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1901-05-29

House of Representatives.

Mr. Speaker

took the chair at 3 p.m.

QUESTION

JUDICIARY BILL

Mr GLYNN

- I should like to know from the Attorney-General if the proposed Judiciary Bill will be introduced in this House?

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Attorney-General

Mr DEAKIN

- I must ask the honorable member to give notice of his question, as no questions are being answered by the Government while the debate upon the Address in Reply is in progress. If the honorable member will apply to me privately, I shall be glad to give him the information he desires.

GOVERNOR-GENERAL'S SPEECH

Address in Reply

Debate resumed from 23rd May (vide page 330) upon motion by Mr. W. H. Groom : -

That the following Address, in reply to the speech of His Excellency the Governor-General, be agreed to by this House : -

May it PLEASE Your EXCELLENCY : -

We, the House of Representatives of the Parliament of the Commonwealth of Australia, in Parliament assembled, beg to express our loyalty to our Most Gracious Sovereign, and to thank Your Excellency for the gracious Speech which you have been pleased to address to Parliament.

Upon, which Mr. Joseph Cook had moved, by way of amend merit-

That the following words be added to the proposed address : - "We desire, however, to inform Your Excellency that in our opinion the proposals of the speech regarding the question of what has been termed a white Australia are inadequate, and not in accord with the views of the majority of the Australian people. "

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Mr PIESSE

- My first duty this afternoon is to acknowledge the courtesy which honorable members extended to me at the late hour of our last sitting, in 'so willingly acceding to my request for an adjournment of the debate. I had two principal reasons for rising to speak on this occasion. The first reason was that my personal position has been challenged, and the second that I desire to place before this House some facts relating to the financial position of the State which I represent. Then there are the general reasons which honorable members have given for addressing the Chamber in this debate : that it is desirable that we should become known to one another as soon as possible, and that we should, as early as we can, give expression to our views regarding the several needs and difficulties of our respective States. Before proceeding to deal with what is really my main reason for addressing the House, I desire to refer shortly to several points mentioned in the Governor-General's speech. The first matter to which I would call attention is the statement therein contained as to the need to provide machinery for working the departments of the Federal Government. I think that that is one of the most necessary and pressing subjects for legislation, and that consideration will guide me greatly in the attitude which I intend to assume in the early stages of this session. I do not share in the opinion which has been expressed by the honorable member for South Australia, Mr. Glynn, that it would be well to commit the duties devolving upon the High Court of Justice to the Judges of the Supreme Courts of the several States. Although there may not be very much business for the High Court to do, and I hope there may not, it is essential that we should establish that Court with due regard to its great responsibilities, and so as to secure the full discharge of those responsibilities. I have always considered that we in Australia are competent to provide the judicial experience and talent necessary to properly constitute a High Court to deal with matters Australian without referring disputes to an outside authority, and I hope that we shall establish a High

Court which, from the first, will command the respect of all who may have dealings with it, and that the members of that Court, being fully seized of the responsibilities of their position, will be ready to acquit themselves with credit when the occasion arises for the discharge of their high office. As to the Federal electoral system, I am as anxious as any honorable member who has yet addressed himself to this point that we shall as soon as possible get a universal electoral law. No doubt the differing laws which it has had to administer have been a great source of difficulty' in the administration of the department which should control the elections in the Federal States. Although *e people of the various States are now pretty well on an equality in regard to the main principle of the franchise, manhood suffrage, I think it would be desirable to bring about a complete uniformity of the law in regard to the federal franchise in all the States, so that Western Australia and South Australia should no longer be the only States which give to women the right to take a share in the work of the nation. This is no new view for me to hold, because I have had the honour to advocate the reform for the last fifteen years. Despite what the honorable member for South Sydney has said, I know no reason for regarding women as being naturally in a different position from that of men in regard to the franchise, because they have to obey the laws which are made, and to pay the taxes which are levied by those who are elected to Parliament. But there are higher reasons which may be given for the advocacy of womanhood suffrage, although I shall not deal with them now, as a more fitting occasion for mentioning them will arise. As to the proposed Western Australian railway, I have very considerable sympathy with the attitude which the Minister of Defence has assumed in. this Chamber in regard to that question. I do not refer to the remark which was made in a half-joking way, about the right honorable gentleman being inclined to ask Western Australia to withdraw from the federation if the railway is not at once proceeded with. We must remember that that State has had very considerable encouragement to hope for this railway, and it is also to be borne in mind that, of all the States, Western Australia has made the largest sacrifices in the way of revenue derived from Inter-State trade in order to enter the union - that, in proportion to her trade, she has given up the largest amount of revenue. Of course, I may be reminded that Western. Australia is to receive special consideration under the terms of the Constitution, inasmuch as her duties upon Inter-State produce will disappear gradually, and not be at once abolished upon the passing of a uniform Tariff. But, if it be a fact, as I believe it has been stated to be, that the duties on Inter-State produce which Western Australia will have to forego amount to .?300,000 a year, this is a reason for giving fair consideration to the proposal to connect that State by railway with the rest of the continent. As to the Northern Territory, I have been very much struck with the arguments of honorable members, and especially by what has been said by representatives of South Australia, in regard to the responsibilities which the people of all the States as Australians should share in regard to that territory. Although there may be difficulties in the way of at once meeting the wishes of South Australia in regard to this matter, I think that the subject is one which should receive early attention from the Government, and come before this Chamber for legislation as soon as possible. I shall deal only very shortly with the subject upon, which there has been most discussion in this Chamber during this debate - the pure fiscal issue. I cannot help remembering that some of the answers which have been made by honorable- members On. this side of the Chamber to arguments which were adduced by honorable members opposite have not been of a very plausible character. I do not think that the statement made by the honorable member for Melbourne Ports, when he quoted statistics showing the number of children employed in home industries in England, was an answer to the attack made 'by honorable members opposite in regard to the number of young persons engaged in factories in America. I do not know if any inquiry has been made as to the number of young children engaged in home industries in Victoria, but I fancy, from what I have seen - and I have not gone about seeking these cases - that there are children employed in home industries in. "Victoria, who are under the school age, and who are as young as any of the children referred to by the honorable member for Melbourne Ports. The proportion of children so employed in Great Britain was stated to be four per thousand of the population, and I think it is likely it would be found, if inquiry were made, that in Victoria, the proportion of young children similarly employed is quite as high. The Minister for Defence thought that he was taking the edge off the argument of those who made so much of Great Britain as the leader of the free-trade fight by contrasting her with the rest of Europe-; but where would the right honorable gentleman have been if the rest of Europe, instead of that little island whose position he is inclined to depreciate, had had the making of him? I rather think that in that case we should not have such a splendid example of Australian independence,

manhood, and freedom as we now have in the right honorable member. I come now to a point raised by the leader of the Opposition on behalf of Tasmania - the representation of Tasmania in the Federal Ministry. I am not ready to agree with the right honorable member in what he says on that subject. I trust that in the formation of the Federal Administration no attempt will be made to placate any particular section of federal territory ; that it will not be asked whether a man is a Tasmanian or a West Australian, but that, on the contrary, it will be sufficient that he is an Australian, and worthy to take part in the management of the affairs of the Commonwealth. I should have been proud if, upon those terms, a Tasmanian had been accepted as a full member of the Federal Ministry, but I am not going to be one merely because I am a Tasmanian, to ask that Tasmania should be represented in the Administration. Let us take our stand as worthy Australians. If there be two Tasmanians worthy to sit in the Federal Cabinet, I trust that no objections will be raised to their appointment merely on the ground that the land of their birth is the little island which lies across the Straits. If men are worthy to be in the Cabinet, let them be there by reason of their worth, and for no other reason. With regard to the present Administration, I have felt the force of the argument of the honorable member for South Sydney, that the Prime Minister, having been chosen to the position of leader of the Ministry by reason of the great services which he has rendered in the cause of federation, deserves special consideration at the hands of the members of the first Federal Parliament. I have already alluded to the foundation work which must be done at an early stage of this session. If we do our duty, the Bills relating to the several federal departments, such as the Post Office, Defence, and Customs - I am not now alluding to the Tariff - will be dealt with as soon as possible ; and the Administration deserve to have the loyal support of every member of the House in regard to them.

Mr WILKS

- Fail- trial, speedy despatch !

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Mr PIESSE

- Then I come to that question which no doubt will give rise to many searchings of heart amongst us-the Tariff. The Tariff is not so important to many of the States as to others. To more than half of them, I think I shall, show later on, it is merely important as a means of securing revenue. Sitting, as I do, in a semi-independent position, I hope I shall be able to secure the objects which I have in mind better than if I had taken up a position on the Opposition side of the House, where I might have found myself bound to follow the party in regard to any motion they might have chosen to make. Although I may have reason to differ from some of the proposals made by the Government - I hope I shall not, but I should if the advice of some honorable members on the left were taken - still, for the present I feel that I am in my right position here in giving to the first Federal Administration a loyal support in the work they have undertaken in connexion with the foundation of Federal Government. That support they are entitled to as men who have undertaken the first responsibilities of office. But there is one great question which seems to me to some extent to have been very gingerly dealt with in many of the speeches which have been delivered. I refer to the question of revenue as it affects the financial stability, not of the Commonwealth, but of the States. Let me allude to some remarks which have been made on the subject. The Prime Minister, in his address on Tuesday last,, referred to the desirability of providing "a reasonable return of revenue to the States."" He also used another expression, "a satisfactory return to all the States"; while he admitted that it might be "impossible to return to every State as much as it has received from customs and excise in the past." There is nothing very definite about those statements. If we are to have any expression of opinion from the Treasurer, or from any other member sitting on the Ministerial bench, I should like to hear from him what are the intentions of the Government. The question ought not to be treated as a party question. There are so many interests of a delicate nature involved that they should form the subject of judicial treatment from the best men in the House, wherever they may sit. I would allude to an expression, which fell from the Minister for Defence. He said, alluding to the States, that "there is not one of them who can do with less revenue than they were receiving on the 31st December last." If that was an expression of the opinion of the Ministry, it will guide us very much, and at the same time afford a great deal of comfort to members representing Queensland, Western Australia, and South Australia. The other two States are happily in the position that it is somewhat a matter of indifference to them whatever course may be adopted. One State is sure to have more than enough revenue, and the other is pretty well sure to have quite sufficient to balance her expenditure. But the point I am now discussing does affect

Tasmania very materially. It affects three, if not four, of the States. The honorable member for South Australia, Mr. Glynn, alluded to one way in which the question could be settled by stating that with a slight adjustment of the Tariff of New South Wales all that is needed could, be provided. This remark is an evidence of the need for fuller discussion of the subject ; because from my point of view I cannot see that any such solution of the difficulty would be an adequate one. A great deal more than a slight adjustment of the Tariff of New South Wales is necessary to raise sufficient revenue to keep several of 'the States solvent. I am reminded that this question was of all the questions dealt with by the Federal Convention that which gave the most trouble,- and which perhaps has received the least satisfactory treatment. It was discussed over and over again. Proposal after proposal was made and abandoned. The last proposal was merely adopted because none better could be thought of, not because it was considered to be a solution of the difficulties which confront us.

Mr Deakin

- Because there could be no better carried, not because there could be no better thought of.

Mr PIESSE

- I accept the correction.

Sir William McMillan

- Until there was a uniform Tariff one could not consider the question satisfactorily. The uniform Tariff was an unknown quantity then.

Mr PIESSE

- That may be so. My suggestion may be of a speculative character, but if I can put what I can see of the position of my own State before the House, although I refer in only a tentative way to the other States, I shall probably say sufficient to make other honorable members who have, perhaps, thought of the subject, realize that there are other States as to whose position it is not so much a matter of doubt that they will be in difficulties as a question of the extent of the difficulty in which they will be placed. While I assumed a tone in my last remark- which may appear as though I were explaining the situation of a very small State, I do not think honorable members will quarrel with me if I put that position before them. We are wrapped up in one another for good or ill ; we are so to speak members of one another in this matter ; and if there be even one of the States that is likely to be adversely affected by any of the financial arrangements we make, it is a matter of concern not only for that State, but for all of us as Australians. We are all affected by the prosperity or adversity which may come to any one State. I have said that New South Wales and Victoria may be regarded as practically not interested in this financial question. While the New South Wales share of the transferred revenue is estimated at about 28½ per cent., her share of the revenue returned on the basis of the Constitution will be 36 per cent. In other words, 24½ per cent, represents her surrender, but 36 per cent, represents what she will get by way of return. Of course, it is very well known that New South Wales will have returned to her a very much larger share than her present Customs revenue. The amount has been estimated at £700,000. Therefore, she will not have any difficulty in meeting the new conditions which will arise under the federal compact.

Mr JOSEPH COOK

- She will have first to pay her share of the expenditure.

Mr PIESSE

- We know that very well. I am not now arguing whether it will be worse for the individual taxpayer or not. From the Treasurer's stand-point, I have stated the position. Victoria's share of transferred revenue is estimated at 28 per cent., while her share of revenue to be returned under the Constitution will be 29 per cent. ; so that her account may be said to be pretty well balanced. When we come to the other States, we find that they are in a very different position. Queensland will transfer 15·7 per cent, of her revenue, but will only get back 16½ per cent. South Australia will transfer 8·8 and get back 7·87. Western Australia will transfer 14 per cent., and get back 6·2 per cent. Tasmania will transfer 6 per cent., and will only get back about 3·4 of the whole revenue according to her revenue-yielding power.

Sir John Forrest

- Is that after the five years 1

Mr PIESSE

- No; during the five years.'

Mr McCay

- Is that estimated on a population basis 1

Mr PIESSE

- These calculations are in accordance with the terms of the Constitution. I am assuming honorable members to be acquainted with the terms of the sections of the Constitution affecting the point.

Sir William McMillan

- Is the honorable member including the charges of the central Government - the special charges of the Commonwealth apart from transferred services 1

Mr PIESSE

- My figures show the net loss by the transfer of revenue.

Sir John Forrest

- Does the honorable member take into consideration the Braddon clause 1

Mr PIESSE

- That has nothing to do with this point at all.

Mr Deakin

- The honorable member's estimate for Western Australia can only be correct for one year, because each year there will be a change in the duties.

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Mr PIESSE

--- What the Attorney-General has alluded to cannot be calculated, because we do not know what the change may be. These figures are only indications of the position.

Mr Deakin

- Approximations.

Mr PIESSE

- They are not absolute.

Sir Philip Fysh

- The honorable member states the position in the year prior to entering the Federation.

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Mr PIESSE

- Yes. The figures are not to be taken as exact; they are approximate indications. Now let me ' state the estimate in pounds. New South Wales stands to have an excess of ?763,200, and Victoria an excess of ?46,000, while Queensland will have less than she -now receives by ?130,000 ; South Australia by ?55,000 ;. Western Australia by ?4:57,000, and Tasmania less by ?164,000. These, I may say, are the calculations which have been made by the Tasmanian Government Statistician, and they have, I think, been frequently put before those who have this matter in hand. There arises from the operation of those terms of the Constitution, which require that all the revenue raised in each State shall be treated as the revenue of that State ; that it shall be credited to an account, that the cost of the transfer of the departments, as at the time of the transfer, shall be debited to each State ; that to each State shall be debited its share, according to population, of the new expenditure of the Commonwealth, and that then there shall be returned to each State the exact revenue left to its credit. It is the revenue-earning basis of the calculation which causes the difficulty we are now discussing. While I cannot vouch for these figures on my own responsibility as affecting any other State, I desire to go rather more into the details of the question as it affects my own State. Honorable members who know anything about the affairs of Tasmania - probably there are not many in the House who do - will know that for many years, while there was a condition of free intercourse prevailing between the several States, when Tasmania was able to supply the needs of Victoria freely, as was the case in regard to other States also, Tasmania was in a fairly prosperous condition ; but when it became the policy of Victoria to restrain the imports from other States, and to seek to develop her own industries by putting on excessive and prohibitive duties, it became necessary for Tasmania to strike out for herself and endeavour to develop her resources in her own way. It seemed to some of her public men at that time that the way to develop the country was by building bridges and railways, and constructing roads, and so opening up the country. To do that a very large public debt was incurred, and however that policy may be criticised, there is the justification for it that the Customs revenue of Tasmania, as it was managed, provided sufficient to meet the interest on

this indebtedness. The Customs revenue of Tasmania, though it has had its ups and downs,, like that of every other State, has every decennial period since 1867 shown a growth of about £75,000. The Customs revenue of Tasmania started in 1867 with about £150,000, and at last reached about £500,000. So that, although the State has not progressed at the same rate as have many of the other States, she has not been at a stand-still, as one would be led to suppose by hearing the remarks sometimes made as to the present position of the State. As I say, however, there was this justification for that public works policy of Tasmania - that those who were responsible for it found through the Customs revenue the means of paying the interest on the expenditure. About £75,000 every ten years on an average was added to the resources of the country, thus enabling a large public debt to be undertaken without danger of the State being unable to meet the interest. It has to be said in regard to the public works expenditure that it has been one which has led to very considerable liability on the part of the taxpayers of the State. If the works be classified according to their revenue and non-revenue, earning power, Tasmania does not occupy a very good position. The non-revenue-earning works represent about £22 per head of the population, while in Victoria they represent only £3 per head. I am not able to say whether, in the case of Victoria, the whole of the public works expenditure is yielding full interest upon the amount expended, but, at any rate, there appears to be only £3 per head which is not yielding some revenue, if not the full revenue, to pay interest. In Tasmania, however, there is £22 per head of works which yield no revenue whatever towards payment of interest, while in Queensland the amount is £21 6s. 6d.; in Western Australia, £16 4s. 3d.; in New South Wales £8 ; and South Australia, £16. It becomes, therefore, a very serious matter, indeed, for Tasmania to be deprived of the control of her Customs and Excise revenue, out of which she has been able to meet this large indebtedness, an indebtedness in net interest alone of about £276,000 a year. But it may be asked why are we fearful, or why are we in doubt or difficulty, when we consider the possible operation of the Federal Tariff. There are two principal reasons, the first of which is that in resorting to Customs revenue ; the Tasmanian people have been taxed more generally and more heavily than have the people of any other State of the Commonwealth. It therefore becomes a serious matter for Tasmania that a Tariff may be imposed having regard to the average condition of Australia, and not the condition of that State. In support of the statement that we in Tasmania are taxed more generally and more heavily than are the people of other States, there are figures which may be quoted. In New South Wales there are free imports representing £23,000,000, and there are imports on which duty is paid to the amount of £2,500,000; that is to say, the percentage of free to dutiable goods is 911 per cent. In Victoria the percentage of free to dutiable goods is 202 per cent., and in Tasmania it is only 30 per cent.; that is to say, that while we in Tasmania levy duty on £1,350,000 worth of goods, we admit goods free to the value of £417,000. The figures in regard to Victoria and New South Wales need the comment that they include the value of the goods which have been already exported from Tasmania and the other States, and which have merely sent to Sydney and Melbourne to be transhipped to other ports. When we get into the full operation of this federal union, and proper statistics are produced, there will be found a shrinkage in the total trade as shown now by the figures, because there will be eliminated those goods which now appear twice in the returns. The average taxation in Tasmania is about 24 per cent., whilst the average for all Australia is about 13 per cent.

Mr Deakin

- Is that an average rate of 24 per cent. for Customs ?

Mr PIESSE

- Yes.

Mr Deakin

- And Excise ?

Mr PIESSE

- The 24 per cent. is Customs only. Of course, these figures would be to some extent modified by introducing the element of Excise ; but I do not know that any modification would alter the significance of the position disclosed. We are virtually in the position that Tasmania has found it necessary to tax more goods than has any of the other States, and she has taxed them more heavily than has any other State for her revenue.

Mr. Kingston. - Tasmania has a surplus.

Mr PIESSE

- Tasmania had a very good surplus last year, and has had a surplus for several years past, but I will show presently that we cannot, even with this surplus, meet the position which is likely to be ours on entering on a uniform Tariff under the terms of the Constitution.

Mr Glynn

- Coghlan gives the average in Victoria, on all imports, as 17. per cent., less stimulants and narcotics.

Mr PIESSE

- I would like to see those figures, because I think that what I say will be found to be correct. But there is another reason why we are in some doubt as to the effect on Tasmania of this uniform Tariff. The consumer in Tasmania is a consumer of certain goods which are not taxed so heavily in the other States. The large item of drink, under all its headings, together with sugar, tea, and tobacco, are the principal items, and there have been great variations in the receipts from those sources. In 1891 there was 12s. 9d. per head of the population collected on the item of drink alone, but in 1895 that had fallen to 6s. 4d. per head. From the whole of the group of items I have just alluded to, there was produced 28s. per head in 1891, and in 1895 only 19s. per head, showing a falling off of 9s. per head.

Sir Philip Fysh

- Last year was better.

Mr PIESSE

- Last year was much better, but I am only pointing out the variation in the revenue-earning power of the taxpayer.

Mr Deakin

- Is that variation not due to mining development in the State?

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Mr PIESSE

- To some extent it is, but I would ask honorable members who are cheering to bear in mind we have been developing our mines since 1891, and the period I have alluded to was in some degree also a mining period, but the development was not carried on to the same extent as it was in 1891. The main point is that, taking the whole of Australia, and asking ourselves what is the average revenue earning power of Tasmania as compared with Australia, we find that Tasmania is likely to produce one-third less revenue on a Tariff bearing equally on all. No doubt the revenue at this particular time fluctuated in all the colonies, but the figures I now give are the result of an examination of statistics for five years, including 1891 and running to 1895. Taking the rich years with the poor years, the average consumption in Tasmania of goods which are taxed to produce revenue is one-third less than is the average consumption of Australia.

Mr Deakin

- Does the honorable member say it is fair to take the five years ?rom 1891 to 1895?Were they not all years of great depression ?

Mr PIESSE

- By no means. I have already shown that so far from the period being one of great depression, it produced one of the largest Customs revenues Tasmania ever received.

Mr Deakin

- The year 1891?

Mr PIESSE

- Yes,1 8 9 1 .

Mr.DEAKIN. - Then there was a steady fall.

Mr PIESSE

- I do not think there was a fall altogether. The first year, 1891, was exceedingly productive, if 1895 was not a very productive year. I have asked for returns on this subject which I hope the House will agree to have prepared, because I am desirous of having this question fully inquired into. I am not putting forward these figures to convince honorable members of the soundness of my position, but rather to lead them to inquire into the subject for themselves. If it be a fact that Queensland is likely to be in difficulties - if it be a fact that Western Australia is likely to find herself in difficulties - if it be a fact that South Australia is likely to find herself in difficulties, and that Tasmania certainly will be in difficulties by the imposition of a uniform Tariff, and by the return to them under the terms of the Constitution, would it not be well for us to take

these matters into consideration and see if some remedy cannot be found? I do not think I need labour this point any further, although I had a good deal to say upon it, but I feel that honorable members, if they will kindly bear in mind what I have said, will derive a great deal more of profit out of their researches than if I had endeavoured to take up their time now in dwelling more fully on the point. There is one objection which I suppose I should be ready to answer. It will probably be said of Tasmania - "Why not set your house in order. Why seek to get special consideration for your State?" Now, there are only two ways in which the house of a State can be put in order financially, either by reducing its expenditure or by putting on other taxes. Now, if we are asked to reduce our expenditure perhaps we should get some information as to whether it is possible to do that by asking ourselves - "Does Tasmanian expenditure contrasted with the expenditure of the other States appear abnormal?" I find that in Coghlan these figures are given. In Tasmania the expenditure on education has been only 5s. 4d. per head of the population, while the Australian average is 9s. 9d. per head. So that I do not think we should be asked to lessen expenditure under that head. We ought indeed, if we can, rather to increase than diminish it. On posts and telegraphs Tasmania spends, according to Coghlan, 8s. 8d. per head; the rest of Australia 11s. 8d. per head. On railways, Tasmania spends 17s. per head; the rest of Australia, 35s. 2d. Our interest on debt charges represent 35s. 3d. per head, the amount represented for the rest of Australia being 40s. 11d. All the other services cost us 30s. 9d. per head, while the cost for Australia on the average is 43s. 5d. per head. There is only one item in regard to which Tasmania can be called extravagant - if honorable members can call her extravagant at all - and that item is the interest account, to which I have already alluded, and which cannot be reduced - the amount of £276,000, which must be provided out of taxation, being the difference between what is earned by our works and the amount of interest which the State has to pay.

Mr Kingston

- The railway revenue compares very badly with the revenue of the other States.

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Mr PIESSE

- Yes. That is admitted by the fact that we have this large amount of interest. I did not think it necessary to "allude to that, because when we have £276,000 of a net interest bill to meet, that of itself is evidence that the railways do not return interest on their capital expenditure. That £276,000 is about one-third of the average annual expenditure for which taxation is necessary. We require, at least, one third of the money we receive from taxes to meet this expenditure on interest. Then it will be said - "If you cannot reduce your expenditure, put on other taxes." But when we come to consider the position of Tasmania, her local taxation, I think, will be found to compare rather heavily with the local taxation of some of the other States. While the State Government has done very much in developing the country by building railways, and bridges, and by constructing roads, the local government of the country has also put a fairly heavy burden upon the local taxpayer. It is a very general thing throughout Tasmania for a shilling road rate to be imposed by the local authorities for the purpose of maintaining their roads. Besides, there are only two sources, I presume, which will occur to the minds of honorable members, from which additional revenue can be obtained, seeing that we are now relieved of the possibility of getting Customs revenue for ourselves - there are only two sources of revenue possible, namely, a land tax, and an income tax. I have already alluded to the income tax. For many years we have had a land tax of a half-penny in the £1, bearing both on the capitalized value of the land and its improvements.

An Honorable Member. - Are there any exemptions under that?

Mr PIESSE

- There are no exemptions whatever. The smallest amount of assessment pays that tax as well as the largest. I was going to say, that when I hear honorable members on my right and in other parts of the Chamber crying out for a federal land tax, I am brought face to face with a great difficulty. There is no one, perhaps, who has been more desirous - and I am speaking of an experience of eighteen years - to see a proper land tax imposed in Tasmania than I have been. From the year 1883, I have been endeavouring to persuade my-fellow colonists of the wisdom of an unimproved capital value tax. I have not been able, unfortunately, to get them to see with me, and I, therefore, make this personal explanation to guard myself against being misapprehended when I say that I cannot see my way to support a federal land tax. Why? Because the revenue from that source is absolutely essential, as I have already pointed out, in Tasmania, at any rate, for the local needs of that State.

Sir William McMillan

- Hear, hear.

Mr PIESSE

- There is the other source of revenue - an income tax. We have an income tax in Tasmania of a partial character, but it is a fairly heavy one, bearing an impost of 1s. in the £1 upon all dividends, without any exemption whatever. If we were to seek to bring into force again the Income Tax Act which expired two or three years ago, and which levied 1s. in the £1 upon all incomes derived other than from personal exertion, and 8d. in the £1 on incomes derived from personal exertion, with an exemption up to £150, there would probably not be raised, even if that heavy tax were imposed, a larger sum than £20,000, in addition to the money already derived from income tax. Therefore, if we were asked to put our house in order, and to levy additional taxation, doubling our land tax, and thus making it a shilling in the pound without exemption, and to raise a further amount from a heavy income tax, we should possibly get about £60,000; whereas if I had time, and could enter into the matter more fully, I could show that the returns we are likely to get from the Customs revenue of the Commonwealth under the provisions of the Constitution will leave us with a deficiency estimated at from £150,000 to £200,000.

Mr Glynn

- Would the honorable member make the necessities of the State the measure of Commonwealth taxation?

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Mr PIESSE

- I am not desiring to do that; but I have so much responsibility bearing upon me in relation to my own State, that it is incumbent upon me to try and bring this Chamber to impose the largest possible amount of customs and excise, in order that the share of my own State may be somewhat approximate to its needs. But I may say that Tasmania is not in the position of having hidden this position until this moment. As the honorable member for Wentworth knows very well, it was put before the finance committee by myself. It was put before the Convention committee by the members representing Tasmania, and it was indeed so far recognised by the Treasurer that he was proposing that there should be, as a minimum secured to every State at least the amount of revenue which it surrendered to the Commonwealth. He made a very strong speech in favour of that proposal, and the honorable and learned member for India supported it. I believe there would have been more said of it when the honorable member for Tasmania, Sir Philip Fysh, again proposed it next day, but that the leader of the Opposition persuaded the present Treasurer that to do so would be to impose an intolerable burden of taxation on the rest of the States. Although there may be objections to it, we know that if the measure of return had been taken to be the necessities of the States there would have been a smaller sum necessary to be raised to meet that position than there will be now if we endeavour to meet the necessities of the States by their revenue-earning capacities.

An Honorable Member. - That would practically continue the bookkeeping method for an indefinite period.

Mr PIESSE

- Of course, I am hoping that this difficulty will not continue beyond five years, but even five years of such a position will produce a very difficult case for many of the States. If that be true, it will mean according to some calculations that Western Australia will have the £2,000,000 less revenue than she needs, or than she has received during those five years.

Sir John Forrest

- Oh!

Mr PIESSE

- The Minister for Defence thinks that a very small sum indeed. I only wish that we were equally able to laugh at such a deficiency.

Mr Deakin

- That goes to the petty cash account in Western Australia.

Mr PIESSE

- I hope the Treasurer will take part in this debate, and I trust that he will give us some indication of how he now views the position. When he submits the first Federal Budget, he will have to consider not only the needs of the Commonwealth, but the needs of the several States. We are reminded of this in the words

which have been put into His Excellency the Governor-General's mouth -

The fiscal proposals of any Government must be largely dependent upon the financial exigencies of the States. The adoption of the existing Tariff of any one of these States is impracticable.

The passage, however, to which I wish to direct special attention reads -

To secure a reasonably sufficient return of surplus revenue to each State, so as fairly to observe the intention of the Constitution, while avoiding the unnecessary destruction of sources of employment, is a work which prohibits a rigid adherence to fiscal theory.

I should like some explanation of these words, for I have been looking through the Constitution, and I cannot find that there is any intention disclosed in it as to what amount should be returned, or even a provision that a reasonably sufficient return should be made. We are told that the surplus revenue shall be returned - that the balance of the revenue shall be returned - but as to a reasonably sufficient return we have no guarantee.

Sir William McMillan

- There is 75 per cent, guarantee under the Braddon clause.

Mr PIESSE

- That refers to another section altogether. The question is the financial assistance which Parliament may grant, upon such terms and conditions as it may see fit, to any State needing that assistance. But there are grave difficulties in regard to which I hope the honorable member for Bendigo will address the House - that is, as to the application of that section. I hope we shall have some light thrown upon it. What is the view taken by the Treasurer as to a reasonably sufficient surplus, and how is he going to make up that surplus? Is he going to ask the several Treasurers of the various States what are their needs, or is he going to take any particular year, or any average of years and say - "You have surrendered so much by entering this Federation. I will build up the surplus I intend to ask for - with the several amounts which each State has surrendered." If he does that, when he comes to distribute it, does he see any possibility of distributing to each of the States the several amounts with which he has built up the necessary sum for which he has to ask this House to sanction taxation? He will find that there is a sum of £360,000 of possible surrendered revenue from Tasmania, and he may include that in building up the amount for which he will ask this House to impose taxation. But when he comes to provide it, will he put down opposite Tasmania £360,000? If he does, all the difficulties will be overcome, but I am afraid he will find that the provisions of the Constitution will not allow him to do any such thing.

Mr JOSEPH COOK

- What does the honorable member mean by "surrendered"? Does he mean money surrendered to the Commonwealth, or merely money not paid to it?

Mr PIESSE

- The power to raise so much taxation has been surrendered to the Commonwealth, and the revenue which was formerly obtained by the States cannot now be raised. What I want to know is, how is the Commonwealth Treasurer to build up his surplus? He must build it up in the way I have suggested. The honorable member for Parramatta takes objection to the term "surrendered."

Mr JOSEPH COOK

- Yes. I do not know how one can surrender a tiling and at the same time keep it in one's pocket.

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Mr PIESSE

- The Commonwealth Treasurer must use these figures. He must show some loss of revenue on the part of the States in order to justify himself in imposing upon the taxpayers of the Commonwealth the large amount of Customs and Excise taxation which I feel sure he will have to impose. I have been asked a question as to the effect of the Braddon provision. That provision merely requires that, of the net revenue derived from Customs and Excise, only 1/4 shall be devoted to Commonwealth purposes; it will not assist the settlement of the question which I have raised. First of all, there will be payable out of Customs and Excise the cost of collection - say £300,000, and if the Treasurer finds that he needs for Commonwealth purposes - defence, payment of departmental officers, and so on - £1,300,000 to comply with the Braddon clause, he will have to raise £3,900,000 in addition to the two sums I have mentioned, in order to obtain 3/4 for every 1/4 which he appropriates for the expenses of the Commonwealth. I think it will be found upon a correct interpretation of the provision in the Constitution, that he will not need to raise 3/4

for every ?1 spent in collecting the taxation. So that, in order to comply with the Braddon provision, he will have to raise in all ?5,500,000. But the honorable member for Parramatta will agree that the Federal Treasurer must ask for even a larger appropriation than that, and I want to know on what basis he is going to ask for it. The honorable member objected to the term "surrendered," but the Commonwealth Treasurer must ask for the money upon the assumption that revenue is required and has been given up by the States. He will have to put down a certain sum for each State, and I ask on what basis he proposes to appropriate particular amounts for the various States.

Mr McCay

- Does the honorable member mean by what he says about a surrender, that the Commonwealth will collect from the people of Tasmania more than it will return to Tasmania?

Mr JOSEPH COOK

- The honorable member talks about a surrender on the part of the people of Tasmania, although they really keep the money in their own pockets.

Mr PIESSE

- Honorable members will have gathered from my remarks that the difficulty is not in regard to the exact justness of the proposal, but is created by the position in which the taxpayer of Tasmania is placed when he is called upon to meet the obligations incurred by his own State. In order to enter the union, we have had to surrender one of our important rights of taxation ; and, being unable to any longer exercise that right, we are driven to seek other means to improve our position. I am afraid that there will be very great difficulty indeed in meeting the position by any revenue which may be raised in Tasmania. I thank honorable members for their patience in listening to me on this subject at such length ; but I hope that they will look into this matter, and see whether there is any way out of the difficulty in which I am sure we shall be placed by the provisions to which I have referred. It will be of very great advantage if the Commonwealth Treasurer is not placed in the awkward position of having continually to look not only to his own affairs, but also to the affairs of every one of the States.

Mr Deakin

- What is the honorable member's suggestion?

Mr PIESSE

- It is a suggestion which has often been made, and is that the Commonwealth should take over as much of the liabilities of the States as will swallow up the surplus, provided that some equitable method can be found for doing this. In this way we shall be able to avoid the necessity of having to reckon with the States on this subject at all.

An Honorable Member. - Repeal the Braddon provision.

Mr Kingston

- That would not enable us to take money from the people of New South Wales to pay the debts of Tasmania.

Mr PIESSE

- I know that there is that difficulty, and it may be that to meet it there should be some alteration of conditions ; we must face the position, because, if we do not, we shall bring some of the States into a situation of grave difficulty.

Mr Glynn

- We could subsidize Tasmania. It was on her account that the provision introduced into the Constitution by the right honorable member for Tasmania, Sir Edward Braddon, was accepted.

Mr PIESSE

- That might be done, but there are other States which are in a similarly difficult position, and they will require consideration. It would be very desirable to relieve the Commonwealth Treasurer as speedily as possible of the necessity for regarding the requirements of the various States, and he will be placed in a very difficult position if he has to be approached by or to make terms for any of the States.

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Mr Deakin

- Are we to take over the liabilities of any of the States without having some of their assets also?

Mr PIESSE

- That is a matter which might be freely discussed. I think that the assets which represent the debts

incurred should be given to the Commonwealth, if conditions can be arranged on that footing. However, I have said enough on the subject to suggest matter for thought to honorable members. I cannot myself propound a way out of the difficulty, but, as I am one of only five representatives of Tasmania in this Chamber, I may be pardoned for having dealt so fully with the subject, and may not be thought to have made too much of Tasmania in doing so.

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Mr POYNTON

- I rise with considerable diffidence to make a few remarks upon the subjects which are dealt with in the Governor-General's speech. I have listened with considerable attention to the speeches which have already been made, and I regret that there has been an exhibition of State jealousy in the utterances of various honorable members which is not conducive to the best interests of federal legislation. I believe that healthy rivalry between the States is a good thing ; but it is a very different thing from State jealousy. I should like to remind some honorable members that it is dangerous for those who live in glass houses to throw stones. It has been said by some of the representatives of Victoria that New South Wales has lived on her birthright, that she has squandered the money received from the sale of her Crown lands. I am prepared to admit that that statement is only too true ; but will not the same remark apply to all the States, and in a worse degree- to Victoria than to New South Wales, because New South Wales has yet a very large remnant of her public estate left, and if her legislators rise to the occasion, they can save it for the benefit of future generations ? It has also been stated that the people of New South Wales have lived on loan money ; but is not the same remark true to a great extent of the other States ? If the amount of money borrowed in Victoria by the Government, by municipalities, by trusts of various kinds, and by private persons is taken into consideration, does not the comparison result unfavorably to the State whose representatives have made it ? In this connexion, I would point out that the tramways of New South Wales are a State asset, while the Melbourne tramways are not. It has been said that the result of this large expenditure of public money has been to give an impetus to trade. Of course, the expenditure of money always does that ; but I would remind honorable members that the £131,000,000 which has been obtained for the gold and mineral productions of Victoria in excess of the amount obtained for all classes of minerals, including coal, in New South Wales, has had a great deal to do with giving Victoria an impetus, and securing population for her. If there is one good thing which the debate on the Address in Reply will do, it is to enable us to know each other. It will also enable the Ministry to know what legislation honorable members think is required, and to ascertain what legislation has a likelihood of being passed this session. Although I sit on the opposition side of the House, I want it to be understood that I am not an oppositionist in the ordinary sense of the term. So far as I can form an opinion, opposition, is to be expected by the Government only upon the fiscal question. I agree with a large number of the proposals of the Government, but I am against them on the fiscal issue. There are no startling declarations of policy in the Governor's speech. That speech is a masterpiece of uncertainty, and is definite only in its indefiniteness. It embodies a policy that can be altered to suit the circumstances. Each paragraph contains what I might term a Ministerial safety valve. I do not complain of the speech in one way. There is certainly sufficient in the bill of fare that has been presented to us to satisfy us for a considerable length of time. But I take exception to its indefiniteness in regard to a number of the greater issues which are to be put before us. The proposals of the Government will, however, undoubtedly take more definite form in consequence of the speeches which have been made during this debate. We have seen confirmation of that prediction already. With the merest flutter of opposition the standing orders were revised, and at a later date were still further amended, in order to prevent discussion ; and we have seen evidence that the Ministry are taking time by the forelock in regard to the question of alien labour, and will revise their proposals so that they may meet the wishes of a majority of honorable members. I once thought that we could dispense, for a time at any rate, with the establishment of a High Court of Justice. I am forced to admit, however, that the more I study the chief sections upon which the Inter-State Commission is to be founded the more am I satisfied that the High Court will be wanted almost, concurrently with the appointment of that body. Those sections, 102 and 106, are going to be a cause of considerable trouble. I was really astonished as I sat here on Thursday last to hear the honorable member for Northern Melbourne saying that he believed there was no necessity to appoint an Inter-State Commission.

Mr V L SOLOMON

- He said more than that. He said the commission would have no power if appointed.

Mr POYNTON

- The honorable member said, if I understood him, that he agreed with the honorable member for South Australia, Mr. Glynn, that there was no necessity for the appointment of a High Court.

Mr A McLEAN

- He said the court would have no work to do, and no power to do it.

Mr POYNTON

- That is what I am coming to.

Mr Glynn

- I have no objection to the High Court, but I want it to be manned by the State Judges to save expense.

Mr POYNTON

- One of the chief reasons why the people of Australia voted so largely in favour of the Constitution was because they were given to understand that within its provisions there was machinery for preventing cut-throat Tariffs in connexion with the State railways. Do honorable members believe for a moment that these rates have been abolished? Do they not know that they are as rife to-day as they were some time ago? Do they not know that under these very proposals the States may frame either differential or preferential rates? Nay, it is absolutely certain that we can stultify intercolonial free-trade by a system of rates such as obtains to-day on some of our railway lines. I believe this applies in most of the States, but certainly in some of them, there are what are termed considerations of geographical position. If this Federation is to be anything worth the name - unless it is to be a mockery and a sham - trade must be permitted to find its outlet in a natural way and not be diverted by a system of rebates, or whatever you like to term them.

Mr Kennedy

- Does that prove the necessity for the Inter-State Commission being appointed at the earliest possible date?

Mr POYNTON

- I am arguing in favour of that. I have said that I was astonished that the honorable member for Northern Melbourne, who is well versed in the law and ought to know what is carried on in connexion with the railways in his own State, said there was no necessity for the appointment of the Inter-State Commission. I find that the railways of Victoria carry coal at one rate when it is imported and have another rate for local coal. Is it not a fact that there is a concession given to the local coal over the imported article? Is it not also a fact that a concession is given to the producer of local wines over imported wines? Let me show how it works out in connexion with coal. Some time ago there was an all-round difference between the coal produced in this State and coal coming from any other State. But now coal going, say to Ballarat, if produced in Victoria, is to be reckoned at a rate as though it travelled via Bacchus Marsh. It thus has an advantage, of some 30 miles over imported coal, which has to be reckoned at a rate as though it was carried via Geelong. As a fact, both these articles travel on the same line.

Mr Deakin

- But the one is a through rate and the other is not.

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Mr POYNTON

- It is a through rate to the advantage of the local as against the imported coal. Then again in connexion with wine there is a great advantage given to the local producer. Here we have differences undermining the very principle of intercolonial free-trade. There is a difference in the rates between the South Australian border and Dimboola. If people want to send their stuff towards South Australia there is a difference of something like 50 per cent, compared with those charged to people who send their stuff from Serviceton towards Melbourne. There is an even greater difference when the Government are trying to draw the border trade. These differences show that there is an attempt being made to draw the trade from the Edwards River, Euston, Balranald, and the River Darling. We have some startling figures in connexion with that. Take the rates to Kerang in this State. We have there a difference of something like 89s. as against 43s. to the advantage of the local men on certain lines, third class, as compared with what is charged on the trade going the other way. That is to say, that if I bought goods in Melbourne to-day, if

they were going to any part of New South Wales, I should get them carried to Kerang at about half the rate that I could get the goods carried, provided I wanted to send them to Echuca or various other parts of the Victorian border.

Mr Glynn

- That would be impossible after the imposition of uniform duties.

Mr POYNTON

- If I understand the question aright, it is possible. I find, in an article I hold in my hand, written by Senator R. E. O'Connor, one of the Ministers in another Chamber, that he says - "The Commission has no right of legislation or control in regard to trade and commerce carried on entirely within the limits of a State." That is his opinion; and it seems to me that there is a possibility under this system of such charges being made on our railways within the States as to practically stultifying anything in the shape of intercolonial free-trade. Under the Inter-State Commission of America such a thing could not obtain. They have on that Commission five members. It would be illegal, according to the amendment of 1887, to carry on the same line goods of the same class and the same character at two different rates. But I am afraid that sections 102 and 106, which specify the financial responsibilities of a particular State which has built railways, and then deal with the question of developing State territory, are going to cause endless trouble ; and the sooner we get to know it the better.

Mr McCay

- It was not Victoria that asked for it.

Mr POYNTON

- I do not know who asked for it. I do not say that this is a Victorian question.

Mr Deakin

- Hear, hear. It is an Australian question.

Mr POYNTON

- What I hold is that any system that is going to divert trade from its natural outlets will have my bitterest opposition so long as I am in this House. As to the question of the public service, I confess that I cannot understand the paragraph in the Governor-General's speech.- It says that the Public Service Bill will be found -

Just in its appreciation of good conduct and ability, and careful to secure the best and most economical results to the public.

Now, it does not follow that the " best and most economical results to the public " are going to result under a full appreciation of good conduct and ability. What does this paragraph mean ? Are we going to abolish what are known as automatic increments ? Does the Attorney-General, who is in charge to-day, tell me that the proposal is to abolish automatic increases ? The honorable gentleman is not prepared to answer.

Mr Deakin

- It would be irregular to answer questions of that sort now.

Mr POYNTON

- I know that automatic increases have their drawbacks, but I dread the time when we shall abolish them. At any rate, up to a certain living wage, as I may put it, there should be an absolute certainty of men advancing without having to get the good favour of any particular head of a branch. It is all very well to say that we are going to abolish political patronage. There is something worse than political patronage ; and any attempt to abolish automatic increases, at any rate in regard to those civil servants who at the start receive less than say £160 to £180 a year, will meet with my opposition. There must be some discrimination shown in the selection of men of brain and long service, but up to a certain stage at least a living wage should protect every employee, so that he may know when he gets into the service how far he can advance in this respect. I am pleased to notice that the site of the federal territory is to be settled at the earliest opportunity, because it is very desirable that we should get into our own home as soon as possible. I am not quite aware whether this matter of the site has to be inquired into by a select committee or a Royal commission of the Commonwealth, or on the recommendation of a Royal commission of the senior State ; but I do know that the sooner we get the question settled the better it will be for the Commonwealth. I trust that when the time comes for administration in connexion with the lands which are to be the gift of New South Wales, and the administration of such private lands as may be required by the Commonwealth, there will be no consent of this House to part with the fee simple.

Mr Deakin

- Hear, hear.

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Mr POYNTON

- I believe that is to be the policy of the Government, and I look forward to the time when from this source alone we shall have considerable revenue, which will not be the case if we start as other Parliaments have started in land administration. In the past we have sold our "birthright for a mess of pottage" and spent the money, as I have no doubt the Federal Parliament will spend the money if it gets hold of it. "If this land was sold to-morrow the proceeds would be spent, and later on the people would be called on to make up the loss by increased taxation ; whereas, if the fee simple be not parted with, there is a possibility of a decrease in taxation through the revenue from the land. I notice something more definite has been said in connexion with the proposal to exclude Asiatics. The exclusion of Asiatics, as I understand the term, does not mean a "white Australia." I understand the Ministry mean legislation that will lock out the Tamil and the Coolie, and keep out not only the kanaka, who, so far as my information goes, is the worst of the evil, being just a beast of burden. But there are Japanese, Javanese, Chinese, and Hindoos, who not only do laborious work, but who get into every groove of business and every form of occupation, and these will have to be provided against if we want a "white Australia." I shall not dwell at length on ' the question of conciliation and arbitration, but merely express the hope that any measure introduced will be compulsory, because unless such a measure be compulsory there will be very little good result.

Sir John Forrest

- The Act is compulsory in Western Australia.

Mr POYNTON

- I hope it will be compulsory and not optional under the Commonwealth, because we have had some experience of an optional Act in South Australia.

Mr Kingston

- That was not the fault of the Legislative Assembly in South Australia.

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Mr POYNTON

- I am not speaking as to the fault of any one. But an honorable member who preceded me hoped the compulsory principle would not be introduced, while I, on the other hand, am expressing the wish that such a principle should be recognised. As to the question of adult suffrage, I notice there are a few honorable members who seem a bit timorous as to the result of such a measure. But I can speak with some degree of knowledge of what adult suffrage has done in my own particular State, South Australia, and I have no hesitation in saying that the tone of election meetings and of elections altogether, and the intelligence with which the women of South Australia use the franchise, show a marked improvement. We are meeting here under a common bond of agreement - or partnership, if honorable members will - and yet members are elected on different franchises ; whereas every man returned to this House should be on an equal footing, which can only be brought about by a uniform franchise, and that must mean adult suffrage. I am afraid the question of old-age pensions is, for the time being, so much "padding." It is very evident, from what the Prime Minister told us the other day, that nothing can be done in connexion with the matter for five years at least, and I am under the impression that it will be ten years before anything can be done. As I understand them, the Ministry take the position that there should be no direct taxation for federal purposes ; and if that be so, I cannot see how an old-age pension fund is going to be established, at any rate, inside five years. It would have been much more honest on the part of the Ministry to set that out very clearly at the very first opportunity. I am sorry the Minister for Defence has been misunderstood in connexion with a statement he made here some little time ago about the transcontinental railway to the West, because I do not think he would come to this place at this particular stage, at any rate, and make a threat in connexion with any piece of legislation. I am not going at length into the question of the transcontinental railway at the present time, because I will have another opportunity to do so later on, but I ask honorable members not to pledge themselves against this particular proposal until they hear something more about it, and until they have more evidence in front of them than they can have at the present time. I know something of the country through which the line will pass ; but at this stage, as I said before, I shall do no more than ask honorable members to keep their

minds free, because later on they will have an opportunity of getting something like reliable information, when of course it will be for them to decide what they will do. The question of penny postage is apparently one to which the Government, if they intend to bring such a system into operation, do not seem to have given much consideration. If I remember rightly, the conference of experts, by whom this question was considered quite recently, proved that under a penny postage there would be a loss of something like £315,000. If we are going to be generous we ought first to be just; and if we have £315,000 to waste in this respect, the Minister in charge of the department can, on looking round, find that many deserving servants have not had the consideration that is their due, that this is one of the worst paid departments in the States. And how is the £315,000 to be made up? We are told that penny postage will bring about an increase of correspondence. Probably it would, but would the increase be of such an extent as to remove the deficit? Do people write letters merely for the sake of writing letters? Let us look at the incidence of this particular question. Whatever deficit there might be would have to be made up out of Customs taxation, seeing there is to be no direct taxation under the Commonwealth. On Coghlan's figures, the average expenditure on posts and telegraphs by the people is about 4s. odd per head per year; so that men and women who now spend probably not 2s. a year in that direction, would have to pay through the Customs in the shape of duties on all the things they eat and wear in order to make up the loss, contributing as much in this way as a large business man who sends his thousands of letters during the same period. The incidence of such taxation would be unfair, and until it can be clearly shown that there is likely to be a very much less deficit, a proposal for penny postage will not have my support.

Mr Deakin

- That loss is only upon the first year.

Mr POYNTON

- We do not know that. The Attorney-General will not dispute that the loss will have to be made up out of the mouths and off the backs of the people.

Mr Mauger

- The honorable member for Parramatta disputes that point. He says it is the exporting nation that pays the toll.

Mr POYNTON

-- We are not talking about exporting nations. The honorable member will not dispute the fact that a deficit in connexion with the proposal will have to be made up by the consumers. The Commonwealth must have revenue, and the only source is through the Customs, and as there are a greater number of mouths amongst the poor they will contribute the greater amount towards the deficit. If the poor used the post-office, that might be a reason for their paying, but they do not use it.

Now there is a question which has not been touched upon in connexion with this debate, and that is the question of economy. Honorable members know that every candidate, when seeking election, every aspirant to federal honours, agreed that whatever the Federal Parliament did, it must study economy. Yet it is a most singular thing that we have had very little reference to that matter during this debate. I believe there will be very great necessity for economy. I believe there will be very great necessity to keep this Parliament under control in regard to expenditure. I believe that unless we are very careful in connexion with the expenditure of the Federal Parliament, we shall raise a very bitter feeling; amongst the States. I would like to ask at this stage whether it is true that in addition to the amount fixed for Ministerial salaries, Ministers are also to receive £400 a year each? In addition to the £12,000 that Ministers divide between them, are they each to receive another £400 a year? This has been published in the press. Now the Constitution provided for the expenditure of £12,000, and I will guarantee that there are very few people who went to the poll in any of the States in connexion with the federal elections who thought that the amount fixed for distribution amongst Ministers would be supplemented by another £3,000. I shall be very pleased to hear from the Treasury benches that there is no truth in this rumour. The same remark applies to other fixed positions given to honorable members in this House. If the salaries are said to be insufficient for the positions, then by all means increase the amount, but let it be understood that the amount named covers the whole of the cost so far as the Federal Parliament is concerned. I wish now to devote a little time to the fiscal question. I find according to the Government, proposals that revenue must be the first consideration; and I would just remind the Ministry that their particular organ to-day has uttered a warning note in that connexion.

An Honorable Member. - Which is their organ ?

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Mr POYNTON

- The Aye. In a leading article to-day the Age lays down practically two principles - first, that there shall be no limit to the protection afforded - that it is to be continuous ; and, secondly, that it is to be prohibitive - that it is to effectively keep out the goods of the importer.

Mr Kirwan

- W - Where are the Government going to get the revenue ?

Mr POYNTON

- That is another question. I refer honorable members to this particular article, and I would like to know whether it is indorsed by the Ministry, because, if it is, I am afraid they will find considerable opposition in this House. In dealing with this particular question we should look at it not from the stand-point of a particular State, not from the stand-point of one class of employers or industries, but from a very much broader stand-point, because there are three parties concerned. There are the primary producers, the secondary producers, and last, but not least, the consumers. I purpose treating the question from that stand-point for a short time, and I have to apologize for ' having to quote some of Mr. Coghlan's statistics. I have heard many times that a prophet has no honour in his own country, but I think we ought to render that proverb differently from this time forward, because we find here that when an honorable member quotes any particular statistics, the statistician's figures are not accepted. We had, only the other day, an instance in which the Ministers occupying the Treasury benches even doubted the accuracy of the figures of their own statistician. I make this apology for the figures I am going to use. They come from that well-known statistician, Mr. Coghlan. First, we find that the total value of products raised within the territory covered by the Commonwealth in the year 1899 was ?112,000,000. We find that of that amount three sources alone contributed something like ?73,000,000. Those sources were agricultural, pastoral, and mineral. The first named contributed ?17,000,000, the second ?33,000,000, and the third ?22,000,000. To these i terns we can add other lines which come within the category of primary products, and we then find that the enormous amount of something like ?83,000,000 was contributed by the primary products of the Commonwealth in the year 1899. On the other hand, we find that the value of secondary or manufactured products was ?28,000,000. It appears to me, therefore, that this question resolves itself into one between these two forces. Are those employed in the primary productions to be penalized for the benefit of those employed in the secondary productions ?

Mr McCay

- Can the honorable member not conceive of a course by which one side will be benefited without injuring the other 1

Mr POYNTON

- I cannot. Can the honorable member show me in what way the miners have been benefited by protection ?

Mr Mauger

-The miners answer for themselves by returning protectionist members.

Sir William McMillan

- Why ?9,000,000 out of the ?28,000,000 of manufactured goods comes from New South Wales without protection.

Mr Mahon

- What about the more intelligent miners in Western Australia ?

Mr POYNTON

- I was going to say that of the ?28,000,000, which represents the value of manufactured goods, ?9,000,000 was raised in New South Wales without protection. We find, also, that during the last twenty years we have exported from 127,000,000to 130,000,000 of bushels of wheat. In what way has protection helped the producer of wheat ? There was a period, I am prepared to admit - on four occasions, I think - when there were imports, although only a very small proportion. Then we find that as exporters of wheat we rank about sixth amongst the exporting countries of the world. T find, also, that of a total production of minerals worth ?64,000,000 for the year 1899, Australia produced 25 per cent. There are something like 107,000 men employed in connexion with our mines. Of the world's production of silver, I find that New

South Wales alone contributed rather more than one-fourteenth. I ask again in what way does protection help such industries? In what way does protection benefit the thousands of men employed in the back "country in connexion with pastoral pursuits ? In what way does it help the farmer? According to the statistics - and I regret very much that I could not get them up to date - in agriculture alone since 1891 there were 310,000 men were employed.

Mr Mauger

- On what wages?

Mr POYNTON

- I have not gone into the question of wages; but if honorable members can show me that protection is helping them, and is not decreasing their wages, I shall be prepared to agree to it.

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Mr Mauger

- I want to know the value of their wage earnings.

Mr POYNTON

- It has been pointed out in connexion with this business that the cost of living in New South Wales is greater than it is in Victoria. Assuming that that were the case, is that a fair comparison to make? Is it not a well-known fact that Over a vast area, such as New South Wales possesses, living is more costly in every way? Even assuming that living were dearer in New South Wales than Victoria, that fact would go for nothing. There ought to be a very great difference. The Attorney-General was credited with having said the other day- "Now is the time to commence protection. We never really have had protection, until the present." Judging by the article which appears in the Aye to-day the Ministry is going bald-headed for prohibition. I want now to refer to a few remarks made by the Attorney-General in 1892 when dealing with the proposed increased Tariff in this State. That honorable gentleman's utterances show that he agrees with me absolutely in my contention that miners do not receive any benefit under protection. Of course, some will say that we create fresh avenues of labour for miner's sons. What is the answer to that?

Victoria has had protection for fifteen years, and yet her factory employees have increased by only 2,4.90 odd men. During the same period there was a natural increase of adult males for work of something like 120,000. The Attorney-General said -

I do not disguise from myself that protection after all applies to a limited number of trades or to a limited number of means of production, and it applies to them only in a certain limited degree.

In speaking of the attempt to introduce prohibition the Attorney-General said -

I view this Tariff with undisguised alarm. Further on he said -

The miners, who have never had any tiling to obtain for themselves from protection, had of course nothing to expect, while the farmers, having obtained all that is possible, will soon be in the same position.

The Attorney-General seemed to be in dread that there would be a rising of the farmers with the miners to knock out protection. He continued -

And what will be the outlook for protection if by our present action we alienate the miners and raise the farmers to revolt, which has been so often threatened ? Will not the people say there is no promise of protection to the miners, that the protection of the farmers has long been fulfilled, and that protection to the artisan seems to have no limit '!

The foregoing extracts from, the speech by the Attorney-General corroborate every word I have said to-day, that protection does not assist the miners.

Mr Deakin

- The duties I was talking of then have since been reduced, as I argued they ought to have been.

Mr POYNTON

- The honorable gentleman further continues - and this probably will pin him -

The protected industries employ, perhaps, 30,000 out of the 50,000 of the employes of the industries included in Mr. Hayter's return. These increased Tariff proposals will not benefit 20,000 even, out of the 30,000.

Mr Deakin

- That was in 1891 or 1892.

Mr POYNTON

- It was in 1892. It has been said that, unless you have protection, and keep out the goods of the foreigner, you bring your own people into competition with the cheap labour of the world. No doubt that is so. But, on the other hand, I ask protectionists to be reasonable in regard to the fixing of the Tariff. I ask them to consider that the vast body of the producers of Australia have to send their productions to the London markets to compete there with the cheap labour of the world, and, in addition to the cost of production, have to pay the cost of export. With regard to the £28,000,000, which is the value of the goods manufactured in these States, I would point out that the market for them is within our own territory. I know something of the hardships which the producers of wheat and other commodities which we export have to suffer.

Mr Mauger

- What quantity of wheat is exported in comparison with the quantity consumed within Australia 1

Mr POYNTON

- The quantity of wheat exported is very considerable.

Mr Mauger

- If the honorable member goes into the figures he will find that the quantity of wheat exported from Victoria is not 15 or 20 per cent of the quantity consumed in Victoria.

An Honorable Member. - Victoria is not all Australia.

Mr Mauger

- It is an important part of Australia.

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Mr POYNTON

- If the protectionists are strong, let them be merciful. As we grow older our exports will increase, and the need for helping the producers of the continent will increase too. Some One has said - " Keep, out the goods of foreign powers ; " but I find, that while our importations from foreign parts has about doubled in the last twenty years, our exportation has increased something like six-fold, so that we have to consider these foreign nations as the great purchasers of our productions. I shall not occupy honorable members' time further. I thank them very heartily for the consideration which they have extended to me, and I trust that when the Government measures are submitted to us I shall be in a position to help them with a great part of their legislation, and especially with their industrial legislation.

SirJOHN QUICK (Bendigo). - I desire at the outset, as other honorable members who have preceded me have done, to express my keen sense of the honour and responsibility which attends membership of this House, and of the great privilege of being permitted to take part in this, the first debate in the history of the Parliament of the Commonwealth of Australia. I also join with other honorable members in the hope that the deliberations of this Parliament will be conducive to the promotion of the interests of the great continent to which we belong, and, in the words of His Excellency's speech, will go far to realize the high hopes of the founders of the union. I have listened with very great interest to the able and comprehensive speeches which have been delivered during the debate - speeches from Ministerial supporters, from members of the Opposition, speeches in favour of protection and against it, and I must acknowledge that I have received a very great amount of valuable information for which I thank those who have contributed to the discussion. Up to the present the rallying point of the debate has been that paragraph in the Governor-General's speech which relates to the fiscal proposals of the Government, but honorable members on the opposition side of the House have been somewhat vague, or at any rate somewhat inconsistent, in their criticisms of those proposals. For instance, the honorable member for Tasmania, Mr. Poynton, seemed apprehensive that we were about to launch upon a policy of fiscal prohibition, while last week a number of honorable members, amongst whom were the leader of the Opposition, and the honorable member for West Sydney, informed the House that they had gathered the inference from this paragraph of the Governor-General's speech that the policy of protection had been abandoned. If honorable members think that the policy of protection has been abandoned I am surprised at the militant opposition which they have shown toward it. They seem uncommonly anxious to kill protection if they can, and their attitude reminds me of the passage in Macbeth -

We have scotched the snake ; not killed it.

While the free-trade leaders have twitted the Ministry with having abandoned protection, they are not at all sure on the point. Having analyzed this paragraph in the Governor-General's speech, I think I am

justified in asking the House to accept the view that no abandonment of principle is to be inferred from it, and that there is nothing in it which is inconsistent with the policy advocated by the Prime Minister in the election campaign which he conducted throughout Australia. Although I had not the pleasure of hearing any of the right honorable member's speeches, I read them very carefully as they appeared. I distinctly remember the views which he then enunciated, and they are substantially identical with those which find expression in the paragraph to which I refer.

Mr Wilks

- Are the remarks of the Minister of Customs consistent with it?

Sir JOHN QUICK

- The paragraph may be summarized in the following statements : - The first statement is that revenue must be provided in order to meet the financial exigencies of the State, and I apprehend that that view will be admitted on both sides of the House.. The paragraph goes on to state that the Tariffs now in existence in the various States of the Commonwealth have given rise to industries of a substantial character. That statement does not look like an abandonment of protection. It recognises the existence of industries of a substantial character which have sprung up under protection, and it goes on to say that any policy tending to the destruction of those industries would be inadvisable. Those are the very words used by the Prime Minister in the speeches which he made in various States. He said that the Ministry would not be a party to any policy that would lead to the destruction or confiscation of existing interests.

Mr Glynn

- That is begging the question.

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Sir JOHN QUICK

- Where is the abandonment of protection in the paragraph ?

The speech goes on to say that fair consideration will have to be given to these factors ; that is, that existing industries must receive fair consideration. The last affirmation of the paragraph is that a Tariff which gives effect to the considerations referred to must necessarily operate protectively as well as for the production of revenue; therefore in the part of the Governor-General's speech which relates to the fiscal policy of the Commonwealth, we have the recognition, first, of the need for revenue, and, secondly, the recognition of existing rights and interests. Revenue must be provided, and it is suggested that it may be raised in such a manner, and subject to such conditions and qualifications, that existing rights and interests will not be prejudicially affected. If such a statement means an abandonment of protection, I fail to understand the meaning of the English language. It may be that the paragraph does not give effect to extreme views upon the subject of protection, and that it does not go in the direction of what is commonly known as protection run mad - an expression suggested by the present discussion, and against which the speech delivered in 1892 by the Attorney-General, and quoted by the last speaker, was no doubt directed. I believe that the majority of honorable members are protectionists, in the sense that they are not prepared to sacrifice or confiscate existing interests and are prepared to give fair and reasonable consideration to those interests and to others. I believe that they are not protectionists of an extreme type, but of a rational character. I have heard it said that the term "moderate protectionist" is objectionable. If it be so, I proclaim myself a reasonable protectionist - not an extreme protectionist, not a protectionist prepared to vote in favour of a duty merely upon the statement of interested persons, but a protectionist willing to conserve rights and interests, and to support and vote for duties which can be vindicated by evidence and by reasonable considerations and the evidence of facts. When the Federal Tariff is brought down to this House, and is being considered in detail, I as a protectionist determined to scrutinize with the greatest care every duty proposed, and to insist upon its vindication by reasonable evidence by the Minister in charge of the measure.

Mr Glynn

- Then the honorable member will have a big contract to perform.

Sir JOHN QUICK

- That cannot be considered unreasonable protection, but a protection which I think can be justified by those who take the view which I suggest should be taken. The leader of the Opposition, although he rejoiced in the belief that the policy of protection had been abandoned by the Government, took the opportunity to have another shot at the Victorian industries. I am sorry that he is not in this place to hear

what I am about to say, because I do not like to speak of a man behind his back. He referred to the Victorian industries as crippled and derelict, whining for mercy. I do not know whether the right honorable gentleman was joking, but I ask if there is anything in the paragraph of His Excellency's speech to which I have drawn attention which justifies the designation of the Victorian industries as crippled and derelict, whining for mercy? I repudiate such a suggestion, and I am sure that every protectionist and every manufacturer in the State will repudiate the suggestion that our industries are asking for mercy. All they want is reasonable consideration and justice, and I am sure that they will receive that at the hands of honorable members. Can it be said that industries which are of such a substantial character as the statistics which have been placed before this House prove ours to be are crippled and derelict. At the present time there are upwards of 63,422 persons employed in manufactories in Victoria. Can the industries which employ these people be fairly described as crippled and derelict? The value of the plant amounts to ?4,632,629.

Mr Glynn

- A million less than that of New South Wales.

Sir JOHN QUICK

- The buildings and improvements amount to ?4,471,698. I am referring to the protected industries of Victoria, which have grown up under the assistance of the State. I have not referred to the total number of industrial workers in Victoria. They amount to 167,541, whereas the total number of industrial workers in New South Wales amounts to 140,451.

Mr Glynn

- The value of the plant is higher in New South Wales.

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Sir JOHN QUICK

- These figures show that the industries which have been so lightly and so airily referred to by the right honorable gentleman, the leader of the Opposition, in his very interesting and valuable speech, are more substantial than he would have led the House and the country to believe. The right honorable gentleman made other statements which at the time sounded very forcible, and seemed to have some effect. After thus disposing of Victorian industries, which really constitute a very important part of the national assets of the new Commonwealth, and as such cannot be lightly disregarded, the right honorable gentleman went on to challenge the capacity of the Prime Minister and his colleagues to deal with questions involving industrial considerations.

Mr McCay

- He said they were not capable of doing it.

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Sir JOHN QUICK

- The right honorable gentleman asked - "What does the Prime Minister know about the development of the resources of this mighty and mysterious continent?" and he had the justice to say also - "What do I know of it?" The assertion involved in that question shows a very limited view of the duties and responsibilities of a Minister of the Commonwealth. I consider that a Minister of Australia ought to know a great deal about the resources of the continent, and the possibilities of their development. He ought not merely to depend upon secondary information, but should take the trouble to investigate the resources of the continent, and place himself in possession of the latest available information relating to them, so that he may come down to this House as an authority able to make and support propositions which shall command respect. When the Chancellor of the Exchequer in Great Britain brings down his Budget statement, he meets the House of Commons as the best informed man in the country upon the subjects with which he deals. I apprehend that when the Minister for Customs, who is engaged in the preparation of the Tariff - one of the most onerous works that can be undertaken by any man - comes down to this House with his proposals, he will be the very best informed man on the subject in Australia, and will be able to speak with authority, and to justify and vindicate every proposal he submits. He will not merely make propositions in the shape of parrot-like repetitions of the statements of other people. The remark of the leader of the Opposition, to which I have alluded, will not therefore bear the test of logical analysis, although it sounded very well at the time. A number of arguments were brought forward by other honorable members in favour of and against the principle of protection. These demand a little

consideration. I have noticed that since the speeches of the honorable member for South Sydney and the honorable member for West Sydney were delivered, there has been quite a flutter in the freetrade camp. Honorable members opposite have been rejoicing at the splendid hits and points made by those two speakers. I admit that at the time they advanced arguments which appeared to have a veneer of plausibility, and made points which would probably be effective upon the platform until refuted. But they were points which, on being examined, lose a considerable amount of the weight they suggested. For instance, one of the honorable members said - "Freedom of trade is a normal, natural, and equitable condition." What proposition could seem more plausible than that? It would sound well on a platform to say that the "normal, natural, and equitable condition" of a country is free-trade. But is that so? Will that proposition, when examined, stand analysis - at any rate, coming from a labour member? What is meant by a "normal condition"? Does the honorable member mean peace or war? Is freedom of trade justifiable in peace or in war? Probably the honorable member for West Sydney would say "in peace." But what about war? Can any honorable member justify the application of the principle of free-trade between two countries at war? I apprehend not. The history of our civilization would negative a proposition so palpably absurd. There can be no freedom of trade between nations at war with one another. The politician would be a madman who would propose freedom of trade between two communities at war with one another. By war in this sense I mean naval and military war. But is there not other warfare besides naval and military warfare? What does the history of the last 50 years of civilization consist of? It shows that the nations have been constantly engaged in commercial warfare - a warfare quite as destructive and implacable in its character as is the war of arms.' As politicians we have to face existing facts. We have to deal not with an ideal state of society, and with conditions of peace, but with society and civilized nations as they are at the present time. At the beginning of our Commonwealth we find nations all over the world engaged in war with one another. One of the characteristics of this age is commercial warfare of the bitterest and most destructive character; and within the last few years that warfare has become so keen that it is at last attracting the attention of English statesmen who have hitherto been regarded as free-traders of the most uncompromising character.

Sir William McMillan

- Does the honorable member mean to say that that is a good state of affairs?

Sir JOHN QUICK

- I do not say that it is, but I urge that Parliament must deal with existing circumstances. As practical politicians we must cope with the state of things that we find existing in the world. Let honorable members listen to what Lord Rosebery said in a recent speech delivered at Wolverhampton, in March, 1901. It was at a meeting of Chambers of Commerce. He there drew the attention of commercial men to the fact that, according to all appearances, the history of the beginning of the twentieth century would be characterized by a commercial 'warfare of the most destructive and uncompromising character, and that was a circumstance in the condition of the world it would be impossible to ignore. I congratulate the honorable member for West Sydney upon the lucid character of his speech, and upon the admirable way in which he marshalled his arguments; but if freedom of trade is the "normal condition," what about freedom of contract? The honorable member, in an earlier part of the same speech, said that he would lay himself out to support any proposal dealing with subsidies to the mail companies, and inserting a condition in their contracts preventing them from employing coloured labour. Where, then, is the honorable member's freedom of trade? He practically advocates the restriction of trade in every shape and form that will benefit labour. I rejoice at that, yet I have a right to point out the inconsistency of the honorable member in saying that he supports freedom of trade as the normal condition of civilized life, while, in the same breath, he says that he would prevent freedom of trade by imposing conditions restricting the owners of steamers from carrying goods on ships in which coloured labour is employed. Again, is not the honorable member in favour of what is known as compulsory arbitration for the fixing of the wage which the labourer is to be paid for his work? Is not that one of the planks in the labour platform which the honorable member supports?

Legislation of that character exists in this State of Victoria under our Factories Act in a form probably as operative and effective as in any part of the world. The honorable member is in favour of compulsory arbitration, of preventing the employment of coloured labour on ships, and he would, if a true labour representative, vote against the use of all prison-made goods in this country. He would vote against the

importation of goods made in foreign countries by convict labour, or made by coloured labour of any description. Where, then, is the logic in the honorable member's freetrade 1 Yet the honorable member in his very fine speech undertook to demonstrate that he, as a labour representative, was an exemplification of the fact that free-trade was acceptable to the labour party ! Further, I would ask the honorable member for West Sydney and the leader of the Opposition whether, as free-traders, they are in favour of differential railway rates - whether they are in favour of allowing trade and commerce to flow towards the nearest geographical points.

Sir William McMillan

- Of course they are.

Sir JOHN QUICK

- If the honorable member for Wentworth is a true free-trader - and I have no reason to doubt his assertion in that direction - I ask why he, as one of the most prominent politicians of New South Wales for years past, has justified and supported a system imposing differential railway rates in order to attract and run to Sydney trade which, if left alone, would flow to Melbourne.

Mr BRUCE SMITH

- The Railway Commissioners of New South Wales are free from political influence.

Sir JOHN QUICK

- That argument will not hold water. Those differential rates, I find from an official return, began to be imposed by the New South Wales Government as far back as 1883 or 1884, immediately after -the New South Wales railway system was extended to Albury.

Sir William McMillan

- Does not the honorable member, by that admission, confess that the differential rates were not for the purpose he indicates, but for opening up the country of New South Wales ?

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Sir JOHN QUICK

- I do not wish to take up too much time in elaborating these illustrations of inconsistency, but it can be proved by documentary evidence that those differential rates were not imposed by the New South Wales Government for the purpose of opening up the country, because at the time the whole of the trade went along the Victorian Railways at ordinary rates, without the intervention of any preferential expedient: whereas, as soon as the New South Wales railways tapped the Murray at Albury, the Government of the State began to impose preferential rates to attract the trade to Sydney.

Sir William McMillan

- That is another question.

Sir JOHN QUICK

- Is that free-trade ?

Sir William McMillan

- No.

Sir JOHN QUICK

- Although there may be certain conditions under which freetrade is possible and justifiable, there are natural political limits to the conditions under which it can exist. Free-trade can and ought to be allowed to exist between the various members of a political community; but, as between two political communities, or between two groups of political communities, I contend that free-trade cannot with justice or with expediency exist as a normal condition, unless those two communities occupy substantially uniform political and economic positions. There must be some approximation towards uniformity of conditions -
-uniformity of opportunity, and uniformity of labour and remuneration of labour.

Mr Deakin

- Community of interests, too.

Sir JOHN QUICK

- Community of interests, too; and unless these conditions exist it is absurd for the honorable member to come down here with such lofty generalizations as the one to which I refer, namely, that free-trade is a normal condition. Another generalization, equally attractive on the face of it, was one, I think, made by the member of South Sydney, to the effect that freedom of trade was a logical corollary of every other form of freedom.

Sir William McMillan

- Hear, hear.

Sir JOHN QUICK

- The honorable member says "hear, hear," and no doubt such a generalization would go down well at a public meeting. But is it the fact? How from other forms of freedom can you deduce freedom of trade? Can you deduce freedom of trade from freedom of thought? Can you deduce freedom of trade from freedom of religious belief and religious worship? What form of freedom can you deduce from the inference that there ought to be freedom of trade?

Sir William McMillan

- Noninterference by Government, at all events.

Sir JOHN QUICK

- No such deduction as that can be drawn. Freedom itself is no doubt a very good thing, and we all like it and enjoy it. But freedom in any form - however much we may enjoy it when we can get it - is subject to a supreme law, that supreme law being the interests of the State - the interests of the Commonwealth. All forms of freedom - freedom of speech, freedom of action, freedom of contract, freedom of trade - must be subordinated to the highest law, the supreme law of the interests of the State and of the Commonwealth.

Sir William McMillan

- What about principles of justice?

Sir JOHN QUICK

- I am not talking about principles of justice, but about the principles of freedom of trade, and I say the highest form of justice is that which recognises the justice due to the Commonwealth, which represents the whole of the people.

Sir William McMillan

- But not a minority.

Sir JOHN QUICK

- Justice, not to a particular section of the people, but to the whole, considered as a whole. We have heard a great deal about free-trade England and, in order to widen the description of the mother country, - free-trade Britain. We have heard free-trade Britain praised, as we all rejoice to hear her praised - "The dear old mother country," as the member for Swan calls it. But at the same time, let this point be considered. Why has Great Britain adopted free-trade within the last 50 years? Because it paid her to do so. Time was when it paid Great Britain to adopt protection. For all the years before 1846, the protective system prevailed in the mother country. But it suited the interests of the mother country in that year to change her policy and go in the direction of free-trade. Why? Because she had exceptional opportunities and exceptional resources.

Mr Mauger

- And no competitors.

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Sir JOHN QUICK

- And no competitors, the result being that England was converted into the great workshop of the world. She laid herself out to supply the world with manufactured articles, and other parts of the world were either so deficient in resources, or so lacked the means of production, that the mother country was able to supply customers with manufactured goods in all parts of the world. While England was building up this manufacturing supremacy, of which she is so justly proud, other nations were not able to join in the great work of competition. America was engaged in her civil war; Germany was engaged in wars on the continent; and Russia and other continental nations were not able to join in the struggle for manufacturing and commercial supremacy. But note the great difference which has taken place in the complexion of the affairs of the world during the last half of the reign of our late Queen Victoria. Those other nations, which were for so many years customers of the great English workshop, have been setting up workshops of their own, and have started to attend to their own requirements, with the result that the productiveness of the English workshop is not so great as it was before those countries began to supply themselves. I remember reading a passage in the Times newspaper, which summarizes the great change which has taken place in the position of England as a manufacturing and producing country, and the great change in public opinion in the direction of opposition to free-trade and freedom of

action generally within the last few years. This passage is well worth recording, and will probably in years to come become a classical quotation, as showing the change in public opinion and the trend of events.

The passage reads : -

The great movements of science and industry exhibit a continuous and intelligible progress, but our laws for a series of years seem based upon exclusive devotion to one idea, and for the succeeding series upon equally one-sided faith in another. The reign of Queen Victoria shows the pendulum at each end of its arc. In the earlier years we were all for free-trade and free action and individual initiative ; now we are just as hot upon universal interference and State initiative.

That is from the Times, and summarizes the history of the last century. It is a calm judicial view of the trend of public opinion, and we should be unjust to ourselves and should not do full justice to the sense of the Times if we did not recognise those great world forces.

Mr Glynn

- The Times is fighting against the increase of indirect taxation.

Sir JOHN QUICK

- Another quotation which I would like to give-

An Honorable Member. - Ancient history.

Sir JOHN QUICK

- This is not ancient history, but a quotation from the Times in the shape of a letter from Mr. J. H. Howard, of the Castle Green Engineering Works, Bristol, dated the 11th June, 1901. Referring to the competition which freetrade England was incurring in quarters where she used to have good customers, Mr. Howard says -

Now, the fiscal policy of the United States, however much it may be held to sin against economic orthodoxy, has served its purpose, and by excluding foreign productions with a high Tariff, while preserving Inter-State free-trade, has encouraged and enabled the American manufacturers to safely lay down huge and perfectly equipped plants for producing, specializing, and standardizing on the largest scale for the supply of the wants of 80,000,000, rapidly increasing, of the most prosperous and voracious consumers the world has ever seen, and, in consequence, the cost of production in every branch has been, or can be, reduced to a point far below anything we have achieved or can hope to achieve, so long as our output is, as it must be, on a smaller scale than theirs.

Mr Deakin

- " We" means Great Britain.

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Sir JOHN QUICK

- Yes, and that quotation shows the falling away from the free-trade ideal. Another quotation which I would like to present to the House, as showing the trend of events in free-trade England, is from the Times of 19th April, 1901. This is a most valuable contribution to the question of the progress made by free - trade England within the last few years, and as showing how far she has been able to hold her own against the rest of the world. It may be very unpleasant to have to quote these opinions, and I can assure honorable members it gives me no pleasure to quote anything showing a decline of British trade. But as we are challenged by our friends of the free-trade party to look at how England has progressed under free-trade, and as we are told that Australia ought to adopt the same system, we must deal with the evidence as we find it. I will give a quotation which only reached this State yesterday, regarding British manufactures in France. The Times weekly edition of April 19 last says -

Mr. Warburton,

our Consul in La Rochelle gives a gloomy account in his last report on his district of the trade there in British manufactured goods, which he describes as a negligible quantity. Last year there were a few good orders for certain tools employed in shipbuilding, because of the French shipping and navigation bounties. At present the demand for these heavy machine tools is not sufficiently regular to make it worth while to make them, in France; but if ever it becomes permanent the trade would cease, for then French firms would make them in order to save the duty. This is the case now in nearly all instances in which British manufactures still find a market in France. They cannot under the existing high duties compete with French goods when once a native firm finds it worth while to lay down machinery and make any particular article in the country. Hence British manufactured goods are being less sold year by year, and

fashion has much to do with those which still hold their ground, and there is not much chance of a change for the better, as there is no probability of a reduction in the present high duties. At the same time that our imports are diminishing -

And I invite the attention of labour members to this passage -

German goods seem on the increase although the same custom rates are levied in both cases. This is probably because their workmen are content with lower wages for longer hours, so that the first cost is cheaper, and articles of low grade quality sell on account of the price. The United States of America continue to beat British exporters out of the field in light agricultural implements, shop tools, and lathes, in spite of the higher wages they pay for labour and the greater distance they have to send their goods. The Vice-Consul at Nantes writes in much the same strain. He advises British merchants to look further afield than France, for home production there is now protected to such an extent that former customers are now competitors in foreign markets. From St. Nazaire also the report is that coal is the only thoroughly satisfactory trade left with that part of France, for nearly every other outlet for British goods is being slowly but surely closed by the ever increasing customs Tariff.

There is an example of free-trade England.

Mr Glynn

- Her trade has doubled in forty years and is now ?800,000,000 per annum.

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Sir JOHN QUICK

- As another example of the change in the trend of public opinion in free-trade England, I invite the attention of the House to two facts of recent date. The one is that recently duties were imposed upon cotton imported into India. Those duties were imposed for the purpose of raising money for the Indian revenue. The manufacturers of England raised the cry that they were protective duties in favour of the Indian manufacturers, and the consequence was that the Indian Government were appealed to, to put on excise duties almost equal to the import duties. The obvious reply was this - that if an import duty was a protective duty for the benefit of the Indian manufacturers, then also an excise duty was a duty for the benefit of the English manufacturers. That piece of legislation was sanctioned by the Imperial Government, although it was brought under the attention of the Secretary of State for India. On behalf of the Imperial Government those import and excise duties were sanctioned. But a more conspicuous and important illustration of the recognition, of protective duties by the British Government is found in the fact that recently the Indian Legislature passed laws for the imposition of duties on imported sugar as countervailing duties to the bounty-fed sugar of the continent. Those countervailing duties were imposed by the Indian Legislature expressly for the purpose of protecting the Indian manufacturers and growers of sugar against unfair foreign competition. Those countervailing duties were afterwards brought under the attention of the Imperial Government by the free-traders of England, who considered that they affected the principle of free-trade, and Lord Hamilton was invited to veto them. He refused to interfere with the action of the Indian Legislature in imposing the duties for its own protection. He considered that that Legislature was justified in imposing duties in order to enable the Indian manufacturers and the Indian sugar-growers to compete with the bounty-fed sugar of the continent. "What do we find also in the recent budget - the budget brought in by Sir Michael Hicks-Beach only a few weeks ago ? "What do we read there about the duties on sugar 1 The duty on refined sugar was fixed at 4s. 2d. per cwt. in that Budget, with a gradually diminishing scale of duty upon the raw sugar, it being recognised, as was immediately pointed out by the German traders and the German press, that that diminishing duty on the raw material was a distinctly protective duty in favour of the English refineries. The fact is that although free-trade may sound very well in theory and under certain conditions, there is no absolute finality in the teachings of political science on this branch of the question, and I hope that one may be considered respectable even though he be a protectionist, and even though his protectionist views may be inconsistent with the fashionable views in free-trade circles and in the free-trade camp. Another argument advanced by some of the speakers who addressed the House last week was to this effect : that no philosophical writer of importance, or significance, or repute, has ever supported or vindicated the principle of protection to native industries. That would be a very startling proposition, if it were true. No doubt it would take well at uninformed public meetings. It would have a very telling effect among even reasonable, moderate protectionists. But what do we find ? I saw an article in to-day's Age in which this branch of the subject

was dealt with to some extent. The point has been dealt with very successfully by the printing of a list of the names of writers of repute in various countries who have vindicated the principle of protection. I do not wish to give the House the list in detail, but I invite the attention of honorable members to one respectable writer, namely, John Stuart Mill. He was, I think, considered a writer of repute in his time. He says- -

There are certain conditions under which protection may be justified. The only case in which, on mere principles of political economy, protecting duties can be defensible, is when they are imposed temporarily, specially in a young and rising nation, in hope of naturalizing a foreign industry, in itself perfectly suitable to the circumstances of the country. The superiority of one country over another in a branch of production often arises only for having begun it sooner. There may be no inherent advantage on one part or disadvantage on the other, but only a present superiority of acquired skill and experience. A country which has this skill and experience yet to acquire, may, in other respects, be better adapted to the production than those which were earlier in the field ; and besides, it is a just remark of Mr. Rae, that nothing has a greater tendency to promote improvements in any branch of production, than its trial under a new set of conditions. But it cannot be expected that individuals should, at their own risk, or rather to their certain loss, introduce a new manufacture, and bear the burthen of carrying it on until the producers have been educated up to the level of those with whom the processes are traditional. A protecting duty, continued for a reasonable time, will sometimes be the least inconvenient mode in which the nation can tax itself for the support of such an experiment. But the protection should be confined to cases in which there is good ground of assurance that the industry which it fosters will, after a time, be able to dispense with it ; nor should the domestic producers ever be allowed to expect that it will be continued to them beyond the time necessary for a fair trial of what they are capable of accomplishing.

Is not that what we all say?

Mr BRUCE SMITH

- The honorable member ought to read his authorities before he goes into court.

Sir JOHN QUICK

- I think that as a reasonable protectionist I can accept the proposition that protection, judiciously applied, will enable manufactures that we have a reasonable expectation of being established, to grow and acquire strength and virility, so that in time they will be able to support themselves without a duty. That is the principle that I justify, and that is why I mentioned this passage. There are other passages in the same work which may be referred to by honorable members who wish to follow up Mill's argument. Here, then, is a refutation of the statement made by the honorable member for West Sydney that no author of any repute or world-wide reputation had ever suggested the possibility of protection being justified. But there are other authorities. Another suggestion is that protection, in order to be effective, must prohibit or exclude. I deny that. It is not necessary that protection, to be effective, must prohibit or exclude. I would not be prepared - I say it without any hesitation - to advocate any system of protection that could be described as prohibitive or exclusive. It would not be protection then - it would be prohibition. It would be going beyond the legitimate range of the principle which I am advocating. But it is asked - " How can protection be effective without being exclusive?" It can be effective in this way : A moderate duty may be imposed for the purpose of limiting the volume of specific imports. The higher the duty, the greatest the tendency to limit the natural volume, and so on up to the prohibitive or exclusive point; but an import duty, whilst tending to limit and reduce the volume of given imports, will not absolutely exclude. That is the principle which I apprehend should be taken into consideration in the framing of our federal Tariff. It has been said by one speaker that protection in Victoria has been a failure ; and I am sorry that he went on to call it a sham. That was rather a harsh word to use respecting the policy which has built up our great national industries.

Mr BRUCE SMITH

- He judged it by its results.

Sir JOHN QUICK

- The policy of protection has received the support of the statesmen of Victoria for the last 25 years.

Mr Higgins

- And is still receiving that support.

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Sir JOHN QUICK

- It is still supported by the best men in Victoria, and even by men who, I believe, are as good free-traders as any of those who come from other parts of Australia. I take this opportunity to quote a passage from an address delivered by an eminent free-trader, Mr. Robert Reid, the President of the Melbourne Chamber of Commerce, to that body last year. Mr. Reid said -

Free-trader as I am, I would be no party to the taking away of the measure of support upon which these industries have been encouraged to lean, and on which they are at present leaning. They are stronger to-day than they have ever been in our history, and, with the larger market of our continent open to them, I think we may rest assured of a steadily growing prosperity for them. Such Tariff should be imposed as will be certain of producing an ample revenue for the wants of the Commonwealth, and at the same time will help to sustain industries that have already been built up under the present system, as well as any natural industry which gives reasonable promise of success in the future such, for example, as the iron industry now commanding attention in New South Wales.

That is my reply to the allegation that protection has been a failure and a sham in Victoria, and should, therefore, be abandoned.

Mr Mauger

- That is the testimony of one of the leading free-traders of Victoria.

Sir JOHN QUICK

- I believe that Mr. Reid boasted during his campaign that he was the last of the free-traders of Victoria. At any rate, I can say that he is a very staunch free-trader, and a straight and honorable man ; and his evidence ought to be received with respect by free-traders in all parts of Australia.

Mb. Bruce Smith. - His evidence is against the honorable member's contention. He says that these industries are still leaning.

Sir JOHN QUICK

- I shall now refer to an argument which has been adduced in support of the contention that protection has been a failure in Victoria. It has been said that there has been no increase in wages here, and that we have been forced to constitute wages boards and to pass factory legislation.

Mr J C Watson

- It would be a good thing if New South Wales would do the same.

Sir JOHN QUICK

- Are those facts necessarily consequent upon the adoption of the protective system ? I am not sure that protectionists have contended that the adoption of their policy will necessarily increase wages. What they contend is that protection, judiciously applied, will tend to provide work for the people of the country, by permitting and stimulating the development of local industries and keeping money in the country. Protectionists do not guarantee that wages will be kept up by the adoption of their system, because the price of wages is regulated by other considerations and conditions. Lowness of wages occurs in protected countries just as in free-trade countries, and factory legislation, and legislation for the protection of the worker by regulating his hours of labour and the amount of remuneration to be paid for it, is as necessary in free-trade as in protectionist countries.

An Honorable Member. - More necessary.

Mr Glynn

- The people of Victoria first discovered the need for such legislation.

Sir JOHN QUICK

- Whether wages in Victoria be low or high - and I am not prepared to admit that they are low - their condition is not to be attributed to the adoption of the policy of protection. I believe that our factory legislation and our laws for the regulation of wages are very valuable laws, and laws which exist in the interest of the whole community - laws which no reasonable man who sympathises with the workers could oppose. But it is not fair to say that the need for these laws has 'been created by the adoption of protection. Such laws are needed everywhere, and the tendency of modern times is to pass legislation of that character. Laws regulating wages and conditions of labour were applied in this country in mining occupations long before they were applied to factories, and they were found to work so well, and to so largely tend to the improvement of the condition of the workers, without impairing their efficiency or interfering with the rights of capital, that they were subsequently extended to factories. There are very few

people in this State who will find fault with these laws, so long as they are judiciously and fairly administered.

Mr Chapman

- If we had such laws in force in New South Wales to-day we might not have had the disastrous strike which is now taking place there.

Mr Mauger

- And ferry-boat employes in Sydney harbor would not be working for 70 hours a week.

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Sir JOHN QUICK

- I must confess that I have been rather astonished at the peculiar attitude of free-traders. They seem to be always harping upon the necessity of buying, importing, and consuming, and they never seem to be anxious about producing, selling, and exporting. But does the wealth of a community depend upon its buying, its importing, its consuming ? In my opinion, the test of national wealth is rather the productive power of a nation ; its capacity to produce and to develop its territory so as to equip itself with necessary purchasing powers. I should like to shortly indicate the lines upon which I desire to see the federal Tariff drawn. I agree with other speakers that this discussion may assist honorable members and the members of the Government, and I am sure that the Commissioner of Customs will be very glad to receive from a friendly quarter a suggestion intended to assist him in his herculean task.

Mr Kingston

- I shall be glad to receive suggestions from any quarter.

Sir JOHN QUICK

- I think that the focal proposals of the Government should be divided into three parts. In the first part there should be what may be called the free list. The second part would consist of a list of revenue duties pure and simple, while the third part would consist of a list of duties having a dual function, being partly protective and partly revenue producing. During the whole of this debate, free-traders seem to have ignored - I do not say intentionally - the free list feature of a protective Tariff. A discriminating protective Tariff with a free list of the length and volume which we are prepared to support, will, I firmly believe, allow a greater volume of free-trade than a revenue Tariff of the kind which honorable members opposite are prepared to support. Judging by our experience of these matters in Victoria, it is not altogether hopeless to expect that £20,000,000 worth of our import trade of £32,000,000 or £34,000,000 will come under the free list.

Sir Philip Fysh

- £14,000,000, I think.

Sir JOHN QUICK

- I have worked it out in conjunction with others, and I think it is quite possible that a free list of the dimensions I have stated may be inserted in a discriminating protective Tariff. It is absolutely certain from the debates which have taken place that the free list which may be expected from the Government will be longer and of a greater volume than the free list which might be expected from the adoption of a purely free-trade Tariff. I would like the country to understand that, although we as protectionists are desirous and most anxious to promote a policy which will develop the resources of the Commonwealth, and provide work and employment for capital, at the same time keeping money in the country as much as possible instead of sending it out, still there will be a greater measure of free-trade under the policy which we are prepared to support than there would be under a purely revenue Tariff. There are, however, two or three omissions from the Governor-General's speech to which I should like to direct attention. No reference is made to the constitutional powers given to the Commonwealth to assist the development of Australian productions. This Parliament is given, by section 90 of the Constitution, great and valuable powers which may be used to the benefit of the people of every State in the Commonwealth. It would be almost impossible to over-estimate the value of our powers in regard to the granting of bounties for the production and exportation of goods. Great as is our control over importation by the imposition of customs and excise duties, the power to which I refer is even greater. The honorable member for Gippsland has properly drawn attention to the fact that no mention has been made in the speech as to the manner in which this power is to be exercised, and I think that it will soon be necessary for the Government to indicate how it is to be exercised. Immediately a uniform Tariff is imposed, the granting of bounties for the

production and export of goods becomes exclusively vested in the Commonwealth, and all laws of the various States relating to the subject are abrogated, except so far as they affect contracts made before a certain date.

Mr Deakin

- The 30th June, 1898.

Sir JOHN QUICK

- Under the laws of Victoria, bonuses are being granted to assist and encourage a number of very valuable and useful rural industries.

Mr A McLEAN

- With excellent effect.

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Sir JOHN QUICK

- Yes, and I think that steps should be taken to give the Parliament of Victoria power to continue those bounties, or the Federal Government should undertake the duty. Probably it will be more desirable for the Federal Parliament to reserve the supreme supervising control, because it is desirable that there should be uniform legislation in this respect, and that there should not be a number of diverse bounty laws in operation in the various States. It is quite possible that they may be made to work harmoniously, but a competition between the bounties granted by the various States might arise. Hence the Federal Government should legalize, by an Act of Parliament, the existing bounties, and at the same time take into consideration others which may be equally desirable. I should also like to draw attention to the fact that no reference has been made in the Governor-General's speech to contemplated legislation in the direction of the external expansion of the Commonwealth. "We have* great deal of power over trade and commerce but we also have power over external affairs. This power enables us to be represented, not only in London by a High Commissioner, but in all parts of the world. I trust that this Commonwealth will pose largely before the world by means of its .representatives. I hope we shall not content ourselves with being represented by a<n ambassador in London, exercising' ornamental as well as useful functions, but -that we shall also have working -agents for commercial purposes in every great civilized country in the world - agents who will be on the watch for Australian interests, on the look-out for markets for our trade 'and commerce, who will study, the development of manufactures, science, and art in foreign countries, and will report speedily to the Federal Government whenever in their judgment it is possible to extend our enterprises abroad. This point is very important. I feel impressed with the necessity of Australia being represented in the great capitals of the world. There ought not to be a mere Representation of the various States in their separate capacities. I know there is a tendency on the part of the various States to retain their Agents-General, or convert them into general agents. While I sympathize with their motive in that direction - I presume that the object is to attain some degree of State individuality or State autonomy - I am afraid that if the States are allowed to 'retain their separate representation in London-

Mr Kingston

- Can we prevent that ?

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Sir JOHN QUICK

- We cannot prevent it; but we can take action which may in some degree :check it. Unless the 'Commonwealth is represented in the way I suggest, there is a great danger of each State setting up its own commercial agencies in London and elsewhere. The consequence will fee that we shall have various commercial agents competing for trade one against another, probably with results prejudicial to Australian trade generally. In matters relating to 'trade and commerce and the external representation of the Commonwealth, we ought to have an unified, consolidated representation in London, and proper commercial agencies in various parts of the world. We should have them not only in the principal European countries, but in such places as the Philippines, New Caledonia, China, Japan, and Siberia. They should be properly equipped with powers, authority, and status from the Federal Government. They might thus do a great deal in the way of promoting Australian interests and trade. As an example, I saw a recent statement in. Sell's Commercial News relating to the opening up of Siberia by a great railway. The writer mentioned that the American .manufacturers had already commenced to send agents along that

railway across Asia and into the centre of Siberia in search of outlets for American trade and commerce ; but he pointed out at the same time that not a single commercial agent from any British community had been there. The same may be said with regard to the Pacific. It has been well said that the history of the 20th century will be marked by the growth of 'civilization in the Pacific, and the continents washed by the Pacific Ocean. In the growth of that civilization and in the spread of commerce naturally and necessarily associated with it, I trust Australia will be well to the front. Australia will not have a large share in the work, however, unless she shows enterprise and adopts a forward policy- - a policy of progress and initiation. If we sit at home and fight about free-trade and protection alone, while other nations are opening up trade and securing the markets, we shall not occupy the position we ought to occupy. I hope, therefore, that without any delay action will be taken in the direction I have referred to. I should like to mention one other subject which has been omitted from the speech - I refer -to naval defence. Defence has been generally referred to in the speech, but there is not a word about naval defence. With regard to the military forces, I concur with the principle which has been suggested, but 'I hope that my right honorable friend, the Minister for Defence, in drawing up his scheme will take into consideration three factors and will utilize them. The first factor is the cadets, the second -is the fire brigades, and the third the rifle clubs. No One could have witnessed that magnificent spectacle at Flemington, when our troops were reviewed by the Duke of Cornwall and York - no one could have seen those young Australians marching past His Royal Highness - without being filled with pride at the thought that in those cadets there are thousands of Australian boys in whom we have the elements of a future citizen soldiery. They are being well trained, and should be taken under the protection of our Defence department early, and we should thus foster a patriotism in these youngsters, in whom Australia has the raw material of soldiers growing up to take the place of those who pass away. Let me also put in a word for the fire brigades. I consider that the members of the fire brigades are men of whom we have every reason to be proud for the valuable work they do in fighting the fire fiend. But they are capable of other useful services. They should, to some extent, be taken under the care and supervision of the -Federal Defence department. They should be trained, drilled, and controlled by the Commonwealth. Paid drill instructors should be set to train them, and thus we should form a valuable reserve force from which soldiers could be drafted into the regular militia, or if necessary into standing forces. Thirdly, the rifle clubs should be utilized. They contain most valuable and useful men who are rendering a great service to the country. That service must be recognised by the State. I need not go into details regarding defence, but I should like these three points to be considered. Unless they are considered and dealt with in an adequate, just, and statesmanlike manner by the Minister for Defence in the Bill he will present to Parliament, the right honorable gentleman may expect criticism not only from me but from other members of this House. I trust that the question of the naval defence of Australia will receive even greater prominence and attention than the question of military defence. In years to come, when we may be menaced or attacked, our defence will depend rather upon our forces on the high seas than upon our soldiers on the adjacent coasts. Of course, we must have military forces ; but the naval defence of Australia is of more importance than is its military defence. We shall have to solve the problem of how we will institute a system of naval defence, and combine it with the unity of the Imperial fleet. We want to organize a system of naval defence for Australia, in which we ourselves can take an active part ; but, at the same time, we do not wish to impair the efficiency and unity of the Imperial fleet in our waters. I recognise, as an Australian, that we are under a certain obligation to take an active part in the naval defence, not only of Australia, but of the Empire. Indeed, it is absolutely impossible to conceive of the naval defence of Australia apart from the naval defence of the Empire. Therefore, I heard with regret the remark made by the honorable member for South Australia, Mr. Glynn, in this respect. I gathered from what he said that he viewed with some degree of suspicion any tendency to be drawn into " the net of Imperial defence." Sir, how can we escape our obligation in respect of Imperial defence 1 How can we stand by and allow the British taxpayer to incur the heavy expenditure of £26,000,000 a year in maintaining the fleet for the defence of the Empire, without having a share in that expenditure 1 I am quite sure my honorable and learned friend, when he considers the matter, will realize what we owe to the old country ; and will admit that our obligations cannot be avoided. We ought, as a part of our system of defence, to modify to some extent the present system of contribution. At present we contribute about £126,000 a year. Whilst not minimising or depreciating the value of military defence, I desire to emphasize of the transcendent importance of naval defence to Australia, and to make some

suggestions for the consideration of the Government I have pointed out that although the British taxpayer is burdened to the extent of £26,000,000 per annum for the maintenance of the fleet- -
Mr Glynn

- It is £32,000,000 now.

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Sir JOHN QUICK

- It is £26,000,000 according to the figures I recently saw in the Times, and yet we, the people of Australia, are called upon to pay, or offered to pay towards the maintenance of the fleet, the insignificant sum of £126,000 per year, that being appropriated towards the auxiliary squadron of Australia, and clogged with the condition that the squadron shall not be available for use in any other parts of the world without the consent of the governments contributing. It is the opinion of all naval experts that- that condition is the most serious blot on the scheme. No doubt we have every reason to be proud of the Australian Naval Defence Act. When it was passed and came into operation we were all proud of it as Australians, because, by that Act, we for the first time recognised our partnership in the fleet, and undertook, our share in the burdens of Empire. But it was then thought that the Australian auxiliary fleet, although retained under the supreme command of the British Admiralty, would be available afterwards for the employment of Australian seamen. One of the arguments was that Australian seamen would be able to find employment, through that fleet, in the British fleet ; that expectation has not yet been realized, and whilst the system of contributing towards the support of the Imperial fleet has no doubt had many advantages, and shows our sympathy with the Imperial Government and our determination to do our duty, the time has arrived when we ought to take into consideration the question whether the present system should not be superseded by a more practical one. The most practical system would be one under which we, as Australians, would not merely buy our defence - would not merely pay money to the Imperial Government to supply ships and men for our defence - but would initiate schemes of local naval defence on our own account, in so far as they might be made to dovetail into the general scheme of the naval defence of the Empire. I thoroughly approve of a suggestion which has been made, not only in Australia, but in Canada, that the system of contribution might be superseded by a system under which the Dominion of Canada and the Commonwealth of Australia might establish naval bases in their great commercial centres, and that at those naval bases branches of the Royal Naval Reserve should be established ; those branches being organized, conducted, and supervised by the Government of the Commonwealth, or of the Dominion, as the case may be, upon the principles on which branches of the naval reserve are now conducted in the United Kingdom. If we had branches of the naval reserve organized under federal law at each of our great commercial centres, and possibly naval bases, those branches or bases could be made, as it were, nurseries and preparatory schools for men and boys to qualify themselves for employment and service in the Imperial fleet.

Mr Kingston

- That is Captain Prescott's suggestion.

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Sir JOHN QUICK

- Whoever may have made the suggestion, it, in my opinion, offers a solution of the great question of how we are to discharge our obligations to the fleet, and at the same time cultivate a truly Australian spirit of self reliance. We want to cultivate the naval spirit among the Australian people, and especially among the rising generation. We come of a race and nation whose victories were in the main won on the ocean, and we ought to perpetuate the traditions of those victories and maintain the naval spirit of our ancestors. We cannot do that merely by sending home a subsidy towards the Imperial fleet; but we can do it by establishing branches of the naval reserves in the various centres of population, such as Melbourne and Sydney and other capitals of the Commonwealth. These reserves could be made the nuclei for preparatory service for the Imperial fleet. Australia might well pay all the expenses of the reserves and of the garrisons associated with them. No doubt many of the men could in time be afforded opportunities for practical experience on board sea-going ships. I noticed with pleasure, only yesterday, news from Newfoundland that an experiment of that character has actually been brought into operation in that small city. There, a branch of the naval reserve has been established, and seafaring men of the Newfoundland population have been organized locally, and have afterwards been given experience on board some of

the British cruisers. Those men have since returned and expressed satisfaction with the treatment they received and the experience they gained, and the experiment seems to have been a success. If we spent a few hundred thousand pounds in organizing branches of the naval reserve, giving in those reserves employment to our young men of the seafaring population, with opportunities to cultivate the naval instinct, I believe we would be laying the foundations of a scheme, subsidiary, no doubt, to that of the Imperial fleet, but still a scheme of naval defence which would be creditable to us as a people, and at the same time afford some guarantee of our future capacity for self-defence, and participation in the great problem of defence of the Empire. I trust, therefore, that whatever may be spent in military defence - and of course we do not want to see any extravagant expenditure in this direction - even greater attention, and greater thought, will be given by the authorities of this country to the development of the idea of Australia organizing its own naval defence. And as a part of that scheme of Australian naval defence, we ought undoubtedly to support the scheme for the construction of the Pacific cable. I have long watched the progress of that great Imperial scheme. That cable would not only be an aid to commerce, but would be of great service in naval defence.

Mr Mahon

- So would the transcontinental railway to Fremantle.

Sir JOHN QUICK

- It is said the railway to Fremantle would be an aid to defence. On that question I have been asked to suspend my judgment, and I am willing to do so ; but it has occurred to me that, if we have a properly organized system of naval defence, there would be no necessity whatever for a transcontinental railway to Fremantle. The navy would command the defence of Australia, and if the navy of Great Britain, assisted by our naval reserve, were not able to defend Australia from foreign aggression, I doubt whether a transcontinental railway would be of much assistance. If we cannot beat off the enemy at sea., I fail to see how a mere transcontinental railway to transport troops from Adelaide to Perth would be of very much assistance. However, I promise to reserve my judgment on that question. The Pacific cable is a question which looms large on the horizon at present. It had been gradually dawning on us, and we were led to believe that we were on the eve of the realization of that splendid scheme of a cable on all British territory, a cable supported not by private companies, but belonging partly to the Imperial Government, and partly to the new Commonwealth and the Dominion of Canada. That is a splendid scheme, suggestive of Imperial partnership, of which we may well be proud, and it ought to be supported and in no way prejudiced. It seems; however, that the Government of New South Wales have recently entered into an agreement with the Eastern Extension Telegraph Company, by which certain substantial concessions have been granted by New South Wales to the company, in consideration of an immediate reduction of the cable rates via the Cape from 4s. 10d. to 3s. 8d. per word. No doubt that was considered at the time a very smart piece of work - a smart bargain on the part of the Government of New South Wales. It remains to be seen whether the bargain is calculated to defeat and prejudice the scheme for the construction of the Pacific cable. The Government of Canada have entered a protest against the agreement. Now, although the Government of New South Wales have entered into an agreement likely, it is said, to prejudice the Pacific cable scheme, the Government of Victoria have been prevented from doing so. . This opens up a very grave and serious question, because if the agreement made by the Government of New South Wales were permitted, why has the Government of Victoria been prevented from entering into a similar agreement? If that agreement is now considered prejudicial to the Pacific cable scheme, why was it not considered prejudicial then ?

Mr A McLEAN

- The Government of New South Wales did not ask for permission.

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Sir JOHN QUICK

- I am informed that the New South Wales Government did not ask for permission. Well, I want to know who is responsible for that extraordinary breach of faith. It has been denounced in Canada as a breach .of faith with the partners - a breach of faith with the Imperial Government, and a breach of faith with the other members of the partnership, New Zealand, Canada, Queensland, and Victoria. I would like to know whether this agreement is to remain, and if it is, then I say the people of Victoria are entitled to demand similar concessions, similar rights and privileges, although I am quite sure they would not be so

unpatriotic as to be guilty of any attitude likely to involve them in a breach of faith. At a later date we will no doubt have full information on this important subject from the Postmaster-General through the right honorable the Prime Minister. With reference to the federal capital, I wish to make one or two remarks. It has been suggested by the right honorable the leader of the Opposition, and the suggestion has been supported by others, that this question should be referred to a select committee of this House to report upon. Well, under ordinary circumstances, there are questions which may fairly be referred to a committee of this House, but I desire at the earliest opportunity to enter my protest against this great and important question being relegated to any such committee. There is, however, one committee with whom we have to deal on this question, and that is the Cabinet Committee ; but as regards its general bearings, the question ought to be dealt with by this House as a whole. I do not believe in this great issue being relegated to a small committee.

Honorable Members. - Hear, hear.

Sir JOHN QUICK

- It is a question in the settlement of which we are entitled to participate from the very beginning. From its very inception every honorable member is entitled to an equal share in the discussion of this question.

An Honorable Member. - And the other House too.

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Sir JOHN QUICK

- And the other House is entitled to an equal opportunity to participate in its discussion and settlement.

We all know what referring it to a committee means. The - committee have

Jill the available sources of information, they become masters of the question, and the other honorable members of the House who have not had the same opportunities are placed at a disadvantage in debate. I sincerely trust that this House will retain full, complete, and unfettered control over the question of the federal capital. With reference to adult suffrage, I wish to say a word or two. My honorable friend the member for Kooyong referred to this question last week in a very kindly way. I have taken a great interest in the question of adult suffrage for many years past. I remember that, after the Legislative Council of Victoria had thrown out the Bill three or four times, I was asked to join a deputation to wait upon the members of that Chamber during an adjournment for the purpose of inviting their attention to certain phases of the subject. It had been said that the ladies did not want the franchise, and that there was no demonstration in favour of it. Then the ladies mustered in strong force and waited upon the honorable members of the Victorian Legislative Council, and I had the honour of being invited to speak on their behalf. The case was placed before the members of the Legislative Council fairly and reasonably, but the Bill was again thrown out. It has been thrown out now, I believe, six. times. I remember courteously reminding the members of the Legislative Council that unless they exercised their constitutional right to pass this principle before federation was accomplished a new Parliament would be called into existence and would take it out of their hands. They have sinned against the light in rejecting the Bill.

They have practically landed themselves in this situation - that a new Parliament has been brought into existence which now 'undertakes to rectify the wrong, the injustice which the Parliaments of some of the States have ref used to rectify. I do not wish to see any action taken which might reflect upon the prestige or credit of any Legislative Chamber in Australia, and I am -sure that this House does not wish to take such action. Therefore I think that the Legislative Council of Victoria and the other Chambers which have delayed giving effect to -this important democratic principle might take a word of warning from this paragraph in the Governor-General's speech. I trust that they will not wait for a day of reckoning to come, in which they will take .no part ; because if they do not pass this Bill, they have now full notice that this Parliament will take the question of adult suffrage out of their hands so far as the Commonwealth is concerned. It is not necessary for me to dwell upon the position those Legislative Chambers of Australia which had refused to yield to public opinion would occupy in the public estimation. My friend the honorable member for Tasmania, Mr. Piesse, has referred to that State, and I think that one or two words in reply to him should be said, especially since he has appealed to me. With reference to the interests of Tasmania as a part of the Commonwealth, I think the representatives of that State can accept the assurance that every effort will be made to do justice to the smallest as well as to the largest State of this Commonwealth, and that no member representing a small State will appeal to this House in vain if its appeal is founded on political justice and upon reasonable considerations. My honorable friend has

placed the case of Tasmania before this House fairly and lucidly, and the difficulties to which he has drawn our attention were fully considered in the Convention. I am not in a position to say that Tasmania more than any other State has any absolute legal or constitutional right to the return of any particular sum of money. It is quite true that the States have given up all their power over trade and commerce. It is quite true that they have surrendered all their control over customs and excise. The question whether they should be constitutionally indemnified for that surrender, for that transfer, was seriously and lengthily considered by the

Convention, and it was found after long debate that it would be difficult to put a cast-iron scheme of indemnity into the Constitution. It was said that from time to time the necessities of the States would be the surest guarantee that this Parliament would do justice to them, and we have every reason to believe that that consideration will prevail. The only provision in the nature of a guarantee inserted in the Constitution was that which is known as the Braddon clause. That was the result of lengthened deliberations. I believe that Mr. Speaker was the first to suggest the form of such a proposition, and it was afterwards enlarged and elaborated into the present scheme. It cannot be said to be a guarantee, it cannot be said to be an indemnity, it cannot be said to be constitutionally an absolute assurance that every sum of money that has been actually surrendered will be returned, but there is this deduction to be drawn from this clause - that without it the Federal Government would be under no obligation to raise any money under Customs and Excise, except that which was absolutely necessary for its own federal purposes. But under this clause there is a constitutional requirement that the Federal Government shall raise a large amount of money in excess of its actual requirements, namely, three-fourths. That three-fourths represents 15s. in the £1 in excess of its actual requirements, and that amount will be made available to meet the necessities of the States. It is hoped that in some way or other a scheme of Customs taxation will be devised by which a sufficient sum of money will be raised throughout the Commonwealth to meet the necessities of the States. It may be that the necessities of Tasmania and of the minor States will drive this Parliament in the inevitable direction of a high Customs Tariff; and, in fact, without a high Tariff in point of volume it would be absolutely impossible even approximately to meet the necessities of the various States. No doubt the Minister for Trade and Customs in framing the Tariff will consider the necessities of Tasmania and Western Australia as well as those of any other part of the Commonwealth. Should the first scheme when presented be defective, and not capable of meeting the requirements of the States, the representatives of Tasmania and Western Australia may rest assured that this

Parliament of our newly-established Commonwealth is not going to stand idly by and allow any part of that Commonwealth to suffer injustice. I think we have made a very good beginning in our deliberations. I am pleased indeed to have had an opportunity of taking part in parliamentary debate after twelve years' absence from the political arena. I rejoice at the prospect before us. I am pleased at the opportunity of meeting representatives from all parts of Australia, representing, as they do, a complexity of political views; and however we may differ in debate, I do hope and believe that we shall all join hands together to work out the problems of Australian national life in a manner that will conduce to the prosperity of our Commonwealth, and enable us to hand down unimpaired to succeeding generations those institutions which we have now inherited.

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Mr BRUCE SMITH

- I should like, at the outset of the few observations which I propose to contribute to this debate, to offer this House my congratulations upon the very satisfactory spirit of good feeling and good temper which has been exhibited throughout its proceedings. I think it is a splendid augury for the future of this Parliament that a number of representative and capable men - masterful men, well representing their several States - should have come together on an occasion of this sort, representing communities with distinctly conflicting interests, which have been at commercial war, according to the honorable member who has just resumed his seat, for many years, and have discussed this great question with so little heat and so little ill-feeling. When we consider that we have been sitting here for a fortnight, practically without any standing orders, and that Mr. Speaker has been endowed only with the power possessed by an ordinary chairman at a public meeting, I think it a splendid illustration of the result of political training in a large body of men, because we have practically recognised the rules of Parliament as a traditional code

by which our debates should be regulated. I should like, also, to express the hope that honorable members will not, at this early stage -of our Commonwealth history, attach too rigid a significance to the particular position which honorable members occupy upon these benches.. We have all a story to tell, and I think the principal use to which this debate can be devoted is to give each and all of us an opportunity of "a reason for the faith that is in us," and to account to some extent for the somewhat anomalous condition of things which, in some cases, this House presents. I am quite sure the Government will be no loser by allowing this debate to prolong itself, because it has occurred to me that we are all very much in the position of a number of school boys who have come together for the first time in a new school. We know very little of one another except by repute. Some of our reputations have not had justice done to them. Some have been exaggerated, I am afraid, and, without being at all invidious, I judge that I am reflecting the opinion of the House when I- assert that we are all anxious to know a great deal more of one another than we have known before. Victoria has been the home of the protectionist and, as I observed, very improperly interrupting the last speaker, it has been very difficult for a free-trader to show himself in this State for a number of years. But coming, as we have done, as a body, and thus giving each other some sort of physical protection, it is interesting to the protectionists of Victoria to be able to walk round a free-trader and see really what he is like. We have had the privilege also of trying to walk round some of the protectionists in order to see what they are like. This debate has for its primary purpose, to me certainly, the opportunity of making myself better known to those honorable members with whom I hope I shall have the pleasure of spending three years of my time. If the Ministry make no / (mas pas by which they are constrained to take us to the country again, there is very little doubt that we shall remain here for the whole term for which this Parliament has been elected, and at the end of it we shall know more' about each other than we know at the present time. I have referred to what I conceive to be the somewhat anomalous position in which some of us are placed. I feel that there is a distinct anomaly in my position on the opposition side of the Chamber when ranged opposite to me are a number of gentlemen some of whom have espoused federation only within the last year or two, while I have been working night and day, in season and out of season, to bring about its consummation. It is therefore very natural that some of my fellow members should desire to know why I have chosen to sit on this side of the Chamber, and I propose to acquaint honorable members as shortly as possible with the series of circumstances which has convinced me that this is the proper side for me to sit on. I had the honour to be, with the honorable member for Wentworth, a member of a Parkes administration, when, thirteen years ago, the late Sir Henry Parkes, in a speech which he made at Tenterfield, first sounded in modern times the bugle note of federation. Of course I am aware that 35 years ago, when many of us were in knickerbockers, Sir Henry Parkes addressed a very representative convention in this city, and practically foreshadowed the whole of the circumstances of the present day. .

Mr Mahon

- He was not the first to advocate federation.

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Mr BRUCE SMITH

- We are all of us aware that, 45 years ago, such men as Wentworth, Duffy, Service, and Deas Thomson discussed this matter at great length, and their views are to be found in parliamentary papers ; but what I want to say is that I was a member of the Parkes Government when, thirteen years ago, Sir Henry Parkes sounded the* first note of modern times on the great question of federation ; and from that day to this I have lost no opportunity to advocate the cause. I have had this satisfaction - which it may be a little vain of me to mention - that when New South Wales accepted the Constitution, upon a referendum, my name was placed second to that of the Prime Minister in the leading columns of the oldest newspaper in Australia, the Sydney Morning Herald. I mention that fact, not to gratify my vanity, but because it heightens the abnormal appearance of things, when I sit on this side of the House, while on the other side there is a gentleman like the Minister for Internal Affairs, who - I say it without the slightest ill-feeling - two years ago stood upon the platform of the Town Hall in Sydney, side by side with one of the arch enemies of federation - Mr. John Want - and uttered no word of protest when that gentleman characterized the State of Victoria as the cabbage garden of Australia, and the city of Adelaide as the immoral city of Australia. I remember, too, that the Minister of Defence, in a speech which he made in the Parliament of Western Australia, in September, 1899, commenced his remarks with an obvious desire to appear to be

recommending federation.

But if any one reads that speech carefully he will find that, towards its conclusion, the right honorable member made a very strong provincial appeal to the members in some such words as these - "Remember, you will have to go to the Federal Parliament for every telegraph post and every post-office that you want."

Sir John Forrest

- If the honorable gentleman knows the facts he should not misrepresent them.

Mr BRUCE SMITH

-I only know the facts as I read them in the right honorable member's speech.

Sir John Forrest

- That was only one part of my speech. But was not the statement true?

Mr BRUCE SMITH

- The statement was a true one, but it is not the sort of truth that an advocate of federation might be expected to promulgate among people living 3,000 or 4,000 miles away from this city.

Sir John Forrest

- I wanted to get better terms then.

Mr BRUCE SMITH

- I should have been inclined to talk of telegraph poles and post-offices in the early part of my speech, and to conclude with a broad patriotic appeal based on the great advantages to the Empire which would follow the consummation of this great movement.

Sir John Forrest

- That is exactly what I did.

Mr BRUCE SMITH

- My honorable friend began with the patriotism.

Sir John Forrest

- And I ended with it too. I challenge the honorable member to read my speech.

Mr BRUCE SMITH

- In reading the speech I found the patriotism at the beginning and the provincialism at the end, and to my untutored mind the provincialism seemed to be put with much more emphasis than the patriotism. These facts, with others which I could name, suggest an anomaly in my occupation of a seat on the opposition side of the chamber.

Mr AUSTIN CHAPMAN

- The honorable member has not quoted the speech made by the right honorable member for East Sydney against federation.

Mr BRUCE SMITH

- That is another anomaly with which that member can deal when he comes to speak.

Sir John Forrest

- Why does the honorable member follow the leader of the Opposition ?

Mr BRUCE SMITH

- The speech to which the honorable member for Eden-Monaro refers was not delivered at the latest stage of federation.

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Sir John Forrest

- Nor was my speech? Mr. BRUCE SMITH.- I watched the progress of this movement during all these strange developments, and I fought side by side with the Prime Minister in different parts of New South Wales. We appeared together on public platforms, advocating this great movement from different standpoints, he sometimes taking the constitutional side and I the practical, and I sometimes taking the constitutional side and he the practical. We worked side by side up to the moment when he was sent for by His Excellency the Governor-General and asked to form a Ministry. To my surprise, because the manifesto which the right honorable member promulgated at Maitland shortly afterwards would have led everybody to suppose that it was the intention of the Government to recognise the financial difficulties of the Constitution, and to take a middle course which would satisfy neither extreme protectionists nor free-traders, he chose a Ministry all of one colour. The obvious guarantee which he could have given to

the people of Australia - his assurance that he did not intend to adopt a policy which would favour either the protectionists or the free-traders - was to make his Ministry a composite one, and from what I saw of your own movements, Mr. Speaker, I have come to the conclusion that at first the Prime Minister intended to do this. One or two honorable members referred to the impossibility of taking an extreme course in regard to the matter of the Tariff. That is the alphabet of the question. We all know that by the introduction of the now celebrated, and one might almost say notorious, provision known as the Braddon blot, this is requisite. I do not join with those who have complained from one end of Australia to the other that the Braddon provision ought never to have been in the Constitution, because I recognise that, if it had not been introduced into the Constitution, we should not be meeting here to-night. It must be evident to every observer; to every reader of the newspapers of other States than his own, that it was unlikely that any State which depended upon its customs duties for the maintenance of its political institutions would readily give up so much revenue without the guarantee that a large part of it would be handed back to it, so that it might meet its obligations. Therefore the Braddon provision was, a sine qua non of federation. But it gave rise to a difficulty which seemed to me to be capable of easy settlement, by the inclusion in the Ministry of a certain number of free-traders, as a guarantee to the people of Australia that a middle course would be taken in regard to the Tariff. Recognising the necessity of putting questions of a somewhat abstract character into a concrete form, in addressing audiences in New South Wales, I drew a picture which I take the liberty of reproducing for the benefit of honorable members here present. For illustrative purposes, I portrayed the protectionists as black and the free-traders as white, and I said to the electors, "Suppose you were living in a country peopled by two races, a black race and a white race, and a black citizen was asked to form a Ministry; and suppose that he gave the community the assurance that the laws which he intended to propose should be fair and just to both races, what would you think if his Ministry was found to consist entirely of black people?"

Mr Wilks

- That the Age had something to do with its composition.

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Mr A McLEAN

- There could be no whine Australia under those circumstances.

Mr. BRUCE SMITH.- Would not one say under such circumstances that the action of the person called upon to form the Ministry threw a doubt upon the bona fides of his profession to wish to deal fairly and justly with both parties, and that there would be nothing for the white people to do but to return to the new Parliament a very substantial body of representatives of their own colour to act as a body-guard of their rights? So, when it was perfectly clear that this Government was constituted entirely of protectionists, the free-traders saw at once the necessity for doing their utmost to return to the Federal Parliament a substantial body of free-trade representatives, to sit like a phalanx of watch-dogs to prevent undue advantage being taken by a protectionist majority. The conclusion arrived at may not have been a fair conclusion. I am not attempting to bind other people by my views. I am simply putting my opinions before the House. This is a big school, and I am introducing myself. If honorable members think my reasoning unfair and illogical, let them write me down unfair and illogical; but if, after hearing what I have to say, my reasoning commends itself to them, let them write me down accordingly. In taking my seat on this side of the Chamber, I was not entirely guided by the fact that the Prime Minister had chosen only protectionists to form his Ministry, because it is easy to see that during the negotiations which terminated in the formation of the Cabinet a very prominent free-trader had been brought from a distant State to the State in which the Ministry was being formed, and, after being coquetted with for a time, had been allowed to return to his own State, probably because the intention of making the Ministry a composite one had been abandoned, and it had been resolved, in view of all the circumstances of the moment, to make it entirely a protectionist Ministry. I find no fault with that; but, the moment it was done, there was wanting the assurance to the free-traders of Australia that their interests would be properly conserved. But what takes place? The Prime Minister had enunciated at Maitland a revenue Tariff. There was to be no protection; that is what we were told. I do not use the word protection in its limited sense; but it was clearly indicated to the people of Australia by the Maitland manifesto that there was to be no attempt at protection such as you have it in Victoria. It was clearly intimated also that there was to be no free-trade such as is now existing in New South Wales. But mark what follows. The moment the Government was formed we have

the Prime Minister addressing audiences in different parts of Australia, making speeches quite consistent with his manifesto ; but we have also my honorable friend the Attorney-General and the right honorable gentleman the Minister for Customs, leaving New South Wales carefully alone, coming down to Victoria, and, with all the guilelessness of the ostrich, which thinks when it has buried its head it is out of sight, even in these days of a prolific newspaper, press, addressing, audiences day by day, not in the spirit of the Prime Minister, but advocating what I have 'called undiluted protection absolutely inconsistent with the policy advocated by the Prime Minister throughout New South Wales. I am willing to admit this : that when the leader of the Opposition first raised the fiscal question in this country I was one of the first to deprecate it, because I considered that the principle which was enunciated in the manifesto of the Ministerial party, namely, to seek the best men, irrespective of fiscal policy, was a sound one in the interests of Australia. But when that manifesto, which practically sunk both extremes and advocated the inclusion of the best men in every instance, was put on one side, and we found the Ministry composed entirely of protectionists ; and when we found the leading Victorian statesmen in that Ministry coming to this State and talking what I have called often, and will call again, undiluted protection, that is, the maintenance of the Victorian Tariff, I took that as an indication that the Government, treated in its corporate capacity, was not intending to adhere to the undertaking entered into by the Prime Minister. The Attorney-General will not contradict me when I say that he told the people of Ballarat that unless they could maintain the protection of Victoria Victorian industries must go to the wall, and that it would mean utter ruin for Victoria. I have no fault to find with that as an isolated utterance, but I quote it as one of the series of instances which led me, in common with the other free-traders, to take up this attitude of the body-guard. I feel no guile towards my honorable friend the Attorney-General - because unfortunately, at least in this country, politics makes us acquainted with strange bedfellows, and its sinuous courses are things one becomes accustomed to. But still, when I am giving a reason for my faith and for sitting on this side of the House, I have a right to mention these strange, and I venture to say, inconsistent, utterances, as justifying a freetrade party in taking up this counter position in order to protect the interests of the free-trade forces of Australia. "What was likely to be the result if this course had not been adopted by the free-trade party ? I have said that I deprecated it in the first instance. I went further. I invited my friend the Attorney-General, over a correspondence, to come to New South Wales and demonstrate to the people of that State the importance of dealing with this question from a fair and rational stand-point, having regard to the interests of all the different colonies." The honorable gentleman will admit that I did that. And because I was imbued with that spirit with which I commenced, I thought it highly desirable that this fiscal question should not be raised during the first session of the Federal Parliament, but that we should introduce into this Parliament the very best intellects we could find throughout Australia. I have given two or three instances of what I deemed to be the signs of the times which led me at all events to take up the cudgels on behalf of free-trade. A manifesto was issued in New South Wales which advocated the choice of the best men as practically the first plank in the platform of the Ministerial party. But at the last moment, when> I and my honorable friend the member for Wentworth, who with me has occupied high and honorable positions in the Parliament and in Governments of New South Wales, were fighting our elections, this same party actually nominated protectionists to fight us in our constituencies.

Mr Sawers

- The honorable and learned member's party did the same thing.

Mr BRUCE SMITH

- We did after the Prime Minister had made up his Ministry entirely of protectionists. It is a, strange thing that although the Government was made up of protectionists, and, omitted one or two very competent free traders who were actually negotiated with, during its formation; when the elections were all over and there was no fear of any other result from taking this course the right honorable gentleman the representative of Tasmania, Sir Philip Fysh, a free-trader, was brought into it. If he, a free-trader, with so distinguished a reputation as a freetrader

Sir Philip Fysh

- We are not all black then?

Mr BRUCE SMITH

- If at this stage it was not out of place to introduce into this protectionist Government so distinguished a free-trader, there must be some very good reason why one or two prominent free-traders, whose names I

need not mention, were negotiated with for some time prior to the formation of the Ministry, and then ultimately left out, on the very curious ground that the telephones of New South Wales were out of order.
Mr Deakin

- They always are over there

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Mr BRUCE SMITH

- When wanted for the purposes of this Government, apparently. That, at all events, was the justification for my joining my hands with the other free-traders of New South Wales in bringing a body of free-trade advocates into this House - not for the purpose of attempting to bring about in this country a purely free-trade policy, because I am sure honorable members will credit us with sufficient knowledge of the Constitution to thoroughly understand that that is impossible. We recognise that free-trade in the sense in which it is understood and practised in New South Wales is entirely out of the question. But the logical justification for our position is this : We say we know that under the circumstances of the Constitution we cannot have a free-trade policy, but that we can have a policy as near to it as the financial exigencies of these States will admit. Therefore, it becomes a question of duty for every free-trader - and I am sure that, although without authority in this, I echo the sentiment of every free-trader in the House - to secure from this Government by means of our forces in this Chamber and in the other Chamber, whose strength we are well aware of, as near an approach to freetrade as the financial exigencies of the States will allow. Surely no protectionist can find fault with that 1 He may not like it. But if we can by force of numbers make it necessary that the Tariff shall come down to a low percentage, we shall have fulfilled our purpose. Apart from the fiscal question, I have no doubt that the alteration in the position of the members of this House will cause it to present a very different appearance to that which it does at the present time.

Sir John Forrest

- There is great patriotism over there, it seems to me.

Mr BRUCE SMITH

- Well, we are all free-traders. Now, sir, I may be asked this very pertinent question : Why am I a free-trader 1 I know that honorable members will gape over that question in the expectation that I am going to take as long to explain my position as many other honorable members have done. I can only say that, although I have been a federalist for upwards of thirteen years, I have been a free-trader for 30. I had the pleasure, and I may say the honour, of being a resident of Victoria in 1866, when the policy of protection was first adopted. I have not lost sight of one single movement in the evolution of the fiscal question in this country since then. I remember well that in 1866 - when the Attorney-General was at school, if he will allow me to say so - we heard this protestation - " We only want a little assistance for our industries." A pretty little illustration was offered to me, by a man who must have been the father of a large family, or he could not have presented such a pathetic picture. He said - " We only want for our industries the assistance which a mother gives to her young child. She puts her hands under its arms, holds it up until it can walk, and by-and-by, when strength comes and the little toddler can get about the room, the aid is gradually withdrawn until the child can walk alone." I was fairly young in those days, and I thought the illustration pathetic. In fact, I thought it would have been better in verse than in prose. But at all events there was the picture, and when I read the leading article in the Age newspaper to-day, in which it was stated that after five and thirty years of the mother holding the child under the armpits, the assistance was wanted permanently, I could not help feeling sorry for the child that after five and thirty years the mother, so to speak, had to admit that the assistance will be wanted for the rest of the child's life. It is rather a pitiable confession to make, but there it is. For five and thirty years this experiment of protection has been tried. The honorable member for Bendigo to-night endeavoured to supply the names of some eminent economists who had been known to advocate protection, and, although he is a man of reading and a man of thinking, out of all the hosts of well-known economists he was unable to mention any but John Stuart Mill. And in order to get John Stuart Mill as an authority, he had to take a little extract which is well-known to everybody as a distinct departure from Mill's normal way of thinking, and the very extract on which the honorable member hung his whole doctrine contains words which takes the whole value out of it, the word "experiment." The extract says that for temporary purposes, under certain conditions, a young community in its earliest stages might have a little assistance to help it on its feet. An Honorable Member. - As an experiment.

Mr BRUCE SMITH

- As an experiment, and that is the only instance the honorable member could mention.

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Mr McColl

- The honorable member refrained from quoting other names simply because they had been previously quoted.

Mr BRUCE SMITH

- At all events, I am willing to take the honorable member for Bendigo as one of the best read members of the protectionist party, and although there is a long galaxy of _ names such as those of McCulloch, Senior, Adam Smith, Mill himself in his early writings, Herbert Spencer, and Buckle, there was not one of them who could be emoted. These are men with world-wide reputations, but we ' heard none of their names. We are referred to an article in the Age newspaper¹, which struck me very forcibly, as, with the addition of a little knowledge since taken from an encyclopaedia, a mere echo of senti-ments which I have heard expressed by an honorable member of this House. There are two ways in which the question of freetrade can be discussed - one the historical, and the other the analytical, if I may so speak. We look into history to see what has been the experience of the movement, and we naturally try to find two communities which are as nearly as possible alike in circumstances, running side by side during the same period of the same century, peopled by the same race, and under similar social, commercial, and political conditions. It is found, for what it is worth, that New South Wales and Victoria have been running side by side, one under a protectionist policy and the other under a free-trade policy, for a period of 35 years. Although I clearly recognise the limited use of statistics, and the extraordinary openings for dishonest purposes which they afford to an advocate for one theory or another, there are at least some uses to which they can be put. It will be admitted that, although one may deprecate the use of statistics for a specific and particular purpose without taking into consideration the whole scope of the figures which bear on the circumstances, we may still say that where there are two countries side by side, not for an isolated year, or for an isolated 10. years, but for a period of 35 years, they offer at least some evidence of the merits of the two doctrines. In 1860 one might have asked oneself what were the most important indications of national progress, and I think almost every one would say that in a young country population is one of the most important. It would next be said, I think, that imports and exports were important; and that shipping in and out, general revenue, and the returns from the railway system were important.

An Honorable Member : And territory was important.

Mr BRUCE SMITH

- My honorable friend should not be quite so hasty in his youthful ardour. Taking the indications of prosperity, I will tell honorable members what I found, and what conclusions I came to. I find that in 1860 Victoria, by reason of its gold-fields and their attractions, had obtained at least 50 or 60 per cent, more population than had New South Wales ; that Victoria's imports and exports were, roughly, 50 per cent, ahead of New South Wales ; that Victoria's shipping inwards and outwards was as nearly as possible 50 per "cent, ahead of that of the adjoining State. But if one looks along the series of periods of ten years, what do we find ? We find Victoria gradually falling behind in all those elements.

Mr Deakin

- So were her mines.

Mr BRUCE SMITH

- I will give the Attorney-General my data, which he can deal with in his speech when he answers me, and as he is taking voluminous notes he will have plenty of material.

Mr Deakin

- You cannot call these voluminous notes.

Mr BRUCE SMITH

- Taking those five elements, I find Victoria 50 per cent, ahead of New South Wales in population in 1860. But over a series of periods of ten years up to 1899 Victoria lost ground and New South Wales was overtaking her, arid at the end of 1899 New South Wales had overtaken Victoria in population, in shipping in and out, in imports and exports, in revenue and railway returns.

Mr Deakin

- And in mines.

Mr BRUCE SMITH

- I am' asked to ignore all this and to believe in protection from some isolated figures that have been put before the House. I think it will be admitted, looking at the thing fairly and squarely, that no figures have been put before us during the whole debate which offer fairer data enabling an honest mind to arrive at an honest conclusion than the data I have put before honorable members.

An Honorable Member. - Give us the area of the two countries.

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Mr BRUCE SMITH

- We will come to the question of area in a moment. The first objection to those data was offered by Senator O'Connor from New South Wales, who said, "Oh, the population came away from Victoria to New South Wales." The obvious reply to that is, why did the population come away?

Mr A McLEAN

- Because they got cheap land.

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Mr BRUCE SMITH

- In 1866, I can well remember Sir Graham Berry, then Mr. Berry, saying, "We are going to create a paradise for working men." I looked for a paradise though I did not expect to see wings growing out of the people, and I heard a great deal about "happy homes" and "smiling homesteads," and was told that each man was to have his own patch, and that everybody was to lead a sort of millennial existence as soon as the factories got on their feet. What do we find? People began to leave the paradise. They came away in hundreds of thousands, and at the end of 30 years, either the paradise has become particularly uninviting, or some great attraction has been offered by the sister States. The people came away in such numbers that at the end of five and thirty years, New South Wales is sailing ahead, the envy of Australia, and every class of business is starting head-quarters in the great city of Sydney because of the unbounded prosperity of the State. The first explanation was that the gold fever induced people to come to Victoria. My answer to that was, suppose the gold fever did bring the people here, Victoria got the advantage of assisted immigration, without having to pay for it; gold from the bowels of the earth paying for the importation of the population. But when the people came, Victoria was not able to hold them, and in a series of years they departed. Another excuse offered was that the people came to New South Wales because of the greater territory. Then I do not think people often take the trouble to think of that aspect of the question. When there are two countries side by side, between which you are making a comparison, the extent of the territory of one does not become of economic value until the smaller one has become filled with population and loses ground in the contest and competition with the larger country. In New South Wales we have been trying for years to get by artificial means what the people of Victoria have obtained by natural means, namely, closer settlement. We have sighed and prayed for closer settlement, and have endeavoured to shape our railway system of very late years so as to get over an enormous area that condensation of the population which Victoria has been able to obtain by natural means. Our railways extend over hundreds and thousands of miles and run through enormous wastes, while the railways of Victoria run through districts thickly populated on all sides. At all events the great territory of New South Wales, which has been referred to so often, was in my opinion a great drawback in the early stages of the country, because the outlying population called upon the Government to run the railways over large unpopulated wastes. Western Australia, too, presents a similar example, but in Victoria, by reason of the smaller area of fertile country, the railways are always through, or at least near, population. The railways of Victoria, over the smaller area, have had exactly the same amount of money - £39,000,000 - spent on them as have the railways of New South Wales, and yet at the present time the railways of New South Wales, although scattered over those great wastes, are producing 50 per cent, more profit than are those of Victoria. If we look into the earnings of the two railway systems to-day, and capitalize them on a business basis, the railways of New South Wales will be found to be worth £13,000,000 more than those of Victoria, although the laying down of the New South Wales lines cost a million less than did that of the Victorian lines. These arguments, to my mind, convey a good deal, because they satisfy me that if we take statistics, not through a microscope, not for any little infinitesimal period, but for a broad period of time, we must get the extraordinary result that out of those five principal

factors in national progress, the proof is entirely in favour of New South Wales as against Victoria. But that is not the only reason which has led me, as a close observer of Australian politics and Australian commerce, to the conclusion that, in our circumstances, free-trade is the better policy. I look to analytical methods, and there is another conclusion to which I arrive. I find, if I study the history of the country from which we all sprang, that we are afforded a long series of pictures of men struggling to be free. If honorable members look back as far even as the time of the Norman conquest, and come down through a series of years to the present day, they will find that there have always been two parties in English politics? In the early stage there was the cavalier and the roundhead. We find that the roundheads. . were busy men, who had not time to spend their leisure over long locks, but who were struggling always for the people - for liberty. They preached the doctrine that a man must be free and must have equal opportunities with his fellows. Honorable members will find that the cavalier, with his curls, hung round the court, always striving to preserve the privileges which generally accompany the courtier. At a later stage we find the whig and the tory. The whig has taken up the place of the roundhead, and the tory is continuing the policy of th cavalier, still hanging round the court, surrounded by rich people fighting for privilege, fighting to keep the men of the commonalty from taking their fair share in the government of the country. But honorable members will find that the whigs - some of the aristocracy of England were liberal enough to see that, though they were rich, the poorer people had rights just the same as they themselves possessed - were engaged in fighting the same battle as the roundheads did years before. Then, as we know, political significations, political terms, changed their meaning, so that coming to later times we find the liberal and conservative - the liberal fighting, not, as my Falstaffian friend imagines, for liberality, but for freedom. My friend mistakes the meaning of the word he uttered so glibly the other night. Liberalism is not the advocacy of liberality, the giving away of something that does not belong to one, but it means fighting for freedom, the freedom of the individual. Therefore, we have these two parties, liberal and conservative. The conservative, trying to conserve the existing state of things, will have no change, and wishes, as he thinks wisely, to leave things as they are. In effect he says - "We will leave the corn laws upon the statute-book. We will leave the 400 items which existed in the Tariff up to 1845 as a burden upon the people. We will leave all the monopolies in existence." But honorable members will find the liberal opposing the conservative, and the definition of him given in dictionaries is that he is an advocate of freedom, contending that people should have various restrictions removed. If we look down the pages of history, what do we find as the result of this great division ? First of all we find Magna Charta, then habeas corpus, Catholic emancipation, the removal of Jewish disabilities, the Reform Bill, the Trades Unions Act, and finally we reach the stage when a man is free to talk as he will, subject to his not abusing his neighbour, when a man is free to think as he will, and to let his conscience decide as it will. We also come down to the stage in modern history when men say - " You should be restricted in the way you spend your money." This takes us back to the time of Queen Elizabeth and Henry VIII., when men had the length of their boots prescribed by Act of Parliament, and when an Act of Parliament told men how many meals they should have a day, and what each course should consist of, when men were told how many buttonholes they should have on the fronts of their coats, and when they should put their lights out at night. Here we have this anomalous principle of government that, though we admit that the primary function of government is to protect a man's life and property, we put our legislative hand into his pocket and take out some money. What for? Not to pay taxes. AVe make him pay a penalty because he chooses to buy a commodity which comes from another country. Protectionists say - " We are going to help other private citizens to establish certain industries in this country. They cannot stand competition with the outside world, we admit. They could not live with such competition. But we are going to compel every citizen to pay a penalty every time he wants to buy something that comes from abroad, in order to lift the price of the article, and give him a chance of earning a living with this industry of his, which he is not prepared to start standing on its own feet." I have no doubt that the proposition I am putting seems very irrational and very idiotic to most people in this country. But whilst we are acquainting ourselves with each other, it is just as well that the protectionist should know by what extraordinary freak of intellect a man may have come to be a free-trader. I have come to be a free-trader because I regard freedom of trade as merely a branch of the great struggle for every individual to be free.

An Honorable Member. - Even for sweating.

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Mr BRUCE SMITH

- Even for sweating. I am quite consistent, and I dare say my learned friend would be one of the first to enter a great institution like Hordern Bros., in Sydney, and buy for 1s. 6d. what they charge 2s. for elsewhere in the city. From the moment that he paid the cheaper price - even although he did not see the article made in London - the honorable member would be encouraging sweating. Probably my honorable friend will tell us and expect us to believe that he prefers to pay 2s. for an article, when he can buy it for 1s. 6d. Does the honorable member prefer to give for an article from 20 to 30 per cent, more than he can get it for next door? Would the honorable member have been a success in his own particular business if he had not studied economy in his dealings? Does he not go where - he can buy the cheapest article? Does he not know, if his purchases happen to be of those articles manufactured in the great centres of Europe, that the moment he offers 3d. less than the price at which they could be produced here, he is drawing sweat out of some poor unfortunate in one of the continental towns.

An Honorable Member. - I want to stop it; and you do not.

Mr BRUCE SMITH

- All I can say is that if the honorable member wants to stop it, and still pays for an article 1s. 6d. instead of 2s., he is a hypocrite into the bargain. I should take the 1s. 6d. article and say - "I buy in the cheapest market." My contention is this - and I do not want to be led into a personal controversy, because I am in the sweetest of humours - that what we call free-trade, or, in other words, freedom of commerce, is no isolated doctrine of itself, seeing that it cannot be separated from the great thread running through history, which is the struggle for liberty. I heard the honorable member for Bendigo talk in language most difficult to understand about free-trade not being deducible from freedom of conscience and freedom of speech. There is nothing deducible about free-trade. It comes of the same family, and is a cousin of freedom of speech and freedom of talk. It is the struggle to be able to throw one's arm out, to put one's hand in one's pocket, and to be able to say - "I have made this money under the laws of my country, and I have a right to spend it where I think proper; and no one has a right to step in and say, 'You shall not spend it in this way, although it is yours; because we want you to pay a penalty for having bought that article from abroad instead of having taken it from the local manufacturer.' " On two grounds, therefore, I am a free-trader. The first is the ground of observation. I see two countries side by side, with similar conditions operating, peopled by a similar race, and with similar commercial and political aspirations. I test them by the five most important indications of prosperity that the world can offer, and I find the country that was behind 35 years ago sailing ahead into a condition of unlimited prosperity, with all her people standing on their own feet, and not leaning against one another as they do in a protectionist country. I find, also, that this doctrine of protection is an unjust one. I will tell honorable members why. If protection consists in levying a penalty upon every citizen in order to give an artificial price to some article that is manufactured in the country, then I say every manufacturer has a perfect right to receive the same artificial price for his commodity. The labourer who goes home every night, takes his meal, has his night's rest, and comes next morning to his work, is a manufacturer of muscular power, and he has just as much right to be enabled by the State to sell his commodity at an artificial value as has the maker of boots and shoes.

Sir John Forrest

- So he has.

Mr BRUCE SMITH

- My thoughts will not travel as quickly as those of my honorable friend, the Minister for Defence. Will honorable members just think for a moment what would be the effect of establishing a community in which, instead of standing on their own feet, every one agreed that they should lean against some one else. It will be admitted that such a course would not increase the aggregate strength of the community. But suppose that each one agreed to give every one else an artificial price for everything they had, what would be the effect on the community in the end? If it is universal it is just, but the moment one makes the system just, it becomes ineffective. Therefore, the only good that protection can do is to the manufacturer who is fortunate enough to induce the Government to single out his industry and give him an artificial price at the expense of the whole community. How can the Attorney-General justify having lived here 35 years in Victoria and never having thought about protecting the labourer?

Mr Deakin

- I beg the honorable member's pardon.

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Mr BRUCE SMITH

- Has the honorable member ever suggested any means by which the manufacturer of muscular strength the labourer, should have an artificial price for his labour. I will admit that a very pettifogging system of giving a minimum wage in factories only has been started in this country. I say "pettifogging" advisedly, because if it were my honorable friend's object by this means to give an artificial price to the labourer for his commodity, why should it be limited to the man who works in a factory? What about the miner?

Mr Deakin

- It is not limited. The miner has had a limitation for years.

Mr BRUCE SMITH

- Is there a minimum wage for miners in this country?

Mr Deakin

- There is a minimum wage for all Government employes.

An Honorable Member. - If we had free-trade they would get no wage at all.

Mr BRUCE SMITH

- The logic of my position is so absolutely unassailable that I do not care what interruptions are made. I want to know why the Attorney-General, who has been in the politics of this country for 25 years to my knowledge, has never made any proposal to give to farm labourers, miners, wharf labourers, and clerks, an artificial price for the commodity which they have to sell to the community.

Mr Deakin

- I have made the proposal.

Mr BRUCE SMITH

- In what form?

Mr Deakin

- If Mr. Speaker thinks it will be in order, I shall be happy to answer the honorable member. '

Mr SPEAKER

- It will not be in order.

Mr BRUCE SMITH

- Honorable members who represent Victorian constituencies will know whether the Attorney-General, or any other leading politician in this State, has ever contended that the labourer as well as the manufacturer is entitled to an artificial price for the commodity which he has to sell. Nor has it ever been attempted to apply the principle to other classes. But the man who sells capital - the banker, for instance, who uses Victorian capital in his business - has an equal right to say - "English, German, and American capital is coming into this country, and I am therefore compelled to accept low rates of interest. I need to be protected, and I want Parliament to keep out foreign capital so as to give an artificial price to my capital, in order that I may obtain 4 per cent. where I have previously got 3 per cent.," which would mean a duty of only 30 per cent; In the same way members of my profession - members of the bar and solicitors - might ask to be protected from English, Irish, and Scotch lawyers, who come here, and by creating competition cut down our fees. What I want to inculcate is the idea that you cannot apply the policy of protection without being unjust, because it is practically impossible to apply it to every member of the community. Every labourer who, day by day, pays higher prices for his groceries, his furniture, his tools of trade, his bedsteads', and his children's clothes and boots, for the benefit of the Victorian manufacturer has to compete with the people of Germany, Italy, and every other country in the world, without protection. I do not make these remarks in order to curry favour with the working classes. I say that it is impracticable to protect them. The only way to do it would be to put a poll tax upon the people of other countries, and to say - "You cannot come in here and compete with the labourers of this country." By doing that you would arrive at a veritable reductio ad absurdum. The conclusion I have come to, after many years of reading and thinking, is that protection is unjust unless you make it universal, and if you make it universal you make it impracticable.

Mr Isaacs

- Would the honorable member abolish State encouragement to all industries ?

Mr BRUCE SMITH

- The honorable member is a member of the bar, and so am I. He has not yet made his speech, and I have evidently given him some material.

Mr Isaacs

- I should like an answer to that question.

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Mr BRUCE SMITH

- I shall give the honorable member an answer by and by. My reasons for advocating the freetrade cause are these : In the first place, by comparing the statistics of various countries I get the suspicion - I will not say conclusive proof - that the doctrines of free-trade and protection will not run side by side in countries which are similarly situated. Secondly, history shows us that free-trade is part and parcel of the great movement of which every Anglo-Saxon is proud. If you tell a Britisher that you are going to take away one of his liberties he will be up in arms in a moment. If you tell this little compact party of which I am a member that you are going to take away some right of the individual, they will tell you that our party has been struggling for liberty for centuries past and that we want more, not less liberty. Freedom of commerce is merely the right to trade as one likes, and freetrade should stand on the same footing as any other branch of the great doctrine - the great faith I might call it - for which the Anglo-Saxon people have fought since the Conquest. This is my justification for being on this side of the House. The Government, by its composition, justified the free-trade party in sending representatives into the House, and my reasons for my faith as a free-trader complete my justification for sitting on this side of the chamber. I pass on now to entirely different matters, and I shall not deal with them at any great length, because I hear murmurs from honorable members opposite, although I did not hear any when speeches were being made on that side of the chamber. There is a great deal in the Governor-General's speech with which I entirely agree, and I do not see how it could be otherwise. As I have been an advocate of federation for thirteen years past, I necessarily advocate the carrying into law of most of the purposes included among the functions of the Commonwealth Parliament, and I may pay ray honorable friends opposite the compliment of saying that there is scarcely a function or a purpose which could come under the consideration of this Parliament within the next century which they have not referred to in the Governor-General's speech. We sometimes hear one political party charged with stealing the clothes of another political party ; but the Government have begun by monopolizing the whole political wardrobe. If at any time the party to which I belong " attempts to carry out any of the functions provided for in the Federal Constitution, honorable members opposite will be able to say " that was one of the measures referred to in the Governor-General's speech of 1901." The Government have gone so far as to deal with the old-age pension system in the Governor - General's speech. I remember that the Prime Minister, when speaking at Maitland, intimated that it was the intention of the Government to give the people of Australia old age pensions. He also said that he would give them a transcontinental railway, and an extension of the penny postage system. I remember that at the time I made a simple calculation, taking into account the operation of the Braddon provision, which showed that to provide an old-age pension system for all Australia on the basis adopted by the Parliaments of New South Wales and Victoria would require at least ?1,000,000 a year, and the levying of ?4,000,000 a year by Customs taxation. I have also pointed out that the extension of the penny postage system has been estimated by a conference of Deputy Postmasters-General as likely to cost ?285,000, which would require the raising of another ?1,100,000 from Customs taxation if there is to be no direct taxation to meet it. Then there is the interest upon the transcontinental railway, supposing it to cost only ?10,000,000.

Mr Mahon

- It would not cost anything like that amount.

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Mr BRUCE SMITH

- Adding these sums together, it is clear that the Government would have to collect an additional ?5,000,000 or ?6,000,000 through the Customs in order to carry out their promises. These promises > cannot be earned out unless the Government break the undertaking which was entered into by the Prime Minister not to resort to direct taxation, because, unless that undertaking is broken, it will be impossible for them to raise the necessary revenue through the Customs until ten years hence the Braddon provision is open to repeal by the Parliament. I compliment the Government, however, upon having so much work

before them, and I can assure them that they will have my most cordial assistance, in carrying it out. I have no desire to see the present Ministers removed, if they will give us a Tariff which will suit the free-trade party ; a Tariff which is possible to those who recognise the financial difficulties of the situation, and are prepared to introduce a policy which will come as near as possible to free-trade, and yet give the £8,500,000 of revenue required. This is not, however, the time to go into details on the Tariff question, because we shall presently have before us the proposals of the Government, and we shall then be able to deal with specific duties, and to say what articles should, in our opinion, be placed upon the free list, and what the rates of duty should be on other articles. I should like to say a word or two about another matter dealt with in the speech - the abolition of black labour in Queensland. The wording of the speech clearly points to the fact that the Government do not see their way to immediately abolish the importation of black labour, and an amendment has been moved by a member of the free-trade party insisting that it should be dealt with immediately. I am sorry that the members of the Government at once jumped to the conclusion that that amendment was an attempt to do something obliquely which the leader of the Opposition or his party were not courageous enough to do directly. I should like to say that I did not hear that amendment suggested before it was moved, and when the honorable member for Parramatta had moved it, I told him candidly that I should vote against it, because I thought that it would be unreasonable, in view of the existing state of things in Queensland, to ask the Government to undertake to immediately abolish black labour there, unless we are prepared to put our hands into the pockets of the Commonwealth, and to pay a very large sum of money by way of compensation to those who are likely to be injured by the adoption of that policy.

Mr McDONALD

-paterson. - That is so.

Mr BRUCE SMITH

- We must not forget that when the people of Western Australia entered federation, they stipulated that they should receive special treatment in the matter of the Tariff, and we were so anxious to complete this great movement that the Convention did not hesitate to offer the concession asked for. I feel certain, therefore, that if, when we were hoping that Queensland would come into the federation, her people had said, " We cannot federate with you unless you leave to us the right to deal with the labour question," the people of Australia would not have hesitated to make that concession.

Mr JOSEPH COOK

- Yes, they would.

Mr BRUCE SMITH

- The people of Queensland have not asked for the concession, and it has not been made to them, and my belief is that the people of Australia will ultimately insist upon carrying into effect what I may term an hysterical cry - a white Australia ; the phrase having undoubtedly been made to kill at a short distance.

Mr Kingston

- The authorship has been claimed by the leader of the Opposition.

Mr BRUCE SMITH

- It is nevertheless an hysterical phrase ; it is one of those catch phrases which take the people, and do their duty. At the same time the Government is under the obligation to be reasonable. I may say at once that I have no interest in Queensland which can be directly or indirectly affected by any action that may be taken ; but the Government must remember that millions of money have been invested in Queensland under the laws of that State, and, although the majority of the representatives of Queensland in this Parliament may be ready to abolish alien labour to-morrow, the representatives of Queensland in the State Parliament would not desire to do an injustice to any class in that State.

Mr Watson

- The honorable member does not know them.

Mr BRUCE SMITH

- I judge the feelings of the people of Queensland by the action of the Parliament of that State. I think the honorable member will admit that that is the only way in which you can judge the feelings of a people.

Mr. McGregor.

The first time they had an opportunity as a people under a franchise which gave them that opportunity, they decided against the kanaka traffic.

Mr BRUCE SMITH

- There is one legitimate means of securing results in constitutional countries, and that is through the Parliament of the country. Although the people of Queensland have expressed themselves, yet that opinion has never reached the Parliament of Queensland in such a way as to enable us to judge through Parliament the real feelings of that State. Otherwise, we should have had an Act passed to take the step we are now asked to take.

Mr Watson

- There is a different franchise there from that in the other States.

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Mr BRUCE SMITH

- I know ; but so long as that franchise exists we must judge from the decision of the people in their Parliament. We cannot go beyond parliamentary institutions. Speaking for myself, I shall assist the Government in carrying out what I believe to be the very reasonable policy foreshadowed in that part of the speech dealing with the kanaka question. There are many other points I should like to deal with, but I do not desire to trespass further on the time of the House. I wish to close my remarks with an expression of opinion that the future debates of this Parliament may be quite as good natured, and that just as marked good fellowship may be displayed, as has been the characteristic of this one. I have listened to a number of the speeches, which have been particularly interesting. Some of the knocks we have attempted to give to the protectionist party they have returned upon us - in some cases with interest. But I am bound to say for myself that not one spark of vindictiveness has been displayed, and I have not seen the slightest indication of any on the part of any honorable member. Seeing that this is really an experiment in legislation, in bringing together the representatives of so many States with conflicting interests, it must be most gratifying to every thoughtful man to see so much warmth of discussion with so little heat of feeling. I would only express the hope that, being the first Commonwealth Parliament, we shall so do our work that at the end of the three years, our names as individuals and the Parliament as a body, may go down to posterity as a group of men who have done justice to the great experiment of Australian federation.

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Mr HUME COOK

- May I be allowed to introduce myself into this debate by saying that, like some other honorable members, I feel rather diffident in making my first speech in this first Australian Parliament ? The circumstances of the case are so entirely different from those to which I have been accustomed in the State Parliament, the representatives, in whose presence I speak are so unknown to me, and the subjects discussed are so much wider in their issues, that I do not feel that assurance I should have felt under other circumstances. We have been told that we should take no notice of the positions in which honorable members sit. We have been assured that there is practically only one issue which divides the House, and that were it not for that issue ... should probably all be sitting on one side of the chamber. Now, I am sitting behind the Government because I believe in its policy and intend to assist in carrying out that policy. I do not question the bona fides of men who have in times past appeared to oppose federation when really they only opposed the Bill for the accomplishment of federation. Reference has been made to one or two members of the present Ministry who, it is said, have been opposed to federation. If my recollection serves me rightly, those men have always been federalists, but they opposed some of the terms of the Bill which made federation possible. I might point with equal force to honorable members opposite and say that there are men sitting there who really opposed federation and not merely the Bill. But we ought not to make remarks about the past careers of honorable members in connexion with this subject. It is hardly fair to do so under present circumstances. Much honest opposition has been offered to the Federation Bills submitted to the people, by men who were as earnest in the cause of federation as were those who have worked for it for thirteen, or for thirty years. The position of the Ministry gives me satisfaction. I did not wish to see a composite Government. I wished to see a Government that would work harmoniously; shoulder to shoulder, for the accomplishment of a given policy, and not give us a kind of hotch-potch, or something which contained the elements of 'everything, but nothing in particular. I am glad that, for the most part, the Government is composed of men who believe in one political faith, and advocate one fiscal system. Were it otherwise, it is just possible that I and some other honorable

members around me might have been sitting on the other side of the House. I am here as a protectionist. I do not object to that word. I like it. Because of that, I sit behind the Ministry at the present moment. It is true that there have been advocates of a Ministry composed of the "best men" from all sides of the House. Well; those "best men" can give their assistance to this Ministry. According to the honorable member for Parkes, the "best men" would appear to be those who advocate free-trade and the worst those who support protection. I was sorry to hear remarks made as to certain negotiations alleged to have been made with free-traders regarding the composition of the present Government. I have a distinct recollection that those allegations- particularly with regard to yourself, Mr. Speaker, if I may import a personal element into the matter - were denied both by the Government and by yourself. I was sorry to hear the statements repeated, because I do not believe them to be true. Neither the Ministry on the one hand nor leading free-traders on the other would have been guilty of such a thing as trying to make a compact. I was also sorry to hear from the honorable member for Parkes a remark as to utilizing the power of the other Chamber to secure free-trade. I like to see men stand up for the Chamber in which they sit.'

Although one might sometimes feel inclined to agree privately with the work done in another place, I have always held to the view that publicly we should stand by the Chamber in which we do our work. The point in the speech of the honorable member for Parkes which most interested me was that with regard to the Tariff, and his recollections of some 30 years of Victorian industries and Victorian policy. He assured us that 30 years ago he had noticed with interest the attempt made to encourage the manufacturers of Victoria to develop the natural industries of this State. He said that the cry then was, "We must encourage these children by holding them up until they can walk by themselves," and he added that after 30 years they were unable to walk. Why is that so? It is because during those 30 years all manner of other conditions have been brought to bear upon the commercial and financial circumstances of the world. During those 30 years we have seen two very great powers arise, both competing for the world's markets. 'Thirty years ago Great Britain was practically the only competitor in the markets of the world, but since then Germany and America have entered the field with great success. So much success has Germany achieved that she is practically mopping up almost the whole colonial trade which was then in the hands of Great Britain. Some time ago I had occasion to ask for a return as to the increase in the export trade of the great powers as compared with Great Britain. I was astonished to find that in every British possession, with the exception of Great Britain and Ireland, German trade had increased to a greater extent than had British trade. As a matter of fact, practically the whole difference between the colonial trade of 30 years ago and now has been seized either by the Germans or the Americans. That return was prepared by the statistical department of Victoria, and of course had no reference to this debate. But it was surprising to notice that during those 30 years Germany and America have entered into competition with Great Britain to such an extent that practically the whole of the colonial trade is going to those two great powers. It is also worthy of notice that the honorable member for Parkes claimed an advance during the last few years with respect to New South Wales. May I remind the honorable member and others that during the last few years Victoria - as also other colonies - has had to pass through very severe financial times. Practically 80 per cent, of our banking institutions closed their doors on one occasion. In spite of that, every obligation and every liability that Victoria had to meet has been met, every penny of interest we contracted to pay has been paid, and no repudiation of any kind has taken place. What would have happened if 80 per cent, of the banks of Great Britain had closed their doors? Is there any other country in the world that could have met all its obligations as Victoria met hers, if they had had to pass through such times as had Victoria? Under the circumstances, it was no wonder that we lost some of our population, who went to seek "fresh woods and pastures new." They went to Western Australia and South Africa to seek for gold and new avenues of employment. The thing to remark is not that Victoria is not further forward, but that she is not further back. We have been assured that if the infant industries could only stand upon their feet, there might have been some encouragement to develop others. The fact is, in connexion with the development of the country and its natural resources, that the whole condition of affairs is continually changing, and that the State becomes a sort of continuous child-bearer. New industries are constantly cropping up which require assistance in their development; and I consider it part of our patriotic duty to develop every natural industry and resource found within the limits of the Commonwealth. If any one were to urge on an American or a German that he should import

half the goods he requires for his own consumption, and have half the labour on those goods employed outside his own country, he would laugh at the suggestion. The time must come when Australia will necessarily manufacture for herself all the things she requires. Practically everything a man wants for his comfort, happiness, or pleasure can be produced in this continent of ours, and it is part of our patriotic duty therefore to develop by all means in our power, and to assist by every legitimate aid the development of industries. I conceive fiscal means to be the most effective. The Commonwealth is still a young community, despite what has been said to the contrary. Practically only the eastern fringe of this continent has yet been treated or dealt with in any way, yet it is as large almost as America. We have very few people, as compared with the 80,000,000 in America, and we cannot, for the present at any rate, build upon any huge internal trade, such as there exists. In spite of the fact that America imports a large quantity of goods every year, her internal trade is of immense importance as compared with her external trade. Speaking from memory, and under correction, I believe the internal trade of the United States is equal to £44 per head per annum, while her trade with all the rest of the world is only equal to £5 per head, so that, practically, the internal trade is equal to about nine times the external trade. The circumstances of Victoria and those of New South Wales have often been contrasted, and certain tests have been put forward to show the superiority of the mother State. The last speaker took several heads for his argument - namely, population, imports and exports, shipping, revenue and railways - and I would like to say a word or two about these tests, and endeavour to answer his arguments, so far as I can at short notice, and with the figures at my command. The honorable member was careful to assure us that statistics might be made to answer any purpose, and that therefore not too much reliance must be placed on them. That may be so. At the same time he made use of them, and I therefore may be pardoned for doing the same on my side of the question. We were told the population of Victoria had decreased during the last decade or two. That is so, and for the reason I gave just now. Not only was there the terrible financial crisis of which I spoke, but other circumstances intervened - such as the discovery of gold in South Africa and Western Australia - which attracted many of our most daring and enterprising men. Imports and exports were next touched on; but that is hardly a fair argument to adduce, for the reason that the policy of Victoria has been to restrict imports as far as possible, while the policy of New South Wales has been to encourage imports as far as possible. On this particular subject the policies of the States are so entirely different as not to allow of comparison being made. In Victoria we have attended to domestic development, to the increase of productions within our borders, and to trade which has been the result of home manufactures, whilst New South Wales on the contrary has adopted exactly the reverse policy, so that to point to imports and exports as they appear at the Customs house does not at all give an idea of how the States stand relatively in regard to their financial position or otherwise. Shipping was the third item referred to by the honorable member, but shipping in a country like New South Wales, where such an enormous output of coal has to be dealt with, where imports are made a feature of its policy, where its chief port is in addition the terminus of the great ocean lines of steamers, will necessarily bulk more largely than in a State like Victoria, where we have none of these adventitious aids. Here again we are not proceeding upon comparable lines, and no fair deductions are to be drawn from the argument of the honorable member. When he speaks of revenue, possibly there may be something to be said. The Government Statist of Victoria - and this is the only time I am going to quote this particular official, for I prefer to quote the Statistician of New South Wales - sets out in his last book the revenue receivable per head in the two States. In New South Wales he showed that the revenue is equal to £7 0s. 8d. per head, while in Victoria it is equal to £5 17s. 4d.; and taxes are £1 18s. per head in New South Wales and £2 9s. 6d. in Victoria. In other words, we in Victoria have been more in the habit of taxing our people for the carrying on of government than has been the case in New South Wales, while in New South Wales they have been living largely on capital, as shown by the receipts from land sales and the expenditure from loan funds. In Victoria the receipts from land sales, over the last five years, averaged about £350,000, whereas the receipts in New South Wales, from the same source, for the same period, show an average of about £1,500,000, or nearly one million and a quarter more than in Victoria. The expenditure on loan account in New South Wales has gone up from £1,300,000 in 1894 to £1,644,000 in 1898 a year, whereas in Victoria this expenditure is a diminishing quantity, going down from £400,000 in 1894 to £334,000 in 1898. New South Wales has been increasing the amount expended from loan funds each year during that particular period, so that, if we take the figures as the basis of calculation, we find that

during the last few years New South Wales has been spending out of loan funds, together with moneys received from land sales, the sum of about ?2,800,000 a year more than has been spent on behalf of Victoria, and to that extent New South Wales has been able to relieve the taxpayer and attract population. I think, therefore, something may be said in favour of Victoria, which has been taxing its citizens rather than create a false prosperity by the expenditure of capital and loan money. In the matter of railways, Victoria has been doing a great deal of developmental work, sending out cockspurs in every possible direction, in order to encourage settlement, and spending a lot of money, which it was known could not bring in any very great returns. If New South Wales has not done this kind of work it is, therefore, able to show a better financial standing.

Mr McColl

- The greater length of the lines in New South Wales makes the profit.

Mr HUME COOK

- As the honorable member says, it is the great length of lines which has assisted in giving the profit. But the point I make is that in Victoria we have not been seeking to make profit out of the railways, but rather to settle people on the land and develop resources, giving communication to those who have settled on the back blocks of the State, whereas in New South Wales, so far as my reading and knowledge goes - I expect to be corrected if I am wrong - they have closely regarded the railways from the main-trunk-line and revenue point of view. Here, again, the argument is hardly fair that the prosperity of the two States is to be judged by the railway systems.

Mr A McLEAN

- Half of the Victorian lines are cockspurs.

Mr HUME COOK

- That is the point I have just made. Some of the tests we ought to take are those which relate to debts, land, and loans, and these I have already touched on. When one State is selling its capital in the shape of its land to the extent of ?1,500,000 more than another State each year, something is to be said for the attractiveness of that country where they are spending so much money. In spite of that expenditure, however, there is in that State, what we have not in Victoria, a permanent labour bureau for the unemployed, although one would have thought there were no unemployed in New South Wales from some of the speeches that have been made.

Mr Deakin

- The last speaker spoke of an " unlimited prosperity."

Mr Mauger

- There are thousands unemployed in New South Wales for every hundred in Victoria.

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Mr HUME COOK

- The member for West Sydney in his speech the other night said that if it had not been for the prompt steps taken in New South Wales some time ago, there would have been an influx of unemployed from Victoria, which would have entirely taken up the relief work provided for the New South Wales unemployed - relief work, I suppose, such as sand shifting and so on. It is not fair to try and make comparisons where the circumstances are not comparable. It is probably hard to find lines on which to make a fair comparison ; but with regard to some measures, at least, we may fairly gauge the prosperity of the two States. I have taken the trouble to look LID Mr. Coghlan's statistics' in order to get, if I 'could, arguments to support the particular policy I advocate, and also to find whether it is true or not that there is in New South Wales this wonderful prosperity that is alleged by free-traders, but which cannot be perceived by protectionists in that State. I have taken certain items as indicative of the relative prosperity of the two States. For example, I take the general bank deposits, and I find that in New South Wales these average ?31 per head, whilst in Victoria the average is ?34 per head, or ?3 more. If we take the savings banks as distinguished from the general banks, the average deposit of New South Wales is ?7 Ss. per head, and in Victoria ?7 16s., or 8s. more. In Victoria there are 32 depositors for every 100 of the population, while in New South Wales there are nineteen depositors for every 100. This latter fact proves two things : first of all, that Victoria 1ms more money to the individual accounts than is the case in New South Wales ; and, further, that the wealth is more widely diffused. But I should say that the probate duty might give some information as to the relative financial position of the two States. The figures I am about

to use were quoted in one of the metropolitan newspapers, the Age, yesterday or the day before, but they will bear repeating. From those figures it would appear that from 1885 to 1889, 13 per cent, of the deaths per 100 in Victoria showed that the deceased had something to leave. From 1890 to 1894 the figure was 17 per cent., and in 1898-9 the figure was 20 per cent. : whereas in New South Wales the relative figures were 11 per cent., 13 per cent., and 14 per cent. Here is some indication of the financial position of the individuals of the two States, and the figures go to prove that Victoria which has been held up to scorn and ridicule because it follows the lines of a policy which is not absolutely free, because it indulges in what is called grandmotherly legislation, which it is said is bringing everybody to ruin, still has something to show in the shape of real, tangible assets on the part of those who unfortunately have to let their estates go through the Probate office. But some other heads may be taken. Coghlan, on page 363, of his most recent work, contrasts the benevolent institutions of the two States. We find that in Victoria in 1898-9, there were 3,550 inmates in these institutions, costing £67,000 a year. In New South Wales there were 5,082 inmates, costing £150,000 a year to maintain.

Sir William McMillan

- That is because we can afford it.

Mr HUME COOK

- It is very easy to talk about affording it, when most of this sort of expenditure in New South Wales is paid out of loan funds. It is generally conceded that a true test of prosperity is to be found in the number of marriages that take place, the number of homes that are occupied, and in the general social condition of the people. The number of houses and homes occupied in Victoria compares very favorably with those of New South Wales, according to the authority already quoted. Of houses of 3, 4, and 5 rooms, in Victoria there are 156,967, whilst in New South Wales the number is 130,262. I quote Mr. Coghlan because he is the Statistician of the other State. Then perhaps it may be interesting to know, that according to the same authority, there are actually more bankrupts in New South Wales than in Victoria. The figures for 1898 show that there were 612 in New South Wales, as against 594 in Victoria - not a very great difference, but still a difference in favour of Victoria.

An Honorable Member. - Relatively to the population ?

Mr HUME COOK

- If we take the figures relatively, the position will come out worse, so far as New South Wales is concerned. I have quoted Coghlan, but the figures given by the Victorian statistician show a very much wider disparity. The assets with which these bankrupts had to pay their debts was also in favour of Victoria, for the average amount was 10s. in the £1 in that State as against 9s. in New South Wales. These facts give some indication of the relative position of the two States, and I think may be taken as a guide to their prosperity in each case.

Mr Mauger

- Take friendly societies.

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Mr HUME COOK

- I could take friendly societies also, but there is no need to pursue the argument further. As a matter of fact there are circumstances surrounding each State, which make the position of various institutions, various trades, various branches of commerce, differ, and it is hardly fair to make comparisons where they cannot properly be made. But I say that the social conditions to, which I have just referred are a very fair test of the financial condition of the two States, and I think the figures I have given are very greatly in favour of Victoria. We have heard a great deal about freedom of trade being the natural corollary of freedom generally. I do not know that that is so. We are told that free-trade was originally the law of the universe, and that the effort of the free-traders is to get back to the original state of things. Originally, I suppose, men lived under trees and ate nuts. I do not know whether any one wishes to go back to that original state of things. The fact is, that modern conditions of society and trade render it imperative that new methods should be adopted for the conduct of our domestic, commercial, and social affairs. It is absurd to talk about freedom of trade, when Australia is asked to compete with nations like America and Germany. These and the Continental nations generally, with hundreds of years of experience behind them, with immense capital, well developed resources, with the greatest aids that technical schools and knowledge can give them, must necessarily have an advantage over Australia, and it is absurd to ask a

young community to compete with them. I have never heard a protectionist say that he was afraid to compete with one who worked the same hours and under the same conditions as himself; but it is unfair to ask a man to compete with others when those others have the advantages of which I speak. We cannot get .capital on the same terms as they can get it in America, to say nothing of Germany and the Continent generally. We cannot get men to work, nor do we want them to work, under the same conditions as they do there.

We cannot hope for the same aids from technical education which are forthcoming in those countries by way of assistance to their manufactures and so forth, and, until we do get such assistance we require these adventitious aids, which are advocated by people holding the same fiscal views as myself. I do not say that protection is a panacea for all our ills. Fiscal protection is only one measure adopted to assist and develop trade and commerce, and to improve the social conditions in this life of ours. I know that the new protection has been referred to by some of the previous speakers when touching upon the Factories Act. There is also one other kind of protection that might be instanced, namely, the handling of money as it affects the nation as a whole. I think that the element of protection might be extended along very many lines, and not merely along fiscal lines. It has been asserted that the manufacturers reap all the advantages of protection - that they are millionaires. Where are the millionaire manufacturers in Victoria? We have been asked to point to economists of repute who support the protectionist fiscal faith. I ask those who support a free-trade faith to point to the millionaires who are said to exist in Victoria, but who really exist only in the imagination of free-trade orators. They are not here, and they are not likely to be here. Our effort, of course, whether on the part of free-traders or protectionists should be to diffuse wealth as far as possible, and while there may be a tendency under certain conditions for the manufacturers to make large fortunes, the tendency exists to just as great an extent when importers get a monopoly. Wherever a monopoly exists fortunes are made; but monopolies are not peculiar to protectionist countries any more than to free-trade countries. For every monopoly existing in connexion with a protectionist industry we can point to one in connexion with the importing ring. - We have been told that protection can do nothing for the farmer. It is not my present task to advocate the farmers' cause. But the protectionists do not stop at the Customs house. Bonuses are advocated, and would be voted by men who represent cities and towns, and who might be thought to be associated only with manufacturing interests. My feeling is that it is part of the patriotic duty of honorable members to employ every means in their power to assist in building up our own industries, and to import as little as possible. I desire to see the same state of things, so far as our trade is concerned, as exists in America, where the great internal trade is nine times as valuable as the external trade of the country. I conceive a country to be rich when it uses those great natural products which are at its hand, when it attracts population to it, and can get that population profitably employed in developing its own industries and utilizing its own products. I do not see that that could be done as well under a policy of free-trade as under a policy of protection; and for that reason I am a protectionist. Before sitting down, I wish to touch upon two points which have been omitted, perhaps intentionally, from the Governor-General's speech. I may possibly be told that the proper time to discuss these particular matters would be when the budget is introduced; but, with all due deference to the Ministry in this regard, I may say that the circumstances under which we find ourselves are very unique indeed. The Government have come into power without any precedent to guide them, without any well-worn lines of policy - in short, with everything new - so that everything has to be done from the very beginning, so to speak. Under these circumstances, perhaps, it would have been more gratifying to hear something under the two heads about which I desire to speak, but which probably have been reserved for the Budget. I refer to the public works policy of the Government and to the financial operations of the Commonwealth, apart from the Tariff - the financial clauses of the Act and the bookkeeping clauses. Some of the great spending departments of the States have been handed over - to the Commonwealth. A public works policy will have to be evolved by this Ministry sooner or later. We would have been very glad to have "taken that policy into consideration with any proposal for raising taxation by direct or indirect means. But what I would like to know is whether any new lines of policy "are to be pursued with respect to public works and matters of that kind in connexion with the Commonwealth. One of the reasons I am so anxious to know is that in this young community we have practically only one capitalist. That capitalist is the State. We have no established industries of years and years standing, and no very wealthy men to keep things moving on, and we must naturally, therefore, look to the State. It is just because this is so that

in times of distress, when drought and other disasters overtake us, the people of Australia instinctively look to their several Governments for aid and assistance. A public works policy will have to be adopted, and the particular point about which I am most concerned is as to whether we are going to follow on the lines which apparently have been freely followed in New South Wales, or whether we are going to strike out on new lines altogether. Are we going to continue a policy of borrowing money and spending it upon public works, or are we for the most part to attempt to carry on public works out of revenue? I feel it is not only fiscal protection we require in order to develop Australia. We require financial protection also. We require protection from those who would insist upon very large borrowings and spendings without any regard for the future, or to the safe and sound development of Australia. One of the issues which might very readily be drawn attention to here is that in connexion with our Defence department. Here is a department wherein already demands are being made for the expenditure of large sums of money. If we are to take the policy laid down for us by the honorable member for Bendigo to-night, we should be rushing into an expenditure on naval armament which would find us, I do not know where. But, if we are to pursue only the more moderate policy advocated by some honorable members, we should yet be faced with a very large expenditure. I am quite prepared to face some expenditure in this regard. I think it necessary that there should be proper and adequate defence of our Australian territory and interests, but I am not prepared to advocate a policy of the expenditure of a large amount of loan money on the defences of the Commonwealth. I am not prepared to vote for, and will not vote for, that. I think also that we ought, as far as possible, to expend the moneys necessary for the defence of the Commonwealth out of revenue account. I do not say for a moment that this can be done at once, I think that very great reliance may be placed upon the patriotic spirit of the community quite apart from the expenditure of money. The best assistance given in the American war came from men who fought merely from their love of country, and not for the pay given to them for fighting, and in connexion with the South African war we know that it was the patriotic spirit, and not the pay which was offered, which recently induced Australians to take part in the battles of the Empire. And if our people will fight in South Africa from patriotic instinct, I have no fear of what will happen if ever this country is attacked. I think that we may rely upon the patriotic spirit, the natural fighting instinct, and the love of country which is inherent in our race, for the defence of Australia, if ever she needs to be defended. I hope, therefore, that we shall not follow the old policy of borrow, boom, and burst, and that we shall pay for our public works from revenue, and, rather than add to our already very large national debt, try to get rid of some of our present debts. At the same time I strongly advocate the establishment of a national manufactory for the supply of small arms and ammunition, because if we are to succeed in warding off any attack we must have ammunition and arms. Of course it would be impossible to think of manufacturing such things as Krupp guns or armaments of that kind, nor could we do it with any satisfaction to ourselves; but we should certainly look to our small arms, and our ammunition supplies. One of the astonishing things in connexion with the South African war is the way in which the Boers have kept themselves supplied with ammunition. I have come to the conclusion that they must have been manufacturing their supplies, or they could not have kept up the war so long, and I think that if we were attacked we ought to be able to do the same thing. I suppose it will be heresy to say that I am in favour of a State bank. The policy of establishing a State bank has been so often discussed, and dismissed after so many a hard struggle, that one requires a little courage to be able to say that he is in favour of establishing a State bank for Australia. When I say that I am in favour of establishing a State bank, I do not mean such an institution as we have been asked by those who opposed the proposal to believe that the term implies - a printing press with an unlimited supply of paper for the manufacture of bank notes. I think, however, that the Commonwealth should take control of the note issue of the community. It might be well to issue notes of 10s. to be used in place of half sovereigns. I cannot conceive that the banks would issue notes unless they made a profit by so doing, and if the Government undertook the issue of banknotes the Commonwealth would obtain the profits that now go to private institutions. Then a great deal of banking business will probably be done between the States and the Commonwealth, and any profits arising from it might very well go to the Commonwealth. It seems to me that this was contemplated when the control of banking was made one of the functions of the federal authorities, and the taking over of the State debts was specifically provided for in the Constitution. I should like the Commonwealth to have a real Treasury, instead of the kind of treasury to which we have been accustomed. It is more than possible that, later on, the States will require to have loans floated, and

a lot of financial business transacted, which the Commonwealth could do for them, and out of which it could make a great deal of profit. In my opinion, it is the duty of the Commonwealth authorities to make all the profit they can out of these transactions whilst giving that assistance to the States which the Constitution empowers us to give. I am strongly in favour of the Commonwealth doing all its own insurance. Its own public buildings and properties of every kind might very well be insured by it, just as the Railway department of Victoria has established an insurance fund to cover all possible loss and depreciation in connexion with its rolling-stock, plant, and other fixtures. I think, moreover, that all payments made by public servants by way of guarantee might very well be made to the Commonwealth instead of to private corporations or to individuals. I would go further, and establish a life insurance department similar to that in New Zealand, which has apparently met with very great success, and from which large profits have accrued. All these are monopolies which I believe properly belong to the people, and should not be controlled by private corporations. The financial policy of the Commonwealth, quite apart from the Tariff and public works proposals of the Government, has a very real interest for those who desire to see Australia progress. I am one of those who think that the control of money, and the conduct of financial operations involved in it, together with all matters relating to financial concerns, are of as much, and in many respects of more moment than Tariff questions, and the issues arising out of them. I feel that the financial position of Australia requires more attention from us than even the Tariff question, important as it is. The fact that Australia has already debts amounting to ?200,000,000, with an average annual interest charge of ?8,000,000, should be of very grave concern to us, and anything we can do to gradually reduce those debts will be in the direction of increasing the prosperity and developing the natural resources of the Commonwealth to a greater extent than any legislation not of a financial character will do. For this reason I should have liked to hear something said, not merely in regard to the, great questions which are touched upon in the Governor-General's speech, but also in regard to the public works policy and the financial proposals of the Government as they affect the matters which I have referred to. I have only to add that I trust that, when the Budget speech is made, some of the matters to which I have referred will find a place in it, and that, as a result of giving wise considerations to financial affairs, we may find Australia taking her place among the nations of the world, as it was imagined she would when federation was accomplished. True success will depend upon our financial stability and solvency, which can be obtained and maintained only by giving the fullest and wisest consideration to matters of finance, and not confining our attention to Tariffs and Tariff issues alone.

Debate (on motion by Mr. Macdonaldpaterson) adjourned.

SPECIAL ADJOURNMENT

Resolved

(on motion by

Mr. Deakin)

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That the House at its rising adjourn until to-morrow at half-past 2 p.m.

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22:12:00

House adjourned at 10.12 p.m.