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1901-10-24

House of Representatives.

Mr. Speaker took the chair at 2.30 p.m., and read prayers,

QUESTION

FIFTH VICTORIAN CONTINGENT

Mr PAGE

- I sincerely hope that the Prime Minister will not think it presumptuous on my part if I ask him a question on a matter of very vital importance.

Mr JOSEPH COOK

- The Government are not answering questions just now.

Mr PAGE

- I am anxious to know what has been done with regard to the poor fellows in South Africa who have been sentenced. Major McKnight is here, and we have been promised an inquiry. I desire to ask the Prime Minister if anything has been done, and, if so, whether after this motion of censure is wiped off the slate, he will cause the correspondence to be laid on the table of the House?

Minister for External Affairs

Mr BARTON

- I am sorry to say that the Government cannot answer questions at this time. There is a constitutional rule which would make it an impropriety to give an answer even under, exceptional circumstances ; for that I am sorry. The honorable member may recollect that before the motion of censure was brought on a promise was given to ask for the fullest information on the subject ; it has been fulfilled. I can say no more at present.

MOTION OF CENSURE

Debate resumed (from 23rd October, vide page 6384) on motion by Mr. Reid -

That this House cannot accept the financial and Tariff proposals submitted by the Government -

Because they would place the finances of the Commonwealth and the States upon an unsound and extravagant basis.

Because they fail to adjust the burdens of taxation and the advantages of the free list in an equitable manner, revealing a marked tendency, which this House regrets to observe, to press upon the necessities of life and appliances used in our farming, mining, and pastoral industries more heavily than they do upon many articles of luxury.

And because they would in their operation destroy the stability of the revenue by making imposts for national purposes a source of undue profit to a few individuals, and a few favoured industries, at the expense of the whole community.

That the foregoing resolutions be conveyed, by address, to His Excellency the Governor-General.

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Mr WATSON

- I do not propose, at this late stage of the debate, to speak very lengthily, because I feel that a very great number of matters to which I should have liked to refer have been put a great deal more forcibly by other honorable members ; and besides that, it seems to me that after the great number of speeches we have had, those of us who feel that it is necessary to define our attitude should confine our remarks, as far as possible, within a reasonable time. I do not propose, therefore, as some honorable members have done, with every justification, perhaps, to go into the masses of figures which have been slung across from one side to the other, and repelled with equal force on either side. Statistics, it has always seemed to me, are of comparatively little value in matters of this description. The conditions differ so widely in every civilized country that statistics in themselves convey no true impression as to the state of the people, taking all matters into consideration, or as to the effect on a nation of a particular policy. We have had England quoted to a very great extent, especially by the free-traders, as showing the great value that attaches to a free-trade policy. Apart from the fact that England built up her industries largely under a protective system, she got a certain start of other nations, especially the continental nations, in respect of the free admission of the raw materials required to supplement those which she "had in such great abundance in the shape of iron and coal. She got such a start that her continued surplus of exports left her with a large

amount of money, which she loaned out, and thus became the creditor nation of the world. That led to the continued sending to England, in the form of goods, of immense sums year by year to meet the interest. That is one thing which, I think, has had a material influence on the position which England occupies to-day under free-trade. In view of all the conditions which obtain in England, -so far as I am able to glean them from this distance, I will not say but that, if I were there, I also should be a free-trader.

Mr Wilks

- That is loyal, anyhow.

Mr WATSON

- It is very likely that I should be a free-trader there, under all the circumstances ; but then it must be borne in mind, in relation to that very question of what is a creditor nation, that there is evidence of a large disposition for the money centre to change from England to the United States. After years of effort the United States have built up an enormous export trade surprising the civilized world, and if the leading men who advocated free-trade 40, 30, or even 20 years ago were alive to see the expansion - and, of -course, some of them are - they would not only feel surprised but astonished that their prophecies had been so completely upset by the conditions that exist there to-day.

Because of this vast expansion of her export trade, notwithstanding the recent war, which has upset matters to a slight extent, we find a continual out-stretching of the United States capitalist in the endeavour to find an outlet for the vast sums which are accumulating year by year. That is shown by the recent purchases by Americans of steam lines and various industrial businesses in England. ' And I feel certain that within a very few years, so far as the signs of the times point, the United States will to a large extent displace England in the money market. That, again, will have an immense influence, I think, upon the general trend of trade and commerce throughout the world. Another feature has to be borne in mind. When we attempt to compare America with England we have to allow for the vast natural resources of a comparatively virgin country compared with the state of affairs in England. But, on the other hand, when some honorable members on your left, sir, attempt to compare England with the Continental nations, they should make allowance for the fact that not only have her two principal competitors had during comparatively recent times to bear the enormous expense of a war, which meant in the case of France an indemnity of £100,000,000, and the expenses of the war amounting to many hundreds of millions, but also the continued withdrawal from active production of a very large proportion of their populations in standing armies and general military training. We know that England spends more on her army and navy than does any other nation, but England is able to meet her expenditure in that direction many times over out of the -interest which she draws from foreign loans. The main drawback, however, against which the continental nations have to contend is the withdrawal from active production of such a large proportion of their people, and it is only fair that that should be taken into consideration in any comparison that may be made. As far as the United States are concerned, it seems to me that even our free-trade friends must admit that the iron industry of the United States has been developed as the direct result of the protective Tariff that has been in existence there for many years.

Mr Poynton

- I deny that. The honorable member must consider the royalties.

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Mr WATSON

- Royalties are no doubt a factor ; but against that it may be pointed out that in connexion with the production of iron, England until recently had in close juxtaposition the coal and all the varieties of ore necessary for the manufacture of iron and steel. During the last few years England has had to send to Spain and Belgium for certain kinds of iron to mix with the native ore in order to make perfect steel. That, however, applies to only recent years, whereas in America they have had from the outset to convey the iron ore, in the greater number of cases, for a very considerable distance. In one instance, where I admit that they have reduced the cost of handling to the lowest possible degree - in connexion with the Carnegie works, now under the Steel Trust - they have to carry their ore 1200 miles by water, and for a considerable distance by rail, before they can bring it to the coal and the fluxing materials that are necessary in iron and steel manufacture.

Mr JOSEPH COOK

- They carry only a portion of their ore that long distance.

Mr WATSON

- They carry the great bulk of it in that way. I recently read a magazine article which was written apropos the formation of the large Steel Trust in America, and the writer evidently was not speaking with the idea of supporting any particular fiscal view, but was merely stating facts of interest to the general community. He stated - I do not know myself, because, unfortunately for me, I have never been in the United States - that the great bulk of the ore used in connexion with the Carnegie works had to be carried a very long distance.

Mr Poynton

- According to the report of the Royal Commission of 1888, the position in England is very different from what the honorable member has represented it to be.

Mr WATSON

- That may be. I recently read in the Sydney Daily Telegraph - which cannot be stated to hold protectionist views - a letter from their New York correspondent commenting on the big strike that lately occurred in connexion with the Steel Trust works. Although the unions were on strike, no question of wages was involved, according to this writer, because, leaving out of account foremen and clerks, the wages for artisans and labourers put together averaged 3 dols., or 12s. 6d., a day. It is not likely that under these circumstances any question of wages would be at stake. The question of unionism was at stake, and this, of course, might eventually lead, directly or indirectly, to the wages being involved, but as far as the strike was concerned, no question of wages had arisen. I maintain that the wages show a very considerable balance in favour of the payments made to the American employes. We have been told a great deal about the trusts that exist in America, and I am prepared to admit that trusts generally are likely to form one of the most important factors in the industrial life of the future, straining to the fullest possible extent the collective wisdom of the Parliaments of all the countries of the world. It must, however, be recollected that trusts are not peculiar to America, notwithstanding the statements made to the contrary by a writer to whom I give every credit for his great intelligence, his general analytical power, and his desire to state the case fairly. Notwithstanding these statements, we know that under free-trade in England trusts flourish to a considerable extent. Quite a number of these trusts exist in England - the salt trust might be quoted as an instance - and trusts will always flourish where large amounts of capital are available, and where there is competition between capitalists. It appeals to any capitalists - whether they are under free-trade or protection - that if they can come to an arrangement by which they can reasonably limit the output, and control prices, they will be all the better off for joining in with their neighbours. That, of course, is human nature under any fiscal system. I do not say that the trusts "obtain in exactly the same degree in England as in America, but they do exist there, and one reason why they have not assumed the same proportions as in America, up to the present time, is that the English manufacturer is acknowledged to be a man of slow growth as far as his methods are concerned. He is like most of us, rather conservative; and it is a good thing in some respects that we do not change until we are thoroughly convinced of the necessity for change. The English manufacturers, however, have been outstripped in many instances by American competitors, because of their unwillingness to adopt new methods and new machinery. So in the matter of trusts; it was only when they found that the Americans derived great advantages from these combinations that they have followed their example.

Mr Glynn

- Still, their exports of manufactures are three times greater per head of the population than are those of America.

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Mr WATSON

- Of course they are; but that is due to the difference in the conditions of the two countries. England does not contain more than one-half the people that America does, and, therefore, has not the same number of consumers. Moreover, the total production of America is greater. More trade goes through the canal down to the St. Lawrence than passes through the Suez canal - that does not appear in statistics, because it is only internal trade. I admit that England occupies a unique position - she has occupied it for many years past, and more power to her arm - but it is impossible for us to-day, just as it was a few years ago, to say how long she will continue to occupy her present position as far as manufacturers are concerned. A few years ago it was considered that she held the iron industry in the hollow of her hand, and now we have

heard it stated just as dogmatically that England holds the cotton industry in the hollow of her hand. But the elements that led to the displacement of the iron trade of the world are working just as surely in the direction of the displacement of the cotton trade of the world. I notice that an attempt has recently been made to emphasize the sweating which obtains in New York. Our friend the Argus, anxious of course to do justice to the free-trade cause--

Mr Wilks

- It is a true friend of labour.

Mr WATSON

- That is a contention with which I am rather inclined to disagree. As a rule I do not find the Argus unfair, and I have no reason to say anything against it in that respect. At the same time, for that journal to quote, as it did on Tuesday last, from reports relative to the sweating prevalent in New York, without on the other hand drawing attention to the sweating that exists in England, savours of unfairness from a political standpoint. I admit - as every sane man must admit - that sweating exists, in default of legislation, both in free-trade and protectionist countries. So far as the "Song of the Shirt" is concerned, the lesson which that poem conveys is quite as true of England to-day as it was 40 or 50 years ago. Indeed, the condition of affairs is even worse at the present time. I do not say that it is extended over a greater area, but in its intensity it is even worse than it was when the "Song of the Shirt" was written.

An Honorable Member. - No

Mr Glynn

- Sir Robert Giffen denies that absolutely.

Mr WATSON

- Only a little while ago I read a description of the Jewish quarters in London, from the pen of a man who has every reason to speak well of the people to whom he was particularly referring. I am alluding to Arnold White, but I do not for one moment contend that the condition of affairs of which he speaks is due to freetrade. Speaking of the Jewish quarter, and as a man who had been employed by Baron Hirsch to control large benevolent enterprises on behalf of the Jewish community of Russia, he depicts the conditions existing there to-day as horrible in the extreme, and as not being at all outdone by those existing in a similar quarter years ago. I do not say for one moment that these conditions are directly due to free-trade. I am not so unfair as to argue in that way; nor do I admit that the sweating which obtains in New York is due to protection. In each case it is due to the fact that a number of people who have been persecuted under old world governments have fled to where freedom - even if it amounts to freedom to starve - is obtainable. They have flocked to New York and London in exactly the same manner. This influx has had a very material effect upon the conditions which prevail there. The leader of the Opposition stated that the gap between the rich and poor in America is greater than that which obtains in England. I should just like to quote for his benefit a statement by Mulhall. I notice that the free-traders generally fly to Mulhall, because he is suspected of having free-trade leanings.

Mr F E McLEAN

- Will the honorable member put any statistician against him ?

Mr WATSON

- I am quite willing to accept Mulhall as an authority. I believe that he is a free-trader, and I know that the free-traders are not satisfied unless one quotes Mulhall. If any other authority is quoted, they are apt to discount his testimony. Apropos of the matter to which I have just referred, namely, the gap between the rich and the poor in America, Mulhall, according to Coghlan's Seven Colonies, page 421, states - In the United States it takes the population 76 working days to earn their food.

Mr Thomson

- That does not include their clothes?

Mr WATSON

- No, of course not. Mulhall says -

In the United States it takes the population 76 working days to earn their food and beverage, whilst in the United Kingdom it takes them 127 days.

That is a very large difference;

Mr Poynton

- Perhaps they work harder in the United States;

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Mr WATSON

- I believe that they do work at higher pressure ; but even that fact will not account for the very wide distinction. In Canada it takes the people 97 days in which to earn their food, as against 127 days in Great Britain, and 112 days in

Australasia. I point out this fact to show that, so far as statistics go, the gap between rich and poor is not so great in the States, if the working population on an average can earn the food which is necessary for their existence in 76 days. The honorable and learned member for East Sydney also referred to the boot manufacturing industry in New South Wales. I do not intend to say very much in reference to the continual cross firing which has been going on between New South Welshmen and Victorians, because it seems to me that the matter has been carried too far. I do not feel that we are justified in assuming that all the Victorians are scoundrels, politically speaking.

Mr Wilks

- No ; who said that?

Mr WATSON

- Why, the honorable member for Wentworth said the other night that the representatives of Victoria ought rather to disfranchise themselves than carry out the decision of their constituents upon this occasion. He said that if honorable members who represent Victoria were the means, with others, of securing the passage of this Tariff, it would be Government by a minority. When the honorable member said that, he evidently forgot that the twenty Victorian representatives can do nothing unless they are backed up by the nine or ten New South Welshmen, who are also returned as protectionists.

Mr Thomson

- He did not say that they were political scoundrels.

Mr WATSON

- I say that politically that was the inference. I do not say that the honorable member for Wentworth said that at all. I am speaking of the proposition of the honorable member, that the representatives of Victoria have practically no right to register their votes in this division.

Mr Thomson

- We recognise that they are perfectly sincere.

Mr WATSON

- Some honorable members do not seem to recognise that the Victorians are sincere in anything. According to their ideas the Victorians are either fools or rogues. They seem to think that the bulk of them are fools, because they are at the disposal of a number of rogues who are running the Tariff.

Mr Wilks

- Running a newspaper?

Mr WATSON

- When the honorable member talks about running a newspaper I say that the Age of Melbourne has a very good complement in the Daily Telegraph of Sydney. If the Age can outdo the Daily Telegraph for general misrepresentation, in order to bolster up its own case, it is pretty bad.

Mr JOSEPH COOK

- The Daily Telegraph is not in it with the Age.

Mr WATSON

- The Daily Telegraph can get on pretty well. As far as betraying anxiety to boss the situation is concerned, that newspaper performs its task pretty well. It did boss the situation in New South Wales for a time, and it attempted to do the same thing again during the recent State parliamentary elections, but I am glad to say that it went down with a dull sickening thud. The honorable and learned member for East Sydney, in speaking the other evening, said that the employes in the boot manufactories of New South Wales are better paid than are those in the Victorian factories. Speaking on a cognate subject, the honorable member for West Sydney challenged the protectionists to go to the proper source for information with respect to the wages and conditions of the boot factory employes. Immediately the statement was made by the leader of the Opposition, that the boot trade employes in New South Wales are better off than are those in Victoria, I wrote to the secretary of the union, who has since replied to my communication. He states : -

Some time ago, in consequence of the misleading figures given by Mr. Coghlan regarding the earnings of makers and finishers - There are two branches of the boot manufacturing trade. As the clickers are not in any union, I have no official information in regard to them, but I believe that they are even worse off than the makers and finishers. My informant goes on - - doubtless supplied by interested manufacturers, when there was no union in existence, I was instructed by my executive to collect statistics of the wages earned, and to find the average. The majority of makers and finishers work piece-work, although many work on weekly wages. I found that the average earnings of makers were 25s., and of finishers 30s. per week. Of course, there are individual factories where the men average much higher than this. These are adults, be it remembered, no allowance being made for children and others.

Mr Willis

- Are they all journeymen?

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Mr WATSON

- Yes. As against those wages, there is paid in Victoria, under a wages board I admit, 42s. as a minimum, which, according to the report of the Factory Inspector, Mr. Ord, is slightly exceeded in some cases. With regard to the firms of McMurtrie, Enoch Taylor, and Hunter, quoted by the right honorable member for East Sydney, my informant says -

McMurtries', Hunter's, and Enoch Taylor's handle the bulk of the imported boots and shoes in New South Wales, and their factories are merely adjuncts to their huge importing and distributing businesses.

Mr Page

- Hunter is the biggest sweater in Queensland.

Mr WATSON

- And the firm is not far behind that position in New South Wales. My informant continues -

In the course of the debate last week, it was stated that one factory in Sydney employed 1,000 hands. This statement, to say the least, is a gross inaccuracy, as no boot factory in New South Wales employs anything like half that number of hands.

Mr G B EDWARDS

- The statement was that the three firms employed that number of hands.

Mr WATSON

- I remember some honorable member questioning the statement when it was made by the right honorable member for East Sydney, and apparently I have misunderstood it as others did. I am glad, however, that the misapprehension has been corrected. ' The main feature is that the wages of the men engaged in New South Wales compare very unsatisfactorily with the wages of those engaged in Victoria. I do not wish to say much more on these subjects, except that I am a protectionist, at any rate to a moderate extent. I do not believe in protecting, or attempting to protect into existence, every trivial industry which, when established, will employ only a few hands. It is worth the while of the general community to make some contribution towards the establishment of an industry which may be of some importance when established. In Victoria, if I may be permitted to say so, some protectionists have gone so far in the direction of protection as to endeavour to bring into existence, at the expense of the general community, a number of industries which are worth nothing when established. As an instance, I might point to the match industry, which, in Victoria, employs 27 men and 66 women. I am not certain as to the exact proportion of males and females, and it ought to be said that of the total of 93 employed there are very few men and women, nearly all being girls and boys. In my view, that is carrying protection to a ridiculous extreme.

Mr Wilks

- How much does it cost to maintain this industry ?

Mr WATSON

- I have not ascertained - that, and it is difficult to do so. But I, for one, am not prepared to pay one fraction more for my matches in order to establish or continue an industry of this character. Apart altogether from the few people employed, we know that such an industry is of no advantage to the health of the people employed, and is, on that ground, not very desirable. With regard to the general principle, I am prepared to admit that the community have to pay extra for goods on which a protective tariff is placed, at any rate in the initiation of the system. I am prepared to admit all that, but I agree cordially with

the contention put forward by the honorable and learned member for Indi - who has, I think, made the best contribution to this debate, at any rate from my point of view - that we do now in every one of the States give assistance from the general taxpayer's contributions- that is, from the Treasury - to all forms of primary industry. Such assistance, direct and indirect, is given, and it is no more against the well-being of the community to ask for assistance for the manufacturer than to ask for it for the agriculturist or the miner.

Mr Piesse

- It is not done in the same way.

Mr WATSON

- The only question is as to the method in which the assistance ought to be given. I admit that there is a great deal in the contention of those who say that a bonus might be a more satisfactory method. But there is considerable difficulty in assuring the permanence of an industry under a system of bonuses. There is the trouble also that we may get only one factory into a strong position, without any encouragement being given to competitors ; and competition under the present industrial system is the only preventive of the evils of monopoly. I do not say what might be done under other conditions.

Mr Conroy

- If all industries need assistance, who pays the revenue 1

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Mr WATSON

- The revenue is, of course, contributed by the general taxpayer, who is, I admit, going to be taxed to that extent. But a matter of which we ought to hear something, and of which I have heard nothing during this debate, is contained in the question - What is the leader of the Opposition going to do, if he gets possession of the Treasury benches, so far as relieving the taxpayer is concerned ? The right honorable gentleman says that he is going to take the burden off the back of the poor man. In my view, however, his proposal is simply to shift the burden from one shoulder to the other. The leader of the Opposition is not now in the position he was a few years ago in New South Wales, when he said to the State Parliament and the people - "I am prepared to adopt free-trade, and its concomitant of direct, taxation, " The power to impose direct taxation gave him the chance of establishing free-trade.

Mr JOSEPH COOK

- Does the honorable member think a revenue of £9,000,000 is necessary 1

Mr WATSON

- I do not think that such a revenue is necessary, but I shall deal with that point in a moment. The leader of the Opposition was on logical ground in the position he took up in New South Wales ; but I contend that, so far as the general taxpayer is concerned, it does not matter a snap of the finger to him whether the £7,000,000, £8,000,000, or £9,000,000 of revenue is raised from cotton goods or from woollen goods. The leader of the Opposition almost shed tears over the workingman, when he said, the other day - " What can we do for the pioneer away in the interior ? - why should we tax him out of existence, and give him no assistance from the Treasury of the country ? " But the right honorable gentleman did not say that he was going to relieve the tea of the poor pioneer from any impost at the hands of the Government. He did not say that he was going to make the kerosene light any cheaper in the farm-houses of the country. He did not say that the poor man's wife's underclothing, and the ordinary goods which go to keep up a household, are going to be made any cheaper at his hands. It is absolutely misleading the country for an honorable member to get up and allow it to be inferred that he is going to lighten the burden of taxation, when he knows that he is going to raise practically the same sum from taxation of the people.

Mr G B EDWARDS

- That is not the case.

Mr WATSON

- In the first fight on the Constitution Bill in New South Wales the leader of the Opposition objected to the Braddon clause, because it would compel the raising of more taxation than was necessary for federal purposes. Yet now he does not indicate how far he will go beyond the requirements of that clause to bolster up the finances of the smaller States. The honorable member for South Sydney invariably supported the Federal Constitution Bill, but he is in a different position from his leader, who made the "

head and front " of his attack upon that measure that it contained a provision in the shape of section 87 which would, willy-nilly, take from the people of New South Wales in particular £1 or 25s. per head more than they had had to bear in the past.

Mr Wilks

- Did not that show that he was studying the masses ?

Mr WATSON

- But why is it that the right honorable member does not now bear in mind his prediction of that time ? Why does he not admit that he eventually voted for a Bill which compelled the raising of a large amount of taxation from the people? He maintains a discreet silence on that aspect of the question now.

Mr Thomson

- The later Bill did not compel the raising of more than it was proposed to raise before.

Mr WATSON

- Allowing that no more was raised than the Constitution Act makes necessary, it does not get away from the fact that the Tariff of the leader of the Opposition - which he was careful to keep to himself - even upon the general lines he himself has laid down, involving duties on articles that cannot be produced here, would press just as heavily upon those who have to work for a living as would a modified protectionist Tariff.

Mr JOSEPH COOK

- It would make this difference - that all the duties the honorable member has mentioned do not amount to a million.

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Mr WATSON

- But I have not yet come to the end of my list. I have only mentioned one or two articles. Most of us remember that the leader of the Opposition told us in New South Wales, both in Parliament and out of it, that the adoption of Federation meant the sacrifice of his free-trade ideas. I contend, with all respect to the definition which honorable members may desire to put upon that expression, that the right honorable member meant that free-trade was impossible. Much of the argument we have had on the present occasion as to the ideal system that might be evolved out of the chaos by which we are surrounded is beside the question, because it is not possible to put an ideal system in force for ten years at any rate. Therefore we must make the best, from the financial stand-point, of what; in my opinion, is a bad bargain.

Mr G B EDWARDS

- This Tariff is not the best that could be devised.

Mr WATSON

- I think the Government in framing this Tariff has acted to some extent on wrong premises.

Mr JOSEPH COOK

- That is a candid admission.

Mr WATSON

- As a protectionist it is easily apparent that I could not keep my pledges to my constituents or get near to my own ideal if I voted for the motion of the leader of the Opposition. Because I cannot agree with him that the operation of the duties will -

Destroy the stability of the revenue by making imposts for national purposes a source of profit to a few individuals and a few favoured industries, and other things to that effect. Neither can I lose the opportunity of securing some portion, anyhow, of the protectionist policy in which I believe, if it is carried out under fair conditions. But at the same time I must give my own opinion as to the position taken up by the Government. So far as New South Wales is concerned I contend that the whole attack upon the Constitution Bill, in regard to its financial provisions, rested upon the Braddon clause. I admit that so far as I and a large number of Members of Parliament and citizens of the same way of thinking were concerned, we looked upon the financial clauses of the Bill as comparatively unimportant. What we objected to was the constitutional mistake of giving, in our opinion, too great a power to the smaller communities. But, at the same time, what bulked very largely in the minds of a great portion of our people was the financial aspect of the question. The people of New South Wales were sufficiently afraid of the financial clauses of the Bill, which necessitated raising four times the amount of revenue that the Federation itself might require ; but what would their feelings have been if they had anticipated that that

minimum would be largely exceeded by the first Federal Ministry? I venture to say that the vote against the Bill in New South Wales, apart from any question of freetrade or protection - merely in regard to the matter of raising so much money - would have been materially increased if it had been known that a sum of about a million and a half more than the "Braddon Blot" makes necessary, would be raised. I am prepared to admit that the Ministry have endeavoured to look at the question from various stand-points.

Mr Deakin

- The Ministry have looked at it from six stand-points !

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Mr WATSON

- They have looked at it apparently from the point of view of the interest of the State Treasuries, but I contend that that is not necessarily the interest of the taxpayers of the States, nor is it necessarily the interest of the individual members of the community, who as constituents of the federation, have just as much right to consideration at our hands as have any minority in each or any one of the States. Therefore I contend that all we have to concern ourselves with here, is to ensure that the sections of the Constitution are adhered to, and that we cover our federal expenditure, allowing for a fair margin for expansion, and raising through customs and excise at least four times the amount required. That is the extent to which the Constitution compels us to go, and, certainly that is the utmost extent to which I am prepared to go. Now sir, the people of the States in every instance, I contend, have resources in the shape of direct taxation which can be availed of if the amount returned to them by the Federal Treasury is not sufficient to give them the amount which they have hitherto received from customs and excise. While at the present time I am not prepared to advocate direct taxation for federal purposes, in view of the fact that we have not prepared the people for any such proposal at this juncture, yet I say most distinctly that if the States do not utilise the means of direct taxation lying ready at their hands, we shall have to do it. The people of the federation will speak with no uncertain voice if it comes to a question of deciding between excessive revenue duties through the Custom-house on the one hand, and direct taxation on the other. I should not mind having a little wager on the result. The Federal expenditure for this year, after allowing for the income from the Post-office for services rendered, will be £1,706,000. Under the Braddon section of the Constitution the revenue necessary to cover that amount would be £6,525,000. I admit that the Commonwealth expenditure may reasonably be expected to increase within the next year or so. If we have anything, at all to pay for the properties transferred by the States to the Commonwealth, an allowance must be made in that respect. If we paid off the whole liability, it would involve an expenditure of £350,000 per annum in respect of interest. In any case we must pay something for these properties, and I think we ought to provide out of the revenue for some of that expenditure which the States have paid hitherto out of loan, moneys. I am willing to allow a reasonable expansion of the Commonwealth expenditure, always reserving the right of this House to see that it is expended in a proper way. If we had a Tariff producing £7,500,000 it would be quite sufficient to safeguard the interests of the Commonwealth, even allowing for due expansion, unless, of course, the proposals of the Government in regard to properties acquired from the States are going to be varied. If they are, then we shall require more, because a £7,500,000 Tariff would only give us a margin on our present expenditure of £168,000 per annum, and, if we had to pay £350,000 per annum in the shape of interest on the amount paid for the transferred properties, we should be left with a deficit. Other things being equal, however, a £7,500,000 Tariff would, in my opinion, cover all our needs, and, making every allowance, I think that we can afford to reduce by £1,250,000 the Tariff proposed by the Government. I intend, as I have already indicated, to vote for the excision of practically all the revenue duties which have been placed in the Tariff before us. I have no doubt that we shall find a considerable proportion of honorable members prepared, by their votes, to assist the poor man to bear the burden of this taxation in the easiest possible manner. I admit that, whatever form taxation takes, the man at the bottom of the ladder - the producer - has to find the whole, of it. I admit, too, that direct taxation takes the smaller proportion from him ; it causes the other man who is taking more than his share of production, to disgorge a certain amount which came originally from the actual producers. Under direct taxation, the amount which the producer contributes is smaller than that which he is called upon to pay under indirect taxation.

Mr JOSEPH COOK

- The honorable member is going to vote for the censure of the Government, but in small doses.

Mr WATSON

- Does the honorable member think that I could possibly vote to put his leader and himself on the Government benches?

Mr Henry Willis

- Why not 1

Mr WATSON

- Because I am pledged to my constituents to vote for protection, and I could not get it from the Opposition.

Mr Henry Willis

- But the honorable member cannot -support the Government policy.

Mr WATSON

- I lean support portion of their policy, whilst I can support none of the policy put forward by the Opposition. So far as my lights serve me, I am not One of those who abandon the substance for the shadow. For that reason I could not think of supporting the motion before the chair.

Mr JOSEPH COOK

- That is a very frank statement.

Mr WATSON

- We have a right to be frank ; there is nothing to be gained by covering up our opinions in this matter. I certainly think that the Government and every one else interested in this subject have a right to know our opinions. I give my own freely, and I intend to carry them into effect so far as I possibly can. The honorable member for Robertson is comparatively new to parliamentary life, but if he ever gets behind a Government - which looks doubtful at present - he will find that, if he is going to keep them in power, he will have to swallow a great deal more than I propose to do to-day.

Mr Wilks

- Then the honorable member is going to swallow something.

Mr WATSON

- I propose to swallow a small amount. We all have to do it. Even the honorable member for Dalley is no exception to the rule. His capacity in that direction at least equals, if it does not exceed, my own.

Mr Wilks

- I would dilly-dally before doing so in such a wise as this*

Mr WATSON

- I intend to vote for the excision of the duties on matches, rice, tea, kerosene, timber, explosives, and cotton and linen goods.

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Mr Thomas

- And machinery ?

Mr WATSON

- No ; I shall not vote for the excision of the duties on machinery. The leader of the Opposition made a great deal of capital out of the Government proposals in regard to the duties on agricultural implements, but I should like to point out that perhaps 80 per cent. of the agricultural machinery used in New South Wales is manufactured within the borders of the Commonwealth. Our strippers, harvesters, ploughs, and harrows are made either in Victoria, New South Wales, or South Australia. They have hitherto been imported into New South Wales from Victoria and South Australia, in competition with the whole world. I do not anticipate, therefore, that so far as these items are concerned our farmers will be placed in any worse position by the adoption of the Government proposals in that regard than they would be if the market were left free to the importer. So far as I am aware, however, portable engines, thrashing machines, and reapers and binders are not manufactured here, and the increased price would have to be paid on them. I am prepared when in committee to consider that aspect of the question.

Mr V L SOLOMON

-What about mining machinery and corrugated iron ?

Mr WATSON

- The tax on corrugated iron is 30s. per ton, and I do not think that is very heavy. Something has been said about the duty on condensed milk. It must be recollected that in the manufacture of condensed milk

a certain amount of sugar is used.

Mr Fowler

- In some only.

Mr WATSON

- It is not used in concentrated milk, but that keeps for such a short time that it really does not compete with condensed milk in the interior. It is able to compete with condensed milk on the coast, or near its sources of supply only.

Mr V L SOLOMON

- There is both sweetened and unsweetened milk.

Mr WATSON

- If, as I anticipate from the silence of honorable members on the subject, we are going to carry out the proposals of the Government in regard to the sugar industry, it will be necessary for us to put at least a countervailing duty on the sugar contained in the sweetened portion of condensed milk. That must be conceded even by the free-trade champions in this House, and I suggest it for their consideration. I do not wish to say more than that I thank the Treasurer for the lucidity with which he presented his Budget statement. For myself, I must say I was in the rather novel position of being able to follow the whole idea which the right honorable gentleman was attempting to unfold to the committee. For me, that has been a unique experience so far as Budget statements are concerned. It is, I think, especially gratifying to find that the Treasurer was so clear, in view of the fact that he had such a large number of different matters to refer to, involving the finances of so many different States. I wish to commend a suggestion put forward by the right honorable gentleman, that we should make some effort to compel the financial institutions to keep a certain portion of their reserves in Government notes or Government debentures. I think that is a matter which cannot be too strongly insisted upon. While I admit the right of the Treasurer to make, and the propriety of his making, due inquiry before launching out into a scheme which affects private financial institutions, I still hope that the result of his inquiry will be that the Government will adopt a proposal of that sort, and thus, without injury to the financial institutions themselves, confer a very great benefit upon the Commonwealth as a whole. With regard to the proposal for a sinking fund, I fear any such proposal is very much of a delusion and a snare. The experience, in New South Wales at least, has been that sinking funds have a fatal facility for dematerialising. They seem to disappear in a most mysterious fashion.

Mr McCay

- They sink out of sight.

Sir George Turner

- They pop up when there is a deficit.

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Mr WATSON

- They come into prominence then, but they are not actually in existence. They appear, of course, as an entry. What I desire to put forward is that the only way to properly safeguard the expenditure of loan money is for the Ministry first, and the committee afterwards, to take every care that nothing is expended from loan votes unless upon absolutely reproductive works. Of course that means eternal vigilance on the part of members as well as Ministers. It is, perhaps, too much to ask for, in view of the experience of the several States in the matter of loan expenditure ; but having regard to the fact that our friend, the Treasurer, has for some years past in Victoria kept the loan expenditure within reasonable limits, there is hope that the right honorable gentleman will carry that straight course into federal politics; and we, I hope, shall back him up in it. I can only add that, so far as I am concerned, I admit all the difficulties connected with the framing of this Tariff, and of the financial position generally. I admit that it is a time of strain for Ministers, and for members from all the States, alike. But I do hope that an endeavour will be made to lighten as far as possible the burdens upon the poorer members of the community, and to go no further than the Constitution itself declares that we must go, and that is, four times the amount of our prospective expenditure.

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Mr KENNEDY

- The concluding remarks of the honorable member for Bland supply only another assurance that "hope springs eternal in the human breast." When the honorable member tells us that he still has hope that loan

moneys will be used for none but reproductive works, he is inviting me to hope for something I have never known to occur in the past. While on that point I desire to say that while we continue to borrow money for public works, there is no hope whatever of having that money expended only upon reproductive works. It is only when we commence to construct public works out of our annual revenue that we can exercise that supervision to which they are fairly entitled. With the major portion of the remarks of the honorable member for Bland, I find myself in almost complete accord, more particularly when we remember the different and conflicting elements that this Parliament is called upon to reconcile. We are not, as we have been doing in the past in the Parliaments of our respective States, dealing with affairs in which there may be a particular trend of thought or feeling. We have here, for the first time in the history of Australia, to attempt to reconcile the conflicting and divergent elements of the different States, and to harmonise them, not in the interests of one particular State, or one particular set of individuals, but in the best interests of all. When we come to remember, further, that we have sitting in this Parliament honorable members who in some instances represent an area extending over hundreds of thousands of square miles, and in other instances representing electorates around which they could drive comfortably in an afternoon, it is only reasonable to assume that we shall have very divergent views expressed. I mentioned last night, that although in the motion before the Chair we have reasons, so to speak, given for it, in the major portion of this discussion those reasons have been carefully avoided. Only one particular reason has been given' for differing from the policy enunciated by the Government, and it is founded upon this eternal fiscal question. From the many able speeches contributed during the course of the debate, and to which I have listened with extreme pleasure, one would be forced to the conclusion that it was entirely the fiscal policy which any particular State or nation followed, upon which would depend the degree of prosperity of its people. Sweating, according to some, is a condition peculiar only to protected States, and according to others, the direst results follow to the industrial population only under free-trade. I am prepared to admit, at the outset, that no matter what the fiscal policy of a State may be, it is not the only factor in determining the condition of its people. There are many other - and perhaps equally important - factors in determining the condition of a people. I will go a little further, and say that there are greater opportunities for insuring, to the industrial population of any community, that share of wealth production to which they are justly entitled, under a truly protective policy than under any other fiscal policy with which I am acquainted. We have had volumes of figures showered upon us to show the conditions obtaining in the protected nations of Europe, and across the Atlantic, as compared with those obtaining in Great Britain, and the respective conditions obtaining in New South Wales and Victoria, have also been attributed to the fiscal policies of those States. I am not going into the question from the academical stand-point, nor shall I deal with it in the abstract. I shall confine myself to it as it presents itself to my mind from a hard matter-of-fact stand-point, and from personal observation of the major portion of three of the States of the Commonwealth, and of a limited portion of two of the other States. When the leader of the Opposition spoke of the splendid educational effect which the utterances of those who viewed the situation from his standpoint would have upon the benighted protectionists of Victoria, I looked forward to a treat ; but the trend of the debate has forced me to the conclusion that the educational process will not have to proceed very much further before the pupils become the teachers. I was, to a great extent, in sympathy with what the right honorable member said, in terms such as he alone can employ, about the difficulties and hardships of our pioneers, and of those engaged in the farming, mining, dairying, and other industries of the country. The right honorable and learned member's heart seemed to bleed for them ; but I tried to conjure up in my mind the attitude which he would take if he were entrusted with the framing of a policy for the collection of the revenue- necessary for the Commonwealth. If it had fallen to his lot to formulate a Tariff, no more execrated man than he would be living in Australia to-day. He has almost convinced himself, and he appears to think that he has convinced the House, that he could raise £9,000,000 of revenue without taxing anybody in particular. There is a general consensus of opinion that about that amount of revenue will be required.

Mr Thomson

- Not as much as £8,900,000.

Mr V L SOLOMON

- The honorable member for Bland says that £7,500,000 will be sufficient.

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Mr KENNEDY

- Until I have further information, I am prepared to accept the statements submitted by those upon whom the responsibility rests. Although the leader of the Opposition in his address came very close to this point once or twice," he no sooner approached it than he struck off again at a tangent, though, according to his computations, it appears that at least £S,700,000 would be required. The real difference of opinion is not as to the amount of revenue required, or as to the source from which it should be collected, but as to the incidence of the particular duties. "We are asked, when we say that protective duties do not increase prices, " Why then impose protective duties ? " Before answering that question I will ask another. " Are honorable members prepared to remove the Crimes Act from the statute-book because crime is not prevalent in this country 1 " It is incumbent upon those who object to protective duties to prove that they increase the cost of the protected article to the consumer. My personal observation shows that they do not. In Victoria we have been able, by means of protection, to establish industries which have been an immense source of wealth to the community, and although we are told of the great progress made by a sister State under free-trade, I ask how is it that, notwithstanding her magnificent resources, she has hitherto been unable to raise sufficient agricultural produce for her own requirements ? To those who desire to know the grounds of the faith that is in me, I would say that the apostle of the free-trade cause made me a protectionist, and my personal observations, which have been confined to Australia, have confirmed me in the views I hold. In becoming a protectionist, I was a disciple of no less an authority than Adam Smith, who says on page 164 of his book on The Wealth of Nations -

The capital which is employed in purchasing in one part of the country in order to sell in another the produce of the industry of that country generally replaces by every such operation two distinct capitals that had both been employed in the agriculture or manufactures of that country, and thereby enables them to continue that employment. When it sends out from the residence of the merchant a certain value of the commodities, it generally brings back in return at least an equal value in return of other commodities. When both are the produce of domestic industry, it necessarily replaces by every such operation two distinct capitals which had both been employed in supporting productive labour, and thereby enables them to continue that support. The capital which sends Scotch manufactures to London and brings back English corn and manufactures to Edinburgh necessarily replaces by every such operation two British capitals, which had both been employed in agriculture or manufactures of Great Britain. The capital employed in purchasing foreign goods for home consumption when this purchase is made with the produce of domestic industry replaces too, by every such operation, two distinct capitals, but one of them only is employed in supporting domestic industry.

That is the point that caused me to pause, and, upon due consideration, I found that the subsequent paragraph confirmed me in the view I have taken.

The capital which sends British goods to Portugal and brings back Portuguese goods to Great Britain, replaces by every such operation only one British capital. The other is a Portuguese one. Though the returns therefore of the foreign trade of consumption should be as quick as those of the home trade, the capital employed in it will give but one half of the encouragement to the industry or the productive labour of the country.

This is the fundamental principle which has governed my attitude on the fiscal question. We have had some, very able expositions of the subject from the historical and academic points of view from honorable members on both sides of the House, and particularly from the honorable and learned member for Indi last night, and with that phase of the question I do not propose to deal at the present time. I wish to refer for a moment to the difficulties which confront any honorable member in dealing with the situation. When one considers the time occupied in verifying statements or quotations, and, when, after a considerable amount of research one finds that extracts are not in accordance with facts, it leads one to distrust some of the quotations and references which are made. When one finds that statements, made in good faith on the floor of the House, are no sooner given to the public than some of those who are implicated deny at once their accuracy, one is confronted with a very grave difficulty. This phase of the question presented itself to my mind in following the leader of the Opposition in some statements made by him, and the opinions founded thereon, in relation to reaper and binder twine. He told us that one of the Victorian manufacturers was a free-trader ; that he was given such information on authority ; and that, under certain conditions, this manufacturer was getting 2d. per lb. more in Victoria for the product of his industry,

established by the aid of a protective duty, than he was getting in New South Wales. At the very first opportunity on which Mr. Miller could meet that statement, the 17th October, he addressed this letter to the Age :-

Mr. Reid, in his speech last night, referred to me as being only a protectionist, in consequence of having an interest in a mill for the manufacture of cordage, &c. Allow me to say that I was a member of the first Tariff Reform League that existed in Victoria. This league was formed in Geelong, where I was at that time a resident, about 1860. Mr. W. N. McCann, now in California ; Mr. W. Hitchcock, now in London ; and the late Mr. Elkington, were connected with the same committee. About that time a vacancy occurred in South Grant, and I was appointed to see Mr. P. Lalor, who then had a sawmill at Port Melbourne, and find out whether he would stand as a candidate in the protectionist interest. He did so, and was the first protectionist member returned to the Victorian Parliament. Since then I have been and am still a protectionist.

Yet we have had the assurance from the right honorable and learned member that this gentleman is a pronounced free-trader -

Mr. Reid also states, what is obviously incorrect, that my company sells binder twine at 2d. a lb. less for consumption in New South Wales than in Victoria, although the duty in the latter place was under 1d. per lb. Allow me to say that nothing of the kind exists in fact, and I defy Mr. Reid or any one to prove the truth of his wild and injurious statement.

There is a complete denial, and in the conflict of such testimony it is very difficult indeed for one to arrive at what are the facts. Ever since reapers and binders have been used in the colonies I have used them to a greater or lesser extent every year, and of course binder twine ; even during last season when exceptional conditions prevailed in Victoria- because it must be remembered that the raw material from which this twine is manufactured was dearer last season than it had been for ten or fifteen years owing to the war in the Philippine Islands - notwithstanding the fact that binder twine was subject here to a duty of six-sevenths of a penny per lb., last year - the average farmer of Victoria was able to get the best twine in the world for exactly the same rate as could the average farmer of New South Wales. Is it not amusing when one hears a brother farmer, the honorable member for Tasmania, Mr. Cameron, making so much of this splendid advantage derived from the Victorian manufacturer selling cheap twine in Tasmania? He makes very much of a little ball of twine, but has no hesitation in swallowing a reaper and binder. That is practically what we have been doing throughout Australia for fourteen years ; we have been giving the importers of reapers and binders 100 per cent.

Mr Thomson

- And the manufacturer.

Mr KENNEDY

- Not the manufacturer of reapers and binders.

Mr Thomson

- They were in it.

Mr KENNEDY

- No ; because I have seen invoices.

Mr Thomson

- It does not follow that they were not.

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Mr KENNEDY

- I had an interest in some Deering binders which were imported some time ago, and they were sold here by the importer. I had an opportunity of finding out exactly what the manufacturer got for them. In the United States as well as in Great Britain, whence there is practically only one kind of goods sent here to any considerable extent, it is sold to the exporter to Australia at exactly the same rate as to the local user of the machine. I know that beyond question. Yet we have the honorable member for Tasmania making a very wry face, indeed, about the ball of twine, and swallowing the reaper and binder. I have yet to learn - and I speak now as a consumer of "Victorian twine - that the Victorian farmer has ever paid one cent a lb. less for his twine because of the imposition of the duty. I used to buy twine before the duty was imposed in Victoria, and it was the ruin of the temper of all those who used it. The teams were stopped at all hours, and the stuff was imperfectly tied. But since we have had the advantage of using Victorian twine, I have

never met a man who has said that he could find better twine, no matter whence it came, or what price he paid. And we have got it at a lower rate than imported twine was ever obtained at. The honorable member for Tasmania made one gratifying admission. Speaking as a free-trader, he told us that the Tasmanian farmers, as well as all the other farmers, would benefit by a protective duty. He also told us that he was a federalist when he had no option, and he was a free-trader. I have been a federalist all the time. When I first sought a seat in the State Parliament eight or nine years ago, Federation was looked upon as an abstract question, but I stood practically on that issue. At that time, we had in Victoria, strange to say, federalists, but federalists with border duties. The question that -naturally presented itself to my constituents then was this - "How are we going to get along without the stock tax?" I said, "We must rub it out. It is one of the things which would never much benefit anybody. It is one of those barriers which separate us from our brothers across the river, and the sooner it goes the better, because the longer we remain apart the more barriers will be put up and the greater will be the difficulty of our coming together." I stood in this unique position, that I was one of the few men in public life directly identified with farming, who stood up for the Commonwealth Bill. And the only condition I have ever laid down in regard to the federation of these colonies was that the government of the people should be in their own hands. We have heard many more statements which are very hard to follow. I might refer to one which bears on the reaper and binder question, and it is the result of your statement from the chair, sir, that leaflets of this sort are .showered upon honorable members, because all that is said or interjected in a disorderly way is not fully reported in the press. When the honorable member for Macquarie was dealing with the question of reapers and binders, and the price of them, he said that reapers and binders were being sold some two years ago for £30 a-piece. I interjected innocently that it was some machine they wanted the farmers to experiment with. That was reported in the press, but I also said distinctly that no standard machine was being sold for £30. I now repeat that statement, and say further that it is only during this year, for the first time in the history of Australia, that a standard reaper and binder has been offered to the public for £30. Last year they cost £50 each in Victoria and New South Wales.

Mr Poynton

- There is no protection on that machine now.

Mr KENNEDY

- No, and I could give some very useful information bearing upon the fall in the price of that particular machine. The reduction has not been made because of any diminished cost of production, but because somebody has been looking through the screen, and has thrown some light upon the operations of the importers. I should like to say, at this point, that if there is one section of this community more than another the members of which are able to gather to themselves and retain the good things of this world it is the importers. We have heard a good deal of talk about the robbery of which the manufacturers have been guilty, and we have been told that they despoil the people of the proportion of the protective duties which they put into their pocket ; but no honorable member has attempted to show the increased cost of a protected article to the consumer in Victoria.

Mr Page

- What about starch 1

Mr KENNEDY

- Honorable members of the Opposition have held a post mortem on starch, and I hope it has been decently buried. It is one of those matters which should never have been raised in this House. It is a minor issue, and I am not going to refer to it.

Mr Page

- The people of the Commonwealth do not consider it a minor issue - it is not a minor issue to the washerwomen.

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Mr KENNEDY

- I did not think that the honorable member for Maranoa, who reigns over an area of 330,000 square miles, would have allowed himself to be carried away, even in spirit, by the crocodile tears of the leader of the Opposition. The right honorable gentleman has carried us across the Murray, through the shady bends of the Murrumbidgee, over the sandy reaches of the Lachlan, away up past the Barcoo, over even to the district represented by the honorable member for Maranoa, and has shed tears of sympathy over

the poor shearer, and over the prospecting miner putting his little hands together and invoking a benediction upon the Federal Parliament that would impose a duty on condensed milk - an article that he never sees. Is that the way in which we are going to deal with this question ? Is it on these minor issues that we are going to determine the policy of this country ?

Mr Page

- The Government are going to derive over a million of money from these minor issues.

Mr KENNEDY

- It is true- and it has often surprised me - that the fates of governments and nations have sometimes been determined by small issues, but we should not be carried away by any trifling considerations in this matter. We should confine our attention to issues in which millions are involved. To concern ourselves about starch, as compared with those matters which relate to the employment of thousands of our people, is to trouble our minds about matters which are as small as the locks on the sheep as compared with the fleece in the eyes of the squatter. No one knows that better than the honorable member for Maranoa. My sympathies are with the honorable member when he speaks of the pioneers in the western country. We have heard much about the heroism of those who give up their lives on the battle-field, but I venture to say that there is as much silent heroism displayed in the back-blocks of Australia as has been shown on the battlefield. We cannot think too highly of, or admire too much, those men who have lived out their lives in the interior, who have been born and reared in the mountains of New South Wales and Victoria, and in remote places on the continent, and who have grown grey in the work of pioneering without ever having seen the sea, and without ever having, until twenty years ago, seen a rail way train. At the same time, are we to be diverted from the consideration of the vast questions which are presented for our discussion, by such petty issues as those involved in the duties on starch and wax matches? Is it not ridiculous to see a gentleman occupying the position of leader of the Opposition appealing to the House on such trivial matters? Why does he not challenge the Government, or advise the House on questions where millions are involved ? Why does he not select the larger issues for testing the feeling of the country and of the House - questions affecting the miner or the agriculturist. I could have understood his having taken up an attitude such as was assumed by the honorable member for Perth, who had in view the interests of 100,000 men engaged in producing wealth which is adding, materially to our national substance, but the right honorable gentleman has played to the gallery for thousands, whilst millions were at stake in other directions. I ask is. that statemanship ? Is that what we are to expect from the leaders of the Commonwealth ?

Mr Poynton

- Is not all that embodied in the censure motion?

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Mr KENNEDY

- The first part of the motion of censure declares -

That this House cannot accept the financial and Tariff proposals submitted by the Government, because they will place the finances of the Commonwealth and States upon an unsound and extravagant basis. Now, I would ask if the right honorable the leader of the Opposition ever attempted to show where this extravagance was likely to occur. He approached the question - and I listened to him so that I should have no doubt in my mind - on three different occasions, and on one occasion he actually mentioned the amount which the Government proposed to expend, but he then sheered away from it and directed his attention to some of these petty issues which have been referred to. I would ask if that is statesmanship? Referring to the amount of the proposed expenditure, this Parliament can scarcely, without embarrassing to a considerable extent the respective States of the Commonwealth, curtail the provision that has been made by the Treasurer. During the last session I was in the Victorian Parliament I stated that it seemed peculiar that the whole of the States entering the union were unduly increasing the cost of the services that were about to be transferred, and I think there is an obligation on the part of the Government to make provision for this extra expenditure. I desire to refer to the effect of this particular Tariff upon the prices of certain lines of goods, and the manner in which statements have gone forth to the press, and have been given voice to in this House. Unfortunately, the price list from which the honorable member for Tasmania, Mr. Cameron, quoted was that of a Victorian manufacturer, and not that of a merchant. Comparing the price list of Messrs. Parsons Brothers for this week and last week he said that the increases ranged from

Id. to 3d. per lb., and that there were no less than 94 articles on which increases had been charged. To say that this Tariff has increased the prices of articles which are in use in practically every household throughout the Commonwealth, by amounts varying from Id. per lb. to 3d. per lb., is a very serious statement to make in this House. The honorable member stated that there are 94 separate articles upon which an increased price is being charged. I find, however, that that statement is not borne Out by the price list of the firm from which he quoted. Since the honorable member made the declaration in question, I have embraced the opportunity of getting one of the price lists of the firm from which he quoted, as marked by them for business purposes. What do I find ? Out of some 96 articles which are therein mentioned there are only 23 in regard to which any alteration in price has been made. These alterations embrace all articles under the heading of "Spices," which practically should be regarded as one article. I may point out that these alterations really refer to one particular commodity, although, of course, there is a good deal in the manner in which this commodity is put up for sale purposes, and in the varying qualities of the spices. Then, under the heading of "Pepper," there are three classes which, to my mind, are practically one. These circumstances go to show what an extraordinary impression may be created by a partial statement of the facts, or by a statement from a purely party stand-point. The document from which I quote is in the possession of the House, and I invite honorable members to examine it for themselves in 01x361' that they may see what distrust may be engendered in the minds of others by statements of the character to which I have referred. It is in the interests of all concerned that we should endeavour to get as much of the truth as it is possible to obtain.

Mr Page

- In Queensland some of the duties are reduced by one-half.

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Mr KENNEDY

- I have yet to meet the merchant or tradesman who says that there has been any reduction in prices consequent upon a reduction of duties. I have taken occasion to ask my own trades people upon what particular lines they have reduced their prices. Their reply was - "None whatever." I then asked upon what particular lines they intended to reduce their prices? Their answer was - "Of course the cost of production must come down, but we cannot reduce our prices upon any article." "What about the reduction of 10 per cent, upon woollen clothing?" I asked. "Am I not to have the benefit of that 2s. in the pound?" "Oh no," was the reply. There is no possible hope of a reduction, notwithstanding the reduction that has been made in the customs duties. These answers refer to goods upon which a protective duty has hitherto been imposed. I admit that wherever a revenue duty is imposed upon an article the consumer must pay it. I do not deny that. But I shall, be only too glad to learn that where a protective duty has been imposed and has met the object for which it was imposed, it has unduly increased the cost of the article. No one will be more willing than myself to rub out such a protective duty if it does not meet the object for which it has been imposed. Coming closer to the question at issue I find myself a good deal in line with the reasoning of the honorable member for North Sydney. That honorable member desired to arrive at a conclusion from the effects of two varying fiscal policies under conditions as nearly as possible resembling each other. I agree with a good deal of what the honorable member said when he compared the conditions prevailing in Victoria with those existing in New South Wales. The people of these two States are practically the same people. They have something of the same temperament, enjoy the same climatic conditions, and follow similar pursuits. I agree that one has the advantage of territory, and that the other has the advantage of condensation, a larger proportion of good arable land, and is more easy of development. I do not dispute that statement. I differ from the honorable member, however, in that his statement may possibly convey the impression that Victoria has more arable land than has New South Wales. That is not so. I do not think that the honorable member intended to convey that impression.

Mr Thomson

- I said that it had more arable land in proportion to its area.

Mr KENNEDY

- I desire to start from a basis common to myself, and those who hold a different opinion as to the effect of the fiscal policy of the two States. I agree with the honorable member for North Sydney that the conditions prevailing in New South Wales and Victoria are very similar, and that there is more arable land in the former State than in the latter. Starting from that basis, what do we find ? If a freetrade policy is the

panacea of all the ills to which we are heir, one would naturally imagine that New South Wales would be in a much more prosperous condition than Victoria, that her agricultural resources would be more highly developed, that her manufactures would be in a more flourishing condition, and that she would have a much greater output in the way of wealth production. There is just one other point concerning which I should like to arrive at some agreement. It has reference to the density of the population. In producing from the land under similar conditions we know that the area of land from which an individual can get a living is clearly defined. I think that the honorable member for North Sydney will agree with me that in Victoria we have practically reached that limit under our present system of agriculture.

Mr Fowler

- I do not think so ; the intense system is only beginning in Victoria.

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Mr KENNEDY

- That is the trouble that has been recognised by those who have cast their eyes on the future of Victoria, The trouble is to educate our agricultural population out of methods which were good enough for our grandfathers. I should like to refer for a moment to an article from what has been termed a protectionist newspaper, quoted by the honorable member for Macquarie, and also, I believe, by the leader of the Opposition, dealing specifically with the condition of agriculture in Victoria. The article said that protection has done a good deal in certain directions for agriculture, but was not able to do all that should be done. That statement cannot be challenged, and if that article had been read in its entirety - I am sorry I have not it here - it

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would have been shown that it advocated that those in authority in this particular State should set themselves to educate the agriculturist to higher ideals and better methods of cultivation, by which produce from the land could be considerably increased. It was pointed out that by better methods of culture and scientific processes the agriculturist would be able to grow £2 or £3 worth of produce where he was now growing only £1 worth. Starting fairly from that basis, what do we find? Instead of New South Wales having made rapid strides far and away in advance of Victoria, we find that up to the present, she has not overtaken the latter State. Notwithstanding the limited area we possess, Victoria is considerably ahead in every line of agriculture to which our conditions are suited, and is exporting surplus produce to states of the old world ; whereas in a number of industries New South Wales is an importer. New South Wales has an area of 198,848,000 acres, with 46,856,577 acres alienated, 128,034,958 acres leased, and 23,956,465 acres unoccupied; and Victoria has an area of 56,245,760 acres, with 23,245,563 acres alienated, 13,148,701 acres leased, and 19,848,940 acres unoccupied. We have now to deal with the values of some of the staple products, and the amounts produced. I am sorry the honorable member for Robertson is not in the Chamber, because when he was speaking I, in a somewhat disorderly fashion, interjected a question as to what was the wheat production of 1896. The honorable member, with an assurance apparently born of conviction that what he was saying was absolutely true, was calmly and deliberately stating that the impetus given to wheat production in New South Wales was brought about by the free-trade policy. But what do we find on investigation ? In 1891 there were in New South Wales 356,666 acres under wheat cultivation, yielding 3,963,668 bushels. That was after some 30 or 40 years of a mild policy of free-trade ; with all its splendid agricultural re-' sources New South Wales was not able to grow enough wheat for its own requirements. A small fillip was given to wheat growing by the imposition of a duty of 6d. per bushel in 1891. The honorable member for Robertson claimed that a great increase in production arose under an absolute free-trade policy in New South Wales. In 1896 the harvest was put in under the belief there would be the advantage of the Dibbs duty, and, according to Coghlan, the increase in production from 1891 to 1896 was from 3,963,668 bushels to 8,853,445 bushels. After three years of the splendid benefits of free-trade, from 1896 to 1899, we find that the growers of New South Wales were not able to produce enough for the consumption of that State. In 1899, according to Coghlan, there was a nett import of wheat into New South Wales of 2,726,000 bushels. Yet we have the honorable member for Robertson, who says he represents a farming district - and I have no reason to doubt his statement - telling us of the splendid impetus to agriculture in that portion of New South Wales.

Mr Fuller

- What was the increase in the acreage during those years ?

Mr KENNEDY

- In 1861, in round figures, there was an acreage of 123,000 in New South Wales ; whereas in Victoria in that year there was an acreage of 196,000 acres, or 70,000 acres more. Victoria is a little bit ahead still.

Mr Fuller

- What was the increase of the acreage from 1896 to 1900 ?

Mr KENNEDY

- It must be pretty considerable, but I have not the figures.

Mr Deakin

- There was an increase, but it was less than in the previous five years.

Mr KENNEDY

- There is just one other phase of this question to which I should like to call attention - that is in regard to the margin of profit to the producer under the respective policies. I do not for a moment attribute the whole of the impetus in this particular direction to either free-trade or protection, because there were other factors at work, chief amongst which was foot-rot in sheep. It may require a stretch of imagination on the part of those who have not been closely identified with the industry to see any connexion between wheat production and foot-rot in sheep ; but there is a connexion. In Riverina, in 1890, owing to the peculiar climatic conditions prevailing, we found the raising of sheep embarrassed to a considerable extent ; and it was thought that wheat production would afford relief in the difficulty. The values then ruling for wheat were also a factor. In 1891, in New South Wales wheat gave a return of £2 0s.10d. per acre ; yet in 1900 it gave a return of £1 5s. per acre. After 30 years of free-trade in New South Wales, we find that State in 1899 importing over 2,000,000 bushels of wheat to meet the requirements of the people. Honorable members may endeavour to explain that away as they may, but the fact remains. With greater potentialities, I venture to say, than any other State in Australia for agricultural production, New South Wales, after all these years of absolute free-trade, imported wheat for its own requirements ; and it simply depends upon climatic conditions, whether that State will not have to import wheat this year.

Mr Thomson

- We cannot regulate the weather.

Mr KENNEDY

- But you can devote sufficient attention to the industry, as is done in other States under other conditions, to raise the food required. It might be said that free-trade caused a less production of milk from cows in New South Wales than did protection from cows in Victoria. It is a most extraordinary coincidence that New South Wales has so neglected her dairying industry that the free-trade cow will not give within 56 gallons as much milk as the protectionist cow in Victoria will give. Of course I do not attribute that to the free-trade policy of the sister State, but to dairying being a neglected industry. But is it not extraordinary that, as I think the honorable member for Illawarra will bear me out, some years ago the dairymen of Victoria went into his district to get an object lesson in dairying? They came back to Victoria, took that lesson to heart, and with what result? That our dairying exports to-day are nine times as great as those of the mother State.

Mr Fuller

- The honorable member ought to be thankful for the teaching we gave.

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Mr KENNEDY

- It is another instance of the pupil becoming better than the tutor. I believe that the object lesson we have given to honorable members opposite will not only bring them up to our standard in everything pertaining to agriculture, but also in respect of their fiscal faith. So much in respect to wheat and dairying. Now, with regard to other items of agricultural produce, let me take one which is of considerable importance - one of the products for which the sister State is well adapted. The reason I am inflicting these figures on the House is in order to follow the line of argument of the honorable member for North Sydney, who sought to show the advantages of the free - trade policy of New South Wales to the agriculturists of that State as compared with the effect of the protectionist policy of Victoria upon our agriculturists. I will take oats. I find, notwithstanding the industry of New South Wales in that particular direction, that in the year 1899 she had to import for her own requirements 1,690,000 bushels" of oats, whilst in the same year Victoria exported 377,000 bushels of oats, after meeting her own requirements, showing again that the mother

State is not producing sufficient for her needs at the present time.

Mr G B EDWARDS

- Let the honorable member take maize.

Mr KENNEDY

- Maize is one of those products for which the climate of Victoria is not adapted.

Mr G B EDWARDS

- The same is the case with regard to New South Wales as to the production of oats.

Mr KENNEDY

- I cannot agree with the honorable member, because to my own knowledge the district from Twofold Bay to close upon the district represented by the honorable member for Illawarra is well adapted for the production of oats.

Mr Fuller

- It pays us better to produce milk there.

Mr KENNEDY

- Then why not produce enough milk! Why not educate the cows of that district to yield more milk, or get more cows ? Then, with regard to barley, I find that notwithstanding all the potentialities of New South Wales with respect to agriculture, she imported in 1899 115,966 bushels of barley and 422,272 bushels of malt, whilst Victoria exported, after supplying her own requirements, 5,480 bushels of barley and 16,070 bushels of malt.

Mr G B EDWARDS

- Climatic conditions again.

Mr KENNEDY

- That is what I expected the honorable member would say. But I may reply that, of my own knowledge in New South Wales - in southern Riverina - they could grow five times the barley output of Victoria. The best barley grown in Australia may be grown in southern Riverina.

Mr Fuller

- But the transit is too far.

Mr KENNEDY

- If the transit is too far for barley, how is it that wheat is sent to Sydney from exactly the same district ? Let me relate a little incident. In 1896, after the farmers of New South Wales - chiefly Victorian emigrants - had developed their wheat-growing to a considerable extent in that State, there were some thousands of sacks of wheat stacked on the Berrigan-Jerilderie railway and on the Albury and Wagga railway line. But the millers of Sydney, to suit their own convenience, and to bear down prices, would not quote to the owners of this particular wheat. Wheat was then at a fair price. They said - " No, we will get our wheat from San Francisco." They got it from San Francisco. The duty of 6d. per bushel had been repealed. Yet the Adelaide millers could go into that district, buy that wheat and send it by rail to Adelaide at a profit. There was a splendid advantage for the agriculturist of New South Wales under free-trade ! Every bushel of that wheat was stacked at railway sidings in New South Wales territory, yet the Sydney millers imported San Francisco wheat at a cost, landed in Sydney, of something like 1 2s. a ton, whereas it would cost 14s. 6d. to take the grain from Berrigan to Sydney. In order to bear down prices, which they could indisputably do under a free-trade Tariff, the millers could take that course, whilst the Adelaide millers could go to the same district, buy the wheat, and take it to their own particular locality.

Mr Poynton

- Who got the advantage of that?

Mr KENNEDY

- Not the farmers of New South Wales.

Mr Poynton

- The poor people of the country.

Mr KENNEDY

- I am getting a bit tired of this claptrap about the poor people of the country. Whenever the Flinders lane merchant has a little axe to grind, he takes the poor man of the colony on to his back. When the squatter has his little axe to grind, he gets the poor farmer on his back. But the poor man and the farmer in the major portion of cases have in reality to bear the squatter and the merchant on their shoulders.

Mr Winter Cooke

- Let the honorable member ask the farmers around Horsham.

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Mr KENNEDY

- The honorable member may test the opinions of the farmers in that district if he likes. Fortunately or otherwise, I have had a close acquaintance with farming all my life. It may be that because I have been identified with it I cannot speak with any knowledge of the requirements of the farmer. It is indeed with a certain amount of diffidence that I present my views to the House on this occasion. I have invariably found that when the gentlemen I refer to have their little axe to grind, they try to get the farmer to turn the handle. I certainly say that the grower of wheat gets no advantage from such a state of things as I have described. Another agricultural product is potatoes. What do we find in this case? Instead of the mother State, with all her resources, growing enough potatoes for her own requirements, I find that in 1899 she imported 58,384 tons of potatoes, whilst Victoria exported 10,962 tons. Hay is another requirement in all large centres of population. I find that the imports of hay into New South Wales, in 1899, were 131,609 tons, whilst Victoria exported 105,177 tons. How is it that this beneficent policy of free-trade has not given the agriculturists of New South Wales an opportunity to grow enough for the requirements of that State, and all the advantages that follow from production for local consumption? Coming to the minor products* I find first of all that in the cultivation of the vine, Victoria is still ahead. There are two particular lines in which the mother State stands out conspicuously. By the grace of nature her pastoral pursuits return to her double the amount obtained from the same sources in Victoria. This excess is not due to any superiority on the part of New South Wales in the management of these industries, or because of the fiscal policy of the State. It is due entirely to the superior endowments which New South Wales has received from nature. The same remark applies to her mineral resources, for her fiscal policy, of course, has no bearing whatever upon her productions in that direction. In wealth production from minerals, New South Wales is approximating to double the amount derived from that source in Victoria. I do not think that any honorable member, whether he is a protectionist or a free-trader, will lay any particular stress upon the effect of a fiscal policy on the products of these two industries.

Mr Fuller

- But the people engaged in those industries have to pay for the protective duties.

Mr KENNEDY

- I have heard that assertion before, but I have shown that the imposition of protective duties does not raise the cost of the articles produced.

Coming to our manufactures, what do we find? It may be a sore point with some honorable members that we have heard a great deal about the mendicant industries of Victoria. I have never seen them, nor have I heard of them before. It is only those who desire to talk to the gallery who put forward such statements. We may have some minor industries for the assistance of which it is not desirable to impose taxation. I am not prepared to say anything in regard to them. As the result of protection, however, we have established many industries of which I am justly proud, and I would do nothing that would injuriously affect them. In order that I may not weary the House* I will give only in round numbers the figures relating to manufactures. I find that in those industries that come into competition with imported products we employ 11,000 people in excess of the number engaged in the same industries in New South Wales.

Mr Kingston

- Fifty per cent. more.

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Mr KENNEDY

- In those industries natural to the soil, and not aided materially by any fiscal creed, New South Wales has an excess over Victoria of 8,000 employees. This excess occurs chiefly in the saw-milling, pottery, and such-like industries. Before leaving the subject, I should like to say a word or two in regard to the saw-milling industry. One would imagine, from some of the cross-firing which took place in the House last night, that this industry is confined to the towns. In New South Wales, with its splendid resources, it is confined exclusively to the forests, but it is true that in Victoria some of the sawmills are connected with the large manufactories in the towns. Much attention has been devoted to the fact that more females are employed in the industries of Victoria than are to be found in the manufactories of New South Wales. But

in what industries do we employ them ? Are those industries in existence in New South Wales ? And if she had them there, could she protect the employes as we protect them in Victoria 1 I say unmistakably that she could not do so. It has been proved all over the world - and that, to a considerable extent, is the reason why I am a protectionist - that under a policy of protection, if we have an industry which is worth establishing we can, by statute, come between an avaricious employer and his employes, and insure to the latter a fair and proper reward for their labour. I feel that I have encroached unduly upon the patience of the House, but before resuming my seat I should like to summarize the relative positions of the industries of Victoria and New South Wales. In the pastoral industries New South Wales has an excess of £7,305,000 over Victoria ; whilst in her mining industry she has an excess of £2,502,000 over Victoria. Her forests and fisheries, for which Providence or nature - not her fiscal policy - are responsible, show an excess over Victoria of £428,000. In these three natural industries New South Wales has greater potentialities and possibilities than we possess. I am not envious of New South Wales's happy position in that respect, because the success and prosperity of the mother State has meant always the prosperity and success of Victoria. Now that we are united it will be so to a still greater extent. The wealth production of these particular industries in New South Wales is £10,238,000 greater than that produced from similar industries in this State ; but in those industries on which we have to depend, and which we could establish only under a protective policy, we have an excess of wealth production of £2,539,000. In the dairying and its allied industries--

Mr Conroy

- Surely dairying does not depend on protection ?

Mr KENNEDY

- I am sorry for the honorable and learned member when he appeals to me in that way, and it is more in sorrow than in anger that I would say a word or two to him. His query is well worth answering. Surely after digesting for eight or ten hours the little pill administered last night by the honorable and learned member for Indi to those of a different faith, he should have assimilated sufficient of it into his political anatomy to know that it is not only by protection through the Customs that we can assist an industry. The honorable and learned member for Indi was at pains to point out that it is by direct grants from the Treasury, as well as by protection through the Customs, that it is possible to assist industries. Let me give the honorable and learned member for Werriwa an illustration. I have in my possession a statement setting forth what has been done by Victoria during the last five years for the protection of the agricultural industry, and more particularly the dairying industry. I find that in bonuses, in technical education, in direct grants, and in the supervision, classification, and inspection of exports from 1896-7 to 1900-1 Victoria expended no less a sum than £223,543. Is that not protection? That might be called direct assistance, but we might directly assist the agricultural producers of the country more than we could through the customs. Is it not a splendid illustration of the beneficent effects of protection, either direct or indirect ?

Mr Conroy

- They are only given £220,000 back out of £30,000,000 of revenue they have contributed.

Mr KENNEDY

- The honorable and learned member may pitch that little fairy tale to somebody whose imagination is not quite so vivid as mine. The honorable member says that we have taken £30,000,000 from the agriculturalists of Victoria in the last five* years*

Mr Conroy

- Nos five years

Mr KENNEDY

- The" total revenue of the State does not amount to a great deal more for the time.

Mr SYDNEY SMITH

- That does not indicate the amount of money taken from, them.

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Mr KENNEDY

- These honorable members talk so frequently and so uninterruptedly about somebody putting his hands into some one else's pocket that it seems to me to be a practice familiar to a great many of them. The only men as to whom we have ever had much trouble through their getting their hands too deeply into the pockets of the agriculturists are the importers and their agents. We know how they walk into them. I have

given one illustration, and the separator is another. The thing is legalized robbery. We have had the same cry about protecting the miner. We do give him some protection. As was mentioned by an honorable member last night, in New South Wales the agriculturist is given more protection directly than we give him or have given him in Victoria. I may say that I am sorry I have been drawn into a comparison between the two States, but it has been forced upon me. It is because the illustrations do not bear favourably upon the policy of New South Wales that I have been subjected to so much interruption. However, I rather welcome the interruptions, because they induce me to give a little more evidence as to who is right and who is wrong. The honorable member for Indi showed pretty fully last night how industries are assisted in New South Wales by preferential railway facilities for local produce, as compared with the produce of other States. I rather admire the way in which the Parliament of New South Wales has encouraged industry in that direction. Let us hope that it is a dawning upon their intelligence of the practicability of something better hereafter. With regard to mining, what do we find - that in Victoria, covering practically the same period, we have expended directly in grants for testing plant, construction of races and dams, advances to prospectors, schools of mines and such like, £198,431. In addition to this expenditure, covering that particular period, what do we find ? That during 1898 the Victorian Parliament calmly and deliberately placed upon the statute-book an Act of Parliament removing liabilities from the agriculturalists and pastoralists of Victoria to the extent of £1,642,791, and placing them upon the backs of the general taxpayers. Is that encouraging, or what do honorable members call it ? Is that free-trade ? That was writing off principal and interest for works carried out in the rural districts of Victoria, and especially for the benefit of the agriculturalists and the pastoralists of the State. It was money expended by the State for which the property in those rural districts was directly liable.

An Honorable Member. - Does that include the expenditure for water ?

Mr KENNEDY

- It is the amount written off by the Water Relief Act of 1898. I have been pointing out that it is - not only through the Customs that it is possible to assist any particular industry, and I have shown that we have placed charges upon the general taxpayers of Victoria directly for the benefit of those engaged in mining and agriculture. I say we have done so calmly and deliberately, fully believing that ultimately the whole community would be decidedly advantaged by our action. I should like to give a little parting advice to honorable members opposite who are always preaching about "rickety industries." If they refer to Coghlan they will find that they have a few little "rickety industries," as they term them, in New South Wales, to which they hold out a little encouragement in the shape of protective duties. If they will refer to these particular industries, and to the prices of the articles produced by them, I would ask them how much the cost of those articles has been increased by the duties they have imposed. I would ask them, further, to consider and note what their statistician says : That in the case of the particular industries which have received the benefit of a protective duty, the employes have increased, during a certain period, by 40 per cent.; whereas, in the case of the other industries which have had no assistance whatever, the increase in the number of employes has been only 20 per cent.

Mr Conroy

- What are the industries ?

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Mr KENNEDY

- The honorable and learned member must know the industries. Those for which a duty has been imposed in the State he represents are so few and far between that he should have no difficulty in finding out what they are. In order that they may make an examination upon the point, I shall also refer members to a price list quoted by the statistician of New South Wales, giving the range of prices during the operation of what were known as the Dibbs duties in New South Wales. The items upon which the duties were imposed were butter, cheese, potatoes, maize, bacon, eggs, rice, oatmeal, salt, soap, starch, sugar, and bread, and honorable members can compare the prices ranging over that cycle of years with those for the subsequent period, when the duty was taken off the major portion of them, if not all. Let honorable members see whether they have not, as a matter of fact, in some instances to pay a little more upon those particular lines since the duty has been removed. I refer honorable members to the volume of Wealth and Progress of New South Wales, for 1898-9, pages 523 to 540. There is, to my mind, a useful object lesson to be derived from the discussion that has ensued upon this motion, and I hope it will

continue for a little longer. I feel I have had a splendid education during this debate, an education that has confirmed me in the position I have always taken up. With regard to the proposals contained in this particular Tariff, as I said at the outset, I do not for a moment hold myself wedded to every line and every proposal in the Tariff. When we hear some of the outcries made about the Tariff, and when we examine into them, what do we find ? We have had, through the press and in this House, specific references made to the way in which the duties will affect the farmer. Here is one of the statements which have been published throughout the length and breadth of the land. It appeared in the Argus of the 19th of this month, as coming from the Nathalia correspondent. Nathalia, I might say, is a place in my own district - When the farmer's wife sells 20s. worth of dairy produce to the local store, she will find that that sum in the purchase of kerosene, sago, rice, tapioca, prints, flannelettes, cotton goods, and infants' boots will only go as far as 17s. did before the Common wealth Tariff became law.

What have honorable gentlemen who are screeching for a revenue Tariff to say to that ? There is not a protectionist in this House who would not strike off every one of those duties if it were possible.

Mr CONROY

- Notwithstanding the fact that duties lower the price to the consumer ?

Mr KENNEDY

- I have admitted that revenue duties increase the price of the articles upon which they are imposed, and no protectionist would from choice impose such duties. But what are we offered by the Opposition 1

Mr Wilks

- A seat on these benches.

Mr. KENNEDY.- I almost regret that I am not sitting on the opposition benches, and that the Tariff was not introduced by the leader of the Opposition. I could then have denounced for weeks any free-trade Tariff that he might have introduced, and I should have had the people of Australia behind me. The proposals of the Government embody good and sound principles, though a number of them are bad, and nothing will be left undone on my part to get rid of duties injurious to the producers. How would the leader of the Opposition get the £8,500,000 worth of revenue which he has practically admitted is required ? He has told the citizens of the Commonwealth that he would not raise sixpence except by means of customs and excise duties, and he asked us to believe that revenue can be raised without taking money from any one. Surely we are not so insane as to believe such a statement. The honorable member for Wentworth proposes to put duties of 10 per cent, upon all the articles that are now on the free list, amounting to some £6,000,000 worth of imports. Last night the honorable member for Dalley quoted a speech made by the honorable and learned member for Indi, on an occasion when he was denouncing the action of a Government which lost its political life because of proposals similar to those of the honorable member for Wentworth. That Government wanted to reach all the people by means of drag-net duties, and when it went to the country it lost some 30 of its supporters. But do we find any unanimity among honorable members on the opposition benches ? The honorable member for Perth fearlessly expressed the opinion that he was prepared to accept a revenue Tariff, but only as a steppingstone to direct taxation, and a similar opinion was expressed, in an interjection, by the honorable member for Barrier. We find both honorable members sitting side by side with the honorable member for Wentworth, who, I believe, would obtain all the necessary revenue from customs and excise duties. Those honorable members would have no indirect taxation at all.

Mr Wilks

- Hear, hear.

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Mr KENNEDY

- Would the Opposition go to the country, and tell the farmers, and those who have sunk their all in property, that every shilling required for the government of the Commonwealth and of the States must be levied by direct taxation 1 If the leader of the Opposition made that the clear-cut issue, would the honorable member for Illawarra go to his constituents in support of it ? The term " traitor " has been applied to the leader of the Government, and we have heard the words " treachery " and " deceit " used during the debate, although the leader of the Opposition admitted that the Prime Minister stated in his Maitland speech that protection would be the order of the day. How would such words be accepted if applied outside this Chamber? Would not those who used them be made to substantiate them? And is

the code of political honour with which we are to begin our parliamentary existence to be lowered below that which regulates private affairs ? Notwithstanding the imperfections of the Government, I am glad to support them, and no one will do more than I shall to assist in getting rid of the difficulties created by the Tariff. I would not assist those who are on the opposition benches to cross to this side of the House, because the leader of the Opposition has behind him honorable members who say that there should be no indirect taxation. What brought the free-trade party of Victoria into discredit eight or nine years ago ? Was it not exactly that combination which exists on those benches to-day - of the honest, conscientious free-trader, and the deliberate, insidious single-taxer ? Go when you will to the people of Australia with your single tax, but make it a clear-cut issue.

Mr Fowler

- The single tax and direct taxation are not the same thing.

Mr KENNEDY

- They are not the same thing. We have it laid down clearly and distinctly that the right of direct taxation is left to the States alone; and the other method has been transferred to the Federal Parliament.

Mr G B EDWARDS

- It is not so laid down in the Constitution.

Mr KENNEDY

- I have not opposed direct taxation. So far as was in my power, I have assisted to impose direct taxation of the proper sort.

Mr Wilks

-What does the honorable member call " the proper sort " ?

Mr KENNEDY

- An income tax I look upon as the most equitable tax which can be placed upon, the statute-book.

Mr Poynton

- What about a land value tax?

Mr KENNEDY

- I am not going to be drawn into a side issue about a land tax or anything of that sort ; but when honorable members ask me to support them in their effort to oust the Government, I ask for a clear-cut issue. They formulate proposals, but in their own utterances are they not clouding the issue on which they are fighting ? It is simply a blind. Remove the screen, and let them submit an issue, and I am amongst those who are prepared to go to the electors on it. I ask those who are behind the proposal of the leader of the Opposition to consider well the situation from that standpoint and prove, when the analysis clearly shows what the true position is, who are the true friends of Australia.

Mr Poynton

- Has the honorable member got any more men of straw ?

Mr KENNEDY

- There is no straw in that. I am not in the habit of putting up bogies to knock them down. I might have an opportunity to analyse the fiscal policy put forward by the honorable member. Analyze that; and what does it do? It takes away in one act £2,500,000 from the revenue, and substitutes nothing for it.

Mr Poynton

- How much ?

Mr KENNEDY

- The honorable member made the proposal, and he ought to know best.

Mr McCay

- I added it up, and it came to £2,430,000.

Mr KENNEDY

- Are we, as sane representatives of the people of the Commonwealth, going for one moment to do anything that will embarrass the States ? That is the position as it presents itself to my mind, and much as I dislike many of these Tariff proposals, I am amongst those who told their constituents and the people of Australia that one of the great objects to be achieved by federation was a larger market for the producers. I said that many of the higher protective duties - they are almost too high to my mind in Victoria, - might be reduced without injuring or impairing in the slightest degree their operation, without risking the stability of an industry, and it is only industries of a wealth-producing character which are really worth bothering

about. If it is possible by the aid of a duty or a bonus to establish an industry which will be of a wealth-producing character, giving employment to a considerable number of people, and not unduly enhancing the cost of the article produced to the consumer, the Government shall have my support in giving that aid.

Mr Wilks

- That in itself is a pretty big order.

Mr KENNEDY

- It is not a big order ; we have it in Victoria now. Upon our agricultural implements, on which so much stress has been laid, there is a 15 per cent, duty, and its imposition has not cost the Victorian farmer one penny extra for his implements. The New South Wales farmers buy the similar implements and pay a similar price for them ; they do not get them for a cent less.

Mr Conroy

- That is not so.

Mr KENNEDY

- I have heard that old yarn too often. I can prove it with the testimony of buyers in both States.

Mr Conroy

- So can I my statement.

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Mr KENNEDY

- In my own case, I have absolute proof of it. It was a challenge in one of my elections. When an election is fought on these issues, one's opponents will leave nothing undone to get down to bedrock, and ascertain the facts. I feel that I have occupied the attention of the House much longer than I intended, but I offer no apology for doing so, because the subject is one of the gravest importance, and I felt that I could not give a silent vote. Although I am not in accord with all the proposals of the Government - it could hardly be expected that I should be - ranging over so wide a field as they do, I am prepared to accept their statement as to the financial necessities of the States in preference to estimates from other quarters, no matter in what good faith they may have been submitted. And I am prepared to make considerable sacrifices in the interests of the union, in the interests of harmonizing the conflicting elements in the States ; but on the question of principle I am not prepared to give way. Without unduly harassing any industry, or without placing extra charges on any section of the people, it is possible for us to establish on a satisfactory basis industries which will be of benefit to the whole of Australia. I give way to no one in my desire to assist those who are engaged in mining, pioneering, and prospecting throughout the length and breadth of the Commonwealth. When one realizes the extent of the territory over which our control ranges, and the sparseness of the population along the coast line, the unlimited area of unpopulated territory we have to develop, one recognises that our responsibilities are great, and that the demands on the Government will be great and perpetual. Consequently we should view with the most serious consideration the proposals of the Government in preference to those emanating, for any object whatever, from any other source. So far as in my power lies, I shall try to correct what, to my mind, are the errors or defects in the Tariff proposals. But from those who fight against them in order to get on to the Treasury benches, we require to have a clear cut issue ; and when it comes, let us go back to those who sent us here, and whom we are here to represent, as best we may in the interests of all.

Mr. G.B. EDWARDS (East Sydney). There is one point on which I cordially agree with the honorable member for Moira. I do not think that either the House or the country can regret the time which has been occupied by this debate. It is undoubtedly a very important subject we are considering, and I, for one, am prepared to admit that it is surrounded with very many difficulties. The discussion has had, I am free to confess, a very educational effect on me. I really did not know that there were so many men, earnest, conscientious, and highly intelligent who take views which I am forced to believe are in contradiction to the highest intellectual discoveries of our civilization. To that extent it has been an education to me to listen to this debate, which I believe "will ultimately have an educational influence upon the people of this State in particular, and upon the Commonwealth as a whole. When the Prime Minister indicated last evening that he hoped that this discussion would be shortened, I thought that his remarks were quite uncalled for. The debate has been conducted without the introduction of any personal feeling, and honorable members on both sides of the House have spoken from the highest public motives, and in a

conscientious, honest manner. I do not think, therefore, that any one inside of the House or outside can regret the time that has necessarily been taken up in discussing the most important subject that Australia has to consider. When I entered into the struggle to secure federation for these States, what we had most to fight against in New South Wales was the feeling of the people against the surrender of their freetrade principles, and joining with other. under a Tariff which, if it would not be protective, would not at any rate be free-trade in character. We free-traders have been accused by many inside and outside of the House of being insincere, insofar that we cannot secure absolute free-trade in the circumstances under which we have to administer the affairs of this Commonwealth, and although I am a convinced and consistent free-trader, and have been so all my life since I was able to think, I am prepared to admit thus early in our federal existence that I do not for one moment - nor could any one, short of an idiot - expect that a policy of absolute free-trade could be brought about in this Commonwealth. Whilst, however, we abandon the hope of instituting an ideal policy of free-trade, we are not prepared to accept a policy of ideal protection. That is the point where we join issue with honorable members opposite in connexion with the proposals now before the House, and I say that in submitting the Government policy for our consideration, the Prime Minister has not fulfilled the promises he made, not only at Maitland, but on subsequent occasions, when his ideas were emphasized and expanded. The impression he created in the minds of very many people in New South Wales and throughout the

Commonwealth was that we must necessarily have a Tariff of compromise, and that we should have a scientific Tariff, that we should have an Australian national Tariff. In Victoria he said that no one could suppose that we could have such a protective Tariff as that which was then in force in that State. Whether the Prime Minister is a traitor or not - and he has been defended by the honorable member who last spoke - I say that he has not only not kept his promise, but that he has missed one of the most glorious opportunities that is ever likely to be presented to an Australian statesman. The right honorable and learned gentleman, from his commanding position, and owing to the part which he took in the fight for federation, was selected to form the first Federal Ministry. The members of this Ministry were not directly elected by the people, either through selection by this House or by the direct vote of the people, but they were placed in their present positions by the force of circumstances. The Prime Minister admitted that fact, and stated that he was going to give us a national Tariff - that is, a Tariff that would be a compromise. In fighting for this Bill in New South Wales, we free traders have invariably had to enforce the ideas of the light honorable gentleman in order to secure the acceptance of federation by the electors. When the Tariff was put off from time to time after the meeting of Parliament, I was asked by many of my constituents what I thought the Tariff would be. I said - "It will not be a free-trade Tariff, you may depend upon that; but it certainly cannot go above 15 per cent., otherwise the Prime Minister would break his explicit promise to the people of this Commonwealth, and I do not believe that under such circumstances the House would allow the Ministry to remain in power for a week."

Mr Chapman

- He never made any such promise.

Mr G B EDWARDS

- If the Prime Minister had properly appreciated the fact that he had been selected for national purposes to start this national machine, he would have adopted a Tariff which both sides of this House - protectionists and free-traders - could have accepted, and we should have had a fair start as a nation with what the mercantile world has been longing for for many years past, a fixed Tariff. This would have enabled the people to get to work and to know what they were doing. From what the Prime Minister intimated in his various speeches, it appeared to me that he had an opportunity of which he intended to take advantage to frame a national Tariff. Our Tariffs have grown up haphazard, as necessity has arisen for raising revenue, for protecting some industry, or for meeting emergencies, and so on, and one Tariff has differed from another by reason of the circumstances of the State in which it was instituted; but here was an opportunity given to the ablest and most experienced men in Australia to frame a Tariff for a continent - for a new nation. That Tariff might have been laid down on scientific lines, such as would have involved no harm to existing industries or prejudice to the people of the Commonwealth. There has, however, been no attempt on the part of the Government to proceed on scientific lines. The first canon of taxation is that taxes should be so levied that the burden will fall according to the strength of those who have to bear it. But under the proposals that are now before the

House, we have instance after instance in which the burden will fall upon the weakest shoulders. We have instance after instance where luxuries and articles used only by those who can command everything they want, are lightly taxed, and in no sense is this a scientific Tariff. Even from a protectionist point of view it fails in this respect, because taxes are put on raw materials and on the machinery of production. The agriculturists are oppressed .by duties on their implements and machinery, and on everything that they consume.

Mr Chapman

- The honorable member cannot give a single instance in which a difference is made in the price of machinery 1

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Mr G B EDWARDS

- I am not going to follow those honorable members who have quoted statistics. We have had more statistics quoted in this House during this debate than we shall ever have again I hope, and I cordially agree with the remarks of that honorable member who said that they were simply thrown about from one side of the House to the other without effecting any good purpose. I know something of statistics myself, and I have seen them used on both sides of the House with a twist and a strain that was not altogether honest. I do not think that the case can be at all assisted by any reference to statistics. I have twice had to deal in this House with questions upon which, I had to admit, I possessed no special knowledge, and I was twitted by the Minister for Defence with having slated the Defence Bill after having acknowledged that I knew little about the subject. To that I plead guilty; but, regarding this measure, I claim - whether it may appear modest or not - that I know all that a man wants to know. I know as much probably of what will be the incidence of this taxation as does any man in this House. I have had experience in business, and I know what the effects of this Tariff will be upon business men. I am a manufacturer myself, and likely to be more largely interested in manufactures as the years go on ; but since I cannot tell in what particular direction my money will be invested, I cannot be accused of being actuated by feelings of self-interest in this matter. I say that the Tariff, whether looked at as a revenue Tariff, as a protectionist Tariff, or as a scientific Tariff, fails in each respect. What is the first principle for which we look in a Tariff? Commercial men in my own State and elsewhere, when I talk to them about Tariff matters, say - "It does not matter very much what the Tariff is, so long as it is settled upon just, sound lines, which are not likely to be disturbed for some years." That is just where this Tariff fails. I believe that numbers have been counted, and that the Tariff will be carried by this House. But admitting that the phalanx of revenue tariffists in this Chamber are unable to prevent its passage, I say that as surely as the sun will rise tomorrow morning, so surely will an agitation be commenced at the next election for the repeal of the best portion of it. As a result, we shall have to discuss this matter over and over again till a reasonable compromise, such as I am advocating, has been arrived at. I do not contend for one moment that we ought to have a free-trade Tariff. We cannot obtain the revenue we require by an absolutely free-trade policy. But it is possible for us to frame a national Tariff which will lay down the lines of our fiscal taxation in such a way that for some years to come few people will be inclined to call it into question, whilst mercantile and manufacturing interests will go on their way, and begin to make profits. Not only is this Tariff not scientific or revenue - producing, but it enters in some respects into matters which are quite new - matters of taxation which have not been defended in the slightest degree by any single member of this House. It contains, for example, such items as the package rates which in other States were abolished years ago as a relic of barbarism. Then we have a new system of taxation introduced - at any rate, it is new to me - in the nature of " composite " rates, under which Ministers have concealed a vast, amount of protection. Honorable members by perusing the Tariff will see that the rate upon certain sorts of boots is so much per dozen pair and so much per cent., but until they work out the calculation they cannot realize to what extent the duty in question is operating as a protective one. Then there is a provision which enables the Government to impose certain duties by proclamation. It is most dangerous to put into the hands of any Government the power of levying a duty at some future time upon any article at their own sweet will. What does it mean ? The time will come when some individual wants to start a particular form of industry. If he does not happen to be friendly with the Government of the day, this power will not be exercised, and duties will not be imposed to enable him to commence operations. But should anyone come along who enjoys their good-will, this provision will immediately be put into operation. I maintain that the power of levying taxation

should be in the hands of this House and should never leave it. When Ministers set to work to frame a national Tariff they had a right to pay regard to the fact that we have differences throughout Australia far greater than any single State has had to face, far greater, probably, than any nation in the world has had to contend with - differences in climate, industrial differences, economic differences. For example, a tax upon blankets in one part of the Commonwealth will be felt by the poor. In northern Queensland, however, it will not affect the poor one iota. A tax upon boots will be felt by the children of Victoria, but in Queensland I have seen many children of well-to-do parents who do not wear boots. These differences serve to show that Ministers should have framed a national Tariff under which, irrespective of the varying circumstances of the States, the people would have been equally taxed in accordance with their ability to pay taxation. The problem which Ministers had to face was one of raising a certain amount of revenue, instead of which the problem they have put before themselves and before this House is one of fiscalism - of supporting certain industries and of endeavouring to promote particular lines of manufacture in order to help certain people in contradistinction from certain other people. That was never the problem with which they were confronted. The problem which they should have attempted to solve was how to raise a certain sum of money in such a way as would be equitable, whilst producing the least amount of irritation amongst the people of the Commonwealth. It is not a question of production at all. The production of Australia, if we leave it to the intelligence of the people, will take very good care of itself. Production in Australia is probably greater per head than it is in many other countries of the world, and it will continue to increase relatively to the production of those countries. There is no necessity to foster production "here. The problem with which we have to deal - and which will have to be dealt with more earnestly as time goes on - is that of the more equitable distribution of wealth amongst the people. Yet we are commencing, in our first economic legislation, to lay down a system of taxation under which the poor man will pay as much as the rich man, and which will tend to still further accentuate the difference between the position of the individual who produces the wealth of a country and that of the individual who enjoys it. Any attempt to protect manufacturer's, if carried to its logical conclusion, can result only in protecting about one -twelfth of the people. The other eleven-twelfths will have to bear the burden, and it is manifestly unjust to tax eleven-twelfths of our population in order that one -twelfth may enjoy the benefit thus derived. Protection to my mind is a fraudulent principle. Although it is possible to point to instances in which manufactures have been established by protection,, and to countries like the United States where extraordinary prosperity has reigned, and where wealth has been created to a fabulous extent, that does not disprove the statement that protection is a fraudulent principle, because side by side with the creation of this wealth we behold increasing poverty and pauperism and an increasing number of millionaires - people who wield more influence than did the kings of old. The fallacy which underlies the contention of some honorable members in this matter can be likened only to a man advising the honorable and learned member for Indi to quit his profession for an hour or two a day and devote his time to the making of his own boots. It seems to me that a nation cannot become rich by abandoning its natural industries, and devoting its attention to something which is not natural to it, and which it can pursue only by some system of force or compulsion. We can no more enrich countries, by forcing them through any fiscal legislation, than we can enrich an individual like . the honorable and learned member for Indi by compelling him to make his own boots. There is an essential difference between the principle of taxation proposed by the Ministry and that suggested by the Opposition. I admit that we cannot have an ideal free-trade policy, as others, no doubt, admit that they would not care to go to the full extreme of protection. When the protectionist seeks to derive revenue, and at the same time protect certain industries, his efforts have the effect of diverting into the Treasury a certain sum of money. But that is not the end of the transaction. The person protected levies on the consumer" another tax which is frequently the larger of the two, and the burden, thus increased, is always greatest when the taxation is great. We cannot impose high taxation of the kind without increasing the accompanying burden which the people have to bear. If we grant a monopoly, as it were, in a community to manufacture a certain article, which cannot be imported from abroad except on payment of a duty, the consumer has to pay not only that duty, but also what the manufacturer may charge him on account of the impost. The difference between the two principles is that honorable members on the Opposition side of the House would tax the people in order to take as nearly as possible the £7,500,000 or the £8,000,000 required, and would see that the money went into the public chest, whereas those on the Ministerial side would tax the community in such a way as to raise

£15,000,000 or £20,000,000, in order to place £7,000,000 or £8,000,000 in the Treasury. Those honorable members who fail to see the distinction between the two forms of taxation must be somewhat deficient in intellectual vision. The policy of commercial freedom will give more stimulus to manufactures than will any system of protection that can be devised. The people of this community, with their intelligence, energy, and proneness to enter into any enterprise which promises profit or affords them an opportunity of getting on in the world, will, if left alone, be absolutely certain to develop the interests of the country in the best directions. It is not in the power of this or any other Parliament to legislate for the whole of the employment and prospects of a people, and tell them how and where they can best use their energies. The people themselves are the best judges of the industries into which they ought to put their money and their labour, and the less they are interfered with the better for the national welfare. It is not the duty of this side of the House to formulate a policy under which revenue for the Commonwealth can be raised. We have been twitted by some honorable members with having objected to the policy of the Government without showing in what way we ourselves would raise the revenue. We have not the command of means, nor the time for solving the problems involved ; that is the duty of the Ministers. The Government, having taken a long time to solve these problems, laid their proposals before the House, and the duty of the Opposition is to say whether the Ministerial policy is the best for the country, or whether it is possible to adopt a better one. Although from the beginning there was not the slightest chance of ousting the Government, the position taken up by the Opposition of presenting a formal motion condemning the Tariff proposals was one which, if we were to be honest and adhere to our principles, we could not shirk. There was a distinct challenge thrown down to us by the Minister for Trade and Customs, when he said : - " This is a protective policy." We had not been looking for a protective policy, but for a national policy. The gauntlet, however, was thrown down, and the leader of the Opposition would have been wanting in dignity and in consistency to the principles he advocates, if he had not picked up that gauntlet, and let the country see that, at any rate, the Opposition were prepared to fight, even though they knew beforehand they would be defeated. For myself, if I were asked how I would deal with this Tariff - and a member is, suppose, free to say how he would deal with it - I should in some respects adopt the view of the honorable member for North Sydney, who is manifestly right when he suggests an increase in the excise on tobacco. I know that the tobacco industry will permit of an increase. I regard that duty as a tax on a luxury, which can be borne by the people much better than can some of the taxes on the necessaries of life, and even on the very food of the poor. The suggestion of the honorable member for North Sydney is a wise and sound one, and I hope the House will take it into favorable consideration.

Mr Salmon

- It would absolutely kill the tobacco growing industry.

Mr G B EDWARDS

- It is very easy for honorable members to say that such an increase would kill the tobacco growing industry.

Mr Salmon

- It did so in Victoria, and surely the honorable member will be guided by experience.

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Mr G B EDWARDS

- I am guided by my experience, which I dare say is as great as that of the honorable member. I know that money is being made in the tobacco industry more largely every year, and tobacco is a luxury on which people can afford to be taxed. As Napoleon said, luxury has a broad back and can stand the weight of taxation. When we are faced with the alternatives of putting a tax on tobacco or of putting a tax on food, blankets, or boots, the suggestion of the honorable member for North Sydney comes to us as a sound piece of fiscal advice, and I hope it will be taken by honorable members. I am not so clear as to that honorable member's further suggestion that there should be an increase of the excise on beer. I have not had time to go fully into this matter because calculations of this nature involve expert advice, and the obtaining of figures from those who possess full information; and very frequently when an effort is made to get figures from those who are interested in a trade, they are either unobtainable, or we are misled. I am not in a position to check the figures with regard to what would be the probable effect of an increase of the excise on beer, and I am not prepared to advocate such a step. But, if it can be proved that an extra ld. of excise can be placed on beer without doing any very great harm, I should prefer to see the

impost made, and some of the duties taken off the actual necessities of life, tools of trade, agricultural machinery, or the raw material out of which our manufacturers have to make their goods. I quite agree that it would be better to reduce the ad valorem duties. It was never expected anywhere outside of Victoria that these duties would be so high as they are. The moment the Tariff was out, it was said at once - " This is a Victorian Tariff." I do not think it is a Victorian Tariff, and I hate to hear so much about comparisons between Victoria and New South Wales in this connexion. I do say, though, that it is a Victorian manufacturers' Tariff. The Victorian manufacturer, under a Tariff like this, will find, in a few years to come, that it will be profitable for him to transfer himself and his factory into the neighbouring State of New South Wales. He would lose by staying in Victoria. If there is anything sound in the principle of protection, the Victorian factories will be transferred to near Newcastle, which is their natural home. We have established factories in New South Wales, and they have done very well under free-trade. I myself have a factory, and have done very well under that policy. While I am speaking on this point, I may allude to what was said by the honorable member for Mernda the other night. He twitted me .about my interest in the jam trade when I said something about starch. I am going to deal with the question of starch later on, but I may say now, with reference to the jam trade, that I started jam making in New South Wales under the Dibbs Tariff. I had my first 18 months of manufacturing under that Tariff. There was a strong duty upon imported jam at that time. With a quarter of my capital and one-sixth of my turnover, I made more money in one year under the Dibbs Tariff than I have ever made since. That was of no benefit to the consumers of New South Wales and of no benefit to the workers. The only person who benefited was myself. That is the case with artificial industries generally. In one half of them the big profits which are made by the manufacturers are kept in locked ledgers and covered up in various accounts, so that they may be kept as quiet as possible. There is another section of factories that are started by people who make foolish calculations of the amount of profit they will derive in consequence of the protective system. Industries started under those auspices very frequently come to grief. So that there are two classes of industries that are fostered by protection - those which must come to grief, because there is nothing but protection at the back of them j and secondly, those which would be profitable under any circumstances, and which under protection make the profit which they would make naturally, plus the profit which protection gives to them. I am glad to see that the Treasurer has introduced a sinking fund system in connexion with our loans. There is something in what the honorable member for Bland has said, however - that the difficulty with sinking funds is that they have a tendency to sink out of existence.

Sir George Turner

- I propose to purchase stock with the money.

Mr G B EDWARDS

- If there is any way of securing the fund so that in so many years it may have the effect of extinguishing our debt, it will be a right principle to adopt in dealing with the finances of this country in the future.

Sir George Turner

- I propose to purchase our own stock each year.

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Mr G B EDWARDS

- That would be a very good system to adopt. Another matter which the Treasurer touched upon is of even greater importance than that, namely, that of inducing or compelling the banks to keep their reserves in Commonwealth notes. We have there a source of convenience and a source of profit of which the world has been frightened for many years. There have been South Sea Bubble schemes, and many other failures of the kind, which have made the world somewhat frightened of paper money. In the past we have had Governments which possibly have not been so honest as those we have to-day, and which have not possessed the same soundness and stability But the time for suspicion, and for looking askance at schemes of paper money has gone by. Thinking men now recognize that paper is quite good enough as currency so long as there are honest men and an honest State behind it. If we believe in our Commonwealth there is no reason whatever why we should not, when the Treasurer wants £1,000,000, issue a million £1 Commonwealth notes, and pass them out to the people, so long as the money is incontrovertible, and will be received by the Government in shape of taxes. The Treasurer has promised" to make inquiries as to how similar schemes is operating in Canada, where it has been officially adopted, and I am convinced from what I have learned that it will be found that that scheme works very effectively,

and that the Treasurer can safely go even further than they have gone in Canada. When we are talking about financial expedients, let me point out that we have had a Ministry sitting for eight or nine months considering the question of a Tariff, and that after much cogitation the mountain has brought forth this terrible monster - this mouse, or whatever honorable members like to call it.

Mr Reid

- A bandycoot.

Mr G B EDWARDS

- But we have had no serious attempt on the part of my right honorable friend the Treasurer, whose care of the public accounts has so distinguished him, and to whom we look with some confidence in these matters, to take advantage of the chance of a lifetime in starting our Commonwealth finance upon a proper footing. The Treasurer has had an opportunity such as only occurs once in the life of a statesman - that of starting our finances on sound lines. The Treasurer admits that the Commonwealth has been started on a basis of extravagance, and I think he will be forced to admit that the Government have not shown any definite financial policy in dealing with the problem. There has been no attempt to restrict what will inevitably be a growing extravagance on the part of these States. One would have thought that the wisest and ablest men we could bring together in the Commonwealth - some of whom have occupied the position of Treasurer in their own States - would have evolved some scheme for dealing with the financial relations between the Commonwealth and the State Treasuries. We have had no intimation whatever of any such action, but only a rough-and-ready chandler's shop policy of wanting so much money for the States - of raising so much revenue, and dealing it back again to the States to meet their requirements. I am not a financier myself; I am just a plain business man. But I say there are opportunities for displaying financial policy in connexion with these matters, for which we had a right to look from men so gifted as those who occupy the Treasury benches. I think that some ripe and just scheme could have been evolved, by which we could have consolidated the debts of these States, and so relieved ourselves of this terrible bother of having to consult the necessities of the States every time we are called upon to deal with a financial statement for the Commonwealth.

Sir George Turner

- It would mean making a big present to the bond-holders.

Mr G B EDWARDS

- I notice what the Treasurer said in his Budget statement, but that does not go right to the heart of the question. I believe that we shall have a serious difficulty staring us in the face every year when the financial statement is made, if we do not pay attention to the growing extravagance of these States. In my own State of New South Wales, and I think the other States are in very much the same position, the Government are positively anticipating this surplus which the Commonwealth is giving them. We have a gentleman in New South Wales named O'Sullivan. He would take the whole £9,000,000 if he could get it. It would be a mere nothing to him. In New South Wales they are increasing the cost of government year by year. Successive Administrations have let the expenditure grow from £8,000,000 to £9,000,000, £10,000,000, £11,000,000 and £12,000,000, and they are still running up the outlay. The Federation will never be able to provide the revenue that that State will require. The same appears to be the case with the local authorities in this State of Victoria. They are looking forward to the surplus they will receive as a means of paying their old-age pensions, to pay off the deficit, and to do all sorts of things. In the meantime no attempt at economy is made in the States. When the people were agitated in favour of federation it was said to them that economies would be effected in the States, and that these would necessarily follow the establishment of the Commonwealth. I preached from that text with all my heart, because I believed as an honest man that that would be done. So long as I can talk I shall preach it. The State Governments administered the affairs of the whole Federation for £7,000,000 odd, and why should not the Commonwealth Government be able to administer their affairs for that sum, plus the £269,000 odd which the Treasurer says he will require for new expenditure?

Sir George Turner

- What about the £1,000,000 that we have to give to New South Wales?

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Mr Reid

- To give ! It is her own money.

Sir George Turner

- The Commonwealth Government has to raise it.

Mr G B EDWARDS

- The point I wish to make is this : The expenditure of the States is growing year by year, and they look to the Commonwealth to provide the money they require by increasing the customs and excise duties. So long as that state of affairs continues, we shall have great extravagance in the States, though, prior to federation, we were told in one State after another that, when the States federated, the number of representatives in the State Parliaments would be reduced, that their salaries would be reduced, that some of the high officers of the public service would be got rid of, and the salaries of others reduced, and that many other economies would be effected, not one of which has been carried out. So long as the present system continues, the States will look to their share of the revenue raised by the Commonwealth to make up the deficiencies caused by their extravagance. I have here a little pamphlet published by Mr. Justice Clark, and although I do not agree with all his conclusions, the paragraph which I am about to read seems to me to cover the ground which I am now traversing -

The final ground upon which I urge the assumption of the public debts of the States by the Commonwealth, is that the financial dependence of the States upon a contribution from the Federal Treasury is contrary to the fundamental character of the type of federal government which the Constitution purports to establish, and if it becomes permanent, it will subjugate the whole financial policy of the Commonwealth to a consideration of its results upon the separate Treasuries of the several States. But the assumption of 'the public debts of the States by the Commonwealth in the manner which I proposed, will put an end to all compensatory distributions of surplus federal revenue among the States, and therefore will put an end also to any consequent keeping of accounts between the Commonwealth and the States. The fundamental feature of the type of federal government exhibited by the Constitution of the Commonwealth is the perfect independence of the States, and the Commonwealth inter se in the exercise of the governmental powers respectively assigned or reserved to them. To secure this result in its entirety, the financial independence of the States and of the Commonwealth inter se is indispensable. If a relationship of financial dependence on the part of the States is maintained between them and the Commonwealth, the financial policy of every State will be inevitably controlled by the financial policy of the Commonwealth, and questions of federal politics will become intermingled with the local politics of every State to an extent which will make every political conflict in each State a reflection and repetition of a contemporaneous conflict in the sphere of federal politics. But this departure from the true ideal of federal government will not be confined to the subordination of the political life of the separate States to the politics of the Commonwealth. It will extend to the political life of the Commonwealth ; and the intermingling of local and national questions will frequently cause the local questions to have a determining influence in the elections of members of the Federal Parliament ; and thus produce a counter-dependence of the politics of the Commonwealth upon the politics of the State. The inevitable result will be a lower level of statesmanship in the Parliament of the Commonwealth than that which the national life of Federated Australia ought to evolve, and the predominance of provincialism in an arena into which it ought never to enter.

So long as the States look to the Commonwealth to make up their deficiencies, so long will they endeavour to send into this Parliament men who will join in the scramble for what can be got of the revenue raised by federal taxation. The Federal Government should preserve the people from undue taxation ; and it would have been better if Ministers had shown some financial aptitude in dealing with this great question. Our difficulties are only commencing, and there can be no better time for grappling with them than now. If Ministers had come forward with some well-considered and just scheme, under which the debts of the States could have been consolidated, to the ultimate profit of both the Commonwealth and the States, we could have done with a lower Tariff.

Sir George Turner

- I should like to see the man who could devise such a scheme.

Mr G B EDWARDS

- We look to those on the Treasury benches to solve some of these difficulties ; but, instead of attempting to solve them, the Ministry seem to have devoted their attention to evolving things like composite duties, to formulating requests to Parliament to give them power to impose duties by proclamation, and to putting

forward other extraordinary features of legislation, which are either new to Australia, or have been discarded years ago. I think that some scheme for assisting the weaker States of the Commonwealth might have been evolved by Ministers. All they propose is to impose upon the larger States a larger burden of taxation than is necessary for the Commonwealth administration, handing back the surplus to the State Governments.

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Sir George Turner

- The bookkeeping clauses of the Constitution compel us to do that.

Mr G B EDWARDS

- Yes ; but under the Constitution the Commonwealth is empowered to assist the weaker States. To heap taxation upon New South Wales is no way to assist Tasmania.

Mr Reid

- The Constitution Bill was amended at the Premiers' Conference specially to enable the Commonwealth to assist the weaker States.

Mr G B EDWARDS

- I give the Treasurer every praise for the succinct statements which he put before honorable members in delivering his Budget speech. Like the honorable member for Bland, I had no trouble in following his exposition of the financial position, and we know that it is not always the case that a Treasurer makes a statement which honorable members can follow. But if the right honorable gentleman had shown the quality for which he so signalled himself in his own State, and had exhibited a rigid determination that the expenditure of the Commonwealth should be cut down, I should have been much better pleased. Although the new expenditure that is provided for does not include the whole amount which will ultimately be expended under that head, and includes items of an extraordinary and non-recurring nature, I think that, on the whole, it is well within the limits that we had a right to expect would be imposed. But the right honorable gentleman should have exerted some control over the growing expenditure in other departments.

Sir George Turner

- Have I not stopped the increases ?

Mr G B EDWARDS

- If we take the Estimates of the Defence department, for example, we find that during the last two or three years they have increased by some hundreds of thousands of pounds.

Mr JOSEPH COOK

- By £360,000.

Mr G B EDWARDS

- Yes ; but the Treasurer has taken a most extraordinary attitude in regard to those Estimates. He admitted that the figures are too high, and, with his character for careful financing and economy, we might have expected that he would have cut down these wretched items against which the economists in all the States have been fighting year after year. But, instead of doing so, he brings them forward and says that he looks to honorable members to assist him in reducing them.

Sir George Turner

- I cut down the Defence department's estimates by hundreds of -thousands of pounds.

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Mr G B EDWARDS

- Then goodness only knows what would have happened if they had come to us as presented originally to the Treasurer. I can only say that the Treasurer will have my best assistance in cutting them down further, and thus removing the necessity for increased taxation upon the people. I think it is apparent that the Treasurer has over-estimated his expenditure. Of course one speaks with difficulty upon this subject, because the Treasurer has the best advice obtainable. He has the time and opportunity to consult books and to give attention to other matters necessary to enable him to form a correct estimate. He ought to be right in these matters, and we should be able to take his estimates as correct. But having regard to the basis upon which the Treasurer has framed his estimates of expenditure I feel justified in saying that they are inflated. While he complained of the suggestion that he should base his estimates of receipts upon the returns for an abnormal year, we find that he has not hesitated to adopt that course in regard to his

estimates of expenditure. The expenditure last year was swollen grossly by excesses in the Defence estimates to which I have referred, and by large excesses in regard to special items, such as the cost of contingents and the festivities in connexion with the celebrations.

Sir George Turner

- They were not included.

Mr G B EDWARDS

- The Treasurer bases his estimates of the revenue he is likely to require upon what was admittedly the inflated expenditure of last year. There are many items in his calculations in regard to which he does not give credit for any revenue at all, although I know that something will be obtained from them. The Treasurer's estimate of the revenue from sugar is £530,000. I know something about the trade, and there is a way of arriving at the total consumption of sugar per annum, which I have often resorted to, and have found, when tested, to work out correctly. Coghlan states that in New South Wales the annual consumption is 103 lbs. per inhabitant, and in "Victoria 92.3 lbs. per inhabitant, while in Queensland we have the extraordinary fact that it is 129 lbs. per inhabitant.

Sir George Turner

- Those figures are unreliable.

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Mr G B EDWARDS

- I know they are unreliable. In South Australia the annual consumption of sugar is 98 lbs. per head ; in Western Australia it is 114 lbs. per head, and in Tasmania it is 84 lbs. per head. The large consumption of sugar in Western Australia may be accounted for by the fact that there is a large mining population there. By striking an average we get the per capita consumption of 103 lbs.; and, taking the last statistics of the population, we find that we have a total consumption of 173,950 tons of sugar per annum in the Commonwealth. I have often tested this method in calculating the prospects of an approaching sugar market, and I find that the average consumption per head is just over 100 lbs. The Treasurer says that he will obtain £120,000 from the duty on imported sugar. That means that, with a duty of £6 per ton, he anticipates that there will be 20,000 tons of imported sugar consumed. Consequently the remaining 153,950 tons must bear excise at the rate of £3 per ton. That would give us £461,850.

Mr Piesse

- What about the bonus ?

Mr G B EDWARDS

- I am not dealing with the bonus at all, because I am sure that does not enter into the Treasurer's figures. The customs and excise duties on sugar will thus yield a revenue of £581,850, while the Treasurer's estimate is only £530,000. I find, by the way, that there are one or two discrepancies in the Treasurer's figures. In one place he estimates that £120,000 will be received from the duty on imported sugar, and in another place the estimate is given as £127,606. I presume that in the latter case the difference is due to glucose.

Sir George Turner

- Very likely.

Mr G B EDWARDS

- The estimate which I have just worked out shows an excess of £51,850 above the Treasurer's figures. As a business man I am prepared to say that that sum will be realized if the Treasurer can collect these duties. Unfortunately, the Government have made a most extraordinary mistake in connexion with their taxation proposals, a mistake that every business man outside could see from the first, although it was impossible to tell what particular duties were going to be imposed. If the Tariff had been tabled on the first of June last, I believe honestly that it would have made a difference of nearly £1,000,000 in the revenue returns for the current year. In the first place, the Government would have caught the tea imports which come in shortly after June, and the returns from the excise on sugar would have been increased. The sugar-cane crushing commences in June. I have not been able to ascertain from the Minister for Trade and Customs, although I have asked the question, how the Government are going to collect the excise duty on sugar ; whether they propose to collect it at the mills where the sugar-cane is crushed, or at the stores. If they go to the mills they will find that the crushing for this year is nearly over, and if they follow the sugar to the stores they will land themselves in difficulties in regard to the question where the duty is

to be collected. On the items of tea and sugar, which commence to arrive in June, and on kerosene, which was imported in very large quantities just about June--

Sir George Turner

- The free goods of New South Wales have been rushing in since January last.

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Mr G B EDWARDS

- If the Ministry had had the good sense to table this Tariff on the 1st June they would have caught all these things. Business men knew that the duties were coming. It was the duty of Ministers, as the custodians of the interests of the Commonwealth, to protect those interests by presenting their Tariff at an early date, and collecting this revenue. What have they been doing? If the Tariff had shown anything to justify the delay the position would have been different. From what I can see of it, however, the work must have been simplicity itself. Apparently the Government took the Tariffs of the different States - and particularly the Victorian Tariff - cut a bit off here, and a bit off there, and in that way framed their proposals. I regret to learn that the work has interfered with the health of the Minister for Trade and Customs, but in my opinion it is a work which the right honorable and learned gentleman should have been able to carry out in as many weeks as it took months. If expedition had been shown the revenue of the Commonwealth would have been protected to the extent of £1,000,000. To show that my calculation as to the probable consumption of sugar is approximately correct, I will give a further illustration. If we take the factor of 7.3 lbs. as the annual consumption of tea per head of the population of Australia, - and that is Mr. Coghlan's estimate - it works out at £383,211, while the Treasurer expects, with an ad valorem duty at the average rate, to get in £384,312. If one set of figures come out as correctly as that the other set must be pretty well accurate. If the Tariff had been tabled on the 1st June the Treasurer's estimate of the revenue from sugar would have been exceeded, as it will be in future years by £51,800. When the Treasurer was introducing his financial statement I was greatly struck by the fact that his estimate of the revenue from the duty on boots and shoes amounted to only £68,100 for the whole Commonwealth. Unmistakably that revenue is grossly underestimated. The Treasurer ought to get four times as much. Why is he not going to get it? Simply because he is pursuing a protective policy, and the duty is put on not to get revenue, but to stop it. That is the whole truth. If the Government, in the exercise of all their ability, had put on a poll-tax - that old financial expedient and ancient method of taxation - of 2s. per head upon the whole of the people of this Commonwealth, it would have given us a revenue of £400,000, and it would have saved the people of this country another £500,000.

Mr McCAY

- Is the honorable member advocating that ?

Mr G B EDWARDS

- In comparison with the Ministerial proposals, I say it would have been .an abler financial expedient. It would have been the means of getting more revenue, while more lightly taxing the people, if the Government had reverted to that ancient form of taxation, and had imposed a poll-tax of 2s. The working man would have saved many shillings a year by it, and would have been much better off. But the Government in order to protect the boot factories of this State, and some of the other States, but certainly not of New South Wales where they appear to be able to get along very well without a duty, have put on a duty so high as to restrict imports, and bring down the revenue to be derived from boots and shoes for a population of 4,000,000 to only £68,100. We are imposing an increased duty for the protection also of some six or eight factories in Tasmania, where they are progressing very well under a 20 per cent. duty. In this Tariff the Government propose . duties that range from 60 per cent, down to 25 per cent., and yet they only get the revenue I have mentioned, £68,100. This duty upon boots and shoes will be a poll tax upon the working-man of 10s. a year instead of 2s. a year. The Government come down upon him most severely with this boot tax, which, above all others, in this iniquitous Tariff, bears most heavily upon the working classes.

Mr McCay

- Unfortunately for the honorable member, the facts are against him.

Mr G B EDWARDS

- I say that the Treasurer, in estimating the revenue, has taken a wrong view of it, because he refuses to take the figures for last year, although he> has taken last year's returns as the basis for his estimates

of expenditure. The right honorable gentleman goes back from last year, because in respect of revenue he says it was an abnormal year, and was inflated. I point out, however, that the Treasurer goes, back also beyond what is a normal rate of increase. It has been established - I think pretty definitely, in looking over several years - that there is a normal rate of increment in our customs and excise taxation, a natural growth without any alteration of duties, of about 4 per cent. I believe the exact percentage is something like 3'83, but 4 per cent, is near enough for purposes of calculation. The revenue of the Commonwealth States in 1899 was. £7,437,596. If we add 4 per cent, to that, it gives us £7,724,600, and the actual revenue received in 1900, which the Treasurer refuses to take as his basis, was- £7,766,000, or just £42,000 more than the figure I have stated. If we put 4 per cent, on to that again, I say the Treasurer would receive more than he has anticipated, and not because of any inflation, but in consequence of a normal increase. The Treasurer cannot tell me or any other business man in this Commonwealth that we are to stand still, and that there is to be no increase in the rate of our progress.

Sir George Turner

- I have not said so. Each year will have to be calculated on its own basis. I have taken simply what would be a normal year at the present time.

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Mr G B EDWARDS

- I am referring to what I consider the erroneous basis adopted by the Treasurer in declining to accept last year's receipts on the ground that they were abnormally high, while, at the same time, in going back to another year he has not added to that year any amount to represent the normal rate of increment, even supposing that last year's estimates were inflated. The right honorable gentleman cannot tell me that the normal rate of increment is going to cease. All business men know full well that whatever may be the ultimate outcome of federation, an immediate result will be an increase of trade. Building will start, there will be an accession of energy in all directions, and this always means more consumption, more consumption meaning more importation and more revenue. Even admitting that last year's receipts were inflated in many respects, as they no doubt were, I think the Treasurer would still have been almost justified in accepting the figures for that year as his basis in view of the fact that a genuine impetus will be given to trade. The right honorable gentleman has told us that the overseas imports for 1899 were £34,000,000, and in 1900, they were £41,000,000, and he allows £28,000,000 for the Inter-State exchange. I have endeavoured in many and various ways to get at the process by which the Treasurer, or his department, has arrived at the net amount of Inter-State trade. I must confess that all the standard authorities I have been able to consult have not supplied me with sufficient information to enable me to say whether or not that estimate of £28,000,000 is correct. I have certainly been led to think that it is not correct. It seems to me that the amount stated must include the value of overseas goods taken from one State to another, and that that element is likely to complicate and upset all calculations upon the subject. From the calculations I have made I am pretty well certain that there is not £28,000,000 of Australian produce passing from one State into another in the course of a year, and that to reach that amount we must include, in some form or another, some overseas imports subsequently passing between the States. Although I am not able to prove that that £28,000,000 is an over estimate, I am strongly convinced that it is. We can only prove it by the results of the first year of the Commonwealth finances; but when we do get the figures I think we shall find that there are not £28,000,000 of trade in Australian produce between the various States. Besides this £28,000,000 the Treasurer takes off £4,000,000 for inflated values. It is, I think, admitted by most commercial men that there was great inflation of values in the year referred to - in some lines a material inflation. On the other hand, the Treasurer seems in this instance to have pursued a policy strikingly at variance with the natural workings of his mind, and has not allowed anything for depreciation of values. Many men know that such depreciation did occur. It did not amount to much, but it amounted to something, and I think the right honorable gentleman should have allowed something for it.

Sir George Turner

- I did. The increase was 14½ per cent., and I took it at 10 per cent.

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Mr G B EDWARDS

- The sum which the Treasurer took off included an item of £2,500,000 for loading up, making no allowance for unloading; but commercial men know thoroughly that a considerable amount of unloading

was going on, particularly in Victoria. Then he has a free list valued at £6,500,000, as to which I presume he is perfectly correct, and £5,000,000 for the increased production of manufactured goods in the Commonwealth, which would to that extent prevent the importation of a similar quantity. As a business man I take exception to this item, too, although I am prepared to admit that the probability is. that in the course of time this high Tariff would have the effect of prohibiting importation to that amount or even to a greater amount. It is impossible to expect a reduced importation of £5,000,000 to immediately result from the imposition of these duties. Then, £1,000,000 is allowed for gold and specie, which is correct, and £1,000,000 for goods, imported for Government purposes. Very grave exception, can be taken to the latter item. It will be wrong to admit ob initio the principle that State goods shall not be taxed-. It is quite possible that States may import goods and re-sell them on their own account, and such goods would bring to the vendor the price of them plus the amount of the duty. That might take place in regard to not only rails, of which the States are likely to import a large quantity, but also such items- as cement. It would force State Governments - which, I believe, is a wrong principle - to import all their requirements direct and not to procure them through the ordinary channels so as to save or evade; as I call it, the duties. It would be better to leave out this item.

It would be open to grave abuse in many respects because there can be no doubt that the States would take very good care not to use an article unless it was imported direct by themselves. I object to the enormous amount which the Treasurer has taken off to leave the taxable sum at £21,000,000. On the items I have pointed out, a man of business intelligence could safely affirm that there would be a difference of £2,000,000 in favour of the taxable imports that would be left to the Treasurer to get revenue upon. He will get £4, 11 9,000 from the customs and excise duties on spirits and narcotics or actually half the total revenue required. I do not think any exception is taken to these items on one side of the House or the other. In fact, we have had from the honorable member for North Sydney a suggestion in which I quite coincide, that the excise on tobacco, and probably the excise on beer, might very well be increased. We might thus bring the revenue from the duties on spirits and narcotics up to £4,500,000, and the Treasurer, according to my showing - and I think my figures will take some amount of disproving - would get another £50,000 from sugar. Then, to a very large extent, as was pointed out by several honorable members on the other side, this must be looked upon as a tentative Tariff - a Tariff which will certainly come up for reconsideration very shortly - and the Government might, for these reasons, have made the ad valorem duties much lower, because, in most instances, the high duties will have the effect of decreasing the revenue, particularly in the weaker or necessitous States. If this is not a Victorian Tariff, it certainly is a Victorian manufacturers' Tariff, and its effect will be to give more protection, though not, perhaps, in so good a way as the protectionists think, in Victoria itself. On most items, it is argued, the duty is lower than it was formerly, but, even so, the duty in many cases is higher, and the Treasurer anticipates that in Victoria there will be a very large surplus over and above what was received from the Tariff in the past. This, in itself, shows that in its protective incidence the Tariff is more severe than the old Victorian Tariff.

Mr Kennedy

- Is not that an application of its revenue producing incidence ?

Mr G B EDWARDS

- It is no application of its revenue producing incidence, because this is not a revenue producing Tariff at all.

Mr Kennedy

- It gives more revenue.

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Mr G B EDWARDS

- It is a protective Tariff from beginning to end, and it contains very few items which can be said scientifically to be revenue producing. From start to finish it is a protective Tariff, and in its effect on Victoria it will be hailed as a protective Tariff. The Minister for Trade and Customs, in throwing it on the table with a mailed glove, said that it was a protective Tariff. It is accepted by the Age as a protective Tariff ; it is looked upon all round as a protective Tariff, and it will have the effect anticipated by the Victorian manufacturers. There is no feeling in my heart or mind about differences between States; I have avoided as far as I could instituting any comparisons between New South Wales and Victoria, not only

because I think that such comparisons are worthless, but also because they are positively injurious in other directions, and we ought to begin, in the first year of the Commonwealth, to look upon ourselves as members of one nation. The effect of the Tariff in Victoria is protective, but what about New South Wales? The result there has been very remarkable. The whole of the people in that State are incensed at the weight of the burden that they will be called upon to bear. Prices have gone up in all directions - prices which we were told that the foreigner would have to pay, but it does not appear that the time will ever come when the foreigner will have to pay. When we go north to Queensland, we find that the new Tariff will prove more protective than the Tariff which was formerly in operation there. Not only will it keep up the burden of protection, but it will reduce the chance of obtaining revenue by reason of the fact that the Victorian manufacturer will be able to supplant manufactures that have hitherto been imported from across the seas. The effect and the intention of the Tariff in that direction are one. In Tasmania the same results will be brought about. A lower Tariff, a more reasonable Tariff, a compromising Tariff, a national Tariff, would have yielded more revenue in Tasmania, but a Tariff which is instituted for the protection of the manufacturer - and when I say manufacturer, I mean very largely the Victorian manufacturer - will not yield revenue in Tasmania, but will leave that State short of a large sum, for which no adequate provision has been made by the Ministry, except that we have had some talk about giving Tasmania a loan. As I said before, some attempt should have been made to solve the difficulties arising out of the shortages in Tasmania and Queensland. The honorable member for Tasmania, Sir Philip Fysh, in speaking of this Tariff the other day, defended himself from an attack - if it were an attack - made by the right honorable member, Sir Edward Braddon, upon his past history in that State as a free-trader. Although the honorable member delivered a very able speech mostly on that subject, I must confess that to my mind - and my mind on this occasion went back to the very early days of my boyhood - he gave no adequate reason why, considering his past political career, he should have supported a Tariff of this sort. The honorable member may talk as he likes about the political necessities that forced him to do this or that or the other, but at no time was he ever more than a revenue tariffist, and I distinctly recollect him throughout the best part of his career as a free-trader. He has not only turned his back, as it were, on the principle of free-trade, but he has set to work to defend the Tariff alterations which have been made in Tasmania on account of their protective incidence. He talks of hearing the merry music of the factory bells in Hobart, but if any honorable member went to that city, he would strain his ears a long time before he would hear the merry music of the factory bells there. There are two or three, small factories - boot factories - established there ; and, presuming that these have been a success, upon what sort of a Tariff have they been built up ? The duty on boots in Tasmania was 20 per cent., and if, with the limited markets they had there - for they have no outlet for their goods beyond the State itself - they have been able to establish boot factories with the assistance of a 20 per cent, duty, what need have the Government to which the honorable member belongs to propose duties on boots for the whole of the Commonwealth, varying from 23 to 60 per cent. If it can be shown that in the past the honorable member's fiscal legislation has led to the establishment of boot factories, under a 20 per cent. Tariff, he had no right to be a party to proposing more than 20 per cent, for the protection of the boot manufacturers in the Commonwealth. If the duty had been fixed at 20 per cent., more revenue would have been produced for the little island State. The honorable member alluded to candle factories, which he said had been established in Tasmania as a result of protection, but there are no candle factories there. What goes on in connexion with the manufacture of candles there is simply a robbery of the Customs. There are certain institutions there which import what may be called candles in bulk from Holland and Germany, and then melt the material down and make candles out of it. There is not one man employed in Tasmania in making candles from Australian raw material. There are, however, some successful manufactories in Tasmania, including a cloth and woollen factory.

Mr Piesse

- There are three.

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Mr G B EDWARDS

- Tes ; there are three, and they are all successful, but two of them turn out cloth and flannels equal to anything in the whole world. They produce more than they can get rid of in Tasmania, and they send their surplus to New, South Wales, where they have hitherto been able to sell all they can make, in competition

with imports from the whole wide world. If that can be done in the little State of Tasmania, why should we require a high protective Tariff to encourage the making of woollens and cloths on the mainland. In Tasmania they have other industries still more successful than these, namely, those connected with the fruit preserving trade, which are the most flourishing of all. These have succeeded really in spite of the Tariff, which has had no effect on them whatever. Therefore, all that the honorable member had to say in the shape of excuse for his action in inflicting this iniquitous Tariff on Australia, had no basis at all, because his actions in the past show's that they could start factories in Tasmania, and carry them on successfully without any protection at all ; whilst those which were not successful were not worth starting. On one occasion they started a cigar and cigarette factory, under an arrangement with Government by which the raw material came in free. It was found, however, immediately after the factory was started that the manufacturers were simply robbing the people of Tasmania ; and steps were at once taken to put the same duty on leaf tobacco as on the manufactured material, and they cleared the factory out of the the place. How, what will be the effect of this Tariff on the Commonwealth t I say the effect will be - and I am not talking of the question as one of free-trade and protection - to heap the burden of taxation upon the poor. The whole effect of the Tariff from start to finish will be to cast the burden of providing the means of governing this country very largely upon the poor of the Commonwealth. [know that some honorable members have spoken of this talk about the poor man as claptrap, and as so much talk to our constituents in order to secure our return to this House. I do not think I shall return to this House, but whether I return or not, I hold that there is no claptrap about objecting to a scheme of taxation the heavier burden of which will fall upon the poor, and the lighter burden upon the rich. Claptrap or no claptrap, I shall always advocate a system of taxation different from that. I desire to see a system of taxation under which the people will have to pay in proportion to their ability to pay, and not in inverse proportion. This Tariff imposes taxation upon the women and children and upon the homes of the poor. The women and children are already feeling its effects in New South Wales, and it is sad to think that our best statesmanship should produce such effects as are to be seen in New South Wales as the result of the imposition of these duties. In the State of Victoria I understand that men are given 8s. per week in the form of an old-age pension, but under the Government scheme these men will be given 8s. and will have 2s. taken back in the form of taxation. All the taxation is heaped on to the lower end - on the food and on the common clothing and the boots of the people. This is not clap-trap, but it simply describes what is felt by every poor man in the Commonwealth who has to spend his money to the very best advantage in order to keep himself in reasonable comfort and bring up his family respectably. It is clap-trap to talk of this as clap-trap. It was to be expected in a Tariff framed upon national lines, and in a community in which we are adopting measures every day to improve the conditions of living of the lower orders of society, that in the adjustment of the incidence of taxation the poor would receive some consideration. I have looked at the free list and have endeavoured to pick out the exemptions which are in favour of the poor. The first item that I notice is "Miners' hats." But though I have made inquiries at several places, I have so far been unable to discover that there is any distinguishing hat worn by miners throughout Australia. The other items are "Firemen's helmets, wooden buckets, lead pencils and wooden penholders, spectacles, and cyanide of potassium" - the last named, I presume, to enable a man to poison himself. It reminds me of what Sydney Smith, the witty divine, said about a child being put into a taxed cradle, wrapped in woollens at 20 per cent., fed on foods at 25 per cent., oppressed through life with taxes of 20, 25, and 30 per cent., and finally put into a coffin that was also taxed under the Tariff. We are to be taxed under this Tariff from the cradle to the grave. The burden of this taxation will always fall upon the poorer classes of the community. I have taken the trouble to ascertain what is considered by those who have made careful calculations a fair estimate of what a man with a wife and two children, who earned £2 per week, would spend upon different items. As nearly as I can make out, such a man would spend £20 16s. per year in rent ; bread, meat, fruit, vegetables, milk, fish, butter, books, and other untaxed goods would absorb £37; whilst upon narcotics and stimulants he would probably spend £3. That represents an expenditure out of his earnings of £60 1 6s. He would consume 4 cwt. of sugar, which would cost £4, and the duty upon which, at 33 per cent., represents £1 6s. 4d. He would also require 28 lbs. of tea, the duty upon which, at 25 per cent., represents 7s. On clothing, drapery, and blankets he would spend £20, which, at 20 per cent., means a further contribution to the revenue of £4. His expenditure upon boots would probably be £3, and upon these, seeing that they are taxed at 50 per cent., he would have to pay £1 10s. In groceries

he would expend about £13, which, at 40 per cent., represents a duty of £5 4s. Thus, a man with a wife and two children, would be taxed no less a sum than £12 19s. It will, of course, be urged that many of these articles will be produced within the Commonwealth, and that, as a result, the working man will not have to pay this amount. But as far as importations from abroad are concerned he will have to pay it. If we add what he will probably spend on narcotics and stimulants the sum will be increased to £17, or 17 per cent. of the whole of his income. A man who is in receipt of £1,000 a year would not, upon many items, spend as much as the workingman. Under this Tariff it would be impossible for the former to contribute to the revenue more than £50 per annum, which represents only 5 per cent. of his income. . That is the difference in the taxation imposed by this Tariff upon the wealthy man and the hard-working skilled mechanic, small farmer, or small tradesman. In line after line there is every evidence that protection is being extended to the manufacturer, but no sign that any protection is being given to the working classes who play such a large part in the creation of the wealth of the Commonwealth. It is all very well to talk about vested interests in regard to the manufactures established in Victoria and elsewhere. I maintain that the vested interests which ought to be protected are those of the bone and sinew, the stomachs and brains, of the individual members of the community. There has been no consideration shown for them. The whole of the protection offered by this Tariff is bestowed upon the manufacturers, most of whom are making money, and will continue to do so whether protective duties are levied or not. If a man has sufficient capital, he will soon discover a way in which to make money out of it. It is all very well to talk about the sweat and blood which are expended in the clothing factories of London, but sweat and blood are spent in Australia, upon the fringe of our civilization. I have seen small selectors on the outskirts of our civilization struggling to obtain a livelihood. These people have no protection extended to them under this Tariff. They are called upon to bear all the heavy burdens of the proposed taxation. In this connexion I wish to refer to a speech made by the honorable member for Mernda in 1892. He said-

It is clearly our duty and our interest to see that these sources of the supply of our exportable surplus are placed in the best position to produce effectively and satisfactorily for themselves, because, if the woollen manufacturer feels aggrieved when he cannot make a profit, if the boot and shoe maker comes up to Parliament and whines because trade is not in a paying condition, and wants an extra percentage of protection, what must we think of the position of the farmer, the miner, and the grazier, who, from the nature of their callings, have got to produce the exportable surplus to which I have referred, and the prices of whose surplus products are not ruled by the prices in the colony, but by the prices obtained throughout the world? If those who engage in these great producing industries are not placed in a fair position to obtain ease and comfort of life, which they have as much right to enjoy as those who are engaged in the protected manufacturing industries of the colony, how can we expect them to produce that exportable surplus in sufficient abundance to meet our obligations and provide for all our requirements? That is the contention of honorable members upon this side of the House. If we heap these taxes upon the people for the purpose of benefiting a set of manufacturers who number about one-twelfth of the population, the effect must be felt upon the articles we export - the articles out of which we live, and out of which we have created the wealth we now enjoy. Let honorable members examine the anomalies of this Tariff. Seal-skin jackets - articles that most civilized communities desirous of obtaining customs revenue tax pretty heavily, because nobody but millionaires and semi-millionaires can afford them - carry a duty of 15 per cent., whilst blankets are taxed 20 per cent.; gloves bear a duty of 20 per cent.; mangles and clothes-wringers, 20 per cent.; rough crockery, 50 per cent.; silk, 15 per cent.; perfumery, 20 per cent.; and moleskins and dungaree, 20 per cent. I maintain that this is not an equitable system of taxation at all. It is one under which the poor bear all the burdens.. Then we come to a new industry, that of parasol-making. The honorable member for Bland said that, protectionist as he is, he does not believe in imposing duties which will not assist in establishing substantial industries. What sort of an industry is this? Printed books, I notice, are to be admitted free, but a duty of 10 per cent. is to be levied upon paper. I should like to point out that many firms in Australia at the present time print large books, such as directories, &c. "Under this Tariff" it will pay them to send such work out of Australia, simply because of the 10 per cent. duty which is to be imposed on the paper. I believe that a newspaper ought to pay the duty. It is not the raw material of the newspaper publisher, but it is of the maker of books, and the Bulletin, which is the ablest protectionist paper in Australia, and "knocks spots," as the sporting men say, off the

Age, is quite prepared to pay the duty, and also newspaper postage rates. We have no right to put a duty on raw paper out of which books are made, when we have in our midst an industry of the class I have mentioned. The terms of the motion have been ably defended' by the leader of the Opposition and most of his more immediate supporters, and I have no doubt that if the question were remitted to the people, a vast majority would be found to be in favour of framing some different system of taxation. To put a tax on the primary industries of the country, and impose a burden on the great masses of the people for the benefit of the few, is a system of finance which is neither honest nor reliable. The honorable and learned member for Bendigo the other night gave some reasons for the faith that is in him. I listened very quietly, knowing the honorable and learned member to be a very able man ; but I could not discover in what he laid before us anything beyond the old stock arguments which have been used in defence of protection, but which were dead, and done with long years ago. One of his arguments was used in Spain 300 years ago - namely, that we ought to keep the gold in the country. Not to trespass too much on the time of the House, I would like to read an extract from a speech of the late Sir Henry Parkes, in which he said : - With regard to protection, this country (New South Wales?) had for many years past been known all over the world as a free-trade country, and he believed we were favourably known because we were free traders. We once lived for a period of eight years under a system of duties very much the same in character as those proposed to be levied by this Customs Duties Bill. We lived under that system for eight years, and during that period we made no progress in our commerce, while the very opposite was the case when the duties were taken off. The other day a wise alderman at the Glebe stated that if we only had protection instead of sending the money out of the country to buy railway plant, we should have the railway plant made in the country, and have the money also.

That is the sort of argument which we hear in this House. Sir Henry Parkes continued : -

A man so wise as that was above the reach of argument. It never occurred to that alderman to give himself the trouble to examine into the inevitable laws of exchange and international trade which were as exacting and true as the laws of nature, nor could he not import anything by sending your money out of the country as a rule : though that might be done in a trifling, isolated case. You could not import without exporting ; and your imports were the measure of the real value of your exports. As an illustration he would suppose a man to invest £10,000 in horses for the Indian market. He chartered a ship and took his horses to Bombay, where he sold them at prices which gave him £5,000 profit clear of all expenses. He would not bring back his ship in ballast and his £15,000 in Indian coin ; but he would purchase rice or sugar, or other produce of Indian labour, and if he purchased well, his clear profit on his new venture might be, say, £2,000. So that the complete transaction between Australia and India would be represented by exports of £10,000, imports of £17,000. Would any one say, that the balance of trade was against Australia ? Was it not clear that Australia would gain £7,000 of additional wealth by the transaction ?

That is what we say. We cannot impose taxes on trade which will not be felt by all the community. So far as we restrict trade, we restrict development of wealth, and prevent that process by which we are gradually extending the fringe of civilization further and further into the wilds of Australia. The honorable member for Mernda, when speaking the other night, used a phrase - "Coddlin is your friend, not Short," and an honorable member interjected that this was a "coddling" Government. A protective Tariff results in nothing but unhealthy industries, whereas enterprises which are left alone grow up naturally strong and able to stand a succession of storms. When industries have to be supported from the beginning, it is inevitable that, when the pinch comes, they have to ask for more assistance. The curse of the system of protection is that when once it is begun we have to go on giving more and more support, until it becomes so bad that even protectionists have over and over again admitted that if a 45 per cent duty is not enough, the industries ought to die. That is the point at which we must arrive at some time or other, and it is better to make a stand at the beginning, and refuse to have any but industries which are healthy, and which will survive under the ordinary laws of commercial transactions. The honorable member for Mernda, in defending the Tariff as regards starch, grew angry about what he considered was a personal imputation on himself. I have taken some part in ridiculing this duty upon starch ; and I should regret if the honorable member thought that I, or any other honorable members on this side of the House, would make any imputations on him in this matter. It is not the man we are dealing with, but the principle of levying a duty on starch. The honorable member for Bland, in referring to-night to the duty on matches

said that there are industries which are not worth establishing by protection ; and I regard the starch industry as one of these. I admit that the honorable member for Mernda has a reputation as an honest, honorable merchant, a reputation which has extended beyond this State, and anything I say must not be construed as an imputation on him. Starch, according to the honorable member's own figures, realizes 1 1/2d. per lb. more in Victoria than it can be obtained for elsewhere. An industry like this is as bad as the match industry ; it employs too few for the price we are paying for its support. The honorable member himself said that about 2 lbs. of starch per head per annum were consumed in the Commonwealth, and, though I think that is a low estimate, I shall adopt it, seeing that the honorable member knows more about the subject than I. If 2 lbs. per head per annum of starch are consumed throughout the Commonwealth, the effect of the duty will be - even admitting that the difference is only 1d. per lb., though it is greater - that the people will pay £33,000 a year more for the commodity, while the Government will get a revenue of only £3,733. That is the sort of industry which I contend ought not to be established in our midst. We are better without such industries, and, as I said before, it would be an abler expedient to put on a poll-tax, and free us from such an impost. Even supposing the foreigner, as the protectionists contend, pays the £3,733, the people of this community are called upon to pay £33,000 ; and I condemn the establishment of industries which do not employ, perhaps, more than 100 or 200 people, and which give such results as these figures show. The honorable member for Mernda the other day said that there was very little difference between the charges in Victoria and the charges elsewhere for Victorian starch. But I know that Victorian starch is sold in New South Wales at a lower price than in Victoria. I have in my hand invoices from manufacturers in Victoria, which show that starch was sold in Echuca at 4 1/2d. per lb., and at Moama at 27s. 6d. per gross. This works out in the following way : - Allowing 3s. 10d. for the different kinds of packages used in the trade it makes a difference of a 11-1 6th of a penny, whether the starch is sold in New South Wales or in Victoria, though it is Victorian made starch in either case. That carries out my contention that in the Commonwealth we shall be paying 1d. a lb. more for our starch in order to keep up two or three factories.

It is businesses like that which this iniquitous Tariff is intended to keep up.

Mr Chanter

-- I say that the Moama people pay no more for their starch than the people in Victoria, and I know, because I live there.

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Mr G B EDWARDS

- What I say is that they pay less. I have only two or three other points to make before I sit down. I should like to refer to the argument used by some honorable members opposite, that it is the foreigner who pays these duties. Only the other day the Age had an article contending that it is the foreigner who pays the taxes imposed at the Customs-house. If the foreigner pays the taxes, why on earth do the protectionists go in for exemptions at all ? If the foreigners pay the taxes why not impose a tax on printing paper, which the Age has never given its consent to ? If the foreigner pays the taxes, there should be no exemptions at all. But we know very well that we ourselves pay the taxes, and that is the reason for the exemptions. It is also the reason why the free-traders thoroughly disapprove of this policy. I feel that upon this question I hold a brief for the poor. I know that all arguments from that point of view are called " clap-trap " by some honorable members opposite. But, as long as I can " vent clamour from my throat," I will lift up my voice against taxation of this sort, which, from start to finish, is placed upon the poor while the rich are exempt. The question before us is not really one of freetrade or protection. I said at starting that we cannot have an ideal free-trade Tariff. But we ought to go as near to freetrade as we can, and by doing so we shall get an equitable system of taxation, under which we shall be more likely to have economic and honest government. It is for that reason that I support the motion of the leader of the Opposition. Sir, we have instituted the practice of opening the proceedings of this House by prayer. I was doubtful about the expediency of that practice when it was proposed, but I must say that it has turned out very well. The prayers are listened to reverently by honorable members. In the prayer with which every day we open the proceedings of this House, we pray to the Author of our being, " Give us this day our daily bread." Honorable members are now trying to impose heavy taxes on the bread, on the food of the people. I am aware that it is said that we can produce our own food, and do not require to import from abroad. But experience in these States, especially in the northern districts, has shown that there are such things as

failures of harvests. Sometime we shall be compelled to import food, and then heavy duties will be placed upon it. This taxation will make the food of the people dearer ; and yet in the face of that we pray every day - "Give us this day our daily bread ! "

Mr PIESSE

- In rising to take part in this debate, I should first of all like to acknowledge the indebtedness which I, in common with other honorable members, feel towards the Treasurer for the abundant information which he has supplied to the House in the shape of the papers accompanying his Budget. I should also like to draw particular attention to one paper which has already been referred to by other speakers, but which cannot be commended for its correctness. I refer to the return laid upon the table on the motion of the honorable member for Kooyong. It deals with statistics of manufacturing industries in the States. If the figures relating to other States in that return are no more correct than those relating to Tasmania the less attention honorable members pay to it the better it will be for the accuracy of their deductions. It includes bakers and biscuit makers for other States, but we in Tasmania are supposed not to make our own bread, and apparently also, according to this document, there are no such things as smelting works in the State I represent. The whole return is most misleading so far as Tasmania is concerned. Dealing with the subject before the House, I do not intend to follow the course which most honorable members have thought it necessary to pursue, and to enter into a controversy in relation to free-trade and protection. What I do wish to do is to examine one of the indictments laid against the proposals of the Government by the leader of the Opposition. I refer particularly to the first allegation in the resolution which he has submitted, that the financial and Tariff proposals of the Government would -

Place the finances of the Commonwealth and the States upon an unsound and extravagant basis.

Then I want slightly to examine the position as it affects my own State and to give some reasons for my own attitude in regard to the motion. While I do not intend to enter upon the subject of protection and freetrade, I do not wish it to be thought that I am in a position of hesitation about the principles which should prevail if we were in a position to apply them in their entirety. The discussion has been of a very instructive character, and after listening to it patiently I have come to the conclusion that the honors of the debate, so far as its academic character is concerned, lie with the advocates of the cause of free-trade.

Mr O'Malley

- The honorable member for Indi knocked them all out !

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Mr PIESSE

- I listened with a great deal of attention to the speech of the honorable and learned member. It was an admirable speech, but there was an element of special pleading in it. However, as I have said, I do not wish to discuss the speeches of honorable members, because if I did I should take up more time than would be fair to the House. I would say, however, that though the leader of the Opposition would look with a light heart upon a change of fiscal policy for Australia, and would, if I judge him rightly, seek to do in the Commonwealth what he was able to do in his own State, the conditions are altogether dissimilar. In his own State he found a community in which manufacturers had not had the support of protection as they have had in a great part of the Commonwealth, and it was much easier to bring about the change which, to his honour, he brought about when he so largely introduced the principle of free-trade in that State. But we must - and I am sure he himself would, if he had to bring in tariff proposals, consider the state of affairs as it really is. There are industries which, rightly or wrongly, have developed under protection, and we could not, in fairness to those engaged in them, and more especially to the workers, who even now are shivering in fear as to what may happen if they are interfered with, at once remove that protection. In this regard, we do not resemble the knights of old, in imitation of whom a cartoon has been drawn caricaturing the present struggle, who assailed their opponents, and beat down barriers, without consideration for the humanity that might have to suffer in the struggle. We have to bear the troubles which come to us from the past. As a community, we cannot dissociate ourselves from the past ; and when we bring about changes in the direction of free-trade, as I hope we shall, we must keep in mind existing conditions.

Mr Henry Willis

- Is not the honorable member a free-trader ?

Mr PIESSE

- When I come to discuss my attitude more closely I am afraid I shall please neither one side nor the other. I cannot go with my honorable friends on this side, who desire to see prohibitive duties imposed, while, on the other hand, I cannot endorse the policy of free-trade as it is understood by those who have learned it in New South Wales. I have listened very attentively to the speeches made by the representatives of New South Wales, and I gather that their idea of a revenue Tariff is a Tariff imposing average duties of, some say ten, and others 15 per cent. An attack has been made upon the Minister for Home Affairs because of the statement to which it is said he gave utterance, that the duties would not exceed 15 per cent., and even the leader of the labour party has joined in it. These speeches show that if we were to have a Tariff introduced chiefly by members from the State of New South Wales, it would be based on duties of 15 per cent., but in view of the necessities of my own State, I am unable to accept such duties as sufficient.

Mr BRUCE SMITH

- Such a Tariff would raise more money than that proposed.

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Mr PIESSE

- The general rate of duties in Tasmania has been 20 per cent., and we have not had more money than we needed, though in the last year or two there have been surpluses. Tasmania will suffer by entering into this union, because of the freedom of imports between that State and the Continental States, since goods coming from Australia to Tasmania will give no revenue to Tasmania. If Tasmania required a 20 per cent. rate in the past, she needs an equally high rate now, in order to keep her solvent. This leads me to the main point to which I desire to allude in regard to the motion before the House. The leader of the Opposition declared that the proposals submitted by the Government disclose unsound finance, and are framed upon a basis extravagant both for the Commonwealth, and for the States. Before criticising those proposals, we must ask ourselves, have the Government been masters of the situation ? There were three separate sets of difficulties in their way. In the first place there were six different fiscal policies to reconcile. There was the free-trade policy of New South Wales, the revenue Tariff policy of Tasmania, and the scientific protective policy of Victoria ; and between those several extremes were the fiscal policies of Queensland, South Australia, and Western Australia. Secondly there were six different degrees of financial need, each State requiring a different percentage of revenue from customs, amounting to as much as 49 per cent. in Tasmania and decreasing to a very small percentage in New South Wales. In addition to those difficulties - and I am afraid this fact will remain a persistent one for many years - are the differing degrees of revenue-earning power which the States exhibit. I alluded to this matter on a previous occasion. If we take the revenue-earning power of Tasmania as represented by 1, we find that her power is a third less than the average of all Australia, while the earning power of Western Australia is 2.485, and that of Queensland 1.875. All these differences had to be considered by the Treasurer when he was trying to meet the difficulties of the situation. What has he done? It has been alleged by the honorable member for North Sydney, who I think has given us the most useful contribution of the debate on the subject of the Budget, that he proposes to raise £8,900,000. That is not quite correct. The Treasurer proposes to raise £8,009,000. The leader of the Opposition said that he ought to have taken as a basis the revenue raised by the States in 1899 ; but he has taken the revenue for the following year, which makes a difference of about £300,000. I believe that it would have been very difficult for the Treasurer to have said to the State Treasurers, " I shall at once reduce the amount you received last year by £300,000, and you must make it good as best you can." It must be remembered, too, that he had to provide £300,000 in the way of new Commonwealth expenditure, so that it would have been impossible for him to have faced the outcry which would have been made if he had accepted any other basis than the revenue of the year 1900. If that be accepted, and we admit that there will be a new Commonwealth expenditure of between £200,000 and £300,000, we have at once the need for a Budget of £8,000,000. But I should like to point out that the £7,750,000 which the Treasurer takes as the foundation for his Budget - the sum which he requires to raise for the purposes of the States - will not be returned to them during this year because he will have to deduct from it about £246,000 as representing arrears up to the 30th June last. Virtually, therefore, the requirement of the leader of the Opposition is met in the Budget, and the Treasurer is not raising for the actual benefit of the States much more than the revenue of 1899.

Mr V L SOLOMON

- Can the honorable and learned member explain that item of arrears ?

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Mr PIESSE

- I cannot explain it, but I see that it has not been provided for.- If the honorable member turns to page 12 of the Budget papers, he will see that the arrears are deducted. They are set out in detail and charged to each State, and they amount with other expenditure to some £246,000. That is a special deduction from the Budget of this year that ought not to occur again if the Treasurer's estimate is correct. He will not have to carry forward - or he ought to have revenue in excess if he does - any debit of that kind in years to come. This year the States are going to receive less on that account by nearly a quarter of a million. That being so, I do not see that we can object to the Budget. As to the means by which this revenue is to be raised, the Treasurer contends that in order to obtain £8,000,000 from customs he must make up a schedule of duties which, under normal conditions - with all the goods taxable under it entering into consumption and passing through the Custom-house - would yield £8,900,000. The odd £900,000 however is not going to be received. It is simply a floating revenue, which must necessarily be calculated in order that the Treasurer may make sure of receiving £8,000,000. There may be questions as to the accuracy of this estimate, but I am sure that any man who set himself up as a Treasurer would have to meet the pressing difficulties of the situation by adopting that principle. He would have to make up a schedule of revenue for a much larger amount than he expected to receive for the year. So far as this large excess is concerned I should like to see a change made in the Budget. I should like to see the item treated separately, so that it could be dealt with in years to come, and not left, as honorable members assume it will be, to be treated always as part of the revenue of the Commonwealth. I know that it has been said that it is absolutely necessary to have £8,900,000 as the permanent revenue in order that we may provide for the financial needs of the

States, and that even then we shall not gee enough for three of the States. In the State of Tasmania it is said there will be a deficiency of £1 35,000. I do not like to think that Tasmania's need of another £35,000 means £900,000 additional .taxation for the Commonwealth as a whole. On the other hand, I am pledged to obtain as much customs revenue as it is possible to secure without treating unfairly other parts of the Commonwealth. I am, therefore, bound to support the raising of the largest possible revenue. In regard to the details .of this Tariff I shall have much to say. I cannot support duties which are imposed merely to shut out goods. According to my principles of revenue-getting, the duties that go on to the Tariff ought to be revenue earning. We must, of course, have regard to the position in which we find ourselves. We must not ruthlessly break down at once the barriers which have sheltered some of the protected industries, and under which they have grown to their present state. I do not think the Treasurer has overestimated the loss that Tasmania is likely to sustain under these proposals. If we take a return which has been prepared and laid on the table of the House, showing the consumption of a certain group of articles known as the opimeter group, we shall find that, as a matter of fact, the Treasurer has very much under-estimated that loss. We shall find that Tasmania will have some £30,000 or £40,000 more to meet, unless we obtain more than is shown by that measurer of revenue. Even if the returns for 1891 - the best year that Tasmania has experienced - are taken as an index of our possible revenue-earning power, we shall be still £28,000 worse off than the Treasurer has made out in what, in my opinion, are his optimistic calculations. I want to dwell upon this point, because some honorable members seem to think that £35,000 is a small matter. The honorable member for North Sydney said that another £35,000 would make very little' difference to us. When I point out that we have the heaviest land tax imposed in Australia, namely, £d. in the £1 on the total capital value, with no exemption - which represents 1d., or even 1-Jd., on the unimproved capital value - I think honorable members will agree that there is no land tax in Australia equal to the weight of its incidence. New South Wales has a land tax of 1d. in the £1 on the unimproved capital value, but with an exemption up to £240, which means the exemption of the greater number of the landed properties of that State. South Australia has a land tax of £d. in the £1, up to £5,000, on the unimproved capital value, and of 1d. in the £1 in respect of properties over £5,000 in value. Tasmania's land tax applies to every property, without the slightest exemption and it realizes just about that small sum that the honorable member for North Sydney considers is a mere bagatelle in the finances of our State - a sum of about £39,000. Therefore, from the Tasmanian point of view this is no light matter, and in endeavouring to meet our true position we are bound to see that we get the best possible customs

revenue. The untouched sources of direct taxation are not sufficiently productive to meet this deficit.

Mr Poynton

- Is there an income tax in Tasmania 1

Mr PIESSE

- We have a partial income tax. We have an income tax of 1s. in the £1, upon the dividends earned by companies. The old income tax that was in force in Tasmania was 1s. in the £1 on unearned incomes, and 6d. in the £1 on incomes obtained by personal exertion. I asked that the calculation should be carefully made a few months ago, and I find that if that income tax were in force again in Tasmania, it would not add more than £20,000 a year to the present income tax receipts. So that if we put on even this old income tax and doubled our land tax, we should not yet receive one-half of the deficit which the Treasurer, optimistically I think, admits will accrue to Tasmania under this Tariff. The right honorable gentleman's estimate of the deficit is much below the amount at which any one else has calculated it, but the additional taxation to which I have referred would not cover more than half of it. I am very much obliged to honorable members for the patience with which they have listened to these references to my own State. I am sure they will bear with me, because, although in the Commonwealth we have entered into a 'partnership, it is not a partnership to the fullest extent, and when we come to the matter of customs it is every one for himself still. I do not say what is going to happen to the hindmost, because I believe the smaller States will receive the utmost consideration which honorable members from other States, in deference to their duty to their own constituents, can see fit to render them. I am therefore unable, looking at the whole facts of the case, to support the motion put before the House by the right honorable the leader of the Opposition. At the same time I feel that I shall be compelled to differ from honorable members on this side when the details of the Tariff come to be considered. I have said sufficient to explain my position, and I shall, not detain the House further than to say that I shall vote against the motion.

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Mr A C GROOM

- I do not intend to make any apology for addressing the House to-night, for the simple reason that I think it is the duty of every member to speak upon this question. This was the one important question upon which the elections turned, in this State, at all events, if not in all the States. I desire to put my position, and the course I intend to take upon this motion, as plainly before the House and the country as I possibly can. I would say, at the outset, that I fully recognise that any Tariff brought down at the present juncture must necessarily be largely one of compromise. At the same time, the duties must be moderate, and they must be revenue producing, otherwise we cannot get the revenue necessary to carry on the Government of the Commonwealth, and give back to the States the amount necessary to enable them to fulfil their obligations. In my opinion the Prime Minister has not kept the compact which he made when he spoke at Maitland. I say distinctly that the people of the Commonwealth understood that the first consideration of the Government when framing the Tariff would be that it should be revenue producing, that it should be a revenue Tariff, but that in obtaining that revenue we should give our industries moderate protection if we found ourselves able to do so. The Government have not made revenue the first consideration. They have made protection the first, and revenue the second consideration, as I shall show before I finish. I do not intend to speak at any great length, because I know that a number of honorable members wish to address the House, and I do not think it is fair that any single member should occupy a very long time upon the question, seeing that we shall be able to deal with it fully when we get into committee. Looking through the Tariff, I am bound to say that it cannot be considered a fair compromise Tariff. I find that the duties upon at least one-third of the items are higher than the duties of the previous Victorian Tariff.

Sir William Lyne

- Those are the revenue duties.

Mr A C GROOM

- They are not the revenue duties.

Sir William Lyne

- Will the honorable member read them out?

Mr A C GROOM

- I may read them out if it is desired, but to do so I should have to speak for two or three hours, and I do

not think the House would care to have a speech of that length inflicted upon it at this juncture. In addition to that, there are at least one-third more on exactly the same basis as the duties of the Victorian Tariff ; and in the case of the other third the duties are lower than in the Victorian Tariff. I find, therefore, that two-thirds of the duties imposed by the Tariff brought down by the Government are as high, or higher, than the late Victorian Tariff, and, in the case of one-third, they are lower. That cannot be considered as a fair compromise Tariff, or as such a Tariff as the Commonwealth was led to expect from the speech of the Prime Minister at Maitland. To my mind, the Government, in regard to this question of obtaining the revenue we require from the Tariff; has failed to grasp the situation altogether. The duties should have been fixed so as not to prevent imports. It is necessary that we should have a certain amount of imports. Immediately we impose duties of more than 15 or 16 per cent. we largely stop importations, with the result that we cannot get the revenue we require. We find that in the Tariff proposed by the Government the revenue duties are down to about 10 or 15 per cent., but the protective duties run up to 20, 25, and in the case of the fixed duties, to 30, 40, 50, per cent., and, in fact, we cannot say where they end. In some instances they are certainly over 100 per cent. If revenue was the first consideration, how came the Tariff to be framed in this way? If we take the average of the duties put on by the Government for the purpose of collecting revenue, we find that it is not more than 15 per cent. while the protective duties run from 25 up to 75 per cent. If it had been a revenue Tariff we should not have had these high protective duties included in it. Why is it that the Minister for Customs estimates that the imports under this Tariff will be £5,000,000 less than they were in 1899 ? Is it not because the right honorable gentleman knows that these high duties will have the effect of preventing a large number of imports from coming in? The statement of the Minister himself shows most distinctly that he intends the Tariff to be protective, for the purpose of preventing imports. What is the use of protective duties unless they do that? The Minister talked a great deal about the free list, but when we come to look through that free list, we find that it really contains hardly any articles at all in general use. I have a list of the articles in general use included in the estimate of £6,000,000, as the value of imports covered by the free list. They are axes - and the importation of them does not come to a large amount of value - bran bags, corn sacks, wool packs, gunny bags, brass, copper, tin, lead, canvas, cotton, such as sewing cotton and crotchet cotton, cream separators, on which they propose to put a duty shortly, hessian, timber in the log, needles, blasting powder, rabbit traps, reapers and binders, on which the Government propose to put a duty at a very early date, military rifles, rock salt, saltpetre, saws, sheep shears, scythes, spades, shovels, hoes, rakes, and forks. Just as a straw shows which way the wind is going to blow, one item indicates that this Government are going in for women's suffrage. I notice that stay-laces are to come in free ; also, pitch and tar; pens, and typewriters.

Mr Mahon

- They are taxing thimbles.

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Mr A C GROOM

- Then the Government cannot be going for women's suffrage; they must be going for a mongrel thing. In the free-list we also have wire netting, the cheaper classes of tools, such as adzes, augers, braces and bitts, levels, drills, files, hammers, planes, pincers - none of which are made here, and which are tools of trade for carpenters, joiners, and others. In the free-list I also see the tools of trade of every manufacturer and every machine shop, no matter what the class of manufacture maybe. All the highly protected industries have their tools of trade admitted free. For instance, bootmakers, hatters, bookbinders, brick-makers, brush-makers, carding machinery, electrotyping machinery, linotypes and metals. The poor unfortunate country printer has to pay a duty on his type, but the Government admit free of duty the metal for the linotypes. The tools of trade for glass-makers, jewellers, leather dressers, manufacturers of paper, for apparel, for attiremaking, india rubber-making, metal working, paper-cutting, stone-working, and tile pipe making, and printing machines, scouring machinery, spinning machinery, are all free of duty. With the exception of reapers and binders, and cream separators (on which it is proposed to put a duty shortly), we do not find coming in free a single article of machinery which is used by the poor unfortunate farmer. The Government can see their way to admit free of duty all the tools of trade in the heavily protected trades of Australia; but they cannot admit free of duty anything which the poor unfortunate farmer uses, unless it is also used by some of those trades.

Mr Wilks

- No wonder that the farmers of Victoria are rising !

Mr A C GROOM

- When the farmers and producers of this State voted for federation, they knew that any protection they had enjoyed would be lost to them ; and they knew also that the cost of the Government of Australia would necessarily be increased for some considerable time. But they believed that the all-round duties which had been so high in this State would be enormously reduced. They were led to believe from the speech made by the Prime Minister at Maitland that the Victorian Tariff would probably be reduced one half, if not more.

Mr McCay

- Is that why they voted for federation ?

Mr A C GROOM

- That is one of the reasons why the farming community went solidly for federation.

Mr McCay

- And that was a year before the speech was made.

Mr SPEAKER

- Order.

Mr A C GROOM

- The farmers knew that they would necessarily lose the duties which had been of value of them. They knew that the stock tax and the duties on potatoes and other articles of that sort from Tasmania and other places would have to go. They knew that probably they would have a duty on oats, and also a duty on maize, but in any normal year those duties are of no use to them. They also believed that a large export trade would be developed, that our great natural industries would be encouraged in every way, and that the markets of the world would be opened up to them. They had a right to expect that the Government would take the earliest possible steps to provide the cheapest freights, and to send out agents to the markets of the world to see how they could help the farmers and producers of this great Commonwealth. Neither in the speech of the Treasurer nor in the speech of the Minister for Trade and Customs did we have a single reference to what they propose to do for the great producing interests of Australia. All their sympathies were for the manufacturers. I want to glance at the Tariff for a few minutes to show the bogus duties which the Government have put on for the purpose of protecting the farmers. In the first place, I find a duty of 20 per cent. on live stock. But when I turn to the Estimates to ascertain the amount which it is going to produce, I see nothing against the item. I find a duty of 3d. per lb. on bacon ; but we export more bacon twice over than we can use. I also find a duty of 3d. per lb. on hams and butter, and we send thousands of tons of butter out of the Commonwealth. Then we have a duty of 3d. a lb. on cheese, which we are exporting. Next I find a duty of 6d. a dozen on eggs. These are the duties which are to help the poor unfortunate farmer !

Sir William Lyne

- Is the honorable member in favour of letting in Chinese eggs?

Mr A C GROOM

- The honorable gentleman will not turn me away from my subject. To interrupt me is just like throw so much water on a duck's back ; it will only make me speak longer than I desire to do. I find a duty of 1s.6d. a cental on grain and pulse ; 20s. a ton on hay and chaff ; 20s. a ton on onions ; 20s. a ton on potatoes ; and 5s. a ton on straw. The only duty which might help the farmer in an extraordinary season is the duty of 6d. a cental on maize. I shall take, just as they occur in the Tariff, a few of the duties which the farmer and the settler - I include the miner and the poor man in the country districts - have to pay for the purpose of keeping alive the manufactories in Melbourne and other great cities of Australia. Coffee is taxed 5d. a lb. ; tea, 3d. a lb. and over ; kerosene, 3d. a gallon ; oatmeal, 1d. a lb., or £9 6s.8d. a ton, though it is one of the necessities of life.

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Mr Kennedy

- Are we exporting oats ?

Mr A C GROOM

- We may be. What is the use of putting on a protective duty if it is of no use 1

Mr Kennedy

- Sending the oats home.

Mr A C GROOM

- The honorable member admits, then, that that duty is no good. Will he help me to strike it out in committee, because I intend to move in that direction ?

Mr Kennedy

- We will discuss it then.

Mr A C GROOM

- I am much obliged to the honorable member. Matches are taxed 1s. a gross, safety matches 6d. a gross, rice 1d. per lb., common soap 1d. per lb., and candles 1½d. per lb. These are all practically prohibiting duties, and the farmer has to pay them. But what does the farmer get in return - where are his advantages? Then there is a duty on apparel of 25 per cent., and upon blankets of 20 per cent. Under the Victorian Tariff cotton blankets were free, and it is well-known that they are used principally by the poorer classes. But blankets, under the present Tariff, are taxed all round 20 per cent. Then there are duties on floor cloths and mats of 20 per cent., and upon hats and caps, common felt hats, of 1s. each and upwards. There is also a duty of 20 per cent, on flannelette, which is used, as we all know, by the poorer classes more than anything else. We also find that tents and tarpaulins, powder and shot, cartridges and guns are taxed. Firearms and ammunition have to be used by the farmer for the purpose of destroying rabbits and other vermin. Then we find a duty upon corrugated iron of 30s. per ton. Will the Minister for Trade and Customs tell me that that is a revenue duty 1 Why is it that there is an import duty on plain iron of only 15s. per ton, whilst double that impost has been placed upon corrugated iron 1 The extra 15s. has been put on for the benefit of the manufacturer here who turns plain iron into the corrugated article. That is a new duty, because corrugated iron was free under the old Tariff, and it is a highly protective duty. While I am on this question I should like to say that the other day I consulted with a builder who came to see me with regard to this Tariff when I was in Gippsland. He told me that under the new Tariff any one who desired to build a four-roomed cottage would have to pay £10 or £12 more for the material than would 1S2

have been paid under the Victorian Tariff. As bearing this out I may inform the House that I spoke to one or two honorable members recently, and they told me that they had been similarly informed. There is a difference of £10 or £12 in the cost of a cottage that would involve an outlay in the ordinary case of £160. Plain galvanized iron pays 10s. a ton. Lamps are subject to a duty of 20 per cent., and all agricultural machinery, horseworks, chaffcutters, ploughs, harrows, rollers, &c, and oil engines have to pay 15 per cent. The duty of 7s. per cwt. on horse-shoe nails is another highly protective impost.

Mr HUME COOK

- That duty has been reduced.

Mr A C GROOM

- Then it shows how iniquitous the duty was before.

Mr HUME COOK

- Horse-shoe nails are cheaper than ever.

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Mr A C GROOM

- Then those who manufacture them do not need the duty. Going further down the list I find that amongst the articles that are subject to duty are tanks, weighing machines, scales, boilers and pumps, axles and springs, bolts and nuts, and barbed wire. The Government propose also to put a 10 per cent, duty on bar, rod, and angle iron, and even on axle grease they have placed an impost of 4s. per cwt. Oils are taxed to the extent of 6d. per gallon, and paints at the rate of 1s. per cwt. Portland cement is also subject to a highly protective duty ranging from 30 to 40 per cent. We were told that these were to be revenue duties, but when we come to look into them the Government at once stand convicted of having failed to carry out the promise made at Maitland, that the Tariff would be a revenue-producing one first, with protection, if that could be given, afterwards. I do not for a moment say that I am going to throw myself into the arms of those who tell us that they are absolute free-traders. I am nothing of the kind. I am here to keep my election pledges. I explained my position when I spoke during the debate on the address in reply. I then said I had stated on the platform in perhaps the largest agricultural district in the Commonwealth, that the

duties which we should probably require would be, on the average, somewhere between 15 and 20 per cent. - at the outside 20 per cent, although in a few instances it might be necessary to give some specially favoured industry as high a duty as 25 per cent., but nothing more. Now I find that the average of the duties proposed under this Tariff is, at least, 10 per cent, higher than the people had any reason to expect, and for that reason I intend to cross the floor on this question.

Mr Crouch

- Is the honorable member a moderate protectionist.

Mr A C GROOM

- Yes, moderate; and moderate only.

Mr McCay

- More moderate than protectionist.

Mr A C GROOM

- That may be the opinion of the honorable member, but there is just a possibility that he may have to defend himself before his constituents.

Mr McCay

- I am ready to stand by my position.

Mr A C GROOM

- Now for a few more of these precious duties. Furniture bears a duty of 20 per cent., and casks, and axe-handles, and watches and clocks, are similarly taxed. Boots are subject to a duty of anything from 25 to 50 per cent., and cloth for waterproofs, indiarubber hose, and harness and whips are also taxed. On express waggons, which are really farmers' vehicles, there is a duty of 35 per cent, and more. The duty is fixed at £5 each, and, with a 1 5 per cent, ad valorem, duty added, honorable members may work out the percentage for themselves. Then there is a duty on halters of 20 per cent. Even the poor fisherman has to pay 20 per cent, on his nets. There is a duty of 1d. per coil on the fuse that is used by the miner. The Government could not even let him be free, for in addition to paying on his fuse he is also subject to a tax on his candles and other things. A duty is placed on reaper and binder twine, and butter boxes are subject to an impost of 3d. each. This is the way in which the Government propose to encourage our great natural industries and to stimulate our export trade. The fixed duties are, I think, the most iniquitous in this Tariff because the actual amount of the duty is covered up under a provision that it shall be reckoned at so much per cubic foot, and that there shall be an ad valorem duty as well. Articles such as china and glass are charged at 6d. and 9d. per cubic foot with an ad valorem duty as well, and if the articles are of the class generally used by the great mass of the people in the Commonwealth it will be found that the duties will run up to 25, or even 75 per cent., and that they will be practically prohibitive. There is not the slightest doubt that if there were a dissolution to-morrow - and I am not afraid of it - and the Government went before the country, they would be swept out of existence. The feeling throughout the whole length and breadth of the Commonwealth amongst the farming communities, the mining communities, and the lower classes, is one of disgust at the high duties which are being imposed under this Tariff.

Mr McCay

- What does the honorable member mean by the " lower " classes 1

Mr A C GROOM

- I should have said the poorer classes. Ever since this Parliament met and the debate upon the address in reply opened, there has been a great educational work going on in Victoria. The addresses delivered by honorable members upon the opposition side of the House have had a great educational influence upon the people of this State. The community is grateful for having been told the truth. Up till the time of the opening of this Parliament, the people of Victoria had heard only one side of the fiscal question stated, and that was the prohibitionist side. More especially are they indebted to the free - trade labour members, because the working men of Victoria are now beginning to see that after all there is something - I will not say in free-trade - but in moderate protection, in lower duties. They are beginning to realize that in the past they had paid through the nose in order to keep the large manufacturers going. They are getting tired of the operation, and the longer this debate continues the more will the people be educated in favour of the imposition of moderate duties. No wonder that the Government are anxious to close the discussion. »

Mr O'malley

- They do not want to stop it.

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Mr A C GROOM

- All I can say is that the newspaper which is supposed to represent the present Government offers daily comments upon what it terms the useless drivel which has been poured out by honorable members. It states that everything that can be said either for or against the Tariff has been said, and that we ought to close the discussion and get on with business. During this debate we have heard a great many statements in regard to the position of England under free-trade. It has been asserted that England is a decaying nation - that she is being ruined by free-trade. But, as a matter of fact, the position of Great Britain to-day is better than it has ever been. Because that country has not advanced during recent years at the same ratio as she progressed when she first adopted a free-trade policy, it is argued that she must be a decaying nation. In like manner, because other nations which have adopted a policy of protection have advanced in greater ratio than has Great Britain during the last few years, it is affirmed that that policy is a wonderful success. But I would point out that when Great Britain started manufacturing she had practically the whole world at her feet. All the markets of the world were open to her. The result was that her manufactures increased by leaps and bounds. Her ships were in every port. She could not supply the demand that existed for her manufactures in foreign countries. The other nations of the world woke up to the advantages which she was deriving from those manufactures. What did they do? They started manufactures of their own. But they were not courageous enough to start them upon a free-trade basis. They had to surround themselves with a Chinese wall of protection. They had to go in absolutely for prohibition. Yet, despite this prohibition, we still find British manufactures in every country in the world, though not, perhaps, to the same extent as they were to be found formerly. The ships of Great Britain are in every port, and her position to-day is far in advance of that which she has occupied at any time during her career under free-trade. Great Britain has a position of "splendid isolation" - if I may use the term - amongst the nations of the world. She is the only nation that has had the pluck to maintain her free-trade policy in spite of the obstacles which have been raised against her. Foreign nations have to pay £80,000,000 annually to Great Britain for the privilege of having their goods carried in her ships. Is that evidence that she is a decaying nation? I cannot understand why honorable members should be continually decrying the mother land - the land from which they sprung - for the purpose of proving that she occupies a position which, in reality, she does not occupy. They should rather be roused to admiration of the situation which she holds in spite of the obstacles which have been raised against her. Notwithstanding all those obstacles she is still the dominant mercantile power of the world. Nobody, can deny that.

Mr Ronald

- For how long will she remain so ?

Mr A C GROOM

- I may tell the honorable member that the commerce of the British Empire is double that of any nation in the world, and half as much again as that of all the rest of the world put together. The honorable member for Gippsland started a fallacy the other night in reference to the imports and exports of Great Britain. The honorable member said - and I have heard the same statement made by other protectionist members of this House - that if a country imported more than it exported it must become insolvent. I will give a case in point in order to show the fallacy of that contention. If 1,000 tons of butter, for instance, is exported from Victoria, it is exported at the price which, it is worth in this country - say 9d. per lb., or £75 per ton ; and that is entered in our exports here at £75,000. When the butter reaches England it is sold, we will say, in order to keep within limits, at £100 per ton. That means that the butter, which was worth £75,000 in Victoria, is worth £100,000 in England ; and payment for that butter comes back in the shape of imports, which are bought in England at the price which they are worth there, less charges. Whatever charges there may be are taken off the amount, and payment for the butter is remitted here in imports. But these imports are not entered here as worth £100,000, the price at which they left England, because at least 10 per cent, is added to the value at the Custom-house ; and, therefore, the butter which was exported from Victoria at £75,000 comes back into this country in the shape of goods worth £110,000.

Mr A McLEAN

- The honorable member is avoiding the great point, and he knows it.

Mr A C GROOM

- I have said that the goods come back, less charges.

Mr A McLEAN

- That is the whole difference.

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Mr A C GROOM

- But does the honorable member mean to say that the charges amount to more than the difference between the value of the goods when they left Victoria and the value of the goods received in exchange! Is there no profit on the transaction? The profit comes here and swells our imports; and, therefore, I say that if, as an exporting country, our imports do not exceed our exports, we are in a very bad way indeed. For every £100 worth of goods we send away as exports, we get in return imported goods worth at least £125, and these latter are entered on our books here as imports valued at that amount. This illustration at once does away with the fallacy which we have had advanced time after time by protectionists, that if a country's imports exceed its exports, that country must be going insolvent.

Mr Kennedy

- That is not advanced by protectionists.

Mr A C GROOM

- It is advanced by protectionists in this House.

Mr Kennedy

- I never heard it advanced.

Mr A C GROOM

- I said just now that, in the farming and mining communities throughout the length and breadth of the State of Victoria, there is a strong feeling against this Tariff.

Mr Wilks

- In every State.

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Mr A C GROOM

- I speak of my own State, because I do not want to deal with matters which are beyond my knowledge. In Gippsland especially the feeling is most intense against the Tariff, and I propose to read a few letters which I have received from gentlemen representing various districts in my constituency, in order to show how the fiscal proposals of the Government are regarded. I do not propose to give the names of my correspondents, who possibly in sending the letters did not intend them to be made public, but I shall leave the documents on the table of the House for the perusal of honorable members. The first letter is addressed to me from Berwick, which is the centre of a very large farming district. It reads as follows: - A public meeting of electors, convened by the president of the shire, was held in the Rechabite Hall, Berwick, to "protest against the Barton Commonwealth Tariff." More than 100 people attended, and the president was in the chair. The audience was totally against the Bill. The following resolution was carried, only six hands being held up against it: - "That in view of the fact that this portion of the electorate of Flinders elected its representative as a * revenue tariffist, and the Tariff as propounded by Mr. Kingston is too severe in its taxation, and presses unduly on the resources of the agricultural, pastoral, and mining portions of the community, as well as being oppressive to the general body of small householders, this meeting desires to protest against the provisions of the Tariff, and requests its member to use his utmost endeavours to prevent the passing of the Bill."

I may mention that all classes of the community are speaking in the most bitter terms against the inequitable taxation, and as your "pledges" were for a "revenue Tariff," the feeling here is that you will most certainly oppose the Bill.

Here is another letter from Drouin, an important town in my constituency -

I can safely say that the feeling here is against the Tariff. I met several farmers in the town yesterday afternoon who objected to the high duties, and they pointed out that, their position was worse than before. They are taxed more, yet outside markets rule the price of their produce. The feeling is opposed to the Kingston Tariff. Undoubtedly the impression in the country was that the Tariff would be more moderate than the old Victorian list.

The writer goes on, and this is something for my Sydney friends -

I was in Sydney nearly the whole of last week, and there is not the least doubt that the feeling there is almost unanimously against the new Tariff. There is a belief here that, even if Mr. Reid fails to carry his motion, the duties will be very greatly modified in committee.

These are fair samples of letters which I have received. Another gentleman in Yarram, an important town in the southeast of Gippsland, writes -

The feeling here is very strong against the Tariff proposals of the Government, and the general hope is expressed that you will vote against it.

Here is another letter from Moe, another large district -

There is, I find, a general anxiety here as to your views upon the Tariff now before the House. I don't know what is thought of it in other parts of your constituency, but here I do not hear a single word in its favour. As a rule I find it will increase the cost of living to the farmer very considerably - at the least quite 20 per cent. The framers of the Tariff do not appear to know the effect of their own proposals, neither, strange to say, do they appear to know what articles are affected. We find hardly anything used upon the farm or the home is left untouched. The increases are more numerous than we ever remember, and the reductions few, very few. Our only hope is that the Tariff will be rejected in globo, as there is nothing good in it, and one passed on revenue lines. Otherwise the farming industry will be ruined, as not only will the cost of living be raised, but to provide revenue we shall have a heavy land tax in the near future. Tin's Tariff kills revenue.

I do not go so far as to say that the farmer will be absolutely ruined, but this letter shows the feeling on the subject. The letters I have read are a fair sample of a large number which I have received from various people resident in the community, and I may add that the last letter I quoted is from a man who, until very recently was a very strong protectionist indeed. We were sent here by the nation, if I may so put it, to create the best fiscal policy possible for the whole of Australia, not for any one State in particular.

The whole Commonwealth is looking to us to do that, irrespective of what Government occupies the Ministerial bench. I trust that although I am going to vote against the Government they will listen to reason in committee. I have made up mind to cross the floor upon this question. I do so with very great regret, for the simple reason that all my friends whom I have known for years are sitting on the Ministerial side of the House. I am sorry indeed to leave them, but at this stage we are called upon to fulfil the pledges we made to our constituents. It is the knowledge that I am compelled to do this which leads me to cross the floor, and I intend to sit on the opposite side of the House as soon as a division has been taken. I feel that I could not consistently sit behind the Government when there are such a large number of items in the Tariff which I shall have to use strenuous efforts to get knocked out, or largely reduced. It is for these reasons that I intend to cross the floor.

Mr SKENE

- In addressing myself to the question before the House, I regret that I shall be compelled to introduce rather more of the personal element into my speech than is congenial to me, but I hope I shall be able to do so without transgressing the proprieties, and without any discourtesy towards any honorable member to whom I may have to refer. - When I took my seat on the Ministerial side of the House, I was actuated by two considerations - the personality of the right honorable the Prime Minister, and his policy. At that time I had no personal knowledge of the right honorable gentleman. I had never had an opportunity of a personal introduction to him. But his name was a household word throughout Australia as that of one who had fought the battle of federation in the front rank, and who had been intrusted by the Governor-General with the formation of the first Ministry of the Commonwealth of Australia, and with the task of setting the Commonwealth machine in motion. As to the Prime Minister's policy, I took as my text a speech which he made at the Town Hall, Melbourne. I had not an opportunity of reading the speech which has been so much referred to by honorable members - the Maitland speech. But I had studied the Argus report of the Prime Minister's speech in the Melbourne Town Hall. The Prime Minister himself has assured me that he acknowledges that report as absolutely correct, and as being one of the best reports he has had. In that speech the right honorable gentleman said this :-

First, it must be recollected that the Federal Tariff must produce a large revenue, and must in one sense be a revenue Tariff. (Applause.) But while I have any hand in the Government of the Commonwealth, it will not be a revenue Tariff accompanied with destruction, but it will be a Tariff which will prevent

destruction. (Lond cheers.)

A Voice - A high or low Tariff?

Another Voice. - A moderate one.

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Mr Barton

- In New South Wales there are some who have been frightfully annoyed with me for only saying half-a-dozen times in every speech that I was a protectionist. They wanted me to say it 100 times. (Laughter.) While the Commonwealth has to raise a large revenue, it will have to have moderate duties. Then a little while afterwards, in the same speech, the right honorable' gentleman said - It is the belief of myself and my colleagues that you must take care not to destroy that which has been created , and that is - phrase it as you like - the continuance of protection upon certain industries worth continuing

In addressing the constituents who returned me to this House, I took that speech as my text. In doing so, I believed that I was justified, free-trader though I am, in adopting the policy outlined by the Prime Minister. I had some little knowledge of free-trade tactics in the United States of America, where by the indiscretion of some of the free-trade leaders the cause was set back for years simply because they tried to force matters on too hurriedly. Recognising that, I felt that it would be a difficult and dangerous thing to adopt an altogether free-trade policy. I have heard a great deal of late -years of the the limitation made by John Stuart Mill in regard to one of his doctrines, or rather of an admission he made modifying an opinion which he had previously entertained in regard to free-trade. That modification has always commended itself to me as a fairly reasonable concession, although objectionable in one particular. That objection is the difficulty, once duties are put on for protective purposes, of getting them taken off again. As a free-trader, feeling that,

I realized that before committing myself absolutely to the policy of the Prime Minister, I should, if possible, have to try and find some indication of his mind as to matters of that kind. After considerable research through the reports of the convention debates, I found that during the discussion of the bounties, the following passage occurred between the Prime Minister and the Attorney-General. The Attorney-General was referring to the Victorian dairying bounties, when an honorable member interjected - When were these bounties first granted ?

Mr Deakin

- They were granted by the Victorian Parliament in 1889.

Mr Barton

- Then they have been on long ciough.

Mr Deakin

- Yes, these have been on long enough, and they have been discarded. These bounties have ceased, having answered their purposes.

It seems to me that if the honorable and learned member recognises that a bounty having served its purpose should cease, he cannot logically contend that a duty which has clone so should be continued for all time. It was that statement which reconciled me to the programme of the Government ; but I had another reason for believing that that programme would be characterized by moderation and compromise. The Minister for Home Affairs, when speaking in Sydney, is reported to have said - He knew from experience that the imposition of revenue duties was in many respects in its incidence protection.

In another speech he said that -

In his opinion the duties would range from 10 to 15 per cent.

Reading those statements in connexion with the speech of the Prime Minister, I concluded that a very much more moderate Tariff would have been introduced than that which has been put before us. When I heard the Minister of Trade and Customs, in introducing the Tariff, say that it was designedly protective, and that it was intended to expand it in the future in the direction of further protection, I felt that I had been under considerable misapprehension as to the intentions of the Government. There are a great many internal evidences of protection throughout the Tariff. It was hardly necessary to tell us that it was a protective Tariff, To me the strongest evidence of all is the deduction of £5,000,000 to allow for the stimulation which will be given to protected industries. Another heavy deduction was made because the

figures were based upon the returns for an abnormal year, and for various other reasons. Although it is true that New South Wales imported largely last year, in anticipation of the proposed duties, quite the contrary took place in the other States.

Sir George Turner

- In Victoria we got £250,000 last year that we should have got this.

Mr SKENE

- Of course, if the right honorable gentleman says so, it must be so ; but it seems to me like saying that water runs up hill. If the importers thought the duties would be decreased, they would not be likely to increase their imports. But do the Government mean to say that local industries will be stimulated in one year to such an extent that £5,000,000 worth of imports will be kept out ?

Sir George Turner

- No. I spoke of a normal year.

Mr SKENE

- We are dealing with the proposals for this year.

Sir George Turner

- Nearly £1,000,000 less revenue is to be collected this year than will be collected in a normal year.

Mr SKENE

-I understand that £5,000,000 is deducted to provide for the estimated stimulation of local industries.

Sir George Turner

- Yes; but not during this year.

Mr Reid

- During next year 1

Sir George Turner

- -No.

Mr SKENE

- Well, when is it to be ? I contend that if duties are imposed upon £26,000,000 worth of imports, instead of upon £21,000,000 worth, there will be no necessity for such high average rates. Then, too, I think that something should be allowed for the expansion of our exporting industries, and for the recovery which the Commonwealth is making after the boom. I am satisfied that it is not possible for our local industries to respond so rapidly that £5,000,000 worth of imports will be kept out this year.

Mr JOSEPH COOK

- The Ministry had to make out a case for their Tariff.

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Mr SKENE

- My objection is that too much revenue will be collected under the proposals of the Government. The Prime Minister gave us to understand the financial exigencies precluded the imposition of anything like a low Tariff ; but I believe it is the deduction I speak of that bars the way to a lower Tariff. If duties were imposed upon a larger importation, the average rates would be less, or a larger free list could be created. I do not propose to take up time by dealing with the items of the Tariff, but I desire to say something as to the way in which the primary industries of the country are to be treated. All political economists agree that the labour of the agriculturalist is productive of wealth to a State. The operations of the miner in winning from the bowels of the earth the precious metals, which form the base of our mediums of exchange, are second only to those of the agriculturalist. It is not possible to assist the primary industries by protective duties, because they are exporting industries, and no duties can help industries the productions of which have to compete in the markets of the world. The only possible way to help them would be to diminish the cost of production. So far as I can see, not the slightest attempt has been made in that direction 1

Mr HUME COOK

- What is England doing for agriculture 1

Mr SKENE

- She is losing a great deal of her agricultural industry, but, like other old nations, she is becoming a net-work of towns. We have to remember that we have here a continent of what is practically virgin soil. We have heard a great deal about our home market, but, after all, it is a very small one, and every industry which has to deal with the production of the soil very soon reaches the export stage.

Mr HUME COOK

- England is losing her agriculture under the fiscal policy which the honorable member is proposing to support.

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Mr SKENE

- I do not follow the honorable member. The honorable and learned member for Bendigo put before the House the other night some calculations which he had worked out in regard to the number of holdings in this country, and the amount of duty payable upon agricultural implements. I think his figures worked out at something like 4s. 6d. per holding. I fail to see that that fact proves anything. It does not prove what I should like to know, namely, the extent to which the agricultural implements upon these holdings are increased in price by the protective Tariff on imported machinery. If he could have shown us that, then we should have had something to work upon. In my opinion a protective duty increases the price of importations of that kind. I fail to grasp it in any other way. Some ten years ago I had an experience which bears out that view. I went to a Melbourne firm to purchase a portable engine. The first question asked was whether it was required for Victoria or New South Wales. When I inquired the reason for the question, I was told that if the engine was required for New South Wales, the price would be £180, but that if it was for Victoria, the price would be £210. That was ten years ago, but the fact stares me in the face that a farmer in New South Wales who wants an engine of that kind, would have to pay something like £30 duty on it, under the present Tariff of 15 per cent. I have had a lifelong experience in the country. I have known the farmer as a neighbour and a friend. I have known him as a partner on the share system, and in every relation of life in which one man may know another. I feel that the Tariff, which is now proposed, will be a hindrance to men of very small means, who are trying to work out a living under the share system. I should like to put a concrete case before the House, in the shape of an experience which I had last year with one of my own tenants. He made a proposal to me that if I would find him half the quantity of phosphate manures required for fertilising 200 acres, which he proposed to put under crop, he would purchase the necessary drill. I consented at once to do so. Under our agreement I was to get one-third of the crop, while he took the remaining two-thirds. After a very careful calculation the farmer could not see his way clear to purchase the drill, the selling price of which in Victoria is about £35 or £40. I estimated that the amount of duty payable upon it was about £3. Expert evidence goes to show that seed drilled into the soil with these manures gives a return of at least 4 bushels per acre in excess of the yield obtained from seed sown in the ordinary way. This farmer friend of mine could have bought the drill upon the time-payment principle, and very probably if the price had been a little lower he would have been tempted to secure it. He would thus have been able to put 200 acres under crop under conditions which probably would have returned him 4 bushels per acre more than he could secure from the ordinary sowing. But even if by this means he had obtained an increased yield of 2 bushels to the acre, the carriage of the additional grain from the local railway station to the market at the rate of 41/2d. per bushel would have amounted to £7 10s. That sum would have gone to the railways of the State, and surely it is just as well to obtain the revenue in that as in any other way. That farmer's chance of purchasing a drill this year is much reduced, because he is a man with a family, and he is taxed upon the whole of the necessaries of life. The food that he and his family eat, and the clothing they wear, are taxed, and therefore he is thrown back further than he would have been under other circumstances. This may seem a very small tiling but it has been said that the advancement of the world depends On the use made of the small balance of advantage over disadvantage. If that appertains to the whole world how much more does it apply to a man who has to struggle hard in order to improve his position ? Some honorable members can hardly realize how much the payment of a small sum in that way affects a farmer. The honorable and learned member for Bendigo expressed the opinion that protection did something for the inventive genius of the country. I think, however, that a great deal more harm is done to the country by shutting out the inventive genius of the whole world. Inventive genius is largely imitative and we know perfectly well that the reason why the local manufacturers of agricultural implements have been able to do so well is that they have been able to improve upon the imported machines.

Mr Kennedy

- I suppose the honorable member would say that the stripper and the harvester are illustrations.

Mr SKENE

- I know that these machines were invented here. I do not question that there have been some local inventions, but I see no object in shutting out an invention, which a man could use at the present time, for the sake of getting something hereafter, which another person will be able to use when that man is dead. I see no reason why for the sake of a very small and paltry duty we should keep back the best implements from outside.

Sir John Quick

- A paltry duty would not keep them out.

Mr SKENE

- Then why impose the duty ? We are told on the one hand that the duty will not keep them out, and yet it is said that it will have the effect of protecting local manufacturers. I cannot understand that form of reasoning. In my opinion the farmer certainly should be encouraged. Money in the hand of a farmer is not simply a piece of inert matter. It is matter which he may sow, like the seed in the land, to beget a product. It is the concentrated essence of product, and in the hand of the producer it grows into additional wealth. The large farmer conducting large operations should be encouraged to go on and still further increase his operations. I think it was the honorable member for Moira who said that there were 30,000 acres less put under crop this year than last year.

Mr Kennedy

- It was not I.

Mr SKENE

- I understood it was the honorable member who said so. I find from the Government statistics just published that the area under crop this year is less than the area put under crop last year by no less than 250,000 acres. This is really true with regard especially to wheat areas. It must be remembered that our wheat farmers have to compete in the markets of the world against the best appliances in the world in the "United States, and against cheap labour in the Argentine, in India and in Russia, and also against the advantage of a shorter distance of carriage. Seeing that the manner has to compete against all these advantages in favour of other countries, it is certainly in the interests of the country that he should be encouraged by diminishing the cost of production. I know of many farmers, and particularly one manner in a large way alongside my own holding, who have given up farming altogether. This particular farmer has gone in for growing lambs for freezing, partly because of the increased rate of wages, and probably still more because of the low price he got for his produce.

Mr Page

- The same old gag - "The wages we have got to pay." The honorable member is red-hot on the wages.

Mr SKENE

- I can assure the honorable member that it has a great deal to do with it.

Mr Kennedy

- And that is the condition of the agriculturist of Victoria. Wages are so high that they have to give up growing wheat.

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Mr SKENE

- I am simply stating a fact within my own knowledge. The area under wheat is being diminished for some reasons, and one is the difficulty of getting agricultural labour. The honorable member for Moira must feel that in his district also, as it would be a very extraordinary thing that it should occur in one part of the country and not in another. Whatever may be given to the farmer or the worker in the way of concession now, and in the way of cheaper necessities of life, is a penny saved, and a penny saved is a penny gained. A penny now will be a great deal more to them than a very much larger amount in prospective, and which they may never realize at all. I feel that the cost of living under the altered conditions imposed by this Tariff will be so much increased that it will affect the poorer people throughout the Commonwealth. The effect will be practically to raise the starvation line. There is here, unfortunately, as there is in all countries, a submerged fraction of the population, and if we increase the cost of living to the poorer classes of the people we increase that submerged fraction, and in this case I believe it will be increased to a very considerable degree.

Mr Watson

- A revenue Tariff will do that also.

Mr SKENE

- As the honorable member says, a revenue Tariff will do that also. I came into the Chamber this afternoon when the honorable member for Bland was speaking, and I follow very much the lines the honorable member took. I feel that the danger we are running now is that of raising too much money through the Customs to hand back to the States. I should prefer, as the honorable member for Bland was suggesting when I entered the Chamber today, that the States should be left to raise the amount required to meet any deficiency themselves rather than that too much should be collected, because the whole of the money received will be spent. In this connexion I should like to make a quotation from Professor Ely's book on Taxation in American States and Cities. I value the book particularly on account of an incident which I may relate. When I got it as far back as 1891 I drew the attention of the late Mr. Service to it, and lent it to him for a few days. He sent it back to me with a note saying that he thought so much of it that he intended to invest in one for himself. That should be a recommendation of the book to Victorians.

Mr McDonald

- Professor Ely is a socialist.

Mr SKENE

- I do not mind; he is very sound upon this point, I think.

Mr Fowler

- He is one of the best authorities upon economics in the world.

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Mr SKENE

- I confess I am not competent to enter deeply into the subject. I desire to put before the House some statements from the book which bear upon the suggestion made by the honorable member for Bland to-day, that it might be necessary that there should be some sort of taxation by the States to make up any deficiency arising from an insufficient collection of revenue through customs duties. Whether the taxation is made through the State Parliament Or through the Federal Parliament it is all the same. The first part of this book is devoted to a discussion of taxation as it is, and the second to taxation as it ought to be. The one idea running through it is, that there should be what . Professor Ely calls a " central variable tax." He is, of course, referring to America, where they have the same federal form of Government as our own, with State Governments and systems of local government such as we have. He says -

One tax ought not to be considered by itself, but all the taxes our Federal State, county, and local taxes must be considered as forming one system of taxation, and the aim of the legislature should be so to adjust the burdens of taxation, that each one may pay a .fair shave of all the taxes to which he is liable. Federal taxes, for example, bear with undue severity on the poorer and. middle classes, and as we are American citizens as well as citizens of our various Commonwealths, and as States are not independent in matters of taxation, it is but fair that State and local taxes should aim to lighten the burdens of the poorer and middle classes, somewhat, as compared with the wealthier classes.

He then goes on to say -

It is not extremely difficult to frame a system of taxation for American States and their cities, and the other political units, into which they are sub-divided, if the various principles which have been elaborated, be kept in mind.

After making a number of suggestions, and saying that for local government a real estate tax should be the central tax, he says this-

The taxes which have already been described are suitable for local purposes. The central tax of a proper system of local taxation is the tax on real estate ; and this will vary from year to year according to the needs of the public Treasury. An estimate must first be made of the revenues from productive property and local enterprises, from natural monopolies, from liquor licences, and from all other sources, and then a tax rate on real estate, just high enough to make up what is still lacking, should be fixed. It ought not in any American city to exceed 1 per cent, of the true selling value of the property. The central and variable tax in a proper system of State taxation ought to be an income tax. This should vary from year to year, according to the needs of the State Government, and its rate should be calculated after the revenues from other sources has been estimated.

It occurs to me that some system of that sort will eventually have to be adopted. It would be a most extravagant system to collect, haphazard as it were, an immense surplus, as we might accidentally do,

and hand it over to the States to be squandered practically, and have one fourth left, which we probably would not know what to do with.

Mr Fisher

- There are old-age pensions, remember.

Sir George Turner

- They will soon eat up anything we have left.

Mr SKENE

- However, I shall not detain honorable members any longer on that subject. I revert to the question of my own position in the House. In the January number of United Australia the Attorney-General wrote in these terms -

The first Parliament must be protectionist or anti-protectionist, and its first work an Australian Tariff. That is the clear-cut issue. In the best of tempers with all possible politeness, and, without a tinge of bitterness, firm federalists as we are, we must now separate to our opposing standards.

The Minister for Trade and Customs has raised that standard with no uncertain sound. I took my seat here in a spirit of compromise, expecting moderation and compromise from the Government but their proposals display those qualities only in name. In the circumstances there is only one course for me to pursue. I regret it very much. I feel that I cannot march under the protectionist flag. Ever since I have had anything to do with public life I have taken up the position of a moderate freetrader. I wish, in conclusion, to show my position by reading a very short extract from my first address to the electors when I stood for a seat in this House. I said -

Eventually, I believe, we must come to a parting of the wa3'S with the present Government, or some members of it. It is quite possible that the House may divide into three parties, with the extremists at each end, and a Revenue Tariff party as the happy medium. But there are good grounds for not anticipating these difficulties. Mr. Barton, as I have said before, has honorably earned his present position as leader of the Commonwealth. Let us give him a fair show. Some say his Policy has been forced upon him by the necessity to get revenue.

What need that concern us, if it is a sound policy? Time enough to tighten the rein upon him when he shows signs of wanting to get off the track. Now, gentlemen, I hope I have made my position dear. If I have anything to do with it, I want to be generous to Mr. Barton, because of the good work he has done in the cause of federation, and because I feel, after having followed him through the greatest part, if not the whole, of the Convention debates, that he has been consistent throughout, moderate, and willing to act in a spirit of compromise. I think Sir William Lyne is also determined to act in a broad spirit. With regard to the others, I reserve my judgment. All I hope is that Mr. Barton will not permit them to drag him away from the broad lines he has laid down.

Before the termination of that meeting I was asked a question by Mr. Hudson, which I would like to read to show the position I took up -

In the event of Mr. Barton moving in the direction of a protective Tariff, would the candidate support him ? My reply was, " Not one yard." The position I find myself in to-day is that this Tariff has been introduced as a distinctly protective one. Therefore I feel that I cannot do otherwise than shift my seat to the other side of the House. The Government will not receive any factious opposition from me. Where their measures commend themselves to my judgment I shall be only too pleased to support them, but this is a matter of principle that I am not prepared to sacrifice to any man or to any body of men living.

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Mr V L SOLOMON

- After the somewhat lengthy speeches we have had from both sides of the House on this very important question, I do not propose to take up more time of honorable members than I can possibly help. At the same time its paramount importance on the threshold of our federation, seems to me to warrant every honorable member in giving his views and letting his constituents know the manner in which he is keeping his pledges. We have had, both last evening and this evening, some very able speeches on both sides of the House. The speech from the honorable and learned member for Indi was notably a clear-cut fighting protectionist speech, but also tinged with some good free-trade principles to leaven it a little. We have also had a speech from the honorable member for Hinders and the honorable member for Grampians, giving their reasons for sticking to their pledges to their electors. I do not intend to continue the line of

argument which has been so frequently indulged in by comparing the various industries of the sister States of Victoria and New South Wales, by contrasting the rates of wages, the hours of labour, the number of operatives, males or females, employed in the different factories, or, in fact, any of those statistics of which, I feel sure, most honorable members are pretty well sick. I cannot see that any good result can come out of an analytical comparison of statistics such as I have mentioned. To attempt to compare two States having entirely different circumstances, different areas, different climates, different natural resources, and different rainfalls, seems to me to be a fruitless way of endeavouring to convince honorable members on either side of the benefits of either free-trade or protection. I think it is nearly time to drop this State versus State comparison. In our addresses to the electors, both before the advent of federation and since, we have all prophesied that it would mean the abolition of those imaginary border lines which have marred the map of Australia, and fondly imagined that even the jealousies, the trade rivalries, which had operated in different States, would speedily be forgotten. It is not for us to consider what the result has been either to Victoria under a protectionist policy during the past few years or to New South Wales under a free-trade policy. I think it has been amply demonstrated by both sides of the House that, whatever may have been the varying causes of the prosperity of New South Wales, the fact remains that under a free-trade policy her industries have increased and her prosperity is at least equal to that of any other State in the union; and, in saying this, I consider that I am extremely moderate. AVE have had numerous comparisons of the progress of different free-trade countries with that of protectionist countries of the older world. AVE have had day after day from the protectionist side of the House what I may term the most unpatriotic allusions to the British Empire. Judging from the remarks of some honorable members, notably the honorable member for Gippsland, England is a decaying power. The fact that America, with her vast areas, with her resources almost untried, has made more rapid strides in the last quarter of a century than Great Britain, that was at the time America started pretty well at the apex of her commercial power, has been looked upon as a positive proof that the policy of free-trade in the case of Great Britain has been a failure. I suggested the other night, by interjection, an argument for which I m'as indebted to the honorable member for South Australia, Mr. Glynn. It is a very cogent argument to use, when two nations such as America and Great Britain are compared, namely, that we can hardly expect the growth of a fully matured man to be as rapid as that of a growing lad. To compare Great Britain, fully matured as she was in her commerce, and her industries, and her power, almost before America, with all her vast resources, had started, is, to my mind, somewhat absurd. The idea that England is gradually decaying has been so drummed into my ears during this debate that I . have been strongly reminded of an incident that occurred in one of the back-blocks gold-field townships of Western Australia, where I had the pleasure of staying at a little shanty some few years ago. There were some other travellers there, including a few teamsters, who were having a high time. One of these was a musical gentleman, who kept the one song going for 24 if not for 36 hours, and the refrain of his song was very much in this style - "Hingland, dear old Hingland, is a-goin' down the ill." I believed as much then in the truth of this gentleman's musical statement as I now believe in the correctness of the conclusions of honorable members on the Ministerial side of the House as to the decadence of the British Empire when compared with Germany and America. The Minister for Defence, when speaking a night or two ago, seemed to regard the question before the House as one merely of personal ambition, and as the outcome of a struggle for office on the part of the leader of the Opposition and those associated with him. I do not think it is anything of the kind. That is certainly not the aspect from which I view the matter. It is of little consequence to me or to the State which I represent whether the Prime Minister or the leader of the Opposition leads the Government of this Commonwealth. What is desired, however, by the State of South Australia and the whole of the smaller States is the adoption of a policy which will best serve the interests of the whole Commonwealth, and advance the prosperity and happiness of the . people. When I was addressing the electors a few clays after the Prime Minister had spoken at Maitland and declared the policy of the Government, I told the people distinctly that if the somewhat veiled remarks of the Prime Minister as to revenue without destruction meant that he was going for a protectionist Tariff which would seek to bolster up the industries in the State of Victoria at the expense of the people of the Commonwealth,, the Barton Ministry would have my opposition. Therefore it is not necessary for me to explain my attitude beyond saying that, after having most care fully analyzed this Tariff, I regard it as one designed more in the interests of the Victorian manufacturers than either for the purpose of obtaining

revenue or for the advancement of the industries of other States. It has been pointed out that this Tariff is lacking in consideration for the three greatest industries of Australia, which have made the various States what they are, and to which we must look in the future for our advancement. I mean, of course, the mining, agricultural, and pastoral industries. The general trend of the Prime Minister's speech at Maitland did not lead me to believe that these industries would be so utterly neglected as they have been in connexion with the framing of this Tariff. When the Prime Minister, after having uttered those notable words as to revenue without destruction, and as to his intention to protect the sugar-growing industry of New South Wales, told the people at Maitland that he did not intend to do any juggling with figures or words, I did not know what was in his mind. One thing, however, I did call attention to at once, and that was that the cry about protecting the sugar industry of New South Wales was rather far-fetched when it was considered that the sugar of Queensland - the greatest rival of New South Wales - would have to be admitted free the moment federation was accomplished. Upon this point I took the liberty of pointing out that the Prime Minister, when estimating the amount of money that the Commonwealth would require, had not said one word about the immense amount of duty which the Federation would lose by the opening up of the markets of the other States to the sugar of Queensland. I then pointed out that in the year 1898 the exports of sugar from Queensland to the adjoining States amounted to 116,260 tons, of which New South Wales received 28,992 tons ; Victoria, 49,000 tons ; South Australia, 15,000 tons ; and the other States, the balance of 3,000 odd tons ; and that the duty which would be lost to these various States through this sugar being permitted to come in free would amount to something between £480,000 and £500,000. I then sought - and the speech was published throughout the length and breadth of South Australia - to learn from the Government how this £500,000 was to be made up. I endeavoured to elicit whether there was an intention on the part of the Ministry to impose an excise duty. Neither the Prime Minister nor the Minister for Trade and Customs, both of whom knew the importance of this question, and how it was being discussed in South Australia, deigned to take any notice of it. In Queensland the Prime Minister was especially careful to avoid telling the people that they were not to have a free market for their sugar, but would first be required to pay an excise duty of £3 per ton upon it. Had the policy of the Government in regard to this sugar excise and the encouragement or discouragement of sugar planting in Queensland been clearly put to the people of that State, I think that even at that late hour they would have endeavoured to withdraw from the federation. Whilst recognising as much as does any honorable member the necessity for a reasonable revenue being raised through customs and excise, I say most emphatically that the revenue to be derived under the items enumerated in this Tariff casts a burden upon the shoulders of those least able to bear it. It presses harshly upon the miners, the agriculturalists, and the workers - not upon the artisans in protected industries - but upon the men engaged upon cattle and sheep stations, and those who have no trade at their fingers' ends which can be protected. The necessities of these people are being taxed to the uttermost, and even the materials for the prosecution of their industries are also to be subjected to heavy imposts.

Mr JOSEPH COOK

- Ought not the honorable member to ask leave to continue his remarks 1 It is shameful that the members of the Government should leave the Chamber.

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Mr V L SOLOMON

- I thank the honorable member for the suggestion, but as I have very little hope of being able to get any argument into the heads of those honorable members who have vacated their seats, I am not at all troubled about their absence. Indeed, it rather pleases me, because I shall probably avoid some very stupid interjections, which might have led me away from the ordinary current of my thoughts. The burden of this Tariff falls upon the shoulders of the miners, agriculturalists, workers, and pastoralists, who receive no protection in return. The honorable member for Moira said that the mining industry had received assistance to the extent of some £200,000 or £300,000, and that agriculture had been aided by the construction of roads and railways. As a matter of fact these industries have contributed to the wealth of the various States, in proportion to the amount which has been expended in their encouragement, one hundred fold more than have any of the fostered industries in Victoria. Let us take the case of the mining industry. I find that mining machinery is taxed 15 per cent., and in some instances 20 per cent. When one considers that last year, in Western Australia alone, over £300,000 worth of mining machinery was

imported, more than half of which came from the older countries of the world, much of which was patented machinery that could not be made in Australia, and when one remembers that the timber which it is necessary to use upon these mines, the galvanized iron for their sheds, battery buildings, and so forth, as well as the timber employed in the Broken Hill mines, are to be heavily taxed, one may safely conclude that the mining industry is not being assisted, but is more likely to be injured by the Tariff which has been placed before us.

Sir John Forrest

- There is plenty of good timber in Western Australia.

Mr V L SOLOMON

- I heard a similar interjection from the Minister for Defence the other night. I do not know whether he has ever visited Broken Hill, but if he had seen the timber employed in the mines there, he would know that what is necessary for the open-set system in the Barrier mines is not either Jarrah or Kauri, but Oregon. The explanation given by the whole of the leading experts of Broken Hill, is that both Jarrah and Kauri are too short in the grain and too hard to work, and that their tensile strength is not nearly so great as is that of Oregon. Is it at all likely, if Jarrah and Kauri could be used, that the Broken Hill companies would spend hundreds of thousands of pounds in importing Oregon from great distances for their mining work?

Sir John Forrest

- It is lighter to handle, I think.

Mr V L SOLOMON

- On the other hand, the smaller Jarrah for some purposes would be more suitable than is Oregon. But in the underground work of the Broken Hill mines, where at times there is a strain of thousands of tons of overhanging rock, it is necessary to have a timber which will not crack, but which will give a little, and the experts of Broken Hill, who have been mining all their lives, are, I think, better qualified to give an opinion as to the relative value of the timbers mentioned than is the Minister for Defence.

Sir John Forrest

- Does the honorable member say that Oregon is stronger than Jarrah ?

Mr V L SOLOMON

- Undoubtedly it is for that purpose.

Sir John Forrest

- Is it stronger when it is of the same size ?

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Mr V L SOLOMON

- It is stronger than Jarrah when used for the purposes I have mentioned. As I have already explained, the grain of the Oregon is longer, and its tensile strength is greater. Also it will give a little, whereas the Jarrah snaps. I find also that duties are placed upon dynamite, fuse, and nails, whilst there is a heavy impost upon galvanized iron. What is still worse, there is a large duty upon iron tanks, altogether regardless of whether they are imported full or empty. The Minister for Defence knows that there are thousands of 400 gallon tanks in use throughout Western Australia. They are almost as indispensable to the miner there as are his flour and meat. A 400 gallon tank has to pay a duty of 12s. irrespective of whether it is full or empty. Throughout the length and breadth of Western Australia, these tanks during the last seven or eight years have been the salvation of the country. They are not used for conserving water, because the rainfall in the back country is so infrequent and light that they are utterly useless in this respect, but they are required for condensing purposes. These tanks, which cost only a few pounds, can, with the little skill possessed by most miners, be converted, with the aid of a few hundred feet of iron for tubes, into plant for the purpose of condensing fresh water. One may see, not tens or hundreds, but thousands of such tanks throughout the back country, providing tens of thousands of people with fresh water condensed from the salt water of the lakes. Without these tanks in Western Australia back-country prospecting would be impossible, and it is a matter of surprise, or should be, that the Minister for Defence, who knows that country so well, should have permitted such a ridiculous and tyrannical duty to be placed on what is an absolute necessary for the working miner. Then we have to consider the position of the ordinary father of a family, or of the ordinary housewife, under this Tariff. It has been pointed out before that blankets, rugs, woollens, flannels, and flannelettes are subject to a duty of 20 per cent., while silks, velvets, ribbons, trimmings, flowers, and embroideries, which are all articles of luxury used by the more

wealthy portion of the community, and which have hitherto been taxed 25 per cent., 27£ per cent., and even more in some States, have been let off with 15 per cent. Yet that is what the Ministry call a revenue Tariff. Flannelette forms an important item in the daily and weekly expense of poor families, and yet this commodity is, along with blankets, taxed to the extent of 20 per cent., whilst silk is admitted on payment of a duty of 15 percent. In the Government we have honorable gentlemen who have hitherto posed as leading democrats and friends of the working classes, and who owe their present position, honorable as it is, to the loyalty of those classes. The Minister for Trade and Customs defended the duties I have mentioned, pointing out that blankets are a finished article, and, as such, are charged at the rate of 20 per cent., but that silk, which may be worth 6s., 15s., or 1 ls. a yard, is an unfinished article, which lies to be sent to the dressmaker in order to be made up. In like manner flannelette, which is sold retail in many instances at from 2£d. to 4d. a yard, and, perhaps, at even less, and in poorer families, is such a valuable article-

Mr PIESSE

- And a dangerous article.

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Mr V L SOLOMON

-I do not think that flannelette is more dangerous than any other dress material. We hear of as many fire accidents in connexion with muslin or cotton dresses as in connexion with flannelette underclothing. Embroideries, ribbons, trimmings, and other similar articles, which cannot be produced in the State, but are manufactured in Paris and Berlin, and which could well be charged a stiff revenue duty, are to be admitted at 15 per cent., while the absolute necessities of the poorer classes are charged 20 per cent. I observe that dungaree, calico, moleskins, and shirtings are allowed to come in at the same rate as silk, feathers, flowers, and trimmings. The Government put a 25 per cent. duty on patent medicines. If there is one class of commodity more than another that is a boon, not only to the poorer classes of people in the city, but to those who have to go into the bush and on the mining fields, very often many miles from medical assistance, in order to develop the industries of this vast continent, it is that of patent medicines. I admit that many of the drugs and medicines which are advertised are absolutely useless ; but, on the other hand, there are patent medicines, such as chlorodyne, the old fashioned pills, and Friar's balsam, which are absolutely invaluable to the poorer classes of people who are out of the reach of medical aid. Now we come to the increased duties on pretty well all the necessities of life, such as tea, starch, kerosene, candles, coffee, cocoa, currants, raisins, oatmeal, and tinned milk. I intend to deal with several of these items presently, and give a few particulars regarding them. As to the last item of tinned milk, it was rather amusing to see honorable members On the other side, who, perhaps, have never been in all their lives more than a few hundred yards away from a cow, and who hardly know what condensed milk is, laughing when honorable members on the Opposition side talked of the injustice of placing a heavy duty on this commodity. Out of the 100,000 residents of the gold-fields of Western Australia, the 7,000 or 8,000 people in the northern portion of Australia, and the 10,000 on the northern coast line of Australia at various ports been Brisbane and Cape York, I do not believe there is 1 per cent. who see a glass or a cup of cow's milk from one year's end to the other. Preserved milk is an invaluable article of food to people in those outside districts. I know that at least one of my children had to be brought up on this food at Port Darwin, and I do not believe that for £1 a quart it would have been possible to obtain, within a radius of 100 miles, a pint of fresh milk for the child's use. Other families in the back-blocks of northern Australia have had the same experience.

This tax on preserved milk is undoubtedly protective, and meant to foster an industry which ought to be able to fight its own way ; and I regard it as a most unfair impost. Many of these imposts I have alluded to, that will press so hardly on certain classes of our community, whose interests are worthy of consideration, will not bring in much to the revenue, and it is clear that they are not intended to be revenue producing. For instance, we find that the tanks, which are so invaluable to the miners and prospectors in the back-blocks of Western Australia, and which are used for condensing purposes, are being taxed to the extent of 12s. per 400 gallon tank. Not only are they used by miners, but every occupant of a shearer's hut, and every little cocky farmer who is trying to make a start, is glad to obtain one of these 400 gallon tanks, with which he can conserve a little rain water. The duty of 12s. is estimated to bring in a revenue of

£7,560. When we come to starch, we find that the total duty estimated to be received, is £3,733. Candles are expected to yield £3,468 ; preserved milk, £28,750; and kerosene and the other things I have mentioned bring in various sums. I will allude to them presently. Meanwhile, as I have mentioned starch, I will deal with that question, and with the amount that the duty on it is expected to realize. The honorable member for Mernda, in discussing the Government policy, expressly referred to the starch duty. With tears in his voice, the honorable member told us that he was in a most delicate position in regard to this question, and that he had never been placed in such a delicate position during his political career. I am rather surprised at that statement, seeing that the starch duty has been imposed for years in Victoria, and that during that period the honorable member for Mernda was a member of the State House. There is no excuse for a member of this House or of a State Parliament being placed in a delicate position concerning a matter which he feels affects his own pocket. It is easy for him to be out of the House when the vote is taken on the article in which he is interested. That is a course which I have seen adopted in the State Parliament, of which I was a member, in regard to a similar tiling, and that course could easily have been adopted by the honorable member, by means of which he would have avoided placing himself in a somewhat delicate position. I am not surprised, however, at the honorable member feeling the position somewhat acutely. The importation of starch into the Commonwealth, judging from the importations into the States, will amount roughly to about 7,000,000 lbs. weight. A duty of 1d. per lb. on this would amount to a trifle over £29,000. But with the duty of 2d. per lb., which the Government have put on starch, they only expect to receive a sum of £3,733. In the years 1897-8, there was a total weight of 7,500,000 lbs. of starch imported into the various States of the Commonwealth. Of this quantity, considerably more than half was imported into New South Wales, where it paid no duty. A small portion was imported into Tasmania, where it paid only 1d. per lb., and into Western Australia, where starch paid a duty of 15 per cent., £2,500 worth was imported. One half of this 7,000,000 lbs. of imported starch yielded, in one year, duty to the amount of £15,653. It is now estimated - I presume on a similar basis of 7,000,000 lbs. of starch being imported into the Commonwealth - that the duty of 2d. a lb. will yield £3,733, although a duty of 1d. per lb. would yield £29,000. I should like to ask the representatives of the Government whether that is one of their revenue-producing duties, or whether it is designed merely as a protective duty to the starch industry? It appears to me that there can be no other answer than one to that question. I anticipate that the answer of the Government will be - " Although we have put this duty on starch, we have a counter-balancing duty on rice. If the starch duty will only yield one-seventh of what the duty of 1d. per lb. would yield, we put a duty on rice which is expected to bring in £142,000." How much of this rice is to be used in the manufacture of starch? Approximately, the rice imported into the Commonwealth during a given year amounted to about 23,000 tons. Out of that the quantity used for the manufacture of starch is only 7,000,000 lbs. So that we find that for the purpose of encouraging this industry the Government not only put a prohibitory duty on starch, but they also charge the consumers of the whole of this 23,000 tons of rice a duty very much in excess of what should be charged upon such an every day article of diet, which is certainly appreciated by the poorer classes - an article which should rather have been selected to be let in free as a necessary of life. The Treasurer, in speaking about some of these lines, told us that he recognises since framing the Tariff that mistakes have been made in regard to several lines, and that there is no doubt that on reconsideration some of those lines might be altered. I do not quite know what the Treasurer meant. If he meant that, seeing the feeling of some of the protectionists, that the duties were not nearly high enough, the Government would, if sufficient pressure were brought to bear, consent to still further increases in a protective direction, I may safely utter a word of warning that any such attempt will do much to prolong the debate upon this question if the Tariff gets into committee. If the Government have any desire to see the Tariff agreed to in any form this side of Christmas, they will turn a very deaf ear to the blandishments of some of their interested protectionist supporters who may ask them for alterations in the direction indicated. I come now to deal with the manner in which some of the items on the Tariff will press upon the consumers of the Commonwealth. I have received information from South Australian importers as to the effect of the duties upon crockery. Several of the speakers who have preceded me have pointed out that the composite duty upon the commoner kinds of crockery of 15 per cent, and so much per foot measurement will press most hardly upon the poorer classes of the community. The firm of Flint and Sons, a large importing firm in South Australia, has written me a long letter on the subject, which I shall not read to honorable members, because I do not wish to lengthen my

remarks more than I deem absolutely necessary, though the question is too important for honorable members to refrain from expressing their opinions upon it, and I am only the second representative of South Australia who has spoken. Messrs. Flint and Sons point out that in connexion with an invoice of brownware, the cheapest form of crockery, valued at under £30 the 15 per cent, duty amounted to £4 9s. 6d., while the measurement charge of 6d. per foot brought the total charges up to £10 9s. 6d., or over 50 per cent, of the first cost.

Mr JOSEPH COOK

- I saw a similar invoice in Sydney last week, where the duties amounted to 89£ per cent.

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Mr V L SOLOMON

- In another invoice for printed earthenware of the commonest class, 29 crates cost £196 7s., and the duty of 6d. per foot measurement and 15 per cent, amounted to 37¹/₂ per cent, upon that sum. The firm say that in some instances these composite duties will increase the price of the cheaper kinds of glass and crockery ware by nearly 90 per cent., so that I think that I may safely say that this is one of the duties which we can deal with in committee with a view to paring it down rather than to increasing it. Coming to the duties upon timber, I find that the importation of timber into the Commonwealth in 1900 was valued at £1,492,000. A great deal of that timber was used in the Broken Hill mines. The Mining Standard, in dealing with the manner in which the duties will affect mining operations, points out that the mineral production of Tasmania for the last year for which the figures were available was £2,539,000; of Western Australia, £6,346,000; of Queensland, £3,140,000; of Victoria, £3,579,000; of New South Wales, £6,081,000; and of South Australia, £516,000; or a total of £22,201,000; which is 1 8 per cent, of the aggregate wealth produced in all the States, or 23 per cent, of the wealth produced in the Commonwealth by the primary industries. To say that an industry such as the mining industry should be hampered at the inception of federation is to ask honorable members to sanction a course which I do not think they will sanction. I had intended to give the number of hands employed in the timber industry of the States, but as the hour is late, and I have more important matters to deal with, I shall leave that matter for others of a more analytical turn of mind. I now come to another matter which has already been alluded to by some honorable members. Under the new Tariff it is proposed to put a duty of 1s. 6d. per lb. on unmanufactured tobacco, and an excise duty of 1s. per lb. when it is manufactured locally, the whole duty upon tobacco locally manufactured from imported leaf being 2s. 6d. per lb., as against a duty of 3s. 6d. per lb. upon the imported manufactured article ; the duty in most of the States having hitherto been 3s. per lb. The difference does not appear to be very much, but I had occasion some months ago, in dealing with the federal question, to challenge the figures of the tobacco manufacturers of South Australia. Since this Tariff was placed upon the table, I have ascertained from Sydney and Melbourne the position of the tobacco manufacturers in New South Wales and Victoria. I have here figures showing the importation of unmanufactured and manufactured tobacco in both States during the years 1897 to 1900 inclusive. I shall not weary honorable members by giving them the whole of the figures. In 1897 the quantity of manufactured tobacco imported into Victoria was 988,113 lbs., while in 1900 it was 745,027 lbs., or a decrease in the manufactured article, on which a duty of 3s. per lb. was paid, of 243,086 lbs. The quantity of manufactured tobacco imported into New South Wales in 1897 was 924,707 lbs., while in 1900 it decreased to 858,053 lbs., showing a falling off of 66,664 lbs. During this period there was a decrease of over 300,000 lbs. in the quantity of manufactured tobacco imported into these two States. The decrease of duty paid in Victoria amounted to £36,463, and in New South Wales to £9,998. As a contrast to this picture, which shows the decrease that took place under Tariffs very similar to the Tariff now proposed, let us take the importations of leaf tobacco. In 1897 the importations into Victoria of leaf tobacco for local manufacture totalled 640,433 lbs., while in 1900 they amounted to 1,328,707 lbs., or an increase of 688,274 lbs. The importations of the unmanufactured leaf into New South Wales in 1897 totalled 683,928 lbs., and in 1900 they amounted to 1,181,668 lbs.

Mr Kingston

- I think those figures are wrong.

Mr V L SOLOMON

- I have obtained them from a reliable source, and have had them checked. The fact that they have been taken from different statistical returns may be responsible for some slight variation, but practically, I am

quoting the absolute figures. The duty paid on the manufactured leaf in Victoria, during the period under review, showed an increase of £34,415, while the increased duty in New South Wales was £24,887. To put these figures into a condensed form, we find that in 1900, as compared with 1897, there was a decrease in the importations of manufactured tobacco into New South Wales and Victoria amounting to 309,000 lbs., and a decrease of £46,000 in the duty paid upon it. On the other hand, there was an increase of 1,186,014 lbs., in the tobacco manufactured from imported leaf, with an increase of duty amounting only to £59,302. If the imported leaf had been barred altogether from New South Wales and Victoria during these years, and only the imported manufactured tobacco introduced, the additional revenue of those two States would have amounted to £365,034. One would imagine that in framing a Tariff like this the Minister for Trade and Customs and those assisting him would have looked more closely into such astounding figures. When we see a decrease on the manufactured article, which pay a duty to such a large extent, and an increase of over 1,000,000 lbs. in the unmanufactured article, which pays the lower grade of duty, the thought is suggested at once that some tremendous profits must be made in the manufacture of this tobacco locally, or else the State is losing a very large amount of revenue. What is the real position? It is difficult to obtain absolute details of the manufacture of tobacco here, but I think I can come very close to them. There are two very large tobacco manufactories : one in New South Wales and the other in Victoria. So far as I have been able to ascertain, the output of tobacco from these factories averages about 100,000 lbs. per month. The tobacco leaf imported into the State costs from 10d. to 1s. per lb. The darker tobacco, of which four-fifths certainly is manufactured in both States, costs 10d. per lb. in its raw state ; the lighter tobacco which comes from Virginia, costs 1s. per lb. The duty in one of the States has been 1s. 9d. per lb. The cost of manufacture, including the cost of labels, boxes, and so forth, approximates 5d. per lb., and the profit that has been made by these tobacco factories is according to the computation of two or three gentlemen with whom I have consulted on this question, no less than from 10d. to 1s. per lb. on every pound turned out by them. In proof of that statement I am informed on good authority that this tobacco, when manufactured and exported in bond to Tasmania in large quantities, is invoiced at 1s. 3d. per lb., which shows that the estimate of 10d. per lb., first cost, and 5d. per lb. for manufacturing charges and casing, is a fairly good one.

Mr Henry Willis

- It is a monopoly.

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Mr V L SOLOMON

- Therefore, I hold that it is fair to tax the monopoly represented by these two large firms, in each of which not more than £100,000 is invested, and in which each of them has been making as much as from £50,000 to £60,000 per annum out of the consumers of these two States. This shows that when we go to work to encourage our industries there should be a limit to that encouragement. When I point out that in spite of the countervailing excise that we are allowing in the Tariff as introduced, the difference between unmanufactured and manufactured tobacco is 1s. per lb., and that the cost of manufacture is at the outside not more than 5d. per lb., I think. I may safely say that the suggestion made by the honorable member for North Sydney - and indorsed by the honorable member for South Sydney - that tobacco could well stand a slight increase in excise is a good one. Perhaps a better course still would be to lower the import duty upon the manufactured article, and that would bring into the Commonwealth, in the way of increased revenue, anything from £25,000 to £50,000 a year, and still give magnificent profits to those who have invested their money in machinery for carrying on this industry.

Mr Kingston

- Did the honorable member suggest a particular amount ?

Mr V L SOLOMON

- The honorable member for North Sydney suggested that, instead of the excise of 1s., it might be as well that it should be raised to 1s. 3d.

Mr Kingston

- Raise the excise, or reduce the import duty by 3d. 1

Mr V L SOLOMON

- I have figures in reference to the manufacture of tobacco from colonial leaf. The amount manufactured in Victoria in 1897 was 406,315 lbs.; and in 1900 the quantity was 220,253 lbs., or a decrease of 286,062

lbs. The quantity manufactured in New South Wales in 1897 was 1,188,808 lbs. ; and in. 1900 it was 996,998 lbs., or a decrease even there of 191,810 lbs. So that, in spite of these duties placed upon imported manufactured tobacco, the use of colonial leaf has been gradually decreasing.

Sir William Lyne

- That occurred immediately the last Tariff in New South Wales was brought in, because the excise on tobacco made from colonial leaf was too high in proportion to that made from the imported leaf.

Mr V L SOLOMON

- The excise on tobacco made from the local leaf in New South Wales was ls. 3d.

Mr Kingston

- That left a difference of 9d. per lb.

Mr V L SOLOMON

- Even with the difference of 9d. only, I have already shown - and I challenge those interested in the trade to prove my figures wrong, if they can - that the cost of manufacture does not exceed 5d. per lb.

Mr Kingston

- Those are trade figures?

Mr V L SOLOMON

- Yes ; they are supplied to me by various persons in the trade, and I have compared them pretty closely. It is impossible, of course, to get at the books of the two manufacturers to whom I have referred, but they are turning out, approximately, 100,000 lbs. weight of tobacco each month, and are each making something like £50,000 a year out of the transaction. These figures were given to me by a gentleman for whose opinions I have the highest respect, and I am sure they are approximately correct. I say at once that we have here an opportunity to take some of the duties off the necessities of life that have been mentioned, and to make up the difference by a slight extra duty to be collected, not from the pockets of the consumer, but from the pockets of these gentlemen who are making such magnificent fortunes out of the tobacco manufacturing industry. In contradistinction, I find that the profit from cigarette manufacture has been reduced by this proposed Tariff to the vanishing point. The figures given to me show that although the manufacture of cigarettes by machinery may still be profitably conducted, the manufacture of hand-made cigarettes, in which hundreds of operatives are employed, cannot be conducted at a profit. In one factory I went through a little time ago in Victoria, there were 300 girls employed. They sit down all the time, and apparently have easy and clean work to do. They are employed merely in the rolling and papering of cigarette tobacco, and not in the preparation of the tobacco itself. Manufacturers who have machinery are still left a fair margin of profit, but those who have to resort to hand labour in the manufacture of cigarettes, and who are largely employing labour, can only continue the manufacture at a loss of something like 6d. or 7d. per 1,000.

Mr Kingston

- Is the honorable member going to distinguish between machine made and hand made cigarettes for the purpose of excise ? That cannot be done very well.

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Mr V L SOLOMON

- I admit it is a difficult problem to deal with.

Mr Kingston

- It is difficult ; we cannot differentiate between the two. If we increased the duties the machine man would get it all.

Mr V L SOLOMON

- I admit the difficulty, but the position as stated to me is that in the manufacture of cigarettes by hand the total cost, including the cost of the tobacco, is something like 18s.1d. per thousand, and the selling price is something like 17s. 6d. per thousand, leaving a loss of 7d. per thousand. I believe that machine made cigarettes will still show a profit, and it becomes a question as to whether, if we are going to encourage local production at all in these things, it would not be fair to differentiate, where the employment of a large amount of labour is involved. We might either do that, or fix the duty at such a rate as would give the revenue the benefit of the whole. We have no more right to play into the hands of those who can afford this machinery, as against those employing labour in an industry, to the detriment of our revenue in the case of cigarettes, than we have in the case of any other article. I shall be glad to hand the Minister the

figures supplied to me, so that he may be enabled to take any steps that seem necessary. Now, with regard to the duty on tea, I have received a communication from several firms interested in the the trade, and a somewhat lengthy letter from the leading importers in South Australia, pointing out that the composite duty on tea proposed by the Tariff is one which would be most difficult to work and most unsatisfactory in its working.

Mr Kingston

- Did the honorable member intend to say anything about cigars, because that is also a troublesome matter?

Mr V L SOLOMON

- I have a circular in reference to cigars, but I am not sufficiently posted upon the matter. I do not care to use figures without having thoroughly verified them. I suppose the Minister has received a similar circular to that which comes to me from leading cigar importers in Sydney. It seems to me to be a kind of pitched battle between the importers and the local manufacturers. I am not in possession of sufficient information to enable me to deal with the subject in an intelligent way, or even to make up my mind as to what the rights of the question really are. On the question of the duties upon tea, the circular I have from the leading importers of South Australia, including

Messrs. Gilbert Wood, Fowlers' Limited, Berry and Co., Gollin and Co., and Wilkinson and Co. first of all refers to the fact that the duty would be a difficult one to collect, and they add that it will lead to under-valuation. Of course, that argument is used in reference to everything upon which an ad valorem duty is placed, but there is no doubt that under-valuation will take place in the case of tea, and it will be a most difficult thing to check it. I have had something to do with groceries during my life, and I know it is a most difficult thing to get even an expert to tell the value of tea. We would have constant trouble with the customs - constant disputes between experts as to the value of the tea.

Mr Henry Willis

- Will they not produce the invoices ?

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Mr V L SOLOMON

- The invoice value of tea of course would be taken as a guide, but the Customs might say - " This tea was imported from China, where they are pretty good at invoices, or from Ceylon. We shall not accept their value. We shall get the opinion of an expert," and he might say - " This tea instead of being invoiced at 4d. should have been invoiced at 9d." It is represented, and there is very little doubt, that it would lead to a poorer class of tea being imported. Again, some of the importers are very strong on the point that an additional duty of a penny a lb. upon the teas done up in given weight packets, is an impost to which they should not be submitted. They put it that these teas, fresh from the pickings, are packed in one or two pound packets, lined with thin sheet-lead and stout paper to keep the aroma of the tea intact almost straight from the plantation to the home of the consumer. There is a very great deal in that argument. Any one who has had anything to do with the business knows that tea if it is left open for a very short time loses a very great deal of its strength and delicate flavour. These are the points which are put by the various importers, and even though it may mean a little difference in the revenue - which is estimated at £382,312 - I would rather have a distinct duty of 3d. per lb., which, taking the nearest estimate I can get as to consumption, would yield £340,000. A duty of that kind would be more satisfactory to importers as well as consumers. In committee I shall endeavour to alter this line in that direction, and to do away with that somewhat unjustifiable impost of an extra 1d. a pound because the tea is put up in packets for its preservation. I am not certain whether a memorial on this question was presented to the Government by the honorable member for South Australia, Sir Langdon Bonython. I had a letter from the firm of D. and J. Fowler, of Adelaide, in which they say -

The tea trade are concerned at the: fixed and ad valorem duties proposed by the Government on tea entering this State, and they have addressed a letter to the Treasurer, Sir George Turner, which we are sending through Sir Langdon Bonython. We enclose you a copy of the petition herewith, and also a copy of a letter which we have written which will enable you to follow the position, and anything which you may be able to do to forward our object will be esteemed.

I do not know that I have put the case as strongly as it can be put from the view of the leading firms in South Australia. Their letter runs as follows : -

We, the undersigned, representing the whole of the tea trade in the State of South Australia, desire hereby to lay before you the reasons following herein for the opinions we hold in regard to the Tariff proposals of the federal Government in reference to tea. Our opinion is to the effect that the old system of a fixed rate of duty is preferable to the proposals of the Government, which we are unanimously of opinion would prove to be eminently unsatisfactory and difficult of application in practical working. We base this view on the considerations following, viz. ; - 1. That the fixed rate of duty is the almost universal system throughout the Empire, if not the world, and it is a system which works satisfactorily and economically. The application of the principle of ad valorem would, on the other hand, involve a vast amount of detailed work in passing entries, since an original import invoice generally covers a number of lines of varying cost. Under a fixed duty one entry would be passed for the whole shipment, whereas ten or twenty entries might be necessary under the Government proposals.

It seems to me a perfectly reasonable argument, that where a firm imports 100 half chests of four or five different values - for instance, 20 invoiced at 4Jd., 20 at 6d., 20 at 8d., and so on - an enormous number of customs entries will require to be passed. Then they go on to say -

That large quantities of tea have been and are sold in bond by the importers, and it would be impossible to continue this practice (which has for long prevailed, to the great convenience and advantage of the trade) if the ad valorem principle is applied. The seller would not for obvious reasons disclose his costs before a sale was completed. And the buyer would not operate unless he could determine beforehand the duty-paid cost of the tea to him, for he might buy a tea at 10d. in bond, and find he had to pay an ad valorem duty on a cost of 1s.

That seems to be a very reasonable point. It would be absurd for a business man to have to produce his invoice to the person to whom he was intending to sell a parcel of tea. He would not only divulge what the tea had cost him, but he would have to produce his invoice before he could estimate what expense would be involved in clearing the tea from bond. It is further pointed out -

That in the case of consignments, and assuming unscrupulous parties involved, a wide door is opened to fraud. Tea is different from most other articles, in that it is one to which only a highly-trained expert could apply a check upon the invoiced value ; and even here, because the tea may have depreciated since shipment, the check is by no means beyond criticism. That a very large export trade from this State to Western Australia has been carried on for many years in blended teas, which would be practically killed by the Government proposals. Whether packed in bond or free store, it would be almost impossible - and, if possible, only at enormous cost in detail work - to ascertain the basis for an ad valorem tax, consequent upon the great variety in values and proportions of the teas so blended. That the consumption of high-class teas is a very small proportion of the whole, and the effect of the proposed ad valorem duties will simply further reduce this proportion. The whole tendency of an ad valorem rate would be to throw the consumption on to the commoner and cheaper teas.

Debate adjourned.

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23:15:00

House adjourned at 11.15 p.m.