If this £1,800,000 has been spent, as alleged by the hon. member for Maryborough, then the Secretary for Labour and Industry must have expended £2,500,000 in unemployment relief. According to the records of this Parliament and the statements of the Secretary for Labour and Industry, no such amount has been spent. The hon. member for Maryborough may delude himself, but he cannot mislead the Committee.

The Treasurer has explained that the deficit for last financial year was largely due to the heavy cost of exchange. I am not prepared to deny that there has been a considerable additional expenditure involved, not only to the Queensland Government but to every other Australian Government who are called upon to remit money to pay interest on overseas debts, but the position strikes me as being most remarkable, particularly when I recall that in 1924, when we had £50,000,000 to our credit in London, we had to take goods to the value of £70 for every £100 worth which we supplied overseas. To-day for every £100 payable in London it is necessary to remit £130 or £135. This hammering of the exchange followed upon the visit of Sir Otto Niemeyer to the Commonwealth, and undoubtedly reflects the attitude of British banks to assist their ambassador to compel all Australian Governments to agree to the conditions stipulated. In order to make the position as awkward as possible for all Australian Governments, the British banks hammered the Australian exchange.

The late Queensland Labour Government made an arrangement with the Bank of England that, if necessary, £1,000,000 would be available in London for the benefit of Queensland. During the visit to London of Mr. McCormack, that amount was increased to £2,000,000. For some reason or other the present Government have allowed that agreement to lapse.

Mr. TOZER: Wasn't that done by your own party?

Mr. KIRWAN: The arrangement that was effected by the Labour Government was that a certain amount of money would be available on overdraft in London in order to meet interest payments as they fell due. That agreement has been allowed to lapse. We are often reminded that members of the present Government are business men with commercial training, and with a much better knowledge than is possessed by members of the Labour Party; but hon. members oppo-

site cannot shirk their responsibility for allowing this agreement to lapse, no matter how they may endeavour to explain the position. Had that agreement been maintained, the Treasurer would have been able to meet the interest commitments of Queensland with considerable advantage to the State.

Mr. TOZER: You know you are wrong. Your own party did it.

Mr. KIRWAN: Do I understand the hon. member for Gympie to make the silly interjection that the late Government were responsible for the cancellation of that agreement?

Mr. TOZER: At any rate, it was not the present Government.

The TREASURER: It was the late Government.

Mr. TOZER: You make assertions without knowing what you are talking about.

Mr. KIRWAN: If the hon. member for Gympie would look at the parliamentary papers for the session of 1930, volume I, he will see a copy of all the correspondence that took place on page 605.

Mr. TOZER: Well, what about it? You are wrong.

Mr. KIRWAN: Included in that correspondence is a letter marked "Confidential" from the Bank of England to the Agent-General for Queensland, dated 13th May, 1930. That letter reads—

"Sir,—From a review of the subject-matter of recent interviews and correspondence, the Bank of England are of opinion that it would be in the interests both of your Government and of themselves that evidence in writing should be available regarding the question of future loans; and it is believed, moreover, that you are in agreement with this view.

"Accordingly, I now write to say that, as a result of the inauguration in July last of the new system for the co-ordination of Australian borrowings, it is understood that the agreement concluded between the bank and your Government in March, 1915, has now automatically lapsed."

Then there is also a letter signed by Mr. L. H. Pike, who was Acting Agent-General at that period.

The TREASURER: You are all wrong, as I shall prove up to the hilt when I am replying.

Mr. KIRWAN: I hope the hon. gentleman will be able to do so, but this correspondence does not prove it. There are also letters from both the Premier and Treasurer. The Treasurer, in a letter to the Premier, says—

"I agree with the Agent-General that the letter from the Bank of England should be acknowledged without comment.

"As the Bank of England does not mention anything to the contrary, I assume the charges for the management, etc., of Queensland loans still on the bank's registers will continue at the existing rate. Would you kindly ask the Agent-General to have this matter settled?"

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Then the Premier, writing to Sir Edward Macartney, Agent-General for Queensland, on 23rd June, 1930, said—

"Acknowledging the receipt of your letter of 15th ultimo, accompanied by a copy of a communication you have received from the Chief Cashier of the Bank of England, formally terminating the agreement entered into between the Bank and the Queensland Government in March, 1915, for the issue and management of our stocks and bonds, I agree with you that the letter from the Bank of England should be acknowledged without comment.

"As the bank does not mention anything to the contrary, it is assumed that the charge for the management, etc., of Queensland loans still on the bank's registers will continue at the existing rates. I shall be obliged if you will kindly have this matter settled.

"Yours faithfully,  
" (Sgd.) A. E. MOORE."

The TREASURER: You broke the contract in April, 1921, when you entered into an agreement with the Commonwealth Bank.

Mr. KIRWAN: The hon. gentleman has to prove that.

The TREASURER: You have not proved your statement.

Mr. KIRWAN: The Treasurer endeavoured to make an arrangement with one of the English banks early in this year. Does the hon. gentleman deny that?

The TREASURER: I endeavoured to make an arrangement with a bank to finance the State on the other side, coinciding, of course, with the arrangement on this side with a view to saving exchange.

Mr. KIRWAN: The "Courier" of 17th February, 1931, which dealt with this matter in a sub-leader, said—

"Mr. Barnes, in the statement that we reported yesterday, said that he was hopeful that 'we may be able to make banking arrangements by which, to some extent, we may be able to avoid the heavy exchange payments in the future.' This indicates very clearly that he is hopeful of securing an overdraft with a London bank."

What happened in connection with that? The hon. gentleman claims to be able to arrange these affairs much better and much easier than the Labour Government could; but the Labour Government could make an arrangement with the Bank of England for an overdraft; but so far we have had no intimation from the Treasurer that he has been able to make an arrangement with an English bank to deal with this important question which has been dealt with in his Budget.

During the last election campaign the Premier and his principal supporters definitely promised that they were going to reduce taxation; yet the Treasurer has been responsible for imposing additional taxation to an amount in the vicinity of £1,500,000. Of that amount, £800,000 has been received from the unemployment relief tax, and £750,000 from other taxation.

This is very extraordinary indeed, coming from a Government which stated definitely and clearly to the electors, "Put us into power, and we will reduce the burden on

industry." Instead of doing that, they have added to the burden. The extraordinary statement of the then Leader of the Opposition, the present Premier, at that time attracted attention in the South; so much so that Mr. Eggleston, a former Nationalist Minister in Victoria, wrote an article for "Stead's Review," in which he said—

"Mr. Moore has promised the abandonment of land taxation and the relief of taxation generally. . . . How this is to be achieved is not clear. . . . Any promise by any State Treasurer to-day to reduce taxation must be regarded with suspicion. It cannot be done!"

Yet the slogan of the hon. gentleman and his party was, "It can be done! It will be done!"

Mr. O'KEEFE: The super tax is still on.

The TREASURER: The hon. member is wrong in saying that the super tax is on. It is not on—at present, at any rate.

Mr. KIRWAN: The Treasurer should wait until I finish my sentence. No doubt the curiosity of the hon. member for Cairns will be satisfied when the Bill is introduced. The genesis of the criticism of hon. members opposite may be summed up in these words, "We would have done so much better and would have been able to carry out our promises but for the legacy the Labour Party left us." According to the Treasurer—he has made the statement on more than one occasion—Queensland will be the first State to turn the corner.

The TREASURER: I still think that, with the splendid management since we have been in office.

Mr. KIRWAN: The splendid management has been shown in three record deficits. Other hon. members opposite seem to take a different view. They say that the reason Queensland is so affected to-day and why the efforts of the Government are restricted and the measure of success which they anticipated has not been realised, is because of the world-wide depression. I am prepared to admit that to a certain extent that is a true statement of fact. We have only to go to countries which are not under Labour Governments, Take New Zealand, for example, which ended last year with a deficit of £8,000,000. That country has never known a drought, has never had to suffer the disabilities Queensland has suffered, has never had a Labour Government, and does not go in for squandering money the way we are told Australia has squandered her loan money; yet the Treasurer of New Zealand was compelled to come down the other day with a budget to make up this deficit of £8,000,000. What did it include? It included some taxation proposals which, had they been brought down to this House by the Treasurer, would probably have caused the editor of the "Telegraph" to die of heart failure. I do not know what would happen to the editors of the "Courier" and the "Daily Mail"—they would very likely recover with the skilled attention of the hon. member for Merthyr. The taxation which has been introduced here is nothing compared with the taxation they are talking of introducing in New Zealand. The Premier will see that the Government of New Zealand—who have never had to contend with the alleged disabilities that this Government have; such as legacies from a

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Labour Government—are going to double their unemployment relief tax.

If we go across the Pacific to Canada—where they have had Liberal or Conservative Governments from the time representative government was established there—we find that there was a deficit of £15,000,000 last year.

The TREASURER: Dollars?

Mr. KIRWAN: No. pounds sterling.

The TREASURER: Why don't you tell us what is happening in New South Wales?

Mr. KIRWAN: If the hon. gentleman will be patient, I will come to New South Wales presently, and tell him what a nice legacy was left by the Nationalist Government of business men, who left promissory notes and bills to the extent of something like £15,000,000. The hon. gentleman, following Mr. McCormack, a Labour Premier, was in a much more fortunate position, because he found a nice little nest egg of £5,000,000 in the Treasury.

The new Prime Minister in Canada—who won his election in the same way as the Premier of Queensland, on the cry that he was going to settle the unemployment problem—

The PREMIER: I did not say that I would settle the unemployment problem.

Mr. KIRWAN: The hon. gentleman said he was going to solve it, which is stronger than "settle." The London "Times" of 25th July printed this paragraph about the Prime Minister of Canada—

"The Prime Minister, Mr. Bennett, gave notice that he would ask for unlimited powers to provide for unemployment and farm relief. Legislation would be introduced authorising unlimited payments from the Consolidated Revenue Fund.

"It is estimated that £20,000,000 will be required for the relief of unemployment and of distressed farmers in Western Canada."

In Canada they have never had a Labour Government; they have no Arbitration Courts; and their position is more favourable than that of Australia, because they are near to the chief markets of the world. For one thing, they are alongside a market of 120,000,000 people in the United States of America; and they have a market of 9,000,000 or 10,000,000 of their own people. They are more favourably situated from any point of view than the Australian or New Zealand Governments; yet their position is a great deal worse.

If any country in the world ought to be able to show sound finances, with everybody at work and business prosperous—in a word everything "booming"—it is the United States of America. The 1929-30 Budget showed a surplus of £200,000,000, and the Secretary of the Treasury was so elated that he reduced taxation. Last June he ended with a deficit of £200,000,000, so that they went to the bad about £400,000,000 in twelve months. This year they are talking of a deficit of £400,000,000.

The PREMIER: Then we are not so bad, after all.

Mr. KIRWAN: I am pointing out that all this talk about the position of Queensland being due to the Labour Government arbitration laws, a high standard of living con-

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ditions, or high wages, is pure moonshine and misrepresentation. I am taking countries where none of those things exist, and—I want to discuss the thing fairly and frankly—I am endeavouring to point out that the position is much worse there than here. According to Mr. Brookes, the late representative of Australia in the United States of America, who delivered a most important address at the Constitutional Club, the United States of America has about 12,000,000 unemployed.

A GOVERNMENT MEMBER: What is the population?

Mr. KIRWAN: About 120,000,000; and they are right up against the markets of the world in Europe and Asia. The position in the wheat belt in America is alarming. For the purpose of illustrating it, let me ask hon. members to think of towns such as Toowoomba, Warwick, Allora, Clifton, and Killarney, the main wheat towns of Queensland.

The PREMIER: And Oakey.

Mr. KIRWAN: I will include Oakey, since the Premier assures me that it is a wheat town, and Roma, in order that the hon. member for Maranoa shall not be offended. According to an English journal which I was reading in the library the other evening, the farmers in the corresponding towns of the United States of America bring their wheat into town, and, if they want anything from a firm such as Barnes, Limited, they dump so much of it there, and say: "We want so much drapery for this"; and, if they want ironmongery, they do a similar thing at a hardware store. They have no money. They cannot sell their wheat. In the wheat areas they cannot buy coal because they have no money. They are burning wheat as fuel.

The PREMIER: Have you been reading the "World's News?"

Mr. KIRWAN: No. The statements that I am making can be found in the "London Times." The Premier may think that I am drawing a long bow, but I am doing nothing of the kind. I am pointing out the position with a view to offering what I regard to be a solution of the difficulty. According to the official organ of the farmers in Canada, in the wheat belt last Christmas, which is the winter period there, the wives of the farmers in the wheat provinces were compelled to use old blankets for the purpose of cutting them up to make under-clothing, and to cut up their own clothing to provide clothing for their children. They were unable to buy any clothing. In many of the towns, as in many of the wheat States of America, wheat was exchanged or bartered for the necessaries of life. We have an extraordinary position in the United States of America, where over £1,000,000,000 worth of gold is hoarded in the bank vaults of New York; but, for all the use or benefit that it is to the American nation, it might as well be at the bottom of the Atlantic, the resting place of the "Lusitania." Great Britain, which recently went off the gold standard, is no worse off than the United States of America, which possesses the greatest proportion of the gold of the world. The more we look at the position, the more paradoxical, the more complex, and the more extraordinary it appears. One can understand the people

starving in a desert or on some uninhabited arid island; but we have the people of the United States of America and other countries of the world starving, unable to obtain sufficient to live upon, whilst there are foodstuffs in abundance. It was suggested by the Cotton Board in the United States of America the other day that £30,000,000 worth of cotton should be ploughed in; and this whilst there are hundreds of thousands of men, women, and children in the country who famished last winter, and will famish this winter because of insufficient clothing.

Five thousand tons of coffee were dumped in the ocean off the coast of Brazil a few months ago because the requisite price was not obtained. It is suggested by the English journal, "The New Age," that it is likely that, when this season's crop is harvested in Brazil, another 40,000 tons will be dumped. Is there not something wrong in the world, with plenty of foodstuffs and the necessary requisites for clothing, that there should be absolute destitution, poverty, and starvation? Countries like Germany, which are without gold, and other European countries with but little gold, have their unemployment problems and their difficulties; and across the Atlantic, where the markets are organised to an extent unparalleled in any other country and unequalled in the history of civilisation, there is a superabundance of goods side by side with destitution and poverty.

Mr. BLACKLEY: Give us your solution of the question.

Mr. KIRWAN: I would be the greatest man in the world to-day if I could solve the question; but I do not claim to be that individual. However, I propose to offer a suggestion before I conclude.

The TREASURER: Do you not remember that you said you would solve the railway position?

Mr. KIRWAN: I did not get the chance. I remember that, when the present Secretary for Railways sat on this side of the Chamber, he said that, if he had charge of the railways, the position would be solved very quickly. It is not my intention, nor have I the time, to read some of the eulogies which the "Telegraph" has passed upon his administration during the past twelve months. That hon. gentleman has certainly shown that he is not capable of handling the position, although he has done a great many things which he vowed would never be done.

I have made the statement before that we are suffering from the aftermath of war. Anyone who has studied English history has some idea of the conditions prevailing in England following the Napoleonic wars. The position to-day is somewhat similar, but in a more aggravated form. Our sufferings to-day are not a legacy of the Labour Party, but a legacy of war. I propose to read the following short summary showing the cost of the recent war in order that hon. members and the public may realise and consider the amazing facts it contains:—

"Thirty-two thousand million pounds! According to the Mechanics National Bank of New York, this is the money cost of four years of war. Of this huge amount, the cost to the allied powers has been £22,000,000,000, and to the enemy powers £10,000,000,000. . . .

"Thirty-two thousand million pounds is sixteen times greater than the entire world's supply of minted gold and silver; sixty-four times greater than the cost of the Franco-Prussian war; 128 times greater than the cost of the South African war; or seventy-five times greater than the cost of the Russo-Japanese war.

"With it we could build 420 Panama Canals, or repay the pre-war indebtedness of every nation in the world three times over, and still have enough to give every soul in the world six sovereigns, irrespective of creed or colour. If we could turn the pre-war indebtedness of all the nations in the world into actual gold, add it to the world's supply of gold and silver, still again the gold value of the imports and exports of Great Britain in 1914, add to that again an amount equal to the present national debt of Great Britain and the Dominions, we should be still short of the cost of the war by an amount equal to that which would suffice to lay a pathway of sixpences to the sun.

"If a squad of forty-five men were each giving half a sovereign away every second, without ceasing, they could give away sovereigns till the crack of doom, and they would be only giving away the interest accumulating on the war cost, without touching a single sovereign of the debt itself. A navy shovelling sovereigns at the rate of 1,000 per minute would never be able to deplete the mountain of gold represented by the money cost of four years of war, for the simple reason that the interest alone works out at £1,389 per minute. . . .

" . . . Were the dead of four years of war (estimated at 9,000,000) laid head to foot, their bodies would form an unbroken line of corpses over 10,500 miles long. . . . If the combined dead, disabled, captured, and missing were laid out in line, not including the recovered, wounded, or sick, their bodies would make a bracelet of human wreckage around the entire globe. . . ."

At 5.28 p.m.,

The CHAIRMAN resumed the chair.

Mr. KIRWAN: Our only assets for the expenditure of that tremendous sum of money, which was spent on purposes of destruction, are the widows, orphans, incapacitated soldiers, and other problems of Governments. No less an authority than Mr. Montagu Norman, Governor of the Bank of England, recently stated that society to-day was practically on the edge of a precipice. Those who have been watching events in Europe realise that the President of the German Republic is to-day the custodian of civilisation in Europe, as we know it, as against the onward march of Communism or revolution. That is why President Hoover made certain overtures in regard to the repayment of war debts, and subsequently suspended the payment of war debts on the part of Germany, realising that the enforcement of payments would have meant revolution. If revolution broke out in Germany, no person could say where it would end. It would practically mean the end of civilisation as we know it. Lord Buckmaster, a prominent Liberal in England, in the course of a speech before

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the Liberal Club, London, on 1st June, 1918, said—

“The real winners of the war will be determined ten or twenty years afterwards, and they will be the nation who will be best able to face the growing discontent of a disillusioned people, to ward off growing famine, and to save their people from the universal bankruptcy to which Europe is speeding every day with increasing pace.”

One of the leading economists of Europe, and a gentleman who has taken a prominent part in collecting data for the League of Nations, is Professor Cassel. That gentleman in his “Memorandum on the World’s Monetary Problems,” which he submitted to the Brussels Financial Conference in September, 1920, refers to the possibilities of deflation as follows:—

“We have to take account of the possibility of enforcing deflation by a higher bank rate, or by other restrictions of the leading of the banks. . . . Such a policy would without a doubt press down prices, but it would at the same time have a very depressing influence on trade and industrial enterprise. The difficulties of a prolonged application of such methods are obvious.”

Dealing with the effect on wages, he says—

“It seems hardly advisable to enter upon any deflation scheme which would involve a reduction of the general level of money wages; for every such endeavour would without doubt lead to social unrest, and in this way make harm out of all proportion to the advantage it could bring.”

Austin Harrison, a voluminous contributor to prominent English magazines, has written these words on the world’s exchange problem—

“Now, when the politicians in Paris remapped Europe and tied up Germany, as they thought, in meshes of iron bands as the result of the most sordid, ignominious, and material international intrigue in modern history, they forgot the quintessence of their economics, the one thing that mattered, namely, the exchange mechanism regulated as the index of credit on the gold standard.

“Mountains of stock remained unsold. The immense profits dreamed of never materialised; the nations of Europe could not buy, hence we could not sell, Victor and vanquished are all up against the same difficulty—credit, which in practice comes down to the exchange position.”

The problem is: How are we going to bring about an alteration in the monetary system that will enable the people of the world who are at present unemployed to be set to work?

It is no use talking about the Premiers’ plan, the Lang plan, deflation, reduction of interest, or any other proposition; the only proposition that is worth consideration is one that will put in employment the large number of people who are at present unemployed. Until that problem is faced and solved, it is a mere waste of time to discuss any other proposition. I am very much afraid that, if it is not solved shortly, the long-suffering people of the world will not tolerate the form of government that per-

mits such a state of affairs; but will probably seek revolution or some other means in an endeavour to escape from the present position. Whether they would be better off as the result of a revolution it is difficult to say; but undoubtedly a great majority would express the view that they could not be any worse off.

The policy of deflation has had some remarkable results. I could not help being struck by the attitude of the hon. member for Fassifern, who put in a special plea for the bondholders, urging that there should be no deflation of their incomes. Is it not a fact that the business man to-day suffers from deflation because his turnover is not as great as it was in days gone by, quite apart from the nightmare of bad debts which he has to face, for he cannot unduly press persons with whom he has had business dealings over a long period of time? Further, have not the wages of the average man been reduced; and are we not constantly meeting persons who, unfortunately, are earning no wages? All these difficulties are confronting the nation; yet we are told that the bondholder should not make any sacrifice because there is a contract with him. Why should a farmer on the Darling Downs be compelled to grow three bags of wheat to pay interest to-day when a bag and a-half of wheat was sufficient to discharge the obligation before? If that farmer has to accept less for his wheat, why should not the individual who lends money accept less interest on that money?

To-day the nation is practically in a similar position to that which prevailed during the war. Everyone is being compelled to make a common sacrifice except those people who are making no more sacrifice to-day than they did during the war, when they insisted on the rate of interest being doubled before they would lend their money, whilst at the same time the pick of Australian manhood went overseas to fight for their country. Sixty thousand of them made the supreme sacrifice. Will anyone tell me that, if I were fortunate enough to be in a position to lend £10,000 to the Commonwealth for war purposes at 5 per cent. interest, and I got my cheque paid into my banking account regularly every quarter, my sacrifice was equal to that of my next door neighbour who lost a son in the war?

Mr. BLACKLEY: I am glad you realise that.

Mr. KIRWAN: I have always realised it; and that is why I say it was grossly unfair to touch the soldiers’ pensions. Instead of exploiting their country in a time of necessity—and the war was a time of necessity—the wealthy people should have been prepared to come forward and say, “Well, we cannot go to the front; but we have money, and we will lend you that money without interest in order that the men who are able to go to the front will be paid, and that the flag shall be kept flying at the masthead.” Instead of doing that, they held a stop-work meeting, and said to the Prime Minister, “The rate of 3½ per cent. is not sufficient. We know perfectly well that thousands of our young men are making a sacrifice; we know men are leaving managers’ jobs and going to the front; we know men are leaving good positions and going to the front; and we know that thousands of them will be compelled to give their lives in this cause; but we are not going to give anything. We are going

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to lend our money at the highest rate of interest ever paid in Australia." That is the position; so what is the good of talking about equality of sacrifice? All this humbug and all this hypocrisy should be exposed. We hear a good deal of talk about the immortal Anzac. I wonder what message they would deliver to us if they were able to come forward and deliver a message. I am sure the message they would deliver would make some of these bondholders hang their heads in shame. These Shylocks! What do they care if the old-age pensioners are going to be reduced? What do they care if the soldiers' pensions are going to be reduced? They are going to have their pound of flesh, and they demand it, and any talk about reducing interest is called repudiation. If public servants and wage-earners throughout the Commonwealth are called upon to make sacrifices; if they are forced to give their children less nourishing food; and if they are unable to buy clothes to keep them warm in winter-time—

Mr. DUNLOP: That is a different thing altogether.

Mr. KELSO: Can't people sell their bonds?

Mr. KIRWAN: I am talking about the women and children who have had their family incomes reduced, who have been asked to make these sacrifices. The hon. member for Nundah will be fair enough to admit that there are hundreds of people in his electorate who contribute 11s. per week by way of the reduction in the basic wage towards the common fund of this State. That is their sacrifice. During the last election the hon. member for Nundah said that £4 5s. per week was hardly sufficient to enable a man to keep his wife and family in decent comfort and make provision for a rainy day. If a man on that miserable pittance—and it is nothing else—is compelled to make a sacrifice, then the wealthy individual should also be asked to make a sacrifice.

Mr. DUNLOP: Was it not the Federal Labour Government that reduced pensions and everything else. What have you to say about that?

Mr. KIRWAN: The hon. member knows what I said about it when I spoke on the Financial Emergency Bill.

Dealing with the question of deflation, Sir Henry Strakosch, a director of the Anglo-International Bank and a member of the Financial Committee of the League of Nations, in an address on 13th March last, as reported in the "Worker" of 8th April, 1931, said—

"The root cause of the world's troubles was the drastic general credit deflation that took place in 1929, and the consequent fall of prices."

Quite recently in the Brisbane "Telegraph" the following cable was published giving the views of Viscount D'Abernon, a noted economist in the old country—

"London, 13th May.

"Viscount D'Abernon, in a remarkable address before the Royal Empire Society upon the world crisis, said it was a pity that the officers of the ship were on their knees praying for better weather instead of navigating the ship to safety.

"Every month the evidence accumulates," he continued, "that the main

cause of the trouble is monetary. The great creditor nations, America, France, and Britain, have wofully mismanaged their monetary affairs. Unless the value of gold, as measured in commodities, is reduced, there must inevitably be defaults by many debtor nations. If you make sales by debtors impossible, you will render payment impossible, and thus will bring about bankruptcy. The fall in the price of staple commodities is due to scarcity of the means of payment, and it can be corrected by a combined action by the central banks of the gold-using countries. The price level at which the standard value should be established is a matter for discussion, but it must permit the maintenance of wages and salaries at approximately the present rate."

The spokesman of the business people in America—"The Business Week"—as late as 21st January of this year, published an article headed "The Wrong Medicine," from which I take the following extracts:—

"This deflation has already made the real burden of our own national debt upon our taxpayers 10 per cent. higher than it was when the debt was at its peak in 1919 although they have paid off 40 per cent. of it."

That is one result of having fixed charges in regard to the profits on capital as against reduction of prices of commodities and rates of wages, which consequently mean a reduction in the revenue of the Government as well as the revenue of the business men and everybody else. The article continues—

"Ever since 1925 the market cost of long-term capital for real investment here and abroad has been out of line with its productive yield. This is the fundamental cause of this depression, and the effort to maintain that situation on the part of investors is the real obstacle to business recovery the world over. Business is paralysed by a sort of investors' strike or borrowers' lockout, and may not be able to go ahead for a long time unless the central banks take direct action to break this deadlock and restore long-term interest rates to their natural level."

I mentioned earlier in my remarks the remarkable prophecy of the governor of the Bank of England, a gentleman who must have considerable financial experience, as otherwise he would not occupy that very important position. Mr. Montagu Norman, governor of the Bank of England, in a letter written a few weeks ago to M. Moret, governor of the Bank of France, declared that—

"Unless drastic measures are taken to save it, the capitalistic system throughout the civilised world will be wrecked within a year. I should like this prediction to be filed for future reference."

That is a remarkable statement by a gentleman who is not given to making extravagant statements. Anyone who has had anything to do with bankers knows that, if there is a secretive and non-communicative body when they are talking business, it is that set of men. The position was that the Bank of England dictated to the Government of England what they should do, just as the banks in Australia dictated to the Premiers' Conference.

The PREMIER: No.

Mr. Kirwan.]

Mr. KIRWAN: That cannot be denied, and I can call the Treasurer as a witness in support of my statement. They said: "Yes, we will assist you, Mr. Moore, Mr. Barnes, Mr. Scullin, Mr. Hill, Mr. Lang, and all the rest of you, but you must observe our conditions."

The TREASURER: You are absolutely wrong.

Mr. KIRWAN: Did not the banks lay down a definite statement at the Premiers' Conference in February last, and say: "Unless you are prepared to agree to these conditions, we will not help you"?

The PREMIER: They did not.

Mr. KIRWAN: If I had had any idea that the Premier was going to deny that statement, I would have produced the proof. But I will give it to some hon. member who will follow me.

Mr. KELSO: You make a mistake if you say that the banks dictate to the Prime Minister of England. It is the other way about. The Prime Minister went to the Bank of England—a proper thing to do.

Mr. KIRWAN: I am not speaking of the abolition of the gold standard but of general conditions connected with retrenchment. I was reading an article in the "Statesman" on the parliamentary library table the other day, in which it was made plain that the position in England was just the same as it was at the Premiers' conference in Australia. Following a report of a commission appointed to deal with the question of economy—the Economy Board, as it was called in England—certain recommendations were made. Mr. Snowden, the Chancellor of the Exchequer, said, "We are prepared to reduce expenditure by £50,000,000;" but the banks said, "That is no use to us. It must be £75,000,000."

Mr. KELSO: That was the "Big Five." You said the Bank of England.

Mr. KIRWAN: The Bank of England is one of the big five. I read just as much as the hon. member does, and I know that the banks dominate the position not only in England and in the Commonwealth of Australia, but also in the United States of America. Does the hon. member not know what happened when President Roosevelt commenced a prosecution against the Standard Oil Company? Does he not remember that the banks belonging to the ring dominated by Pierpont Morgan issued their own notes and withdrew the national currency?

Mr. KELSO: You are getting away from the Bank of England.

Mr. KIRWAN: I am pointing out that the banks can do what they like. The Government called upon them to withdraw the currency that they had put in circulation, and they said, "No, that is our currency, and we refuse to withdraw it." It is a well-known historical fact that President Roosevelt was compelled to withdraw the prosecution of the Standard Oil Company because the banks said, "There are our terms, and you have to agree to them."

Mr. KELSO: Do you say that the Bank of England dominated the position in England?

Mr. KIRWAN: Yes, as one of the banks.

Mr. KELSO: You are wrong.

[Mr. Kirwan.

Mr. KIRWAN: I will prove it, and I am prepared to take the statement of an English journal of the standing of the "Statesman." In the course of my speech on the Address in Reply I quoted a statement made in the British House of Commons by Mr. Lloyd George, formerly Prime Minister of Great Britain, early this year, in which he pointed out that, when a resolution was unanimously carried by that House to raise a loan of £200,000,000 to deal with the unemployment problem, it was a well-known fact that, when the late MacDonald Labour Cabinet waited on the banks, they replied, "You can put the loan on the market, but you will not get a shilling. We will not subscribe to it."

Mr. KELSO: It was a most fantastic scheme to raise £200,000,000 for that purpose.

Mr. KIRWAN: If £32,000,000,000 can be raised for destruction, surely we can raise something on the credit of the country and the wealth of the country to put the manhood of the Commonwealth and the world back to work.

The PREMIER: We have not paid for that yet.

Mr. KIRWAN: If we could raise £5,000,000, £10,000,000, or £20,000,000 in Australia, could we not spend a large amount in sewerage this city? Is that not a very necessary work?

Mr. BOYD: Do you want to increase the city rates still further?

Mr. KIRWAN: Perhaps we had better go back to the time when the sanitary system of the city was that of a blacks' camp, and then we would have a condition of things which would suit the hon. member.

Professor W. Beal, of New York, defines interest thus—

"No blister draws sharper than does interest. Of all industries, none is comparable to that of interest. It works all day and night, in fair weather and foul. It has no sound in its footsteps, but travels fast. It gnaws at a man's substance with invisible teeth. It binds industry with its film, as a fly is bound in a spider's web. Debts roll a man over and over, binding him hand and foot, and letting him hang in the mesh until the long-legged interest devours him. There is but one thing on a farm like it, and that is the Canada thistle, which swarms with new plants every time you break its roots, whose blossoms are prolific, and every flower the father of a million seeds. Every leaf is an awl, and every branch a spear, and every plant like a platoon of bayonets, and a field of them like an armed host. The whole plant is a torment and a vegetable curse. Yet the farmer had better make his bed of Canada thistles than be at ease upon interest."

The question of interest has been discussed at length in Australia. A conference was held in Melbourne on 5th February of this year, attended by the farmers from the wheat belt in Victoria, who made an appeal on the question of interest. This report of the conference appeared in the "Courier" of 5th February—

"... Many speakers declared that the best method of giving relief to farmers was by an immediate reduction of

interest rates. This was the greatest burden they were carrying, and the majority of growers, it was stated, had not been able to meet interest for the last three years. The following motion was agreed to:—“That the Federal and State Ministries be asked to convene a conference immediately of representatives of the Australian Governments, banks, private money-lenders, mortgagees, and primary producers’ organisations to discuss the lowering of interest rates.”

I am given to understand from the figures that appear in the journals of the primary producers that the amount of interest paid by the primary producers in Australia is in the vicinity of £30,000,000 per annum. That is worse than any Barnes-Budget taxation so far as the farmers of this State are concerned. If we could lift that interest burden from the farmers of the Commonwealth, we would do a great deal towards enabling them to live in greater decency and comfort, and to get a better and more fitting reward for their labour.

The PREMIER: We could all have a wonderful time if we could borrow money and not pay any interest on it.

Mr. KIRWAN: I am not suggesting that. I am saying that fixed money charges are no more sacred than the wages or the salaries of men who expend their incomes in maintaining their wives and families. According to the laws of God and of nature, the wives and families of these men are entitled to reasonable comfort and sustenance. The Premier and the Treasurer know full well that there are thousands of men in this State to-day who are unable to carry out those duties to their wives and families. It is contended that this is no fault of the Government. Why should these men be called upon to make sacrifice after sacrifice when interest—the wages of capital—remains untouched simply because contracts provided for 10 per cent. interest when things were good and when twenty bags of wheat formed the payment of interest, whereas now the number of bags is increased to forty or fifty to meet the same payment? The farmer is told that he must produce the fifty bags of wheat.

The PREMIER: You did not say anything when the people who had advanced money at 3 per cent. were unable to enjoy the rates of 6 per cent. and 6½ per cent. that were ruling during that period.

Mr. KELSO: Up to 7 per cent. was paid by the Labour Government for one of the American loans.

Mr. KIRWAN: Mr. Roberts—

The CHAIRMAN: Order! The hon. member has exhausted his time.

Mr. TEDMAN (*Maree*) [5.54]: I listened with a great deal of interest to the speech delivered by the hon. member for Brisbane, and he had my sympathy during certain parts of it. His lack of criticism of the Financial Statement and of the Treasurer is evidence that he appreciates the difficulty with which the Treasurer is faced. I was surprised to hear the opinions expressed by the hon. member concerning the attitude of the banks towards the Premiers’ Conference. Every member of Parliament has followed with a great deal of interest the Premiers’ Conferences and meetings of the Loan Council which have been held in Canberra and Melbourne. I venture

the opinion that, if we were to seek an opinion to-day of the leaders of Governments who attended those conferences and meetings, they would not have one condemnatory word to say against the banks. As a matter of fact, we know that a definite programme has been laid down for the current year. The combined deficits of the Governments of Australia this year will be approximately £15,000,000; and the banks have arranged with the Loan Council to bridge those deficits by making available the necessary money whereby the Government may meet their commitments between now and 30th June next. In the face of this fact, no hon. member should stand up in this Chamber and say that the banks have desired to dictate to the Loan Council, the Premiers’ Conferences, or the Governments of Australia. We quite recognise that it pays the banks to meet the obligations of Governments. We also recognise what default would mean to the banks of Australia, and that they must, of necessity, strain every nerve to render every ounce of assistance they can to the Governments. Members of Parliament should be ready and willing to appreciate that fact.

When we speak of banks, we lose sight of the real function of banks. Many people fail to realise that banks are only the trustees of public funds. The public entrust their money to the banks for safe keeping; and the banks are not justified in doing anything that would jeopardise the safety of that money. If they did, they would not long remain banking institutions. The banks have a duty to their depositors; and that duty is to invest in reproductive channels the moneys deposited with them for safe keeping. They have certain funds which can be made available to Governments, and they are doing so. I repeat that they are meeting the obligations of the Governments to their fullest possible capacity, and deserve the good will of the people of Australia for doing so.

There has been considerable criticism by members of the Opposition, and certainly some defence offered by members of the Government Party in regard to the Financial Statement. I certainly think that no defence is required. When we come to consider the financial position not only in Queensland, but throughout Australia and further afield, Queensland has everything to be proud of in her financial position, even though it is not just as we would like it to be. The result of the financial operations of the whole of the States of the Commonwealth last year resulted in deficits aggregating £15,000,000. Surely, Queensland can have something to be proud of in the fact that her share was less than £1,000,000! The deficit of Queensland was the second smallest of the whole of the States, and was improved upon only by Tasmania. In the face of those facts, no criticism against the Treasurer or the financial position of this State is justified, taking into consideration the seriousness of the position.

It is a recognised fact that the finances not only of Queensland but of every State in the Commonwealth, and indeed of countries farther afield, are causing very grave concern. No matter what political party we may give adherence to, I think it is our duty, when discussing financial matters during this debate, to confine our remarks to the finances of Queensland. At any rate, the

*Mr. Tedman.]*

debate should be limited, and advantage should not be taken to traverse a field which has nothing whatever to do with the subject. However, as that is the rule of debate on this question, it is not my province to find fault on that account; but I do emphasise how mean it is to take advantage of the grave situation and indulge in political propaganda on a question which is exercising the utmost care of those in control of the Government of Queensland. Particularly is that criticism ill-timed when we remember that hon. members opposite know perfectly well that men of their own shade of political thought are producing far worse results in other parts of Australia. It is recognised throughout Australia and in other countries that the Queensland Government are handling the situation in a way that warrants the utmost credit being extended to them; and it cannot be gainsaid that there is a universal recognition that Queensland is in the best position of any State in the Commonwealth to-day.

In conjunction with the Financial Statement, we may consider the estimates of probable ways and means, because one practically bears upon the other. The Financial Statement is a record of what has transpired during the last financial year, while in the Estimates we are given an estimate of the money that is likely to be expended during the current financial year. In framing the Estimates certain guides are available to us. We know, for example, that the expenditure will be so much in certain directions; but at the same time there is that unknown quantum, namely, unforeseen expenditure. The question of unforeseen expenditure comes very largely into the results as disclosed by the Financial Statement. Last year it was estimated that the surplus would be £3,263. That estimate was not realised; and certain criticism has been levelled against the Treasurer and against the Government for not realising that estimate. Just to show how far one may be off the mark in making an estimate, I need not do better than quote the estimates presented by Mr. Theodore in the Federal Parliament, which had to be completely readjusted and practically a new budget brought down within three months, simply because the position had meantime changed to such an extent that it was seen that it would be impossible to carry on at the estimated rate of expenditure.

The Financial Statement just presented shows that the deficit last year was £842,044. Hon. members opposite may feel justified in criticising the Treasurer, because there is such a great discrepancy between the estimates and the actual result. The Treasurer has done the right thing in pointing out why there has been such a discrepancy between the estimated result and the actual result. He pointed out that the provision made for public debt redemption was £341,471. At the same time he pointed out that the cost of exchange in transmitting loan money to London during the year was £511,452. The actual deficit for the year was £842,044. These two items I have mentioned account for an expenditure of £852,953, or £10,909 more than the actual deficit; therefore, the question of unforeseen expenditure is a very important one.

The revenue also is an important item that must be taken into consideration. No one can forecast when presenting a Budget what the actual decline in revenue will be

during the year. Certainly this year it is anticipated that the approximate decline in revenue will be £1,250,000. Last year the fall in revenue was £1,353,702. How can any reasonable estimate be made when such big items as unforeseen expenditure have to be provided for together with such a fall in revenue? It is unfortunate that that decline in revenue should take place. It is estimated that the decline will continue during the present year, and I am perfectly convinced from the outlook at the present time that the estimated fall in revenue during the current year will take place. It is unfortunate that that should be so.

There are other items in regard to the Financial Statement that we cannot fail to take into consideration. Neither should we fail to take them into consideration.

A question of very grave importance is the serious fall in income tax, which comes under the heading of general revenue. Why is it that there is such a serious fall in income tax? It is simply owing to the depressed state of business throughout the State. Unfortunately we cannot say at the moment that the fall in income tax has yet been arrested. I am convinced from the condition of business generally that it has not been arrested, but is likely to continue to fall, and that the amount received this year may be far less than the amount received last year.

Mr. PEASE: That is the deflation.

Mr. TEDMAN: The hon. member for Herbert interjects, "That is the deflation." The Leader of the Opposition also referred to this question. There is another reason for the depression in the State which is well known to hon. members opposite, and one which has had a far more vital effect than the action of this or any other Government, and over which neither this nor any other Government has any control. The terribly depressed state of business throughout the Commonwealth to-day is due almost entirely to the fall in the national income. Everybody knows that the national income of Australia fell from £650,000,000 to £450,000,000 in one year. Certainly, the secondary cause of the depressed state of industry and business in this State is consequent upon the action which has had to be taken by the Governments to deal with the position resulting from the fall in the national income. No Government could possibly pay the same amount in salaries and other charges with a national income of £450,000,000 that they were able to do on an income of £650,000,000. If the Treasurer was expected to balance his Budget during the last financial year, there were only two ways open to him—either to reduce expenditure to the amount required to meet the deficit or to increase taxation to the required extent. I take it that the wishes of hon. members opposite would not be met by a further reduction of expenditure in essential services of the State, which would of necessity mean a reduction in the wages of public servants. Every precaution has been taken with regard to expenditure during the past year. That is amply proved by the fact that the expenditure for the year was £330,267 under the estimate of the Treasurer. That in itself shows that the heads of the departments have put their shoulders to the wheel, and that the various Ministers have carried out their part in that respect.

[Mr. Tedman.]

It is one thing to put economies into effect but another thing for them to be acceptable either to the Opposition, to Government members, or to those who are affected by the economies. A Government that has to economise cannot be popular. It is most unpopular to economise in all directions, as this Government has been forced to do—and perhaps I might be justified in saying to the same extent as every other Government in Australia has had to do.

The other day I took the opportunity of going through the budget presented in New South Wales. If any hon. member cares to go through it, he will see in the estimates of expenditure that, while the police vote amounted to so much last year, this year it is many thousands of pounds less, in accordance with the reduction of the salaries of other Government servants. That scheme of reductions has been put into effect by Mr. Lang. Everybody knows that that system has been followed throughout the Commonwealth; and I cannot understand how men who profess to be Labour members, recognising that they are one party throughout the Commonwealth, can criticise here things which are being done by their own leaders in the Commonwealth and in other States, and things which they must know they would have to do if they were in charge of the affairs of this State.

One cannot help running his mind back over the conditions that existed while hon. members opposite were in power for fourteen years and comparing them with the conditions that exist to-day. A friend of mine said the other day in reference to the regime of hon. members opposite: "What a wonderful jazz they had!" And perhaps a brief retrospect of that jazz will not be out of place now. When Labour came into office in 1915, the revenue of the State was in the vicinity of £7,000,000; at the termination of their rule in 1929 it exceeded £16,000,000. That increase was brought about mainly by increased taxation; and I venture to say that the Leader of the Opposition will be fair enough to admit that previous Treasurers, including Mr. Theodore and Mr. McCormack, said on more than one occasion that taxation had reached its limit, that we had got to breaking point, and further taxation could not be imposed.

That is the position in which the present Government found themselves on their accession to power. They found that the revenue was at the highest level in the history of the State, and that practically every avenue had been explored, with the result that it was impossible to increase it. With a seriously declining revenue, there was only one thing to do; that was to curtail expenditure. In that curtailment of expenditure, I am pleased to say the Government of Queensland have not played a lone hand. I think I am justified in saying that the activities of the State in that direction are to a certain extent governed by the Loan Council and the Federal Parliament.

Mr. PEASE: The Government have played a big part in increasing taxation.

Mr. TEDMAN: I shall have something to say about that later. Other authorities play a part in determining the actual revenue and expenditure of this State. It is a recognised fact that every Government in Australia has been committed to a reduction of 20 per cent. in the expenditure of the finan-

cial year 1931-32. It is a simple matter for any Government to be popular if it can get sufficient funds to spend for that purpose, and no Government can retain popularity with any section of the people from whom it demands sacrifices.

It is a recognised fact that sacrifices have been made by practically every section of the community. The hon. member for Fassifern referred to-day to one section that was called upon to make a considerable sacrifice. They have my whole-hearted sympathy. When the loan conversion campaign was in progress, a case was brought under my notice of a widow who was sufficiently loyal to convert her holding despite the distress it entailed upon her. She had invested £1,000 in Australian stock, which returned an income of £60 per annum, reduced under the conversion plan to £40 per annum. She pointed out that she was no better off than an old-age pensioner, and that the investment of £1,000 debarred her from obtaining the old-age pension. There are a number of similar cases to that.

There is not a member in this Chamber, I am sure, who did not feel sympathetically disposed towards the amendment moved by the hon. member for Fassifern. The people concerned have our sympathy; but, in view of all the circumstances, can we allow our sympathy to prevent our doing that which has been forced upon us?

I cannot do better than recall some of the remarks by Mr. Scullin concerning this phase of the financial position. He said that to-day his Government were being called upon to do things which he did not believe at one time it would be possible for them to do. He had said that he would not do certain things. He had repeatedly stated that he would not reduce pensions; it could now be said that he was doing things that he had said he would never do. However, he said, he would do that which he thought to be right rather than do the wrong thing, so that he might be able to say that he was consistent. He was referring to the reduction in pensions. That is one of the most regrettable phases of the sacrifice which has been imposed upon the people. There is one phase of that question upon which I wish to speak, and I hope that some hon. members opposite will take up the matter with Labour members in the Federal sphere. In reducing pensions a flat rate reduction of 2s. 6d. per week was made. A person receiving a pension of £1 per week suffered a reduction of 2s. 6d. per week. There are pensions as low as 7s. 6d. per week, which have also been reduced at the rate of 2s. 6d. in the £1. That is too great a sacrifice, and it should not be imposed upon these people.

Dealing with the decline in revenue, I can see no hope of immediate improvement. The position has certainly not improved during the past twelve months. Business generally is regarded as bad, and the outlook from that point of view is not very bright. If I analyse the position aright, then I can foresee that even greater economies will have to be borne in the future and greater sacrifices made. They will, no doubt, be unpleasant, probably more so than in the past.

Taking all the circumstances into consideration, I contend that no man in the position of Treasurer of this State could have balanced the Budget during the past year. Let us consider for a moment what

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is the position to-day, and, after all the economies that have been effected, see what we have accomplished. We certainly have not accomplished the balancing of the Budget. To-day we cannot see any hope of balancing the Budget in the future. It is a recognised fact that the estimated deficit this year for the whole of Australia will be £15,000,000. Governments are not in a position to find the money to provide for that deficit. This is where the phase of the subject dealt with by the hon. member for Brisbane comes into the question. With a deficit of £15,000,000 facing Australia, what sacrifices would have had to be imposed upon the people if the banks had not stepped into the breach and expressed their willingness to supply sufficient money to bridge that deficit? That advance will carry the States on to 30th June next. What then? The banks can only make advances to a certain extent. We must not lose sight of the fact that the banks have promised to assist the Governments so long as it is possible for them to do so. If I know anything about the arrangement and have read the subject aright, the only condition stipulated is that the banks will make this money available so long as it is possible for them to do so. There is no question of Government policy or of the banks dictating to Governments. The only condition that the banks have made is that there shall be a certain restriction on expenditure. If any man seeks an advance from a corporation, is that corporation not justified in knowing what the expenditure of that man is likely to be for the ensuing year? Are they not entitled to say there shall be no wilful waste of money? In this case there should be no wilful waste of public funds. It was a wise thing when that day came about and the Governments of Australia got together to lay down the amount of money to be expended during the coming year. By this means they know what their commitments will be at the end of the year. What will be our own position at 30th June next? If the revenue of the States of Australia is not likely to increase, then there is only one thing facing our Governments, and that is further economy or further taxation.

On the question of taxation I have come to the point where the hon. member for Herbert interjected. I was rather amused at his reference to taxation. He criticised this Government for having said there would be no increase in taxation, and for then having increased the taxation of public companies. The hon. member pointed out that the income tax on public companies was increased from 10d. to 1s. 6d. in the £, and that a higher rate of taxation was fixed for higher incomes.

The hon. member then referred to the unemployment relief tax. It is certainly unpleasant to impose taxation on those least able to bear it; but, after criticising the Government for increasing taxation on the wealthier people, the hon. member attacked the Government for increasing the unemployment relief tax and complained that the tax was not extended to the wealthier classes. That argument is hardly consistent. It is evident that the policy followed by some hon. members opposite on the question of taxation is rather short-sighted. They have the temerity to criticise our Government for increasing taxation after knowing what the

Federal Government did last year. I had a peep at the Estimates of the Commonwealth Treasurer, and I found that the Federal Government estimated that the increase in the sales tax for 1931-32 would yield £8,500,000. Other new taxation is expected to yield £8,000,000. One phase of this question is that people generally view the taxation of the State as it directly affects themselves. They may not take Federal taxation into the same consideration, because that is merely taxation imposed by the Federal Government, although it is borne by the people of the States.

It is well for us to consider the remarks of the Treasurer on the question of controllable and uncontrollable expenditure. The Treasurer has pointed out that nearly 50 per cent. of the disbursements consist of items which do not permit of reduction by any action on the part of the Government. For example, the interest on the public debt for last year amounted to £5,233,000, sinking fund contribution to £341,000, and exchange to £511,000. Of course, if there is any improvement in the exchange rate—and we are confident that the rate will be reduced in the near future—then the position will be improved. Unless that happens, however, that is an item of expenditure which, with the other amounts I have mentioned, is irreducible.

In the speech which he delivered to-day, the hon. member for Fassifern made one of the finest appeals that I have ever listened to in Parliament. I give the hon. member the greatest credit for that speech, which shows his sincerity. My only regret is that all of us could not have given effect to his wishes. However, the decline in revenue to the extent of £1,250,000 last year is estimated to exceed that amount this year, whilst the exchange rate, unless a reduction takes place shortly, will involve a greater expenditure this year than last.

Criticism has been levelled against the Government for the manner in which they have handled loan funds; but, if hon. members opposite had any respect for themselves, they would not refer to the loan question, seeing that in a short space of fourteen years the Labour Governments increased the loan indebtedness of this State by £56,000,000, and placed a further burden of £2,000,000 per annum on the interest bill. On numerous occasions the Leader of the Opposition has touched upon the question of the Treasurer lending certain sums of loan money to the Loan Council for the use of other States in the South. Listening to the remarks of hon. members opposite, and particularly to the hon. member for Herbert, one would imagine this was a serious departure from established principles. It is true that the Treasurer lent certain sums of money to other States through the Loan Council. That was considered good business by those who take some interest in the finances of the State; but, apart from that, it passes my comprehension why hon. members who constituted the Labour Government can criticise their successors for doing exactly the same thing as they did themselves.

We know that certain sums of money have been loaned to the southern States since the present Government came into power, and it is only fair that I should quote the transactions in that connection by previous

[Mr. Tedman.]

Governments. The amounts loaned to South Australia by the Labour Government were—

Date.	Amount.	Rate of Interest.
	£	Per Cent.
8th July, 1926 ... ..	400,000	4 $\frac{3}{4}$
15th December, 1927 ... ..	500,000	4 $\frac{1}{2}$
21st September, 1928 ... ..	250,000	4 $\frac{1}{2}$

The last amount was outstanding when the present Government took office. Not only was that amount loaned to South Australia on 21st September, 1928, but the Labour Government extended the time for repayment to various periods, and it was only refunded to the Treasury after the present Government came into power. The attitude of hon. members opposite is: "To-day I do a thing which I believe is correct; to-morrow I criticise my friend for doing a similar thing, knowing that he was right in doing it." One cannot possibly conceive of more unfair criticism. But there was a political phase to the question, and it was hoped to placate those outside who were unable to find employment, and who had been brought to believe that, had this not been done, employment could have been given to those men. Is it reasonable to suggest for a moment that the whole of the loan money could be expended in one year or in two years? If that had been done, what would have been the position to-day? The Treasurer of this State deserves every credit for conserving the Loan Funds at his disposal. He deserves every credit for having conserved sufficient loan money to find employment on public works for a reasonable number of men during this year.

All I desire to say in conclusion is that the Treasurer deserves every credit for the Financial Statement that he has presented to this Committee, and the financial record of the previous Government was such that I believe the people will never again put them in charge of the finances of this State.

Mr. O'KEEFE (*Cairns*) [7.38]: I do not think there is one member of this Committee who does not realise the seriousness of the position of the State of Queensland to-day. Various speakers have expressed much sympathy towards certain bondholders, but the only sympathy I have in that regard is for those persons who only had a few pounds invested in bonds, as they are the people who have lost everything there is to lose in that investment. That reminds me of various cases of people who during the war invested in war bonds because they knew it was a sound investment at the time. They received a very high rate of interest, and they had in mind the thought that it was necessary to play some part in the Great War that was then raging, and they thought it necessary that they should find the cash to keep the lads at the front who were fighting for the protection of their lives and the money that they were then investing. Because of that many millions of pounds were invested in war loans. I know of many cases in Brisbane alone of people who have been living in clover as a result of the war. I know men in the public service who for years have been drawing £800 per annum, and at the same time drawing war pensions. I know professional men in the city to-day—I have one particularly in mind—whose incomes are not less than £5,000 per annum—

Dr. KERWIN: Who told you that?

Mr. O'KEEFE: This gentleman told me himself, and he happens to be a member of the medical profession.

Dr. KERWIN: He is only pulling your leg.

Mr. O'KEEFE: He told me that he was drawing a war pension; whilst hundreds of working men who were at the front and were seriously injured have to go before the authorities periodically for examination to secure the continuation of their small pensions. If anyone should have the sympathy of the public or members of this Parliament, it is the people who are on a small wage.

We find a great contrast between the Financial Statement of our Treasurer and that of the Treasurer of the Commonwealth. Whereas in Queensland we slipped back last year to the extent of £842,044, the Commonwealth Treasurer has improved the financial position to the extent of over £5,000,000. The Brisbane "Courier" of Monday last said this—

"The Commonwealth Treasurer's statement for the September quarter shows an improvement of £5,262,000 compared with the corresponding quarter last year.

"The Treasury statement, which was issued to-day, showing the monthly return of Commonwealth revenue, reveals that the excess of expenditure over the revenue for the first quarter of the financial year was £1,485,000, compared with the deficit of £6,747,000 at the end of the corresponding quarter in 1930. There has been an improvement in the Commonwealth finances in the last year, therefore, of £5,262,000. For the first two months of this financial year the expenditure exceeded the revenue by £1,121,000."

There is a great contrast between the statement of the Labour Treasurer of the Commonwealth and the statement of the Treasurer of this State. The Treasurer, when introducing his Financial Statement in 1929, vide "Hansard" for that year, page 539, had this to say—

"It must be realised that, so far as the transactions of the past financial year are concerned, very little, if any, responsibility rests on the shoulders of the present Government, as we were not sufficiently long in control of matters, prior to the 30th June last, to afford opportunity of effecting any appreciable influence on the finances of the year."

That was the excuse of the Treasurer in the first year of office. That year ended with a deficit of £165,957. The following year the Treasurer could not place the responsibility on the shoulders of the Labour Government, because he had been in charge of the finances for the twelve months in question. The result of his management for the year was a deficit of £723,185—an increase of £557,228, or four times greater than what the hon. gentleman termed the legacy left to him by the previous Government. This is a record deficit for the State, and it has been achieved notwithstanding the fact that the Government have reduced wages in all their services, increased hours, and increased taxation to the extent of £1,500,000.

The Treasurer, when dealing with the financial position of the State last year, endeavoured to make the excuse that there

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was not sufficient land for the encouragement of land settlement by the financial circles of the State. Let me refer hon. members to page 1356 of "Hansard" for last year, in which the Treasurer is reported as having said with reference to land settlement that financial institutions were not doing as much as they might in that direction. I would also like to quote the following paragraph from the Treasurer's Financial Statement, as reported on page 1359 of "Hansard" for the same year:—

"I wish to strike a note of hopefulness. We have a wonderful country. Will it not pay at this time to think of how it has grown, and of the wonderful progress it has made, also to remember that we have overcome difficulties in the past? It will profit us to remember what some of our early pioneers did, and the hardships they went through. Our duty is to talk our country up—(Hear, hear!)—it is worth it, and not to do anything to belittle it. We must give of our best, and by so doing help to speed the day to better things."

This year the Treasurer had a much bigger deficit—£842,044—and for the current financial year the Treasurer estimates that we shall have a deficit of over £1,800,000. To my mind, the promises of the Treasurer and those of his Government are like the soap bubbles a child blows with a pipe.

Complaints have been heard to the effect that under the Labour Government there was plenty of money for the construction of new buildings in the cities, while money for land settlement was well nigh unobtainable. During the Labour regime much money was spent in building in the cities. Hon. members know how the city of Brisbane, as well as the other cities and towns of the State, were improved during the past sixteen or seventeen years, not only in respect of public buildings, but also in regard to private banks and other private buildings. In fact, banks grew up like mushrooms, only to wither during the reign of this Government. In the past few weeks banks have withered because of the Tory rule of hon. members opposite. Under Labour, with its wise legislation, people were prepared to invest money and build up banking companies; but under this Government those institutions are closing their doors. Labour built up the great towns and cities, and settled many thousands of people on the land as well. For the benefit of hon. members who do not know of their activities in this direction, let me quote the Dawson Valley and the big settlement that has taken place there.

I refer also to the settlement of the Upper Burnett lands, the Atherton Tableland, and Mount Abundance. Nothing but prosperity followed in the train of Labour's policy. One need only walk down the main street of the city to-day and observe the expression on the faces of the public to realise what the people are suffering. People who have resided in Brisbane for twenty years and have been engaged in prosperous business undertakings up to two or three years ago are now walking the streets of the city. Big businesses are beginning to fail in Fortitude Valley. Why, the Treasurer's own business has closed down, and Foy and Gibson's have sold out. Fortitude Valley, at one time the most prosperous part of the city, is now a place of empty shops. At one time many flourishing businesses existed in

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Queen street; but their places have been taken to-day by meat shops and fruit shops.

Mr. EDWARDS: What about the North?

Mr. O'KEEFE: The North was always prosperous until the present Government came into power.

Mr. KENNY: The Labour Government sacrificed the North.

Mr. O'KEEFE: The North is being crucified to-day, despite the skite on the part of the Government that huge sums of money would flow to this country. Where is this money? What is the position with regard to the mining industry? The reopening of Chillagoe is the only thing that stands to the credit of the Government. But they reopened Chillagoe and closed down the State treatment works at Irvinebank. The people there are starving, and the hospital is closed. Hospitals are closing down all over the North, and local authority activities are sorely restricted—all this under the Nationalist Government, who have not the confidence of the people. There is nothing but desolation and despair; and, so long as the Government continue their policy of reducing wages and extending hours, so long will that state of affairs continue.

The hon. member for Burke drew attention to the great strides that have been made in mass production by the aid of machinery, and referred to millions of tons of food-stuffs being dumped whilst millions of people were starving.

Last year the Treasurer condemned the financial interests for failing to play their part in land settlement; but what have the Government done in connection with land settlement? The only thing for which they can claim any credit is the small amount of settlement in North Queensland in connection with tobacco-growing. Yet during my trip to the North in July last, I heard nothing but discontent regarding the policy adopted by the Government in connection with the development of the Mareeba tobacco blocks. The Government have repeatedly stated that they are prepared to place the people on the land under reasonable conditions; but only yesterday the Secretary for Public Lands, in reply to a question, stated that it was the policy of the Government, not only to ballot for the land, but to submit it at public auction. Recently the Government decided to auction certain land for tobacco-growing in Cairns, and this land realised up to £15 per acre. Is that the way to settle poor people on the land? Is that the way to give the unemployed a chance? We have a complaint from Chillagoe to the effect that the brother of the present Secretary for Mines has certain land under occupation license, while certain men are refused areas of same for tobacco growing. What is the reason for this? Influence has been brought to bear by the Secretary for Mines.

Mr. KENNY: That is not right.

Mr. O'KEEFE: It is right.

Mr. KENNY: Why do you not ask the Minister questions when he is here to defend himself? He cannot be here when he is sick.

Mr. O'KEEFE: I regret very much that he is sick, but I am not responsible for that. I will give some facts which will tend to confirm the rumours I heard in

Cairns. I not only attended the department in regard to the land tenures given to tobacco-growers, but I also got into trouble with some Nationalist supporters over the rumour that the Secretary for Mines had used his influence with the Secretary for Public Lands to prevent people being granted certain land tenures for tobacco blocks. A certain area was set aside in the Dimbulah district for tobacco-growing under the agricultural farm tenure system, and working miners were allowed to take up areas in that district under the Miners' Homestead Leases Act. A certain number of men resident on the Atherton Tableland who are well known to me applied for the land under that tenure, and were granted, then the Minister for Lands refused the application. Then the matter was referred to the Mines Department, and the Lands Minister then gave the permission for the land to be held under the miners' homestead lease. What happened after a month or two? Certain influence was used by the Secretary for Mines with the Secretary for Public Lands, with the result that the Secretary for Public Lands allowed the area set aside for tobacco-growing at Dimbulah to be settled under the miners' homestead lease system, notwithstanding that sixty-eight applications for a similar tenure had previously been refused by the department.

Mr. KENNY: Why don't you make sure of your facts before you make such wild statements?

The SECRETARY FOR PUBLIC INSTRUCTION: You are known as the wild man of the North. (Laughter.)

Mr. O'KEEFE: I am not so wild as I may appear. I challenge the Secretary for Public Lands to contradict my statement. I say that the Secretary for Public Lands weakened under the influence of the Secretary for Mines in order that personal friends of the Secretary for Mines could settle on that land under a certain tenure notwithstanding that sixty-eight applications had been previously refused.

Another complaint voiced in the North was that the Nationalists used the Nationalist organiser for the northern division, Mr. McDonald, to give information to these prospective settlers, instead of giving that information through the ordinary channel—the Department of Public Lands. The hon. member for Cook interjected that I should be more sure of my facts. I will quote from a report of a meeting contained in the Atherton Tableland "Examiner," dated 5th August last. The meeting was attended by a number of applicants for land suitable for tobacco-growing, and was called together by Mr. McDonald, who made certain excuses for certain Ministers and members of Parliament. During the time I was in the North in July last, I received complaints every day from men who stated that the Secretary for Mines and the hon. members for Cook and Eacham were interested in the particular tenure under which the Jurd party were allowed to take up the Dimbulah lands.

Mr. KENNY: Did you think that statement was true?

Mr. O'KEEFE: I do not think that it was true, but those were the wild rumours circulated.

The PREMIER: I can imagine where they came from.

Mr. O'KEEFE: After the Secretary for Public Lands turned down the applications, telegrams and letters were sent to the Secretary for Mines. The Lands Department weakened on its previous decision, and subsequently allowed the applicants to select the land under a tenure which was denied to previous applicants.

The PREMIER: What sort of a tenure is that?

Mr. O'KEEFE: Miners' homestead leases.

The PREMIER: Any quantity of land was selected under the Miners' Homestead Leases Act.

Mr. O'KEEFE: This was in the area marked out by the Secretary for Lands and his department—

The SECRETARY FOR PUBLIC LANDS: You are quite wrong.

Mr. O'KEEFE: And he openly told them that it was in the area. What influence was brought to bear on the Secretary for Public Lands that that should be done while unemployed men with families could not get land? The Government put up land to auction, and get the highest price for the land that is offering, and at the same time tell the people they are going to settle them under the cheapest conditions. The Secretary for Mines made a special trip to the Atherton Tableland to supervise the cutting-up of his own land into 40-acre blocks at £10 per acre, and the Government helped him by offering land at auction.

The PREMIER: Did the Government help him by offering land at 2s. 6d. per acre?

Mr. O'KEEFE: They helped him by offering land at auction, so that wealthy people might be allowed to buy large areas and then lease them to other people. Is it not better to have this land owned by the Government instead of by some private concern, as we have had in the past? A report of the meeting to which I have referred is given in the following extract:—

"No Government ever intended to settle land for agricultural purposes under this tenure."

That is the miners' homestead lease tenure.

The PREMIER: Quite right.

Mr. O'KEEFE: I agree with the hon. gentleman, and that is why I am condemning the Secretary for Public Lands for not sticking to that policy, because influence was used by other Ministers. The report goes on to say—

"... And it would be too ridiculous for words to permit people to 'hop' in and peg out the richest land, and also to peg indiscriminately. The whole thing would become chaotic, and much valuable land would be wasted. There is only one authority to settle land, and that is the Lands Department."

It is a pity the Secretary for Public Lands did not stick to that, and not listen to outside influence. Whereas sixty-eight applicants were turned down, on top of that the Secretary for Public Lands, in order to satisfy another Minister of the Crown, allowed this party to go in, although they were all men who had previously had land. The report continues—

"Despite the fact that they could get anything from £5 to £10 per acre for this tobacco land, I am very proud to

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say that now the boom is on we are still charging 2s. 6d. per acre and trying to get men off the labour market by encouraging them, whilst the civilian who owns tobacco land is charging exceptionally high prices, as high as £10 an acre."

What a deliberate falsehood!

Mr. KENNY: What is wrong with that?

Mr. O'KEEFE: He is speaking on behalf of the Government.

The PREMIER: It is true.

Mr. O'KEEFE: Why does he tell the people such damnable lies?

The PREMIER: They are not lies.

The CHAIRMAN: Order!

Mr. O'KEEFE: I am sorry, Mr. Roberts. When they send an organiser to tell the people that they are making land available at 2s. 6d. per acre, and then they auction the land to the highest bidder—

The PREMIER: Twenty blocks were auctioned; but all the best were 2s. 6d. per acre.

Mr. O'KEEFE: It does not matter what the Premier may interject; it was wrong to do what has been done in this instance.

At 8.5 p.m.,

Mr. FRY (*Kurilpa*), one of the panel of Temporary Chairmen, relieved the Chairman in the chair.

Mr. O'KEEFE: If you want to settle the land, give the poor man and his wife a chance to grow tobacco; but there is no chance for him if he is up against the highest bidder. Mr. MacDonald goes on to say—

"This system naturally excludes that class of people whom, for want of a more appropriate term, we will call 'go-getters,' and they are naturally incensed. Despite this, there are sinister contemptible people who are spreading malicious and false rumours that there are questionable tactics being adopted, and that is the reason I attend here to-day, to bring the parties responsible together and challenge those who are so pleased to talk behind my back, to make their statements now, and publicly, with the press present. If they are silent, it will prove to the public that their statements are entirely unfounded and misleading.

"There have been many statements made regarding mining homestead leases at Dimbulah. This is the history of those leases:—Last November a certain body of men, which we will call, for convenience, the 'Jurd party,' were sufficiently far-sighted to realise that there were great possibilities in tobacco, and recognising that the miners' homestead leases offered a chance to possess land, they pegged out certain areas which were 20 miles away from the nearest tobacco settlement, Chewko. At that time twenty-five farms were balloted for, and the number in for the ballot proved conclusively that there was no boom at that time. Considerable delay took place in finalising these leases, as the Lands Department were hesitating in which direction to commence their activities, and also the question of the area

was raised. I contend now, and always will, that no area should be granted unless it is at least 160 acres. Finally, it was agreed to keep the proposed design of that area as near as possible to what the Lands Department were granting, and an extra area was granted instead of the 80 acres."

The Secretary for Mines is cutting his land up in 40-acre blocks; yet he recommended to the Premier that the other area should not be less than 200 acres.

The PREMIER: He did nothing of the sort. He always said the areas were too big, and he recommended 40 or 50-acre blocks.

Mr. O'KEEFE: The Secretary for Mines told me otherwise. Mr. MacDonald continues—

"In May, the Minister for Mines was in this area, and he definitely informed certain people that he would not grant any more miners' homestead leases in areas adjacent to the Lands Department design, but pegging-out went on. In June, the Minister for Lands definitely informed certain of the applicants that he would oppose them getting any land as miners' homesteads, as he wanted the area for his settlement scheme. Pegging-out still continued."

What were the officers of the Department of Public Lands doing up there when all this was taking place? According to rumours up North, plans were sent up to the Nationalist organiser.

Mr. KENNY: That is absolutely wrong.

Mr. O'KEEFE: Very well, listen to this—

"At this time the results of the sales of Mareeba tobacco were known, and certain areas were pegged out over the other side of the Walsh River from Dimbulah. I have gone to a lot of trouble to find out what caused the rush for this area, and have been informed, and by reputable witnesses, that some persons were receiving sums of money to peg out, and no doubt this was the cause of this boom."

The whole thing was rotten to the core; and the Department of Public Lands should have taken steps to protect those people from these "go-getters" mentioned by the Nationalist organiser. I will quote what Mr. MacDonald had to say about politicians—

"After this, when it was quite obvious that the Dimbulah lands pegged out as miners' homesteads were within the designed area—"

They were within the area designed by the Secretary for Public Lands, and he allowed the Secretary for Mines to grant this area to his friends on the Atherton Tableland. They are also my friends. I say he was wrong in doing it unless he gave the other sixty-eight applicants the same opportunity. I say emphatically and challenge contradiction that there is no member on the Government side interested in any miners' leases in this area. There you are. Mr. MacDonald had to call a public meeting to tell the people—

The PREMIER: The hon. member went round whispering in the North.

Mr. O'KEEFE: You are telling a contemptible lie.

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The TEMPORARY CHAIRMAN: Order! The term "contemptible lie" is unparliamentary, and I ask the hon. member for Cairns to withdraw it.

Mr. O'KEEFE: I withdraw it.

Mr. W. FORGAN SMITH: What about the Premier?

The PREMIER: There is nothing to withdraw, because it was true.

Mr. O'KEEFE: You're a liar.

Mr. KENNY: I rise to a point of order. Is the hon. member for Cairns in order in stating that the Premier is a liar.

Mr. O'KEEFE: Of course he is.

The TEMPORARY CHAIRMAN: It is not parliamentary, and the hon. member must withdraw the expression.

Mr. O'KEEFE: I will withdraw it, but I ask you to ask the Premier to withdraw the statement that I went round whispering in the North.

The PREMIER: I will withdraw it. He was not whispering; he was singing it out.

The TEMPORARY CHAIRMAN: I am giving the hon. member for Cairns all the protection he is entitled to; but I have yet to learn that the reference by one hon. member to another as having gone round whispering is unparliamentary. I will protect the hon. member, but will not give him any undue latitude. However, I understand the Premier has withdrawn.

Mr. O'KEEFE: I ask that the Premier should withdraw the statement he made.

The PREMIER: I did withdraw it. Surely I have not to keep on withdrawing it.

Mr. O'KEEFE: If the Premier will not be a gentleman, I will endeavour to be one. (Laughter.) The report proceeds—

"Regarding some of the land pegged out near Dimbulah, I found that some of it was entirely unsuitable for growing tobacco; therefore the people were being misled. To-day every second person is a self-styled tobacco expert, and for the information of people concerned I would say that there are no people competent outside of Mr. Howell and the staff he has trained. Some of the land would be under water and a man could not walk over it in the wet. Where conglomerate is close to the surface, look out for trouble; it will drown the plants.

"The Minister for Lands has definitely stated the area he wants for the settling of people on the land, and I have the map in my possession and any person desiring to see it can do so at my house in Tolga. I will be away in the South for some time.

"There is no desire on the part of the Government to restrict settlement, but indiscriminate settlement must be discouraged, as it takes a lot of money to commence tobacco growing. The Minister for Mines permits me to announce that he will be only too delighted to assist people who desire miners' homestead leases, provided they peg outside the area designed and allocated to the Lands Department. Needless to say, the Act must be complied with, and there are huge areas outside of the Lands Department's area."

As the Secretary for Public Lands has given these applicants these particular areas which they desire around Dimbulah, why does he not allow the people to settle at Chillagoe Creek who wish to do so? This land is held under occupation license by the brother of the Secretary for Mines. Some influence has been brought to bear. Why do the Government tell the people that they desire to put settlers on the land and then deny them access to the land?

"Mr. McDonald stressed the point that under agricultural farm tenure finance could be got from the Agricultural Bank on certain conditions, and no one could establish himself on a tobacco farm under £300. Under the mining homestead lease, assistance could not be got from the Agricultural Bank."

A GOVERNMENT MEMBER: Who said that?

Mr. O'KEEFE: That is the Nationalist organiser. The report proceeds—

"The chairman stated that a number of men had gone out to the tobacco lands with the intention of growing crops at the earliest moment, but the departmental machinery was so slow in moving that much delay had been caused and the men had not been able to get any definite information. The Government had given no indication when the ballot blocks would be available. The last ballot was in November and the next would be in August. On account of the tardy methods of the Department, men had gone out and pegged out areas on the mining area near Dimbulah, and now they found that they were in no better position than others who had gone to no trouble, but had simply waited for the ballot. He thought they should be compensated and given a chance to get started. The men had shown a willingness to grow tobacco and they should be given some consideration by the Government.

"Mr. McDonald said he had spoken to both Mr. Atherton and Mr. Duffy, with a view to having the sixty-eight men referred to, examined and their qualifications inquired into, but the Minister said no preference would be given. Mr. Duffy had been trying to arrange for groups of seven or eight, but the Minister for Public Lands would not approve of this. When he (the speaker) was in Brisbane in the near future he would be pleased to try to get reservations made for any group handing their names in."

Mr. Jurd, who is the principal man mentioned and a very fine citizen, although he has not the ear of the Minister, is reported as having said—

"In tracing the history of the syndicate, early last year he was impressed with what was happening with tobacco, and made inquiries which resulted in the conclusion that tobacco growing was a business for big concerns; he believed 50 per cent. of the small growers would be out of the industry within two years. He tried to find out where a big area was available, and had ascertained that all the land near Mareeba was gone. A solicitor had advised him that he could get 1,000 acres under mining homestead leases. In

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June last year he discussed the matter with Mr. J. Clancey, who went out to Dimbulah and explored the locality. Mr. Hooper, of the Railway Department, had told him (the speaker) and Mr. McHugh that a railway man was growing tobacco successfully in a small way at Dimbulah. Mr. Clancey reported that the area was good, and ten blocks were applied for. It had been stated that Mr. George Duffy was associated with the syndicate, but he definitely refused to have anything to do with it."

Mr. KENNY: Quite right.

Mr. O'KEEFE: That is definite information that the hon. member for Eacham was concerned. In fact, I spoke to him here, and he said, "I know that rumours are about. Even the Secretary for Public Lands is supposed to hold a block in some lady's name." I am informed that all the Ministers except the Premier migrated to Mareeba one week-end. The mere fact of the influence exerted by several Ministers on the Secretary for Public Lands made these people more concerned than ever. The extract I wish to read concludes—

"When the Minister for Mines visited the North the matter was discussed with him, and he confirmed the intimation that the Lands Department had withdrawn the objection, and he also said that no more mining homestead leases would be granted if they were in the proposed Lands Department design."

It is a very strange thing that, while the Government continually tell the people that the only way to bring about solvency is to settle people on the land, they make it difficult for people to get on the land. If they are going to give preference to any class, it should be to men who have insufficient otherwise to live upon. I have no objection to good hard-working people being given an opportunity on the Atherton Tableland; but there are thousands of unfortunate unemployed men with families who are anxious to obtain land under this tenure, but have been refused the right by the Department of Public Lands. When the Secretary for Labour and Industry introduced his Bill providing for increased unemployment relief taxation, I pointed out that the only way in which the unemployment problem could be solved was by placing people on the land. The Secretary for Labour and Industry asked me to suggest a place where that could be done; and I now inform him again that the whole of the unemployed could be settled in North Queensland if only some arrangements were made by the Government to give them a start. That contention has since been borne out by the report of the Royal Commission on the Development of North Queensland. This report appeared in the Brisbane "Courier" of 7th October—

"At a conference of town and shire councils it was decided to request the Government and the member for the district to have a developmental road constructed by unemployed labour from Cooktown to the Daintree. At present Cooktown is virtually isolated, having only a weekly service by launch from Cairns. The construction of the road mentioned would be a national work, and would mean opening up the timber, dairying, and agricultural country, increased population, and the settle-

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ment of many families. A motion also was passed requesting the Government to throw open twenty-five blocks of land in the Welcome Valley area for tobacco growing."

Here again the question of preference crops up. The report of the Royal Commission on the Development of North Queensland also points out that the lessees of Dotswood Station sold a portion of their holding to would-be tobacco-growers, giving them to understand that the land was freehold, whereas, in fact, it was Crown land held under lease. The matter came under the notice of the department, and the Government have now recommended that the purchasers of Dotswood should have the opportunity of converting this Crown land into freehold. Is it not much better to give the working man a chance to obtain a portion of Dotswood Station for tobacco-growing rather than to allow lessees to benefit by the transaction? Why should these people have preference? They are allowed to sell Crown land and to have the transaction legalised.

The PREMIER: The people have settled on the land, and we want to keep them there.

Mr. O'KEEFE: That is a good idea, but why should the benefits be derived by the lessees of Dotswood Station?

The PREMIER: We are not doing that. We are making the land available for settlement.

Mr. O'KEEFE: The lessees of Dotswood are selling this land to other people.

Mr. PEASE: They do not own it.

The PREMIER: That is so, but we cannot penalise the purchasers.

Mr. O'KEEFE: No place is more suitable for settlement than North Queensland. There has been a controversy between the Department of Public Lands and the Provisional Forestry Board, but I do not desire to comment on that at this stage.

Hon. members opposite continually refer to the Russian exports in timber. The hon. member for Cook had something to say about it.

Mr. KENNY: Quite right.

Mr. O'KEEFE: He was going to attack me on the financial question, but I notice that he forgot, because he wished to put in some other "dirty work."

Mr. KENNY: And very effectively.

Mr. O'KEEFE: I am anxious to see our timber protected by a proper tariff, but I am not going to permit the Labour Party to be blamed for everything that is being done in Russia. If we were to do as much in the interests of Queensland as the Russian people are doing in the interests of their country, Queensland would be much better off.

The hon. member for Cook referred to timber exported from Russia as being produced by prison labour. The hon. member for Eacham, in concluding his speech on the Address in Reply, recommended that the Government should embark on a system of employing prison labour in the Forestry Department.

Mr. KENNY: What is wrong with that?

Mr. O'KEEFE: If it is wrong to use prison labour in forestry production in Russia, then it is wrong to use prison labour in forestry in this country. The facts in

connection with the allegation of the employment of prison labour in the timber industry in Russia are clearly set out in a report on Anglo-Russian relations which appears in the "Journal of the Parliaments of the Empire" of April last. The following is an extract from that journal:—

"On 21st January, in the House of Commons,

"Mr. W. Smithers (Unionist, *Chislehurst*) asked how many protests the Secretary of State for Foreign Affairs had made to the Soviet Government since he took office?

"The Under Secretary of State for Foreign Affairs (Mr. H. Dalton) said that if by 'protests' Mr. Smithers meant representations to the Soviet Government comparable with those made on seven occasions between 1921 and the rupture of relations in 1927, the only representation of the nature made by the Secretary of State related to the allegations by the Soviet Public Prosecutor in the Moscow trial of November-December last. The British Government recorded their dissatisfaction at the attitude adopted by the Soviet Government in the matter.\*

\* *Vide Journal*, vol. XII., No. 1, pp. 9 and 10.

"The Secretary of State had, however, on three other occasions warned the Soviet Ambassador of the danger to the relations between their respective Governments of certain activities which were regarded by the British Government as breaches of the pledges exchanged in December, 1929, and had also made a protest in connection with a wireless message broadcast from Moscow.

#### "TIMBER EXPORTS: LABOUR CONDITIONS.

"Sir William Davison (Unionist, *Kennington, S.*) asked the Prime Minister if he would inform the House of the result of his inquiry with regard to the conditions obtaining in Russian timber camps?

"The Prime Minister (Right Hon. J. Ramsay MacDonald): My inquiry consisted in seeking advice as to whether the various statements submitted to me regarding conditions in Russian timber camps would warrant action against the imports of that timber, under the Foreign Prison-made Goods Act, and that advice has been in the negative. No official British representative has visited the camps in question. I desire to take this opportunity of saying that I fully realise the anxiety caused in this country by the allegations regarding the conditions under which timber imported into the United Kingdom from the Soviet Union is produced.

"The House will understand that it is hardly suitable for one sovereign and independent State to request permission to make an investigation into the internal affairs of another. His Majesty's Government have, however, felt it only right to make known to the Soviet Government, through His Majesty's Ambassador in Moscow, the statements that are being made and the extent of

the interest on the subject felt in this country.

"Sir W. Davison: Does not the Prime Minister realise that this timber is being daily marketed in this country, and that British people are unwilling, as long as there is this allegation that it is made by slave labour, to have it put into their houses? Does he not recognise the responsibility of getting definite information, aye or no, whether these allegations are true or are false?

"The Prime Minister: I am perfectly aware of those statements and alleged statements, but I hope the House will remember that in this matter it is one sovereign State dealing with another, and it is not only regarding Russian timber, but many other imports into this country, and similarly regarding exports from this country, that interested people in various countries tell similar stories.

#### "REQUEST FOR INFORMATION.

"On 26th January,

"Sir W. Davison asked what reply had been received from the British Ambassador in Moscow with regard to the British Government's request for information as to the allegation of forced labour in Russian timber camps and the general conditions obtaining in such camps?

"The Under Secretary of State for Foreign Affairs replied that M. Litvinoff had stated to the British Ambassador that no official request for an investigation could be considered by the Soviet Government any more than would a similar request be considered by the British Government, and that convicts were employed in the Soviet Union, as in other countries, on work such as road-building, a matter which solely concerned the Soviet Government.

"The British Ambassador had also been informed by the Soviet authorities that neither prison labour nor, in general, the labour of sentenced persons was employed in the branches of the timber industry which produced for export, including the work at ports."

That is the answer given to the Prime Minister of Great Britain in response to a query which he sent to the British Ambassador at Moscow; yet the hon. member for Cook continually states that hon. members of this party are advocating the Soviet system. If the Queensland Government would look after their people as the Soviet Government are attempting to look after theirs, then we would have no reason to complain.

There has been considerable condemnation of past Labour administration with regard to the increased indebtedness of Queensland. I say emphatically that the manner in which the Queensland Labour Government looked after their financial resources was a credit to them. When the Labour Government vacated office in 1929, they left £5,000,000 to the credit of Loan Fund, which the Treasurer has lent out to other States at the expense of the working people of Queensland. In his speech yesterday the hon. member for Oxley gave certain comparative figures, but I propose to take the Committee much farther. Taking the period from 30th June, 1915, to 30th June, 1929, the following table

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shows the public debt increases of the various States:—

State.	Debt Increased by.	Increase.	Increase per Capita.
	£	%	%
Queensland ..	49,871,160	20.24	35.35
N.S. Wales ..	142,240,478	111.36	62.14
Victoria ..	81,221,621	108.63	69.00
Sth. Australia	59,175,046	168.69	106.22
West Australia	33,110,038	89.43	47.88
Tasmania ..	9,564,046	72.83	58.83

Those figures show that Queensland's indebtedness was the lowest recorded for any of the mainland States during the period under review.

The following is a copy of "Bulletin No. 52," issued by the publicity branch of the Prime Minister's department at Canberra:—

"THE TRUTH ABOUT LABOUR.

"QUEENSLAND'S RECORD.

"Critics of the Labour Party stoop to the most extraordinary misrepresentation in order to mislead the public into believing the most palpable untruths about what they term 'Labour misrule.' Queensland is cited by these critics as an example of 'Labour misrule.'

"The Labour Party's record in Queensland is striking evidence of the capacity of the Labour Party to govern. Facts speak louder than words, and the statistical records of Queensland show that during the long period in which Labour Governments were in power, the State never enjoyed such prosperity, and, when the party was defeated, the finances of the State were left in the healthiest condition. In fact, Queensland alone, of all the Australian States, had credits in London, and this remarkably healthy financial position was the envy of all the Australian States.

"That condition of affairs was due to the foundations laid by the Theodore Government and the energetic measures taken at that time to build up industry and develop the great natural resources of that very rich State.

"Queensland, under Labour rule, had a smaller percentage of unemployed than any other State. It was the only State that, by its unemployed insurance and other legislation, had made provision for the jobless men. And it carried out a public works policy to the full extent of its financial possibilities, thus easing the effect of the depression as far as could be done by any act of the State Government.

"The Queensland Labour Government, prior to the last elections, told the people the truth about the world-wide economic catastrophe and the shortage of money, while the Nationalists promised that if they were elected they would raise a loan of £2,000,000 for unemployment relief. The Nationalists won the election, and the thousands of workers who had been deceived into voting for the Moore Government waited for the promised jobs. They were not forthcoming, and now the Moore Government denies that it promised to raise a loan of £2,000,000. Nothing has been

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done for the workers since the Labour Government was defeated, and Queensland is now suffering the full effect of the Nationalist regime.

"When the Theodore Government raised two loans in New York, the Tory financial circles prophesied disaster as a result of what they considered the adverse exchange rates. They asserted that the money would prove the dearest money ever borrowed by a Government in any British country. Their prophesies, as usual, proved absolutely false. The Government made a profit of £715,000 on the conversion of dollars to sterling. Taking into account the conversion profit and the improved rate of exchange, interest costs of the two American loans worked out at very little more than 5 per cent. per annum. This is in contrast with the rate of £6 11s. per cent. paid by Dr. Page for money when he was Federal Treasurer and Mr. Bruce was Prime Minister."

Mr. GRIMSTONE (*Stanley*) [8.35]: The outstanding feature of the various speeches delivered by hon. members opposite during this debate is the similarity of them all. The theme running through them all is the condemnation of the Government; constructive criticism has been conspicuous by its absence. It brings to my mind two lines of poetry which are very appropriate indeed—

"I listen, and listen, and listen again;  
But still I hear the same refrain."

Those two lines fittingly describe the speeches that we have heard from hon. members opposite. They have been nothing but lengthy harangues condemning the Government for this, condemning them for that and the other thing, without any realisation of the true position as it is at the present time. Apparently it is utterly impossible for them to rise above party political propaganda. They cannot view anything from this side except through the spectacles of class-consciousness. They are not big enough to realise that not only Queensland and Australia but the whole world is passing through the greatest crisis known in history. Whether they realise it or not, they certainly will not give any intimation as to their own innermost thoughts. They give no indication at all that they realise these things. They are not big enough to follow in the footsteps of a man like Ramsay MacDonald, whose whole lifetime has been spent in association with the Labour movement, and who, I can safely say, at heart is a truer and better Labour man than our friends opposite.

Mr. POLLOCK: If a man leaves the Labour Party, he can be "Honest Bill" as soon as he gets over there.

Mr. GRIMSTONE: Mr. Ramsay MacDonald realises that the platform and policy that he has advocated for years past are not the things to put Britain back on a sound financial footing. Ramsay MacDonald is still standing as a Labour man, but he is doing something which hon. members opposite will not do. He said, "To me, England is first, and I am taking this action in an earnest endeavour to put England into a safe position, and so that Labour can go along with a platform which I have subscribed to throughout my life." Hon. members opposite differ entirely from Ramsay MacDonald in this respect: To him

England—the Empire—is first. To our friends opposite everything connected with Empire is more or less anathema, except when they want loan money, when they are glad to go to the English money-lender. That has been shown by the amount of money they borrowed from England during the years they were in power. The hon. member for Cairns told us just now that they borrowed something in the vicinity of £50,000,000, practically the whole of which was raised in England.

I quite realise that our friends over the way do not agree with Mr. Ramsay MacDonald. They do not agree with the policy that he has set himself to carry out. If we follow that a little further, we find they do not agree with anybody. They do not agree with us. They do not agree even with their friends, Mr. Scullin and Mr. Theodore. They do not agree with Mr. Hogan in Victoria, nor with Mr. Hill in South Australia. Coming to their friend, Mr. Lang, I remember how gleefully they came into this House last year after they had assisted in returning Mr. Lang to power, and saying, "Now we shall see how Labour faces this economic crisis in New South Wales. We will show you what Labour can do." Mr. Lang has definitely shown us what Labour can do in this time of crisis. It is common knowledge that he has absolutely the very worst showing of any State in the Commonwealth. Hon. members opposite do not agree with any of those people; with any of those Premiers; with any of those Labour leaders of the great movement we hear so much about, and which they so strongly advocate—the one indivisible Labour Party throughout the Commonwealth. They do not agree with the policy carried out by that party.

Mr. O'KEEFE: What about the public servants?

Mr. GRIMSTONE: I shall have something to say about that later on.

Mr. O'KEEFE: You put your hand out and took everything the Labour movement gave you.

Mr. GRIMSTONE: I gave full and efficient value for all the money I received when I was a member of the public service; and, if the hon. member has given as good value in his lifetime for any money he has received, he will have nothing to reproach himself with.

Hon. members opposite are out of step with all other sections, even their own party. It reminds me of the story—which I will give even at the risk of the hon. member for Brisbane saying that it has whiskers on—of the fond mother who was watching her soldier son, a new recruit, marching through the streets. Of course he was out of step, and she called the attention of the people to the matter by saying, "Why, look, they are all out of step but our John." I think that applies to our friends over the way. According to them, all other Labour men are out of step except themselves. They alone know the right remedy for the situation facing the world at the present time. They alone know the solution of the problem, and by them alone will the problem which is facing us at the present time be solved.

Some remarks of the hon. member for Leichhardt made when speaking a week or two ago—I think on the proposal to increase

the unemployment relief tax—come to my mind. He was asked what he would suggest. He smiled and said, "I think the Leader of our Party will show you how the problem can be solved in his policy speech next election." If the hon. member or any other member of his party has a solution of our present problems to offer, Queensland calls upon him to make it known so that there will be some opportunity of putting it into effect. Hon. members opposite must not forget what some of them are prone to overlook, that, although they represent portions of Queensland, the State expects something more. Queensland expects every hon. member to stand up to his responsibilities. If any hon. member has a solution, he is in duty bound to offer that solution for what it may be worth.

As a Government we have been condemned right and left by hon. members opposite and their supporters for what we have done; but the very fact that our action has been followed by other Governments in the Commonwealth is the highest commendation any Government could have. It shows that our Government were the first to realise the situation, and the first to adopt remedial measures. Other Governments realised that, if they were to get out of the morass, they would have to take action similar to that of the Queensland Government. I quite recognise that it is the right of the Opposition to criticise. Indeed that is one of their main functions. Neither I nor any member of the Government objects to their exercising that right; but Queensland demands something more than the destructive criticism which we have had from them. We are entitled—Queensland is entitled—to expect constructive criticism—some suggestion for the assistance of the State in its need. In this time of financial trouble it is the responsibility of hon. members opposite, just as much as it is that of the Government, to help Queensland out of this crisis. What we members of this Assembly must not forget is that we are representatives of Queensland, not merely of a small section of Queensland, and it is up to hon. members to prove themselves worthy.

Mr. MULLAN: We will give you a remedy straight away.

Mr. GRIMSTONE: Then give us the remedy. Hon. members opposite fail in their duty to Queensland by not making it known.

Mr. MULLAN: Change the Government!

Mr. GRIMSTONE: I realise the seriousness of the position, and I appreciate the fact that it offers wonderful opportunities for political propaganda by those who cannot rise above that in such a time of crisis. I am disappointed that hon. members on the other side will not rise high enough to recognise their responsibilities, instead of seizing the opportunity to make political capital of the misfortunes of the State. I say definitely that Queensland is entitled to a recognition of that responsibility from hon. members opposite. Take the speech of the Leader of the Opposition, who made one of his usual long speeches containing not one single constructive suggestion. I listened very attentively to his speech, and I afterwards read it twice in "Hansard" from beginning to end. It can be summed up as one of his usual condemnatory speeches. The hon. member should not

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forget that he is the Leader of His Majesty's Opposition, and, when he sets the example that he did, it is really too much to expect the rank and file to do other than follow in his footsteps. He was proceeding to criticise the Budget when the Premier, by way of interjection, invited him to suggest a remedy. The Leader of the Opposition threw out his chest, and grandiloquently replied: "When it is my responsibility to prepare a Budget, I will do so. Meanwhile it is the responsibility of the Government." I disagree with him there. It is just as much his responsibility to do everything he possibly can to help Queensland in this crisis, and, if he does not do so, then he is not true to the oath to which he subscribed when he took his seat in this Chamber. That remark of his indicates—I was going to say his measure of assistance to this Government, but he and his followers have not shown any desire to assist the Government in any way whatever. It is apparently his lack of bigness that prevents him following the example of men like Ramsay McDonald.

Mr. POLLOCK: Half a dozen times we have offered to co-operate with the Government, and each time they have refused to accept our offer.

Mr. GRIMSTONE: Only a few days ago the Leader of the Opposition rushed into print to say that he absolutely declined to have anything to do with the formation of a National Government. Proceeding with his criticism of the Budget, he spoke of the obscure handling and the manipulation of things, leaving the inference that something shady and something that was not quite honest had been done in preparing the figures for the Budget. He was referring to the transfer of balances to the credit of Trust Funds to the consolidated revenue, but he knows as well as, if not better than, I do that that has been the practice of Governments almost since time immemorial. The first record of this being done goes back to a year or so after the establishment of self-government in Queensland. I am not going to dwell on the merits or demerits of that practice. I have ascertained that on more than one occasion this practice was adopted by the Labour Government. If it was so reprehensible as the Leader of the Opposition inferred, then why was it adopted by the Labour Government? To take only two occasions, in 1923-24 the Labour Government transferred a balance from Trust Funds to consolidated revenue, thereby converting what would have been a deficit into a surplus of £167,000. In 1927-28, exactly the same thing took place. The transfer of Trust Fund balances converted what would have been a deficit into a surplus of £56,517. Had Trust Funds not been transferred on these occasions, and had the actual deficits been shown, the Labour Government would have had the unenviable record of ten deficits out of a total of fourteen Budgets introduced by them in this Parliament. Judging from that it seems to me that Labour expects that a different yardstick must be used for the measurement of their actions as compared with the actions of this Government.

The hon. member, in dealing with the deficits for the past two years, stated that the aggregate deficits by Governments since this State became a sovereign State in 1859 amounted to £4,040,823. I do not agree with those figures, but I will accept them as a basis for my argument. He further stated

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that in two years our Treasurer accumulated deficits amounting to £1,500,000, and that the anticipated deficit this year would bring his deficits very near the total aggregate deficits of this State. He forgot to mention, however, that out of those accumulated deficits his own Government were responsible for £2,272,283, and that those deficits were incurred in seasons of prosperity, and not in times of difficulty, such as Queensland and the world is facing to-day.

I am convinced that the Leader of the Opposition realises in his inmost soul the seriousness of the position. I am quite convinced that he is not going to allow these private views to become public property. I challenge him to make these views public. Were he to do so, he would prove himself to be the big man he aspires to be. As a matter of fact, were he to do so, instead of his condemnatory criticism of the Budget, he would have said something like this—

"I quite realise the seriousness and the difficulties of the present financial situation, not only in Queensland but throughout the world. I offer my sympathy to the Treasurer, not only the Treasurer in Queensland but to every other Treasurer who has had to prepare a Budget in such a time of financial instability, for what may be right to-day may be entirely wrong next week."

If he were to do so, I venture to prophesy that he would much more rapidly approach his ambition.

I propose dealing with the Budget just as it appears to me, and I shall endeavour to give justification to the position as presented by that Budget. I will discuss it with a fair mind and in a just way. The Budget discloses that the revenue fell short of the expenditure last year by £842,044. That, then, becomes the deficit. I have said on more than one occasion in this Chamber that it is not just merely a question of whether you get a surplus, or whether you get a deficit, that reflects sound financing throughout the year by the Treasurer. Even with sound finance and the most careful oversight of expenditure, a Treasurer may incur a deficit, while similarly, even with the most reckless financing, a Treasurer may emerge from a financial year with a surplus.

I remember that in one of the years that the Labour Party were in power they estimated that a certain sum of money would be received in revenue; but to their surprise that estimate was exceeded by approximately £750,000. Instead of showing an enormous surplus that year, it so happened that the expenditure correspondingly increased, and all they managed to show was a small surplus of £16,000 odd, in spite of the enormous increase in revenue.

There are only two ways of balancing budgets—to increase the revenue or to decrease the expenditure. Increased revenue is only obtained by taxation; decreased expenditure by economy. Following this examination a little further, we find that the expenditure last year was £15,914,696, which was very much below the previous year's expenditure of £16,721,054, representing a saving of nearly £1,000,000. That in itself is an evidence of careful financing, because it shows that the expenditure has been carefully watched. We find, too, that economy has been effected despite heavy commitments for exchange and outdoor relief,

representing sums of money that in themselves would have been almost sufficient to wipe out that deficit.

Mr. POLLOCK: You raised £700,000 by increased taxation.

Mr. GRIMSTONE: From his long experience in this Parliament the hon. member should know that that increased taxation was in respect of unemployment relief, and that the money did not go into consolidated revenue but into a trust fund.

It is a very fine effort for the Treasurer to show a decreased expenditure of nearly £1,000,000, despite the fact that he had unusually heavy commitments of over £700,000. These figures show that expenditure has been well managed and that economy has been the watchword throughout. As I said earlier, there are only two ways of balancing budgets, one of which is to economise. Would hon. members opposite say that we should practise further economy? They are silent. I take it from that that they cannot fault the handling of the finances as regards the expenditure by the Treasurer.

Let us now look on the revenue side. Here we find that there was a decrease of nearly £1,000,000, as compared with the previous year, and of over £1,500,000 as compared with the year 1928-29, which was the peak year for revenue in Queensland, and was the year in which the Labour Government went out of office, and in which a deficit of £165,097 occurred. There is the obvious reason for the deficit, which has not been brought about through careless handling of the finances, or through reckless expenditure, but because the receipts did not reach anything like the amount anticipated. It was expected that this amount of revenue would come to hand; but, through its failure to come to hand, naturally the receipt side could not reach even the decreased expenditure, despite the savings; consequently we have a deficit.

Mr. FOLEY: How could you expect to receive the revenue anticipated when you did everything you could to kill the purchasing power of the people?

Mr. GRIMSTONE: That will right itself. I want the hon. member to lift himself out of that rut, and discuss the situation in the realisation that the world to-day is going through its greatest economic crisis. Had the revenue been up to the estimate, despite the additional heavy commitments on the expenditure side, we would have shown a surplus of £336,525. I think that any calm and reasonable investigation of the Budget cannot sustain any charge of reckless or careless handling of the finances. Look at some of the items in regard to which decreases took place. There is a falling off—and a substantial falling off, too—under practically every head compared with the year 1928-29. The decrease in taxation was £399,085, the decrease in land revenue was £253,975, and there was a decrease of over £1,000,000 in the railway receipts. The only conclusion that one can come to is that the charge of reckless expenditure or reckless handling of the finances cannot be maintained. That brings me back to the previous statement I made, that there are only two ways in which budgets can be balanced—one by increasing the revenue, the other by decreasing the expenditure. I asked a ques-

tion just a moment ago. Will hon. members opposite advocate further decreasing the expenditure, or will they advocate the practising of further economy? They are silent; therefore the only conclusion one can come to is that, if they were in control of the finances, they would not economise, but would further increase the taxation. As a matter of fact, we have an example of that in the Southern States in which Labour is in power. In those States, in order to get rid of deficits or bring about Budget equilibrium, they have gone in rather extensively for further taxation, and we have nothing to show us that the Labour Party, if in power in Queensland, would not carry out the same principle.

Mr. POLLOCK: Why! the present Government have taxation measures before the Chamber this year.

Mr. GRIMSTONE: I am not forgetting that. During the three years preceding Labour's accession to office the amounts received by way of taxation were—

	£
1912-13	806,677
1913-14	887,798
1914-15	954,457

By the year 1920-21 the amount received by way of taxation by the Labour Government had jumped to £3,682,642. That is direct evidence of how the Labour Government gloried in imposing taxation. That is their only policy to cure the present ills. During the last twelve or eighteen months the Commonwealth Government have imposed taxation amounting to between £28,000,000 and £34,000,000.

Mr. FOLEY: You forget that there are 55,000 more taxpayers in Queensland this year.

Mr. GRIMSTONE: I am not shirking that phase of the question. From the reduced income tax received during last year, only one lesson can be drawn—that is, that taxation has not only reached the limit but has passed the breaking point. There is no hope of a successful issue from the present situation until something can be done with regard to the relief of industry from this burden of taxation. We realise that when we see that during the regime of the Labour Government they increased the per capita taxation from £1 8s. to something like £5 10s. 9d. That shows that there is a very little field left for further taxation. With other hon. members on this side, I am keenly disappointed that we have not been able to take steps to reduce taxation on industry. We realise that that is the method by which the quickest return to solvency can be reached. But I would ask this question: When we are faced with a falling revenue this year of roughly £3,000,000 as compared with 1928-29, is it possible for any Government to take action further to reduce that amount of revenue? We are, unfortunately, compelled to face the inevitable. Every hon. member on this side regrets it very sincerely.

Hon. members opposite state that we have imposed increased taxation. I admit that we have. We have placed unemployment relief tax on the community; and, despite the bitterness of hon. members opposite when

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the measure was going through the House, I have yet to learn of any opposition to it throughout the community. I have discussed the question with people who pay the tax, and have not met one solitary individual who begrudges giving 3d. or 6d. in the £1, knowing that it is going towards the relief of his unfortunate brother who is out of work. Hon. members opposite state that they stand for the working men; they claim to represent the working man; yet right through every stage of the passing of the measure in this House, they opposed it tooth and nail—a measure which was definitely for the purpose of giving relief to the people they claim to represent.

Mr. POLLOCK: Do you say we opposed the Income (Unemployment Relief) Tax Bill?

Mr. GRIMSTONE: Hon. members opposite fought it from start to finish, but were clever enough not to call for a division. What does it amount to? I suppose that at the outside those hon. members were fighting hard for what would perhaps only amount to a couple of packets of cigarettes or a couple of pots of beer per week. I have not seen anybody yet who begrudges making that little sacrifice so long as they knew the unfortunate unemployed were deriving some benefit from it. There is no question about the inestimable boon which the unemployment relief work has been to the unemployed people amongst us; and, although we get the blame for the unemployment situation which exists to-day, hon. members opposite take care not to point out that Queensland is by far the best State in the Commonwealth with regard to unemployment, and that unemployment here is not nearly so acute as it is in any other State of the Commonwealth.

Mr. POLLOCK: It has increased 14 per cent. under the present Government.

Mr. GRIMSTONE: I admit that it has increased; but I would point out to the hon. member for Gregory that for four years prior to 1928-29 there were something like 100,000 men employed throughout the Commonwealth solely on loan works. With the closing of the loan door, under such circumstances unemployment must become acute. What was to happen to those 100,000 employees on works which had been carried out with loan money during the past four years?

Mr. POLLOCK: If you knew those things, why did you promise to relieve unemployment?

Mr. GRIMSTONE: I quite frankly say that I had not the slightest conception of the seriousness of the position which would face our Government when they got into power.

We are also told that we have reduced the statutory exemptions for income tax purposes. We have; but by doing that we have brought into the field of taxation a number of people who are quite able to pay, and who, to my mind, should pay. A few years ago the young men of the community offered their lives, if need be, for their country's sake; and I know perfectly well that, more or less seized of the situation as they are, they are prepared to come to the assistance of their country to-day. At the same time we have widened the field of taxation; and the result is that the amount of the average

assessment on the individual has been reduced from £38 18s. 8d. to £21 15s. 8d.

At 9.16 p.m.,

The CHAIRMAN resumed the chair.

Mr. GRIMSTONE: We are also told that a record deficit is forecast for this year. I frankly admit that; but I say that facing the situation in this way is the more courageous and the sounder thing to do. It is much better to carry the deficit forward than to attempt to meet it by taxation. In fact, I have just shown that taxation cannot be increased, and it is much better to budget for that deficit than to retard the development of industry and hamper recovery by attempting to collect more taxation. I repeat that it is much sounder and immeasurably more courageous for the Treasurer to budget for such a deficit; and I offer him my meed of congratulation upon doing so. It speaks volumes for him, especially in view of his earlier record of surplus after surplus. In any case, is Queensland alone amongst Governments in Australia or in the world in showing a deficit? Let us then, by comparison, judge the handling of this State's finances. The Federal Government, of which Mr. Theodore is Treasurer, have shown a deficit of £10,756,899, and this in spite of the fact that they imposed additional taxation to the amount of £17,500,000, and that the amount of taxation collected was a record.

Mr. HYNES: The Queensland deficit was greater per head than that.

Mr. GRIMSTONE: I have the figures, and I shall blow the hon. member's contentions to smithereens. This year the anticipated Federal deficit is £5,170,000, in spite of a further increase in taxation of £3,000,000. In addition, the Federal Treasurer benefited to the extent of £3,705,641 by a substantial reduction in the sinking fund payments and accrued income from liquidated ex-enemy properties, which was formerly applied to the reduction of war debts.

I now come to Mr. Lang, the friend of hon. members opposite. New South Wales showed a deficit of £12,773,615. The Labour Government in New South Wales must glory in that fact. How proud hon. members opposite must feel to think that they assisted a man to power who would return a deficit like that! This was the man who was going to show the Moore Government the way to finance and to produce a surplus.

The PREMIER: In the last three months he is a further £6,000,000 behind.

Mr. GRIMSTONE: I have included in the deficit of £12,773,615 the sum of £3,834,000 representing oversea interest commitments which Mr. Lang declined to pay. He threw the burden upon the Federal Government, but the Federal Government was not prepared to allow any of the Australian States or the Commonwealth to default in regard to interest payments. Mr. Lang is budgeting for a deficit of £6,700,000 for the coming year.

Victoria, under a Labour Premier, showed a deficit last year of £2,800,000 and anticipates a deficit for the coming year of £1,536,000. It is intended in that State to resort to taxation, Labour's panacea for money ills, to bridge the deficit, which is expected to be reduced to £82,000.

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South Australia had a deficit of £1,119,852 last year, and it is anticipated that the deficit for the coming year will be £2,120,000.

Queensland had a deficit last year of £842,044, which is very much lower than the deficits of the other Australian States.

Let us consider how other Governments are faring throughout the world. These are the deficits in the respective countries—

United States of America	...£200,000,000
Canada	... .. 17,000,000
Germany	... .. 50,000,000
Great Britain	... .. 170,000,000
New Zealand	... .. 8,000,000

New Zealand anticipates a heavy deficit for the coming year. It will be seen that Queensland is not alone in the matter of deficits, and that these figures show Queensland up very well indeed. They speak a great deal for the very careful handling of the finances by the Treasurer of this State; and, to use an expression very often heard in the country: "Thank God we have as Treasurer of Queensland a man like Mr. Barnes. What a pity that he was not Treasurer several years ago."

The total deficits of the Commonwealth and the States for the past year amounted to £30,662,047. These figures show the percentage that the deficit of the various States bear to that aggregate sum—

	Per cent.
Commonwealth	... .. 35
New South Wales	... .. 41
Victoria	... .. 9
South Australia	... .. 5.9
Western Australia	... .. 4.6
Queensland	... .. 2.9

Hon. members opposite have spoken of the per capita debt. I find that the per capita deficit for the various States of Australia is—

	£	s.	d.
New South Wales	... ..	5	2 2
Victoria	... ..	1	11 2
South Australia	... ..	3	2 6
Western Australia	... ..	3	7 7
Queensland	... ..	0	17 9
Commonwealth	... ..	1	12 7

It must be remembered that the Commonwealth, New South Wales, Victoria, and South Australia are governed by Labour Governments. Hon. members will carefully note how much lower is the per capita deficit in Queensland compared with that of the other States. That shows definitely that the arguments by which they have attempted to mislead the electors in this Assembly cannot stand investigation.

At 9.25 p.m.,

The CHAIRMAN: Under the provisions of Sessional Order agreed to by the House on 22nd July, I shall now leave the chair, and make my report to the House.

The House resumed.

The CHAIRMAN reported progress.

Resumption of Committee made an Order of the Day for to-morrow.

The House adjourned at 9.26 p.m.