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# RURAL REHABILITATION.

SPEECH BY MR. E. J. CRAIGIE, M.P.

(Member for Flinders District.)

In the House of Assembly, February 19, 1935.

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## REPORT OF SPEECH BY MR. E. J. CRAIGIE, M.P.

Mr. CRAIGIE (Flinders)—The rehabilitation of the wheatgrowing industry of Australia is undoubtedly one of the most pressing problems demanding the attention of legislators. Various schemes have been propounded by different shades of political thought, and the present Bill is one which aims to give some measure of relief to the wheatgrowers of South Australia. We have still quite a large number of people in this State who are not yet fully alive to the great hardships being endured by those engaged in wheat production. I was present at a conference of wheatgrowers of the western district of South Australia held at Wudinna on January 30. Over 200 farmers assembled there from practically all parts of Eyre Peninsula, and they were very much concerned as to their prospects. Various suggestions were put forth by different members who attended, and a number of resolutions were carried which, in the opinion of those responsible for them, were the correct methods to bring about a better social state for the man on the land. Some of the motions were of a far reaching character, and I am afraid that they did not show that knowledge of economic laws which is to be expected from people who claim to be leaders of thought in the wheatgrowing industry. I am alive to the fact that the wheatgrower is in a very bad financial state at present. He has been so for many years, but I am definitely of the opinion that the proposal in this Bill, whilst it may give some temporary measure of relief, cannot possibly deal fundamentally with the troubles of the farmers. Not only are the wheatgrowers suffering greatly as a result of a faulty policy in Australia at present, but the wives and children of these people are probably suffering to a greater extent. They have been holding on from year to year hoping that the coming year would be a better one for them. Their household requisites are gradually diminishing. Some of these people are short of clothing, and generally conditions are infinitely worse than most people are prepared to believe. Whilst admitting that these people are suffering great hardships, I join issue with many wheatgrowers and many of those who claim to represent them in regard to proposals

which are believed to be in their interests. We were told at this wheatgrowers' conference on January 30 that the one thing necessary to put the industry on a sound basis was, in addition to the 3s. per acre bounty and the 3d. a bushel allowance to be paid by the Federal Government, that there should also be a further acreage bounty for necessitous cases—those who suffered considerably as a result of droughts or the ravages of grasshoppers. The additional amount suggested was a bounty of 2s. per acre for those persons who reaped three bushels per acre or less, working down to 6d. per acre for those who received 10 bushels per acre or more. The idea of a bounty as a means of benefiting the condition of the farmer is one that receives much support at present. I can quite understand the position of the man on the land in asking that a bounty should be paid on his production, because for many years—almost since the inception of Federation—the farming industry of Australia has been paying high taxation to find bounties for those engaged in secondary industries. It is largely due to heavy taxation burdens placed on them that farmers find themselves in their present unfortunate financial position.

It is only natural that this section of the community, which has been drawn on so largely to provide bounties for other industries in the Commonwealth, now that it is suffering, should seek to participate in the bounty system. The idea of a bounty as a means of assisting the industry is one which certainly will not stand logical investigation. There seems to be in the minds of some individuals the idea that bounties grow on the tops of trees, or that they come down from Heaven with the showers. Unfortunately, that is not the case. Other people appear to imagine that the Government has some mysterious source from which it can draw millions of pounds at any time it desires, and hand it out to different sections of the community which may be suffering some disadvantage. But the cold, hard facts must be told to all sections that no Government, as such, produces any wealth, and before it can hand out bounties to any section it must take it from some other section which is engaged in production. You can only pay

anything out of the wealth which has been produced. When one realises that in South Australia our agricultural industry is responsible for producing 51 per cent. of the wealth one will see that when it comes to a question of paying the bounty, the wheatgrowers themselves will very largely contribute to that which they expect to get from some other source. It is really a matter of their putting their hand in one pocket, taking the money out and putting it in another, losing something in the transfer, and expecting to get some benefit by means of a policy of that kind. I say without fear of contradiction that the idea of a bounty as a means of endeavouring to improve the conditions of society, particularly the wheat-growers, is one that cannot possibly be justified.

Another section of the community are very keen on what they call the home consumption price, or a guaranteed price of some kind. The Leader of the Opposition dealt with that aspect and said that the Government was not doing anything to rectify the prices of commodities. He believed that relief could come only by means of what he was pleased to call a long range policy—that is by marketing wheat under a compulsory pool managed by the Commonwealth Bank, and that there should be a guaranteed price of 3s. 4d. per bushel wherever the wheat was delivered, irrespective of the part of the State. I know that a compulsory pool is something very dear to the hearts of Labor men. It is a step in the direction of socialistic control, but no person who believes in the principles of freedom and that a man is entitled to the product of his labour, would have to do with anything in the nature of a compulsory pool. I understand that it is a good Labor principle that the man who produces wealth is entitled to the full product of his labour, and I agree heartily with that. If a man is to enjoy the full product of his labour that comes to him, a man must be permitted to sell his product where and when he likes, and at what price he likes. One cannot secure the full products of his labour if the control of it is taken away from him, and a marketing board takes control of it.

Mr. Thompson—Is it not possible that a marketing board may get a higher price for him?

Mr. CRAIGIE—I would not say such a thing was not possible, but it is improbable, because when a man is handling his own product and is vitally interested in getting the

best return for it, he is more likely to do better in regard to marketing that product than would be an irresponsible board.

Mr. Fitzgerald—Not irresponsible. The members of it could not get there if they were irresponsible.

Mr. CRAIGIE—If a board is placed in control as suggested by the Leader of the Opposition it will have no personal responsibility in the event of a loss. Where there is no possibility of responsibility in connection with a loss you do not get the same efficiency and supervision as you do where that element of responsibility is present. I do not think that it is necessary to go further back than the compulsory wheat pools which operated during the war. Some growers are still waiting for the returns due to them for wheat placed in those pools.

Mr. Thompson—They are rather optimistic.

Mr. CRAIGIE—Yes, and because I believe they are optimistic in regard to those pools I strongly object to their going through a similar experience, which proved so disastrous. I believe that where you have the greatest measure of competition in the marketing of products, there you will get the best return on behalf of those responsible for its production.

Mr. Thompson—Has not the voluntary wheat pool given better results than those obtained from merchants?

Mr. CRAIGIE—There is a big difference of opinion as to whether that is so. You will find advocates of the pool who will say that that is the case, and those who claim that the opposite is the position. Nevertheless, one has to realise that a voluntary wheat pool has to stand up to competition from merchants. Remove that competition and it is questionable as to what the future results will be. As I am one who believes in perfect freedom of trade, and in allowing the law of competition to have full play, I do not believe that a compulsory pool under the Commonwealth Bank is the way out of the farmers' troubles. The Leader of the Opposition said that he would have a guaranteed price of 3s. 4d. a bushel for wheat, irrespective of where it was delivered—whether it was at a far away place on the West Coast or whether it was at Port Adelaide. It is one thing to say that you will give 3s. 4d. a bushel for the wheat and altogether a different proposition to be able to carry out the contract into which you have entered. We know that it is possible by making the home

consumer pay an artificially high price and by exporting our surplus on the world's markets at a loss. France has had an unenviable experience in regard to that type of effort in trying to bolster up its wheat industry. According to an overseas journal which I read I find that up to last November France exported 500,000 tons of wheat at 18s. per quarter, while its own people were compelled to pay 95s. per quarter for similar wheat. In the Commonwealth we could work along similar lines if we so desired, but I do not believe it is a good policy to bleed the home consumer so that the overseas buyer can get a benefit at his expense.

Mr. Thompson—You believe in the home consumer paying a reasonable price?

Mr. CRAIGIE—I believe in the home consumer paying the full market value of the wheat, and the real market value can be determined only by allowing the law of competition free play. The Leader of the Opposition also said that the wheat acreage under the control he proposed would not permit of its being increased over what it was for the previous year. If that were to be put into operation it seems to me that we would be making a very big step towards the solution of the unemployment problem, because so many policemen would be required to go along to the farmers and ascertain whether they had sown a bigger acreage or not that there would be really no unemployed on the market. While this might be very satisfactory from the unemployment standpoint, the policing of such a scheme would mean very great expense, and it would be a further charge on the wheatgrowers, who are already burdened with heavy expenses. A Federal Wheat Commission has been investigating the question of a home consumption price, among other things. Professor Giblin, in the second report presented to the Federal Parliament, gave a very interesting addendum, dealing with the home price and the export industry. His remarks were made in regard to the question of butter. He went on to show that the argument that he applied in relation to butter also applied in regard to wheat and wool. Because this professor of political economy has made striking statements which I believe should be brought under the notice of the wheat-

growers and the general public of South Australia, I propose to read some sections of his report. The professor said:—

The term "home price" is applied to export commodities, when by any means their price is raised above what it would be under free-trading conditions, i.e. above the net price they would fetch if exported.

It is obvious that the effects of raising the price of a commodity in this way are exactly comparable with the effects of raising the price of Australian products by a tariff against imports. The effects of raising the prices of imports by Customs duties or home products by Excise will also be comparable, except for the important consideration that the higher price paid in customs or excise goes into public revenue and lightens other taxation on the average by the same amount.

No one, in general, would willingly raise the price of the necessities of life. All tradition is against it. When, however, an important primary industry like dairying is threatened with disaster on account of a fall in world prices, it is felt to be reasonable that the whole community should contribute to help it over the lean time. Such a contribution is felt, by the public and the press, to be made by a home price. Each consumer is called upon to do his share to sustain the threatened industry.

This conception of a home price, as sharing among all the nation the burden of assisting a distressed industry, will be seen on consideration to be entirely mistaken. We may first, however, assume that the burden is really spread over all consumers, and note one or two consequences.

A tax on any necessity is bad, because it exacts a much higher rate of taxation from the poor than the rich. It is particularly bad when the commodity is used by children as much, or even more than, by adults, as with sugar, butter and bread. In such a case the tax becomes regressive to an appalling degree.

The reasons for using the home price rather than any open form of taxation for giving assistance to the dairy industry are chiefly political. It has the appearance of relieving Governments from direct responsibility in the matter and certainly makes the matter less liable to discussion in Parliament. This suits the producer, because a subsidy once gained in this way is likely to continue without criticism even when circumstances no longer justify it. Land values are restored or even enhanced, so that financial interests are also favourably disposed to a home price. With Governments, producers and money interests in the unholy alliance, criticism can safely be dismissed as "academic."

The effects of a home price (or excise duty) on sugar and bread or flour would be almost exactly the same as those outlined above for butter.

The broad result of the above discussion is to show that assistance by a home price to any export industry is mostly paid by the export industries as a whole.

Professor Giblin's remarks show that anything in the nature of an attempt to assist the wheat industry by means of a home price is likely to affect the industry, and that it will have a particularly harmful effect upon the poorer section of the community. I mean that the man with the largest family will be called upon to pay the greatest amount under such a scheme.

Mr. Playford—What does the professor suggest as a solution of the problem?

Mr. CRAIGIE—He is like most professors. He does not make a suggestion, but merely criticises and shows the weakness of the argument put forward. He leaves people in the air, which is so characteristic of professors of political economy. He is engaged in destructive criticism, and does not put forward anything of a constructive nature. There is another feature in regard to an increase by means of a home price. Such a price will add to the cost of living. Under our idiotic method of regulating wages to-day we base our wages figures upon the index figure of the cost of living. If a home price is provided for the purpose of assisting the farming industry, the effect will be an increase in the cost of living index figure, and in the money rates of pay. We shall then find that every employer of labour will be compelled to pay higher money rates of wages, and this will have the effect of still further inflating the price of commodities. In turn this will affect not only the individual taxpayer as the purchaser of a commodity, but it will also affect him as a taxpayer, owing to the Government in the public utilities it controls having to pay higher money rates of wages, because of the artificial means of raising wages according to the index figure.

Mr. Thompson—You talk about the idiotic way of fixing wages, what is the sane way?

Mr. CRAIGIE—That is not under discussion at present, but at a later date I shall be pleased to enlighten the honourable member on that important phase of economic principles. It seems to me that the basis of what is commonly termed a "living wage" is something comparable to giving a dog a bone or feeding a horse with chaff. You give the worker just sufficient to build up wealth for the employing classes, and provide a plentiful class of wage slaves for the future. I have better ideas than that the worker should be satisfied merely with the living wage. He should demand the full product of wealth that

his labour calls into being. That is why I claim to be the only true Labor representative in this Chamber at the present time. In case it may be thought that the statements by Professor Giblin are something of an academic nature that do not work out in practice. I will refer to an illuminating article which appeared in a circular issued in January by the National City Bank of New York. France has been trying to prop up her wheat industry on an artificial basis. It has proved a miserable failure, and we should profit by mistakes made in other parts. At the present time, with our farmers so financially embarrassed, a great deal is heard as to the need for a fixation of the price of wheat. We are informed that other articles enjoy the benefit of fixed prices, and the same blessing should be bestowed upon the wheat producers. The fixation of prices is not a new thing. It was tried in the days of Babylon, but coming along the pages of history we find that all such attempts end in failure. Those conversant with the working of economic law know that failure is inevitable. But notwithstanding the evil effects which have followed the adoption of the policy in other parts of the world, there are still politicians in Australia who urge that such a policy should be put in operation here. The circular I mentioned says:—

The decision of the French Government to terminate as soon as practicable its experiment with wheat price fixing, to which the Chamber of Deputies gave its assent on December 13 by a decisive vote, should be a matter of much interest in this country and to our neighbour on the north, where the disposition to try out price fixing as a remedy for economic ills is as marked as it is elsewhere. In France as in this country agriculture is a centre of the national interest, and the farmers have a strong representation in the Government. From the onset of the depression, and the decline in world wheat prices, efforts have been made to shelter the French wheatgrowers from its effects and the scope of these effects widened as the depression continued and the agricultural position became more difficult. The law setting minimum wheat prices to French farmers dates back eighteen months. Thus the experience has been a short one, but it has been sufficient. The French Government has learned, as other governments making similar ventures have also learned, that price fixing offers no solution for depressed commodity markets, and its experiences add another valuable chapter to the record. Economic theory objects to price-fixing measures on the ground that by holding prices above their natural level they encourage production, disrupt trade, discourage consumption, perpetuate the surplus, and finally become un-

enforceable. Moreover, as long as they are in operation they constitute a subsidy to one group of the population at the expense of other groups and the cost is a burden on the national economy. All of these effects have developed in the French experience. The surplus of wheat in France has grown unmanageable, and it is plain that the Government's measures, tending to maintain production and reduce consumption, have been an influence in accumulating it. In order to support the domestic market it is necessary to export wheat at the expense of the national Treasury, which must make up to the farmer the difference between the domestic and the world price. The higher bread prices resulting from the programme, and the costs to the Treasury, have provoked the resentment of the urban and industrial population.

The article goes on to show that despite all the efforts of the Government to enforce its decrees there grew up a "black" or "bootleg market in wheat, trading at prices well below the official minimum." There is "open defiance" of the law on the part of farmers "more anxious to sell their wheat than hold it for the legal price, and by bakers." This fact was admitted by Premier Flandin. Another phase of the situation is that the price of bread is fixed according to the official price of wheat, "and unless there is a 'black' market for bread also the consumer gets no benefit from the illicit wheat trading." It is also stated that "since the initial price-fixing law was adopted three other laws and around one hundred decrees have been found necessary to supplement and strengthen it." Professor James E. Boyle, of Cornell University, an outstanding authority on the grain trades, after an investigation, stated that the regulations applying to the wheat and milling trades, and doubtless necessary to the enforcement of the act, "were so numerous and detailed that probably no lawyer in France was able to construe them correctly, although a leading attorney had issued a 715 page book devoted solely to explaining them."

It is claimed that under this regimentation the number of wheat dealers was cut in half, and the milling business has become so difficult, especially for the mills desiring to observe the price law, that some have closed. Interesting details are given relating to the development of the protective policy in regard to wheat, the general tariff rate on which has been increased since January 1, 1927, from 19.6 cents per bushel to 1 dollar 71 cents—from about 10d. to 7s. 2d. per bushel. In 1929, when a crop of 337,000,000 bushels was

raised, resort was had for the first time to regulations limiting the use of foreign wheat in the manufacture of flour. Normally 30 per cent. of foreign hard wheats were used for mixing with the French soft wheats, but these imports were limited at various times to 3 per cent., later 1 per cent., and finally in the 1933 emergency, no hard wheat was allowed.

The quality of the bread was affected by this limitation, and there has been a declining tendency in bread consumption. In 1930 and 1931 unfavourable conditions reduced the crop, and the 1929 surplus was successfully moved. The accumulation of the present surplus began with the 1932 crop, which turned out to be 334,000,000 bushels. From that year there has been a succession of measures, leading up to price fixing, to support the market. The Government granted a bounty on exports of wheat, and finally it resorted to paying a subsidy to farmers who would hold their wheat, all without effect. The carry-over at the end of the 1932-33 season was large. Then the 1933 crop came to market totalling 362,000,000 bushels, the largest since 1907, and 50,000,000 in excess of the country's requirements. To meet this situation the Government reduced the flour extraction rate to 65 per cent., compared with the normal of 76, and prohibited all use of foreign wheat in the making of bread. It established a bounty on denatured wheat fed to livestock, and increased the bounty on exports, finally as high as 6s. 10d. Most important of all, it passed the Act fixing the minimum price to the farmer at 115 francs per quintal (220lbs.), equivalent to 8s. 8d. per bushel. This price was increased by 2½ cents per month during the 1933-34 crop year, to allow for carrying charges, and insure "orderly marketing"; and at the end of the season (August 1, 1934) the price in Paris was around 2 dollars 38 cents (9s. 11d.). At the same time the surplus had mounted to 110,000,000 bushels, despite all efforts to reduce it, and Argentine wheat was selling in Liverpool for around 75 cents (3s. 1½d.).

The 1934 crop has not relieved the situation. Estimated at 332,000,000 bushels, it also is substantially above requirements. The Government fixed the price of this crop at 1 dollar 96 cents (7s. 4d.). But with all the efforts made to ease the position the surplus is practically the same. This

was the situation facing Premier Flandin when he took office last November. Under the new wheat law the minimum price will be reduced from 108 to 97 francs per quintal, and will be removed entirely in six months. The Government will eventually absorb the surplus, at a total cost estimated up to 125,000,000 dollars, financed by borrowings which will be serviced by taxes on producers and millers. Premier Flandin told the Chamber that it was intended to export 36,000,000 bushels, of which over 20,000,000 will be denatured for livestock feed. A bounty of 1 dollar 18 cents on exports is provided. It is proposed to reduce the price of bread by  $12\frac{1}{2}$  per cent. or more, making it slightly lower than it was prior to the enactment of the 1933 law. Penalties are placed upon any expansion of acreage, and planting of certain varieties of wheat, giving a high yield, but of low quality, is forbidden.

It is pleasing to see that a measure of economic sanity is developing in France, and it is to be hoped that other nations will profit as a result of their experience. The subsidies and protective devices necessary to support the high cost of production in Europe are a burden on the people who pay for them, and on the whole economic system. These artificial measures have thrown the wheat trade of the world into disorder, and the disturbance has been felt by all sections of the community. The article concludes with the following statement:

It is idle to expect any stability in the wheat growing industry or in the world wheat trade as long as the production of wheat is governed not by calculable economic influences, such as the cost of growing it in various places and the quality produced, but by the incalculable political decisions of governmental bodies, based on uneconomic considerations. Nor is there reason to hope for more than a patchwork solution in the efforts to induce the co-operation of wheatgrowing countries on a basis of mutual sacrifice, each accepting production or export quotas; or in the vision of an internationally controlled wheat economy. The fallacy in the claims made for such an economy, even if it were practicable, is that its chief effect would be to preserve the high cost producer, for the curtailment would necessarily fall on the low cost exporting countries.

Australian farmers have heard a lot recently about "orderly marketing," a "controlled price," "quotas," and such like interferences with natural law; and they would do well to pause before committing themselves to such fantastic schemes which have brought disaster

elsewhere. The fact that cannot be too strongly stressed at the moment is that the regulation of price is not a satisfactory means of dealing with this important problem. Safety will be found only by allowing the natural laws of trade free play. All effort should be concentrated upon a reduction in the cost of production. The wheatgrower must be permitted to buy in a free market, and not be bled for the sake of the manufacturing industries which seek and obtain special privilege. Canada, the United States, and France have paid dearly for interference with economic law. Let us profit by their experience, and thus avert greater disaster. That is the experience of France, which has tried by means of a bolstering policy in regard to prices to bring about some permanent and lasting benefit in regard to the wheat industry of that country. Those who are cognisant with the actual situation must know that until the big carry-over on the world's markets is dealt with in a satisfactory manner, and whilst you may bleed home consumers in an artificial price within the protected area, the surplus wheat must be sold overseas at a loss. According to the figures available the forecast of the world's carry-over for July 31, 1935, is from 340,000,000 to 380,000,000 bushels.

Mr. Playford—What is the normal carry-over at that period?

Mr. CRAIGIE—In 1934 it was 792,000,000 bushels, and in 1933 it was 779,000,000 bushels. Frequently we are told that the farmer is in his present unfortunate position because there is over-production of wheat. I am of opinion that it is not over-production we are suffering from so much as under-consumption. Particularly since the war period the countries of Europe, especially the new ones, signalised their entrance into nationhood by erecting tariff barriers between each other. They thus went in for a policy of economic nationalism, and prevented trade from having free play, thus bringing about considerable reductions in the purchasing power of the people. Because of that reduced purchasing power, although the people want more wheat they are not in a position to buy it. It seems to me that all these schemes suggested as a means of improving conditions along artificial lines must inevitably fail as they have failed in the past. Some people are much concerned whether the farmer is getting a fair deal from the Farmers Assis-

tance Board at present. At the conference I attended at Wudinna on January 30 quite a lot was said about the injustice done to farmers, and about the board not giving farmers the consideration to which they were entitled. In a huge scheme such as that operating over such a wide tract of territory and dealing with so many individuals it would be a surprising thing if we did not find some people who got perhaps a little more than that to which they were entitled while others did not get at much as they deserved. However, if we look at the question in a proper manner we will be compelled to admit that, generally speaking, the board has handled a difficult situation in a most satisfactory manner. There was an attempt made at the conference to gain the support of West Coast farmers for a resolution carried in the first place at Karoonda whereby the farmers were asked to pledge themselves not to come under the operation of the Farmers Assistance Act next year. I am pleased to say that out of the 200 farmers who assembled on that occasion when the matter was put to the vote 42 voted for the motion and five against it. Later, when the members were asked to sign a petition stating that they objected to coming under the Act because of the unsatisfactory treatment they had received only three out of the 200 signed the petition.

Mr. Stott—That statement is absolutely untrue.

The DEPUTY SPEAKER—The interjection is contrary to Standing Orders and I ask the honourable member to withdraw.

Mr. STOTT—On a point of order, I said the statement was absolutely untrue. I did not reflect on the character of anyone.

Mr. Craigie—I made the statement.

Mr. STOTT—I withdraw in deference to your wishes, Mr. Chairman.

Mr. CRAIGIE—Notwithstanding the statement made by Mr. Stott I was present at the meeting and he was not. I listened to the debate at the conference from the beginning to the end. I know a special effort was made from time to time to arouse the enthusiasm of the farmers in order to gain support for the resolution.

Mr. Stott—To what conference are you referring?

Mr. CRAIGIE—The conference at Wudinna.

Mr. Stott—You said at Karoonda.

Mr. CRAIGIE—I did not. I said that at Wudinna they attempted to get support for the Karoonda resolution. It is inter-

esting to find how the Farmers Assistance Act has operated. According to the Auditor-General's report we find that under Part III. approximately 330 settlers have been accepted and a further 50, (under section 19) are under protection, but are not being financed by the board. Under Part IV. approximately 1,680 applicants were granted assistance and in addition 240 settlers were transferred from the control of the Debt Adjustment Act, 1929-1932, but 180 are still carrying on without any assistance from the board. That shows that a large number of farmers have been compelled, owing to unfortunate circumstances, to seek the assistance of the board. A tabulation provided by the Auditor-General for 1934 gives the following information:—

Applications received . . . . .	3,023
Applications approved . . . . .	2,797
Applications withdrawn or declined . . . . .	220
Applications pending . . . . .	6
Advances to June 30 . . . . .	£738,824
Repayments to June 30 . . . . .	£340,828
Total proceeds received to August 31 . . . . .	£385,500

It is interesting too, to consider the amount of arrears in regard to farm relief advances. Under the Farm Relief Act, 1931, and the Farmers Relief Extension Act, 1931, the arrears of advances amount to £208,211, and under the Farmers Assistance Act, 1932, to £300,130, making a total of £508,341 up to June 30, 1934. It is generally considered that when the accounts for this year have been completed approximately another £200,000 of losses will have accrued under advances under that Act. That will be about £750,000 outstanding in that direction, and it will be irrecoverable owing to the unfortunate position of the farmers. The Auditor-General also gives a schedule up to August 31, 1934, in regard to the distribution of the 1933-34 crop proceeds, which have been completed in only 1,181 cases. According to this report the following statistics apply:—

	No.	Per cent.
Paid all creditors . . . . .	19	1.6
Paid interest, rent, &c., and dividends on antecedent debts . . . . .	29	2.61
Paid advances and dividends to interest, rent, &c. . . . .	208	17.64
Partial failures . . . . .	658	55.55
Total failures . . . . .	267	22.6
	1,181	100

It will be seen that owing to the unfortunate climatic conditions and the low prices ruling



for wheat that have been characteristic during recent periods a big section of our farmers has found it impossible to operate on profitable lines and the Government, through the Farmers Assistance Board, has had to meet the position by additional charges on taxpayers. When the statement is advanced that nothing has been done on satisfactory lines to assist the farming industry, I think these figures taken from official sources indicate that a very considerable amount of support has been given. We frequently hear that the Farmers Assistance Board is not giving satisfaction in regard to medical fees. The 1933-34 advances for medical fees amounted to £5,000, but for the six months of the present year £7,000 has been advanced. Although it probably cannot be disputed that hardship has occurred in some cases, it must be admitted that, generally speaking, the board has been sympathetic in its administration and that it is out to do what it can to lighten the farmers' burden.

Mr. Christian—Those medical fees came out of the farmers' own bounty.

Mr. CRAIGIE—Not in all cases. At the Wudinna conference a resolution was carried asking that the adjustment of debts should be expedited as much as possible. It is from the re-adjustment of debts that the farming community is expecting most. I pointed out to the conference that the re-adjustment of debts was not as easy as it appeared on paper. If one suggests that the debts of farmers should be re-adjusted, he cannot logically refuse to adjust the debts of the country storekeepers who stood by the farmers; and if one is going to give consideration to the country storekeepers in regard to debt adjustment, can one then refuse to make an adjustment of the debts of the merchants who have stood by the storekeepers? To pursue the illustration a little further, and follow on the lines indicated by the Leader of the Opposition, if one is to re-adjust the debts of primary producers, can one logically refuse to re-adjust the debts of those who bought homes at fictitious values? As legislators we must be prepared to look all round the question. I told the people at the conference that I did not believe they would get the relief from a re-adjustment of debts which they anticipated, and I also pointed out that if they were to have a re-adjustment of debts at the week-end, the next week they would—although they are not by nature spendthrifts—immediately proceed to contract new debts, which would have to be re-adjusted in the near future.

If a farmer is engaged in the production of wheat and it costs him 3s. a bushel to produce it and he receives only 1s. 11d. when he takes it to the siding, all the re-adjustment of debts in the world cannot possibly enable him to engage in profitable production. On the basis set out in the Bill temporary relief may be given to one section of the community at the expense of another. It is a dangerous principle to subscribe to, and one we should hesitate to touch where the sanctity of contracts is at stake.

In my opinion the main causes of farmers' troubles are political. I am not unmindful of the fact that certain farmers got into trouble during the boom period. They possessed one farm and were not satisfied and wanted two or three. The price of wheat was at a high level, and they bought more land on the basis of the price then ruling. In very few cases were those farmers able to pay cash for the new land. In many instances they paid a deposit, and the balance was allowed to stand over on mortgage. While the price of primary products remained at a high level they could meet their payments, but when the price of wheat slumped badly, and in addition climatic conditions vitally affected returns, it was inevitable that they could not meet their commitments, and disaster stared them in the face. It is questionable whether the Federal or the State Parliaments should legislate with a view to penalising another section because of the land-gambling proclivities of the small section which is in trouble to-day. I admit that not a great number could be placed in that category, but there are some who are suffering because of that position. Suppose it were possible by means of a rehabilitation scheme to put the farming community on a payable basis again. As indicated by Professor Giblin in his statement, land values would immediately rise, and that would inevitably take place in the event of a guaranteed price for wheat. When land values rise, it is because the return on the produce from the land is standing at a higher level. We must face the position that there would then be another crop of farmers who would not profit by the unfortunate experiences of those who came in and bought land at inflated values, and in due course we would be asked to pull them out of their troubles. The only way to prevent that is to make gambling in land unprofitable. It can be done only by taking the rental value into the Treasury so that the go-getters can-

not capitalise it and put it in their own pockets. Until that takes place we shall always have people who hope to get rich by gambling in land. People have suffered because of the high water rates and railway charges. I know I am getting on dangerous ground there, because although high railway and water charges are in existence, those services are not being managed at a profit. A big loss is being made on both.

Mr. Anthony—Not only that, but there is a large outstanding balance of unpaid rates.

Mr. CRAIGIE—I am not overlooking that. The high charges in regard to transport and water have been among the factors which placed farmers in their present position. The high charges associated with these public utilities are largely the result of an unjust economic policy perpetuated by the Federal Government. We are suffering as a result of an unsound Federal policy. The cost of production is a matter that both the Federal and State Governments can do something in connection therewith. It was interesting to get the opinion of the Wheat Commission on the question of the cost of production, and I propose to read some extracts from the report of the Commission, so that farmers who read "Hansard," and who would probably not see the report elsewhere, may get some idea of what the Commission found when it investigated the position of the farmer. The report stated that there were No. 1 and No. 2 costs. The basis of cost No. 1 is the actual cost of the operations on the farm, including a sum for the farmer's own labour, but excluding the interest charges. It therefore indicates the average price which the farmer must obtain at the siding if he is to continue in production, assuming that he is free of all debt and has credit or cash to finance his year's operations. It was also pointed out that the farmers had certain advantages in regard to living on the farm, which were set down as a cash consideration of £75. It was assumed by the Commissioner that the farmer was entitled to a further £125, thus bringing his allowance for the production of his crop up to £200 per annum. The basis of cost No. 2 is cost No. 1 plus such interest charges as the farmer has to meet. In dealing with the accounts of 452 farmers the Commission found that the No. 1 costs were distributed as follows:—

3.9 per cent. are producing below 1s. per bushel.

27.0 per cent. are producing between 1s. and 1s. 11d. inclusive.

38.9 per cent. are producing between 2s. and 2s. 11d. inclusive.

18.6 per cent. are producing between 3s. and 3s. 11d. inclusive.

6.6 per cent. are producing between 4s. and 4s. 11d. inclusive.

4.9 per cent. are producing at 5s. or over.

How is it possible for any farmer to be in anything but a financially embarrassed state when it is costing from 3s. to 5s. a bushel to produce his wheat, and he is getting less than 2s. per bushel for it when he delivers it to the merchant at the siding? Nothing, apart from insolvency, could be expected from pursuing an economic policy of this kind. As regards No. 2 costs, the data so far analysed suggests that a price of 3s. per bushel at sidings would enable about half the wheat-farmers of Australia to meet their expenses and commitments under present conditions of costs and interest. It also appears that three-quarters of the producers would be able to continue without re-adjustment when the price is 3s. 10½d. per bushel at sidings. From the data covering the whole of the chief Australian wheat districts, compiled to date, it appears that interest on actual interest-bearing indebtedness account for about 7.5d. in the farmer's costs per bushel. This figure was calculated when the overdraft rate was 5½ per cent., although a number of farmers were being charged less than that rate. Although the No. 2 interest cost per bushel may average 7.5d., the variation in this respect is very wide indeed. In extreme cases it is over 2s. per bushel; in the cases of farmers free from debt, it is, naturally, nil. The Commission further stated that the interest charges which have to be met may be illustrated by the following tabulation of the results of the 452 farmers:—

21.5 per cent. of the farmers have to pay an interest charge of 3d. or less per bushel.

25.0 per cent. have to pay an interest charge of between 4d. and 6d. per bushel.

14.6 per cent. have to pay an interest charge of between 7d. and 9d.

14.4 per cent. have to pay an interest charge of between 10d. and 1s.

9.5 per cent. have to pay an interest charge of between 1s. 1d. and 1s. 3d.

5.5 per cent. have to pay an interest charge of between 1s. 4d. and 1s. 6d.

2.8 per cent. have to pay an interest charge of between 1s. 7d. and 1s. 9d.

6.6 per cent. have to pay an interest charge of 1s. 10d. or over.

It is not to be wondered that farmers are in an extremely bad way when the interest charges are so heavy. The Commission further pointed out that the figure of 7.5d. per bushel makes no allowance whatever for the large amount of money invested in the industry by the farmers, only the interest on borrowed capital has been included. If those farmers who are without debt, or who owe only moderate amounts, are eliminated, the figures will be much higher. Approximately 30 per cent. of the wheat producers are confronted with interest charges of 1s. per bushel or over. In many cases these interest charges are brought into existence because of mortgages which have been arranged in connection with the purchase of land. They are also due to the fact that implements are purchased on the hire-purchase system, and that our tariff policy inflates the price of the implement and automatically increases the amount of interest to be paid on that implement. Our rates and taxes are not paid as promptly as they would be in a proper state of society, and a further burden is placed on the farmer in that way. For that reason, unless our policy is changed in order to make the farmers' interest lower in the future than in the past there seems to be little hope for them. The Commission also stated that the evidence before it indicated that only those farmers who carried on with great frugality and with the aid of sheep or other sidelines during the years prior to the lean period 1927-34, or, those who inherited freeholds, or purchased at low values prior to the boom period, are free from substantial debt. In many cases, the original debt is now being periodically augmented by maturing interest, sometimes compounded, which the farmer is not at present able to pay. It is obvious that present-day values cannot carry the loan debts of boom years. In all districts there are to be found a number of cases in which mortgage or other debts of the farmer equal or exceed the present-day value of his assets. The repercussions of the situation are vitally important because the farmers' debts are the assets of other sections of the community.

The small measure of relief which is proposed under the Bill is not going to be of much practical advantage to the farmer. We are told that there is an amount of £12,000,000 to come from the Federal Government over a period of three years, and that the State is to receive £1,800,000 of that amount. Accord-

ing to the scheme which has been formulated provision is made for a composition of unsecured debts—those who have secured debts can please themselves whether they come under the scheme or not. The unsecured debts of the State amount to only £4,000,000 out of £40,000,000. I am definitely of the opinion that the little which can be done by this Parliament will not produce much effect so far as the wheat-growing industry is concerned. The matter, in my opinion, is mainly one that must be dealt with by the Federal Parliament, and I cannot understand how men who claim to be statesmen, and who have the interest of the Commonwealth at heart, can consistently continue the tariff policy that is crushing the primary industries day by day. There is not the least doubt that that is the fundamental cause of the farmers' troubles. The farmers have not been allowed to buy in the same free market as they are compelled to sell. The manufacturers of the Commonwealth seem to have a strangle hold over all sections of political thought in the Federal sphere. It does not matter whether it is the Nationalist, Labor, or Country Party, they all stand for a protective policy to a greater or lesser degree. The party that you would expect above all others to stand for the non-taxing of the products of labour—the Labor Party—is the greatest sinner in this regard. The Labor Party wants palliative measures to pull the farmers out of their troubles, and yet if this party is able to give effect to the policy it advocates it would land the farmers in a position worse than they are in to-day. Although we cannot by legislative enactment do anything to deal with the main cause of the farmers' trouble we can, as representatives of the people, in and out of season raise our voice against the continuation of such an iniquitous tariff policy. Unfortunately, owing to the curse of party politics to-day, we find there is not that freedom of expression that we should have. It is always agreed by practically all sections that the tariff policy of Australia has gone too far. Farmers are "getting it in the neck" not only in connection with the things they buy, but our policy of economic isolation is gradually but surely losing the overseas market for our primary products, and once this market for our primary products is gone it will take much getting back again.

Mr. Rudall—Do they agree with that in Sydney and Melbourne?

Mr. CRAIGIE—I have addressed meetings in Victoria and New South Wales—

Mr. Rudall—I mean the two capital cities.

Mr. CRAIGIE—I have not addressed a meeting in Sydney, but have addressed meetings in the Melbourne Town Hall on several occasions. Among the rank and file there is a general understanding that they do not benefit by protection. The rank and file would be ready for a change, as they realise that the manufacturers are the ones who get away with the swag and they must remain on a living wage at all times.

Mr. Rudall—They do not show it by their vote.

Mr. CRAIGIE—That is because of the party system. They hate the Nationalist Party worse than they do the Labor Party. By putting the Labor people into control they hope that some day they will get relief from the taxation burdens which are imposed upon them. We know what happens at election time. Many people are perfectly satisfied that the policy of their party is not good, but the “urgers” go along and say, “If you vote for the Nationalist crowd they will reduce your wages and reduce you to slavery.” On the other hand the Nationalist crowd will say, “If you vote for the other fellows goodness knows what will happen.”

Mr. Thompson—The quest for free trade and low wages has not gone very far.

Mr. CRAIGIE—It appears that my friend cannot speak with knowledge on the question of free trade and low wages. These two things do not go hand in hand.

Mr. Thompson—That is why wages are low in China and there is free trade?

Mr. CRAIGIE—I do not know that the people of China are suffering worse conditions than the beautiful conditions which Australian workers are suffering, as a result of the tariff policy, in the beautiful “villas” they are inhabiting on the banks of the Torrens to-day.

Mr. Thompson—The people in this State would prefer our conditions to those existing in China.

Mr. CRAIGIE—The general mass of people in China are perfectly satisfied with the conditions, and would not change them for the conditions of people in Australia. The less we say about the high standard of living in Australia, with our beautiful policy,

the better it will be for us. In a young nation such as this with about 400,000 registered as unemployed, and with those in employment finding it almost impossible to set aside 6d. for a rainy day, we should keep very quiet about the high standard we have. Although we in Australia handle more money tokens than workers in many other countries, the real wages of labour are not represented by the amount of currency units you get at the week end, but the amount of bread, meat, &c., you can get for them. Judging by that standard the wages of Australians are extremely low.

It is interesting to see what the position of the farmer is in regard to some of his implements. The following is a comparison of prices in 1914 and 1934:—

Implements.—Harrows, 6 sections: 1914, £8 10s. 6d., less discount, 7s. 6d.; 1934, £17, less 2½ per cent.

Plough, 6 furrows: 1914, £45, less £2 5s.; 1934, £69, less 2½ per cent.

Drill, 17 disc: 1914, £47, less £3 15s.; 1934, £65, less 2½ per cent.

Stripper harvester, 6 feet: 1914, £83, less £4; 1934, £116, less 2½ per cent.

Stripper harvester, 8 feet: 1914, £98, less £5; 1934, £149 10s., less 2½ per cent.

Hay rake, 9 feet: 1914, £10, less 10s.; 1934, £16 5s., less 2½ per cent.

Reaper and binder, 6 feet, fitted with fore-carriage: 1914, £42, less £3; 1934, £75, less 2½ per cent., fore-carriage £12 extra.

Our farmers have to compete in the markets of the world, and it is interesting to compare the prices other people pay for implements purchased by our farmers. The following statement shows the position:—

Implements.—6 feet reaper and binder: Prices in U.S.A. and Canada, £42 to £48; price in Australia, £71 5s.

4½ feet mower: Prices in U.S.A. and Canada, £15 to £18; price in Australia, £31.

9 feet rake: Prices in U.S.A. and Canada, £9 to £10; price in Australia, £16.

10-16 disc harrows: Prices in U.S.A. and Canada, £14 to £15; price in Australia, £24.

7½ feet spring cultivator: Price in U.S.A. and Canada, £19 10s.; price in Australia, 8 feet, £26 17s.

8 feet stripper harvester: Price in U.S.A. and Canada, from £95; price in Australia, £142.

If we express these things in terms of wheat and leave currency out of the question, with wheat at 2s. 6d. a bushel the United States

farmer can get a 6ft. binder by giving 336bush., the Canadian farmer by giving 384bush., but the Australian farmer, because of the blessings of protection, must give 570bush. for the same machine. Seeing that he has to sell his products in the world's markets in competition with these people, it must be realised what great disadvantages he suffers. Not only the tariff duties on farm implements vitally affect him, but he needs a lot of other things such as galvanized iron, fencing wire, cement, &c. All these articles are artificially taxed so that the purchasing power of his pound is reduced to about 10s., and then while he has to buy under unfair conditions he is compelled to sell the product of his labour in the open markets of the world

under free trade conditions. It cannot be done on a profitable basis. Despite the fact that we have this rural rehabilitation measure before us I am definitely of the opinion that until this House voices a protest to the Federal Parliament and demands a removal of the taxation burden crippling the farmer, he has no chance to rehabilitate himself. For that reason I hope that, if this debate does nothing further in regard to the matter, it will have the effect of stimulating members, particularly those representing farmers, to pay more attention to the fundamental causes of the trouble, and not do so much in the way of palliative legislation which inevitably must lead the farmers into a more unfortunate position than they find themselves in at present.