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INTRODUCTION.

The international situation and the closely related question of defence policy have been considered in several of the Parliaments whose proceedings are summarised in the following pages.

As regards the United Kingdom Parliament, references occur to the Three-Power and Montreux Conferences and their implications, to the reform of the League of Nations, to re-armament and defence, and to Mandated Territories and the supply of raw materials; in the Australian Commonwealth Parliament references are made to the development of naval, military and air defence; in the New Zealand Parliament there is a reference to Government policy regarding the Navy and the League of Nations; in the Union of South Africa Parliament there is a discussion upon the position of the Union with regard to naval defence; and in the Indian Central Legislature there is a debate upon external dangers in relation to defence policy.

Other matters of general Empire concern, which are dealt with in this number of the Journal, relate to trade questions and the Ottawa Agreements in the United Kingdom, the Australian Commonwealth, New Zealand, India, Ceylon and Bermuda sections; to British shipping in the Pacific, the South African Protectorates, Colonial affairs and civil aviation in the United Kingdom section; to the Native Trust and Land Act and trade with Southern and Northern Rhodesia in the Union of South Africa section; to constitutional matters in the Indian, South Australian, and Southern Rhodesian sections; and to Broadcasting in the Dominion of Canada, New Zealand and Union of South Africa sections.

Subjects of more direct local concern, but which are of general interest to all Parliaments of the Empire, include finance, education and the telephone service, in the United Kingdom Parliament; the Government control of banking, railway and transport problems, and the amendment of the law regarding "unlawful associations," in the Dominion of Canada Parliament; Ministerial changes in the Quebec Parliament; finance in the Australian Commonwealth, Victoria and Queensland Parliaments; and Ministerial changes in the Victoria and Western Australia Parliaments.

In the New Zealand section, the passage of several Acts dealing with important social and industrial problems is recorded, including such matters as the Government control of railways and transport, the promotion of employment, industrial arbitration and the basic wage, the hours of labour and wages in factories, shops and offices, and the Fair Rents Act. In the Union of South Africa section, an Act and debate concerning the control of the sugar industry and prices are summarised; in the Indian section, debates are recorded dealing with finance and industry and a proposal to amend the law regarding " unlawful associations "; in the Southern Rhodesian section, a summary of the Sedition Act and of a debate on Industrial Conciliation are included ; in the Ceylon section the financial position, with references to defence, air services, and education, is reviewed ; in the Bermuda section references are made in the Governor's Speech to the financial position and the air service to New York ; and in the Mauritius section a financial contribution from the Colony towards Imperial Defence and a discussion on the marketing of sugar are recorded.

THE EDITOR.

EMPIRE PARLIAMENTARY ASSOCIATION,
(*United Kingdom Branch*),
WESTMINSTER HALL,
HOUSES OF PARLIAMENT,
LONDON, S.W.1.

30th October, 1936.

UNITED KINGDOM.

(Great Britain and Northern Ireland.)

After the Summer Recess, Parliament reassembled on 29th October, 1936. *On the following day it was prorogued prior to the opening of the new Session by H.M. the King, which was fixed for 3rd November.*

The following pages contain further summaries of proceedings up to the time of the adjournment for the Summer Recess, on 31st July, 1936.

INTERNATIONAL SITUATION.

(London Three-Power Conference : projected meeting of five Locarno Powers ; Montreux Conference ; Egyptian Treaty ; Reform of League ; Mandated Territories ; Germany and Colonies ; Re-armament ; Defence and collective system ; etc.)

On 27th July, in the House of Commons, the Foreign Office Vote was considered in Committee of Supply and a debate took place on the international situation.

DEBATE IN HOUSE OF COMMONS.

The Secretary of State for Foreign Affairs (Rt. Hon. Anthony Eden) described the projected meeting of the five Locarno Powers as the most important aspect of the situation at that moment. Ever since the German reoccupation of the Rhineland in March, 1936, it had been the consistent effort of the Government to seek to set on foot negotiations in order to restore the situation.

Referring to the meeting in London during the previous week of representatives of three of the Locarno Powers—Great Britain, France, and Belgium—Mr. Eden said the communiqué showed that they now looked definitely to the future. The conclusions reached were communicated immediately to the German and Italian Governments. The hope was expressed that these Governments would participate in the Five-Power Conference, of which the date and place would be fixed by common agreement. If the invitations were accepted, then there should be an agreement in general terms on their objectives, but the methods of realising them would still require much study and consultation.

Much work through the diplomatic channel would be called for before the meeting of the Five Powers could take place. The gain of the last two days really consisted in this : they had now reached a stage when, if a real spirit of collaboration existed among all concerned, they would be able to surmount the obstacles that confronted them.

Montreux Conference.

Dealing with the meeting of the Powers at Montreux and the provisions of the new Convention regarding the *régime* of the Straits, Mr. Eden remarked that the results of the Conference could be regarded as extremely satisfactory. Europe had been furnished with a valuable example of the progress that could be made by peaceful and legal methods of treaty revision. There could be no doubt that the results achieved, from every point of view, and not least from the point of view of Turkey herself, had been infinitely more satisfactory than would have been the case had Turkey attempted to take the law into her own hands. Turkey had re-established her claim to be able to fortify the Straits, but, at the same time, the general principles of freedom of passage through the Straits in time of peace, and of the free and international character of the Black Sea, had been reasserted and maintained.

One question which led to considerable difficulty was the conditions which should govern the passage of warships through the Straits in time of war if Turkey was neutral. In the solution eventually adopted no difference of treatment was laid down as between Black Sea and non-Black Sea belligerent Powers. Turkey was only entitled to discriminate between two belligerents in cases arising out of the application of the Covenant, or treaties of mutual assistance concluded within the framework of the Covenant, to which Turkey was herself a party. The Clauses of the new Convention which dealt with the passage of merchant ships were in several ways, notably as regarded the amount and methods of collection of dues and charges, more satisfactory than those of the old Convention.

War graves in Gallipoli.

A satisfactory agreement had been reached on the passage by air between the Black Sea and the Mediterranean, and between Europe and Asia, notwithstanding the fact that Turkey was not yet a party to the International Air Convention. Concerning the future of war graves on the Gallipoli Peninsula, Mr. Eden said that the Turkish Government had volunteered the most complete and satisfactory assurances. He paid tribute to the eminent services of Mr. Bruce, the High Commissioner for Australia, who, by his presidency of the Conference, had added one more obligation to the many which the comity of nations already owed him.

Turning to another aspect of Mediterranean affairs, Mr. Eden recalled the British Government's view that assurances given to certain Mediterranean Powers should not end with the raising of sanctions, but should cover the period of uncertainty which must necessarily follow any termination of action under Article XVI. Happily, he said, there were specific grounds for affirming that the position of uncertainty had now been brought to an end. The Italian Government had themselves approached the Turkish, Jugoslav and Greek Governments, and had given each of them clear assurances that Italy had never contemplated, nor was contemplating, aggressive action against any of them in retaliation for their past sanctionist policy.

It was emphasised that Italy considered the sanctions chapter to be definitely and completely over, and that she looked forward to a new period of mutual co-operation among all nations.

Egypt : satisfactory Treaty discussions.

Continuing, Mr. Eden stated with regard to Egypt that the first stage in the Treaty discussions had been concluded. Articles dealing with military matters were initialled by the heads of the British and Egyptian delegations on 24th July. He hoped that the friendly manner in which the talks had proceeded would pave the way for an early and sound settlement of the important points of a different nature which still remained to be discussed.*

Respecting reform of the League of Nations, Mr. Eden explained that Members were invited to send in their views before 1st September and the subject was to be discussed at the meeting of the Assembly in September. At the last meeting at Geneva a considerable divergence of opinion revealed itself even as to the procedure which was to be followed. There were some Members who took the view that any changes, or even discussion of changes, should be confined to Articles X, XI and XVI, and that the changes should not extend to Article XVIII, which had another kind of reference.

Another set of nations wished in no circumstances to limit the discussion which the Assembly might have. There were also fundamental differences as to the future of the League itself.

Divergent opinions on League reform.

There was a difference of opinion among people in the United Kingdom the same as there was among foreign nations.

* Agreement was subsequently reached on the provisions of the Treaty as a whole and the Treaty was signed at the Foreign Office in London on 26th August.

At one extreme were those who said they would like to see the Covenant shorn of its coercive or repressive provisions, who thought that members of the League should be under no Covenant obligation, for example, even to withhold supplies of any kind from an aggressor or Covenant-breaker, or to discriminate actively in any way between an aggressor and the victim of the aggression, still less to take military action.

At the other extreme were those who said they would like the obligation to render military assistance to the victim of aggression to be universal and automatic. Whatever the final view of the British Government might be, they were not in favour of either of the two extreme courses to which he had alluded. Between those two there was an almost infinite gradation of opinion. The relation of the Locarno problem and of League reform must not be lost sight of, because their objective in dealing with both must be to widen and strengthen the basis of international collaboration.

Rt. Hon. D. Lloyd George (Liberal, *Carnarvon Boroughs*) remarked that the Government represented the British Empire, the greatest power in the League, and he hoped the House would know what it was the Government meant to propose when they got to Geneva.

The Secretary of State for Foreign Affairs : " Of course we do not speak for the British Empire. There is the position of the Dominions to be considered also. I should be making the gravest possible mistake if I were to attempt at this time rigidly to define our position."

Question of Mandates.

Discussing the Government's attitude in respect of the transference of territories held by them under Mandate, Mr. Eden said the question had arisen whether any arrangements were necessary or desirable for giving foreign countries freer access to such raw materials as were produced in the Mandated Territories and in the Colonies. The Government were alive to the interest displayed in many quarters in these matters and would be glad to discuss the subject at some International Conference under the auspices of the League. An approach to the matter might well be made at the meeting of the Assembly in September. As to whether an actual transfer of territory held by them under Mandate was contemplated by the Government, the question was one which affected all Mandatory Powers—the United Kingdom, the Dominion Governments and foreign Governments.

" The Government have not had any consultation with them upon it," Mr. Eden observed, " but, so far as His Majesty's Government are concerned, the question of any transfer of Mandated Territories would inevitably raise grave difficulties, moral, political and legal, of which His Majesty's Government must frankly say that they have been unable to find any solution. His Majesty's Government therefore hope that, with so many other international questions still unsolved, but with new opportunity of advance towards their settlement having been afforded during the last few days, there will in no quarter be the desire at this time to introduce further cause of serious differences between the nations."

Lifting of sanctions.

Referring to the lifting of sanctions against Italy, Mr. Eden said that the British Government had been accused of cowardice and of having betrayed the League. But it must now be clear that the conclusion to which the Government came was come to about the same time, or even sooner, and for precisely similar reasons, by almost all other Members of the League. In conclusion, speaking of British re-armament, the Foreign Secretary remarked :

" Our armaments, for which we are asking, will, in fact, never be used for a purpose inconsistent with the Covenant of the League, or the Pact of Paris. They will not. That is the undertaking. They might and, if the occasion arose, they would be used in self-defence. . . They may be used in going to the help of a victim of aggression. In those conditions, do hon. Members really believe that the cause of peace will be furthered in a rapidly re-arming world by voting against the re-armament of this country ? "

Rt. Hon. Sir A. Sinclair (Liberal, *Caithness and Sutherland*) expressed satisfaction at the fact that because the German government had not seen their way to answer the questionnaire addressed to them by the British Government the Foreign Secretary was not going to allow that obstacle to stand in the way of getting Germany round a conference table.

Powers in conference.

As he understood Mr. Eden's plan, it was to bring Germany, France, Italy and Belgium to a Conference which was to be preliminary to a further Conference, at which Russia and other States Members of the League would seek a constructive solution of the political and economic problems of the world. If those were the objects of the Foreign Secretary, he was for them, too, but the enterprise would be long, arduous and dangerous. The great structure which Mr. Eden had envisaged could never be built upon the shifting sands of power politics and military alliances, but only on the firm foundations of the League Covenant. Even if the Foreign Secretary failed in his enterprise at his first attempt, the League provided a foundation always ready and prepared for a further effort.

Nothing would be better calculated to secure national unity than a clear declaration by the Government that they stood loyally by the Covenant, certainly with amendments, modifications and interpretations, but broadly as it was at present, and above all a Covenant which included Articles X, XI and XVI, which provided the indispensable foundation for a system of collective security. It would be a notable triumph if, as a result of the negotiations in which Mr. Eden was about to engage, Germany were to re-enter the League and if the League were for the first time to include every country of Europe. But that triumph would be too dearly bought if it involved the weakening of the Covenant.

Policy of public right.

Mr. F. W. Pethick-Lawrence (Labour, ***Edinburgh, E.***) asked with what was British foreign policy concerned and for what things were they prepared to risk their forces? It could not, in the long run, be in the interests of the British Empire, or any part of it, that they should disinterest themselves from public right. Increased armaments were no substitute for a sound foreign policy. "If we fail to support other countries when they are attacked by an aggressor," the hon. Member said, "we shall not be able to complain if other countries fail to support us when our time comes."

Ideas which were put forward from the Government benches of economic nationalism and a ringed fence round the Empire for economic purposes had provoked an immense amount of hostility. The Labour Party were far more willing than supporters of the Government to try to make an accommodation on peaceful lines, but they believed that in the maintenance of public right, and in that alone, was there any hope for the future of the world. The Opposition did not trust the Government's foreign policy and would not entrust the enormous re-armament programme to their hands.

Defence and the collective system.

Rt. Hon. Sir Austen Chamberlain (Unionist, *Birmingham, W.*) said that for their own defence they needed all that the Government were doing, and if they were to play their part in the collective system of the League of Nations they needed more than the Government had yet submitted to the House. He was glad to think that sanctions having been rightly terminated, the time had come when the Government could announce that the special assurances that were given in connection with those sanctions could also be terminated. The collective system had been insufficient either to preserve the peace or to prevent the aggression being successful in the case of Abyssinia. It would do no good to keep that wound open.

Unless they could bring the League back into a proper relation with reality it would not recover from the shock it had sustained and when tested again would fail still further. The first question which must be decided before they could settle exactly what the reform of the League was to be was "Who are going to be in it? Is it going to include Germany?" He knew no parallel instance of a Government professing a desire for peace and friendly relations with another Government which had shown such a studied contempt as Germany had done for friendly overtures. It was an ill omen for the new conversations: the further Great Britain advanced the further Germany receded.

Germany and her former Colonies.

Referring to the colonial movement in Germany, Sir Austen remarked that because Great Britain had used language which seemed to hold the door open to surrender there was a demand for the return of the Mandated Territories or compensation elsewhere. A great many of the Mandated Territories were not Great Britain's to return. Were they going to return Tanganyika in face of the protest of the South African Union Government? The British Government would be wise to say that they were not prepared to consider the return of Mandated Territories, although they would give the fullest and most sympathetic consideration to any economic difficulties which Germany believed to arise as a result of the fact that she had no colonial possessions.

Mr. Lloyd George observed that the whole life of the League depended on this: Was it going to be a Secretariat, or was it going to be a League? Was it going to be collective security or merely collective opinion? Was it a Covenant with complete authority behind it, or was it simply an Assembly which was called together as a debating society to discuss propositions? They ought to know where the Government stood with regard to that. He wished the Foreign Secretary well in the proposed Conference. He could not understand France not coming to terms with Germany. She had everything to gain by it and nothing to lose. If Mr. Eden could convince French opinion of that he would have achieved something that would give him immortal fame.

Government and the Covenant.

The Secretary of State for Foreign Affairs, replying on the debate, said the British Government did not intend to propose any drastic amendments of the League Covenant. "Moreover," he continued, "there are certain principles connected with the collective organisation of peace which, in our view, it is essential to maintain and to which the Covenant gives expression. Most important of all these principles is the prevention of war. That includes a number of important elements, of which I will mention four: the machinery for the peaceful settlement of disputes, the machinery for the adjustment of grievances, the creation of a deterrent to war, the establishment of an international agreement for the reduction and limitation of armaments. All those elements are indispensable to the collective organisation of peace, and all those elements the Government wish to see maintained in any modifications that may be made."

On a division an Amendment to reduce the amount of the Vote was negatived by 290 votes against 143, and the Vote was afterwards carried.

DOMINIONS AND FOREIGN AFFAIRS.

(Suggested early conference in London; British Government's view; Discussion at Imperial Conference next year; British Minister to visit Australia and New Zealand.)

On 14th July, in the House of Commons,

Lt.-Comdr. R. Fletcher (**Labour**, *Nuneaton*) asked the Prime Minister whether, in view of the prevailing anxiety in regard to international affairs, he would invite the Dominion Prime Ministers to a conference for the framing of a comprehensive British Commonwealth foreign policy?

The Secretary of State for Home Affairs (**Rt. Hon. Sir J. Simon**), who replied, referred to the fact that it has been arranged to hold an Imperial Conference in 1937. That conference, he said, would provide an opportunity for such discussion of foreign policy as might be found desirable. "It would not be practicable," he added, "for all the Dominion Prime Ministers to come to London at an earlier date, but opportunity is taken whenever Dominion Ministers are visiting this country to discuss foreign affairs with them."

Lt.-Comdr. Fletcher: "Is the right hon. Gentleman aware of the very grave discrepancies in policy between this country and the Dominions, notably the Union of South Africa, which are becoming apparent; and in view of the threatening state of world affairs, is it not worth making a special effort to bring British policy and Dominion policy into line at this time?"

The Secretary of State for Home Affairs replied that the answer he had already given showed that the importance of the matter was fully understood, but the practical difficulties of meeting had to be borne in mind.

Empire visits.

Mr. H. Day (**Labour**. *Southwark, C.*) asked whether it was proposed to arrange at an early date visits to the Dominions and overseas Empire by any of the British Ministers?

The Secretary of State for Home Affairs said: "Ministers from Australia and Canada are in this country now, and there will be further visits of Dominion Ministers next spring for the purpose of the proposed Imperial Conference. As regards visits to Dominions by Ministers here, the Parliamentary Under-Secretary of State for Dominion Affairs has been invited by the Government of the Commonwealth of Australia to visit Australia in connection with the South Australia Centenary Celebrations, and he will also pay a visit to New Zealand."

IMPERIAL AND NATIONAL DEFENCE.

(British re-armament programme: foreign opinion; Food supplies in war: storage of wheat; Defence Forces in the United Kingdom: new developments.)

On 15th July, in the House of Commons,

Mr. A. Henderson (**Labour**, *Kingswinford*) asked whether the anxiety of the Member States of the League of Nations that the re-armament programme of the British Government should be carried out at the earliest possible date had been expressed verbally or in writing, and whether through the usual diplomatic channels or at Geneva?

The Prime Minister (**Rt. Hon. Stanley Baldwin**): "I have every reason to believe that a strong United Kingdom is regarded abroad as constituting a powerful guarantee for peace, but the strengthening of the British armed forces is not a matter on which formal representations are likely to be made by foreign Governments to His Majesty's Government."

Mr. B. Smith (**Labour**. *Rotherhithe*) asked the Minister for the Co-ordination of Defence whether he would consider taking by purchase the whole of the surplus wheat at present stored in Canadian silos with the object of creating a reserve sufficiently large to render the United Kingdom immune from any shortage in the event of war?

The Minister for the Co-ordination of Defence (**Rt. Hon. Sir T. Inskip**) said that he had noted Mr. Smith's suggestion.

Territorial Army: National Defence Companies.

On 21st July, in answer to **Mr. J. Smedley Crooke** (**Unionist**, *Birmingham, Deritend*),

The Secretary of State for War (**Rt. Hon. A. Duff Cooper**) said it seemed to him to be anomalous that responsibility for home defence should be shared by the Territorial Army and a body not fully identified with it, namely, the Royal Defence Corps. He had decided, therefore, that the Royal Defence Corps should be replaced by National Defence Companies of the Territorial Army. The companies would be formed on a county or, in some cases, a city basis, and each would be linked with a Territorial infantry battalion.

Enrolment, which would start on 1st September, 1936, would be open in peace to ex-members of His Majesty's Forces, normally between the ages of 45 and 60 years, who expressed themselves as willing to be commissioned or enlisted for home service in a local national defence company when required. The rôle of the new force would be to protect important points in Great Britain when war was threatening or had actually broken out. Members of the force would not be called up until those conditions arose, nor would they be called up on account of civil disturbance.

A total of approximately 8,450 officers and men, distributed among the various counties in Great Britain, would be required, and he had every confidence that he would have no difficulty in securing that number of men in a very short time. He had indeed been most gratified by the general interest taken in matters of national defence, as evinced by the numerous letters containing offers of help or suggestions which he had received.

Mr. W. Mabane (**Liberal National**, *Huddersfield*) inquired why the lower age limit was as high as 45 ?

The Secretary of State for War said it was thought that anybody under that age who had served in the Forces would still be serving in some branch of the Forces. He was quite prepared to make exceptions should it seem advisable to do so.

Supplementary Reserve.

On 28th July, replying to **Capt. D. W. Gunston** (**Unionist**, *Thornbury*),

The Secretary of State for War said he proposed to create a new infantry section of the Supplementary Reserve with an initial establishment of 17,000. Enlistment would be for general service in the infantry for six years with an option of re-engagement for a further period of four years, and would be open to unmarried men between the ages of 17 and 25 years in all parts of the United Kingdom.

Men enlisted into this new section of the Supplementary Reserve would be required to do 26 weeks' training in the first year of their service, and 14 days' training annually thereafter. They would receive a free issue of clothing on enlistment, and during the training periods full pay as for Regular Infantry of the Line, with an annual bounty of £6 conditional on their carrying out the required annual training.

MANDATED TERRITORIES.

(London talks with Union Minister of Defence ; No official discussion on Mandated Territories ; Mr. Pirow's statements in South Africa ; Question of transport ; Policy of British Government unchanged.)

On 16th July, in the House of Commons,

Capt. J. H. McEwen (**Unionist**, *Berwick and Haddington*) asked the Prime Minister whether the British Government in their consultations with the South African Minister of Defence during his recent visit to Great Britain officially discussed the question of Germany's claim to territories in Africa, and whether they gave him any reason to believe that the putting forward of such claims would be sympathetically entertained by the British Government ?

The Prime Minister (**Rt. Hon. Stanley Baldwin**) : " I think that my hon. Friend's question is based on a misapprehension. I understand that, in the interview with the Press on his return to South Africa, Mr. Pirow himself made it clear that the impressions which he was then giving were the result of personal observation, of talks with individuals and groups, and were not the outcome of specific discussions with members of the British Government. So far as the attitude of His Majesty's Government in the United Kingdom is concerned, I have nothing to add to the previous statements which have been made in this House on their behalf."

Brig.-Gen. Sir H. Croft (**Unionist**, *Bournemouth*) inquired whether the Prime Minister did not consider that there were likely to be further complications and misunderstandings unless some explicit assurance could be given on behalf of the Government ? Was it not desirable, in view of the agitation in Germany, that at an early date there should be something more tangible ?

Confidential conversations.

The Prime Minister : " I think that the statements of the Government were perfectly clear. I myself regret, of course, Press interviews on matters that are of some considerable delicacy, but I have little jurisdiction in this country and none in South Africa. I would just add this, and I am quite sure my hon. and gallant Friend will agree with me, that conversations with Dominion Ministers who come over here are naturally extremely confidential, and I should never reveal anything that took place, but it must be remembered that Mr. Pirow came over as Minister of Defence on some specific work.

" When he was dealing with other matters than that he was expressing, as I understand it, his personal opinion. He had no authority that I am aware of for expressing the opinion of the Government of South Africa, and whatever views he may have expressed in this interview—and we have been at some pains to get all the particulars we can of it—they do represent entirely his personal views and not necessarily the views of the South African Government. What relation his views may bear to those of the South African Government is not for me but is a matter for that Government."

Request for further statement.

Rt. Hon. Winston Churchill (Unionist, *Epping*) asked whether the Prime Minister could not choose some occasion for making it perfectly clear that there was no question at the present moment of any transfer of British Mandated Territories ?

The Prime Minister : " I think that the answer which has been given by the Government is perfectly specific, and my answer to the latter part of the question : 'whether they gave him any reason to believe that the putting forward of such claims would be sympathetically entertained by His Majesty's Government,' is in the negative."

Mr. E. D. Sandys (Unionist, *Norwood*) : " Is the Prime Minister aware that the statement to which he refers which was made by the Government differs very materially from the previous statements made last year by the Government, particularly by the Home Secretary in Berlin, and will he not make it quite clear at an early date where the Government stand ? "

SOUTH AFRICAN PROTECTORATES.

(Closer co-operation between British and South African Governments ; Union Government's offer of financial assistance ; Improvement of native areas ; Details of schemes ; Question of transfer of territories ; Statement by Dominions Secretary.)

On 15th July, in the House of Commons, in reply to **Mr. D. R. Grenfell (Labour,** *Gower*),

The Secretary of State for Dominion Affairs (Rt. Hon. M. MacDonald) made the following statement regarding the contribution which the Government of the Union of South Africa are making towards the improvement of conditions in the South African Protectorates :—

" In the course of the discussion in May last between Mr. Thomas, then Secretary of State for Dominion Affairs, and General Hertzog, the Prime Minister of the Union of South Africa, it was agreed that endeavours should be made to establish closer co-operation between His Majesty's Government in the Union of South Africa and the Administrations of the High Commission Territories in matters affecting the Territories' interests. In pursuance of this aim the Union Government have volunteered to assist financially and in other ways with certain schemes for the improvement of conditions in the native areas of the Territories.

Basutoland.

" As regards Basutoland it will be remembered that in the report of January, 1935, the Commission appointed by the Secretary of State for Dominion Affairs to inquire into the financial and economic position of that Territory recommended that the United Kingdom Government should make a grant for anti-soil erosion work in Basutoland. Recognising the urgency and importance of this work the Union Government have offered to assist financially to the extent of half the cost and have also placed the experience gained by their engineers who have been engaged on similar works in the Transkei and other parts of South Africa at the disposal of the Basutoland Administration in the carrying out of the scheme.

Bechuanaland.

" As regards the Bechuanaland Protectorate, the Commission which reported in 1933 on the economic and financial position of that territory stated that at every stage of their inquiries, whether they related to agriculture, to cattle or to human health and amenities, they realised that the absolutely essential condition to any progress was the improvement of the existing water supplies and the provision of new supplies.

" The Commission suggested that improvement should be brought about by the provision of wells and dams and by the clearance of the main channels into which the river Okavango divides its delta. The improvement of these water supplies would benefit the Protectorate. The Union Government have offered to place their wide experience in regard to the provision of water supplies at the disposal of the Administration of the Protectorate and also to assist financially to the extent of half the cost of such works as may prove to be necessary.

Swaziland.

" As regards Swaziland, the Commission which reported in 1932 on the economic and financial position of that territory stressed the necessity for measures for the conservation of water in the native areas, particularly in the low veld, by the provision of dams. This question is now being investigated, and the Union Government have offered to provide half the expenditure involved if a satisfactory scheme for the purpose can be arranged.

"His Majesty's Government in the United Kingdom are convinced that the co-operation which His Majesty's Government in the Union of South Africa have thus most generously offered will be productive of considerable benefit to the three territories, and they feel sure that the offer will be cordially welcomed by the native population."

Union Prime Minister's statements.

On 16th July, in answer to **Mr. Grenfell,**

The Secretary of State for Dominion Affairs said: "The Acting High Commissioner for Basutoland, the Bechuanaland Protectorate and Swaziland has been in communication with the Prime Minister of the Union of South Africa regarding the recent statements made by General Hertzog in the Union House of Assembly in connection with the question of the transfer of these Territories to the Union. General Hertzog states that he stands by the terms of the *Aide-mémoire* of last year,* and confirms that it is a full statement of the agreement reached between him and my predecessor.

"He has explained that his recent statements are to be read as an expression of his personal hope that, if the policy agreed to in the *Aide-mémoire* is loyally carried out by both Governments, a position would, within a few years, be created which would permit the transfer of the Territories to the Union with the good will of their populations. He agrees, however, with the view of His Majesty's Government in the United Kingdom that it is essential to the success of the policy of co-operation that it should not be hurried, and that until that policy has had a fair trial any predictions as to the period within which such a policy might be expected to succeed in bringing about the situation which the two Governments had in mind when the *Aide-mémoire* was issued, must necessarily be in the nature of conjecture.

British Government's pledges on transfer question.

"I should like to take this opportunity to make it clear that there is no agreement or understanding between the Governments that the transfer of the Territories or of any one of them should take place within any specified time.

"His Majesty's Government in the United Kingdom welcomed the recent generous offer of the Union Government to share in the cost of certain development schemes in the Territories as being in the spirit of the agreement embodied in the *Aide-mémoire*, and they accordingly advised the native authorities to co-operate. It was made clear to the native authorities that the acceptance of this offer could not impair the pledges already given by His Majesty's Government in the United Kingdom to consult the inhabitants of the Territories

* Cmd. 4948.

before any decision is reached as to transfer, and that such acceptance would not be regarded as in any way committing the chiefs on the point.

"In view, however, of the uneasiness which, it is understood, is still felt by the native authorities on the subject, His Majesty's Government in the United Kingdom have now come to the conclusion that it would be preferable for the proposal for such financial assistance on the part of the Union Government to remain in abeyance for the present. General Hertzog has stated that he is entirely willing to agree to this course."

Financial assistance.

Mr. Grenfell: "Are we to understand that the financial assistance offered by the Union is now to be withdrawn, and the matter remains in abeyance, and in the meantime His Majesty's Government will make the necessary advance to carry out the intentions of that offer? Further, am I to understand that the withdrawal of the financial assistance and the suspension of the discussions leaves the position of the Protectorates as it was, without prejudice to their future?"

The Secretary of State for Dominion Affairs: "In regard to the latter part of the question, the attitude of His Majesty's Government towards transfer remains exactly as it was stated in the *Aide-mémoire* and other pronouncements made on behalf of His Majesty's Government. As regards the question of financial assistance, the Union's offer remains in abeyance, and the question of making up the assistance from United Kingdom funds is now receiving very careful consideration, and part of it is already being considered by the Colonial Development Funds Committee."

Lt.-Cmdr. R. Fletcher (**Labour**, *Nuneaton*) asked whether it might be taken as certain that the wishes of the populations concerned would be the governing factor in the question of the transfer of these populations?

The Secretary of State for Dominion Affairs said that the British Government stood by the pledge they had given to the inhabitants of the territories with regard to that matter.

COLONIAL AFFAIRS.

(Germany and Mandated Territories: question of native interests; Principles of Mandatory rule; Labour position in African Colonies: need for investigation; Supply of raw materials; Settlers and natives in Kenya; The land problem; European and native areas to be defined in Orders-in-Council.)

On 9th July, in the House of Commons, the Colonial Office Vote was considered in Committee of Supply.

DEBATE IN HOUSE OF COMMONS.

Mr. J. A. de Rothschild (Liberal, ***Isle of Ely*****)** expressed the hope that the Government, through the instrumentality of the Colonial Secretary, was keeping in touch with the views of the natives on the administration of Mandates and the claims put forward by other Powers for the abandonment of Britain's part in those Mandates. The German claims had not been officially formulated as yet, but they had already been clearly stated by Herr Hitler and some of his Ministers. There could be no doubt that they would shortly be put forward in a manner which would require the consideration of the Colonial Office. If there was a claim for the return of these Mandates the British Government would not be bound or even entitled to consider it. That would be contrary to their duty as a Mandatory Power.

The observance of native interests must be paramount both in administration of the Mandates and in any question of the transfer of Mandated Territories to another Power. For his own part, he could not imagine that the natives would care to exchange British for Nazi rule. He could not believe that they would care to be ruled by German governors, who would share Herr Hitler's view that the black man should always be subordinated to the white man. That theory was absolutely contrary to the basic purpose of mandatory rule, which was to bring the natives, by gradual advancement, to share in their own government.

Restriction of Colonial trade.

Since Ottawa, Great Britain had sought deliberately to make her Colonial markets into preserves for British trade and this policy, by excluding other nations from those markets, hampered them in the purchase of raw materials. It was to the interests of the Colonies to sell as much of their produce as they could, and it was obvious that Great Britain, huge buyer of Colonial produce as she was, could not supply a market for the whole production of the British Colonies throughout the world. After quoting Ceylon and Kenya as examples, the hon. Member contended that a Protectionist policy was not in the interest of the Colonial consumer.

In conclusion, he urged that the maintenance intact of the Congo Basin Treaties was of the highest wisdom, both in the interests of the Colonial populations and of world peace.

Mr. Morgan Jones (Labour, ***Caerphilly*****)** said that in the case of territories which were under the ægis of the Colonial Office the ideal for Great Britain was that they should advance in the direction of self-government. The policy of the "open-door" should be the main objective as between British administration of those areas and the countries outside the

Empire. The British Government were rather open to the charge, generally speaking, of neglecting rather sadly the provision of educational facilities throughout the Colonies. It was not true to argue that the native peoples would not respond to the provision of educational facilities. As regarded labour problems, it was impossible to hope that primitive civilisation would remain untouched for ever by modern industrialism.

Labour in African Colonies; Supply of raw materials.

They were bound to have raw materials and therefore they must examine this problem. There was really need for a thorough investigation of the whole labour position in the British African Colonies in particular. Continuing, Mr. Jones asked what was likely to happen in regard to the adoption by the International Labour Office Conference of a Convention for the better control of labour recruiting? That Convention would be welcome, as a large proportion of the workers came from British Protectorates and Colonies.

Rt. Hon. Earl Winterton (Unionist, ***Horsham and Worthing*****)** thought it was true to say that, since the swing-over after the period of trade depression, it would be found that, not only had the trade of the Colonies and Mandated Territories been maintained, but that in many cases it had been increased. The statement made in Germany that Germans were excluded from the raw materials of the world was quite untrue. There was nothing to stop people under the Nazi or any other Government from purchasing raw materials from any Colony or Mandated Territory in the British Empire.

Mr. R. Acland (Liberal, ***Barnstaple*****)**: "Except that they cannot sell to them."

Earl Winterton said the trade between Germany and Tanganyika Territory now was larger, both ways, than it was when that territory was a German Colony, and he thought that would apply to German South-West Africa as well.

Colonial Office attitude.

The Secretary of State for the Colonies (Rt. Hon. W. Ormsby-Gore) denied a suggestion that there was dictation from the Colonial Office. The whole spirit and tradition of British administration in the Colonies was to consult local opinion in the Colonies. He was amazed at a statement to the effect that the British Colonial Empire was holding up, or was threatening to hold up, or interfere with the free supply of Colonial raw materials to Germany and other foreign countries. The principal anxiety of the Colonial Empire at the moment was to find markets for its products.

Mr. D. Owen Evans (Liberal, ***Cardigan*****)** asked how Mr.

Ormsby-Gore explained the undoubted anxiety of foreign countries with regard to that matter.

The Secretary of State for the Colonies: "These suggestions, I believe, come from the Cobdenite group in this country. . . We are urging foreign countries to admit our Colonial products, and we want other countries which practise restriction both of exports and of imports to follow our example. So far we have not met with a very ready response from other countries." Britain was charged, Mr. Ormsby-Gore continued, with being the wicked Protectionist country which was holding up the recovery of Europe, but the reverse was true. It was the narrow economic nationalism in Europe which was to blame.

Recruitment of native labour.

The British Government representatives sent out by the Colonial Office voted at the International Labour Conference this year for the Convention for the recruitment of native labour. The British Government hoped that it would be ratified without any modifications, but before that was done they had to invite the opinions of the Colonial Governments in order to give them a chance to raise any points they wished to do. Discussions were going on in Great Britain to assist Colonial Governments in devising suitable workmen's compensation ordinances where they appeared to be called for by reason of industrial developments.

Referring to the land situation in Kenya, the Colonial Secretary said that what was contemplated, arising out of the Report of the Morris Carter Commission, was the issue of two Orders-in-Council. One of them was to define the native reserves and the other to define the boundaries of those parts of the Highlands which were to be set aside for non-native occupation. This would not finally divide up anything like the whole of the territory, or even the whole of that part which was called the Highlands. The native reserves would comprise 48,149 square miles and in that area 86 per cent. of the total native population lived.

European area in Kenya.

The other Order-in-Council dealt with the European area, which was exclusively in the Highlands. The area would be 16,700 square miles, of which 3,950 square miles were to be preserved for all time as forest reserve. That meant, in effect, that for purposes of non-native agriculture there would be about 12,000 square miles in the Highlands of Kenya with a defined boundary.

Mr. Morgan Jones: "What about the Indians ?"

The Secretary of State for the Colonies replied that there was no Indian reserve. There was to be nothing in either

Order imposing any legal disability against Indians, or against any persons on the grounds of race, colour, creed or anything else. He wished it to be understood clearly both in India and elsewhere that the existing administrative practice, which was first laid down by Lord Elgin, was to be continued.

Native "squatters."

Reference had been made to the new Ordinance dealing with resident native labourers. In that part of Kenya which had already been alienated to European settlers (it was almost entirely land that was free from occupation) there were no fewer than 150,000 natives living on European-owned farms. They had come from various tribes and were there on purely annual tenancies. The European farmer was not allowed to charge a rent. He had to provide the squatter with land on which to build a house and cultivate his own food. The squatter had to have an agreed amount of stock and domestic animals. In return the farmer got from the squatter 180 days' labour a year which had to be paid for at rates specified in the contract come to with the knowledge of the district commissioner.

The practice had been that these contracts had been renewed from year to year. The result was that they had a large number of detribalised natives who had now become permanently resident on European estates. Whereas when they arrived they were entitled to bring three cows and three goats, the animals were no longer of that number. The Europeans were most anxious to keep a great many of these squatters, but they were not anxious that the whole of their land should be so used. He was not sure how far it was in the interest of the Colony to have more and more of its restricted European area taken up by the native population, and how far it was not better for labour required on European farms to come out of the reserves. He might take some little time to come to a decision on the subject.

Equal rights.

Rt. Hon. Sir A. Sinclair (Liberal, *Caithness and Sutherland*) remarked that as regarded legal rights natives and settlers in Kenya must be equal, but when they were considering the development of policy the interests of one side might have to give way in some measure to the other. When such a clash arose the paramount consideration must be the interests of the natives.

Earl Winterton thought it would be agreed that when they got a white settlement beyond a certain point in numbers, whether it was in Canada, Australia, Kenya or elsewhere, they could not afford to treat the settlers as if they were of no account, because if they did so they would break up the Empire.

Sir A. Sinclair said it was their duty to insist that the interests of the natives should be paramount in their administration in Kenya and they based their claim on the principle of trusteeship.

Sir E. Grigg (Unionist, *Altrincham*) contended that not only the benefit of the inhabitants, but the general welfare of the world must be taken into account in discharging their trusteeship. It was very dangerous at the present time to look at the task of administration as primarily a political one: it was primarily economic.

After further debate an Amendment to reduce the amount of the Vote was negatived by 171 votes against 86, and progress was reported.

INTERNATIONAL AND INTER-EMPIRE TRADE.

(Survey by President of Board of Trade ; Marked progress of United Kingdom industries ; Increase in employment ; Improvement in international trade; Better outlook for cotton industry ; Expansion of trade with the Empire ; Results of Ottawa Agreements.)

On 15th July, in the House of Commons, the Board of Trade Vote was debated in Committee of Supply.

DEBATE IN HOUSE OF COMMONS.

The President of the Board of Trade (Rt. Hon. W. Runciman), in the course of a general survey of the trade position, said that there had been another year of marked progress in nearly all the principal industries of the United Kingdom with the exception of coal and cotton. Progress had been remarkable in all industries supplying the home market: it had been slower in the export trades, but still continued to be in the right direction. The number of insured persons in employment in Great Britain in June, excluding agricultural workers, was over 440,000 more than in June, 1935, and the number of unemployed was nearly 300,000 less. Exports of United Kingdom goods, although they increased only about £1,400,000, must not be regarded as entirely unfavourable. Part of the slowing up of the export trade was due to an almost complete cessation, for a time, of their exports to Italy. He hoped that the trade with Italy which they lost during 1935 and 1936 would be regained.

The decline in international trade appeared to have been arrested at last, but the improvement as yet was rather slight. The cotton industry had welcomed the recent reduction in the Canadian and Australian tariffs and the Danish Government's

undertaking to allocate more import licences for British cotton goods. The revision of the Indian tariff rates, although not up to Lancashire's expectation, had removed the depressing uncertainty of recent months. Imports into the United Kingdom from the Ottawa Dominions and from India increased between 1931 and 1935 by the large sum of £38,000,000 and the share of these countries in the total imports of the United Kingdom rose from 19·6 to 27·4 per cent. United Kingdom exports to the Ottawa Dominions and Canada increased between 1932 and 1935 by about £38,000,000 and the proportion of the total exports taken by those countries rose from 27·6 to 32·5 per cent.

Confidence unimpaired.

The confidence of the business community was unimpaired. The trend of industrial profits was still upward, and, although costs were gradually rising, there were no indications that profit margins were likely to be much reduced. The policy of developing overseas markets through trade agreements was being pursued and the Government were doing their utmost to see that exporters got paid for the goods they sent to foreign countries. Their exporters were still impeded by tariffs, quotas and exchange restrictions, and there were still fears of further economic developments of a disturbing character in some foreign countries.

It seemed probable that for some time to come the hopes of their exporters would be centred mainly on the continued expansion of trade with Empire and other countries within the sterling area. Nevertheless, looking at the whole field of world trade there were certain encouraging features. Although special factors continued to retard progress in the gold bloc countries, the rise in industrial production from the depth of the depression was widespread and, as an exporting country, the United Kingdom should benefit from this progress in other countries.

Government's tariff policy.

Brig.-Gen. Sir H. Croft (Unionist, *Bournemouth*) said he was a little upset to hear that the Government's tariff policy was unchanged. He was hoping to hear that it was going to be considerably speeded up. If they took the total imports of manufactures coming into the United Kingdom which might be produced in the country they represented the employment of something like 400,000 workers. He was certainly not going to rest content with 1,700,000 unemployed workers in the country, because he was convinced that if the Government were really resolute in applying a well-proved policy with more scientific methods they would see a large number of additional persons absorbed into industry. He wanted to see imports prohibited in the case of goods which it was proved could equally well be manufactured in the United Kingdom.

He was pleased to hear Mr. Runciman express his faith and hope in the possibilities of greater trade expansion in the Dominions. He begged the President of the Board of Trade not to give any pledge before the next Imperial Conference that he was going to adopt the one-sided approach that was adopted at Ottawa. They would be wise if they got back to Joseph Chamberlain's idea that they should impose a small duty on Dominion products, but that they should give a very substantial preference. They would then have a better chance of securing a greater amount of Free Trade within the Empire than if they merely said to the Dominions that they were going to continue to maintain Free Trade for Dominion goods in the United Kingdom, whereas the Dominions might be imposing tariffs of 30, 40, or 50 per cent. against British goods in their markets.

The Ottawa Agreements.

Mr. E. Shinwell (Labour, *Seaham***)** remarked that the day of unrestricted Free Trade had gone for ever. At the same time it was desirable to remind the Government of the disadvantages of the Protectionist policy. What had been the effect of the Ottawa Agreements ? That there had been some improvement he did not deny. But as a result of the Agreements the United States' Government had already removed the gaps in the Fordney Tariff against Australia, and the Japanese Government were purchasing less and less wool from Australia. He invited attention to a remarkable utterance by Dr. Earle Page, the Deputy Prime Minister of the Australian Commonwealth, who made a speech under the auspices of the EMPIRE PARLIAMENTARY ASSOCIATION.* The right hon. Gentleman was in the chair and must have heard every word of the speech in which it was stated :—

"A study of the trade of England and Australia will make you realise how necessary it is that there should be not merely an improvement in Empire trade but a restoration of international trade in your own interests."

He hoped the right hon. Gentleman had not forgotten that statement. Then the speaker went on to deal with the effects—the deplorable effects—of the Ottawa Agreements policy. He said :—

"If you look at the position of Australian trade with Britain you will find that for many years up to the time of the depression what has taken place is this : We used to spend in Great Britain in purchasing goods every penny we received from the exports that we sold to you."

* Reference is made to an Address delivered in April, 1936, by Dr. the Rt. Hon. Earle Page, M.P., on "Empire Trade Co-operation" before a private meeting of Study Committees of the EMPIRE PARLIAMENTARY ASSOCIATION.

Ottawa policy and retaliation.

The Secretary for Mines (Capt. H. F. Crookshank) asked from what Mr. Shinwell was quoting ?

Mr. Shinwell replied that he was quoting from an EMPIRE PARLIAMENTARY ASSOCIATION document.

The Secretary for Mines inquired if it was not a document which was marked as not being for circulation ?

Mr. Shinwell : "Are we to understand that a document of this kind which is sent to hon. Members, not in confidence, is not to be quoted in the House of Commons ?

The Secretary for Mines : "I am asking the hon. Gentleman whether on the document there are not the words "Not for circulation "? If so, it is obviously for the information of Members privately.

Mr. Shinwell said that if the document was for private information alone he would set it aside and would use the argument *in vacuo*. The argument was this : Australia had met the dividends on British investments in Australia out of foreign trade balances. Australia had traded with Germany and had not had an adverse trade balance until last year, but had had favourable trade balances and out of the surplus had been able to meet her financial commitments to British investors. But that process had gone. There was now an adverse trade balance with Germany, attributable to the Ottawa policy.

They could not have an Ottawa policy without retaliation, and it was to that fact that the right hon. Gentleman must pay attention.

On a division the Vote was agreed to by 208 votes against 127.

INTER-EMPIRE TRADE.

(United Kingdom trade with Australia and Argentine Republic respectively ; Japan and Australia : an "economic threat" ; New trade agreement with India : negotiations opened ; Dairy imports from the Dominions : question of continued free entry.)

On 1st July, in the House of Commons, in reply to **Brig.-Gen. Sir H. Croft (Unionist,** *Bournemouth***),**

The President of the Board of Trade (Rt. Hon. W. Runciman) said that the total declared value of merchandise imported into the United Kingdom during the twelve months ended March, 1936, and consigned from Australia was £56,138,000 and of exports to Australia £30,415,000, including re-exports valued at £715,000. The corresponding figures of United Kingdom trade with the Argentine Republic were

£43,680,000 for imports and £15,891,000 for exports, including re-exports valued at £314,000.

Sir H. Croft asked whether Mr. Runciman's attention had been called to the Japanese economic threat to Australia, and whether he would bear in mind the growing trade of British textiles in Australia, and take all possible steps to reciprocate the Preference granted to British goods in view of the Japanese action ?

The President of the Board of Trade said he understood that in connection with trade measures recently introduced by the Commonwealth Government, the Japanese Government were taking steps affecting imports from Australia. He recognised that the action which the Commonwealth Government had taken in regard to textiles should be of substantial benefit to United Kingdom trade.

The Ottawa Agreement with Australia provided mutual trade advantages for Australia and the United Kingdom, and the possibilities of further developing trade between the two countries were constantly in mind.

United Kingdom-India Agreement.

On 14th July,

Sir J. Wardlaw-Milne (Unionist, *Kidderminster*) asked the President of the Board of Trade whether he was aware of the danger of loss of trade in India to fishing tackle manufacturers in the United Kingdom owing to the dropping of the Ottawa Pact Agreement and what action the Government were taking to secure the advantages previously existing ?

The President of the Board of Trade said that the question of opening negotiations for a new Agreement was at present under discussion between the two Governments. The interests of fishing tackle and other manufacturers in the United Kingdom would be borne in mind.

Sir J. Wardlaw-Milne : " Is the right hon. Gentleman fully seized of the importance of continuity in this matter, and therefore the urgency of having these negotiations brought to a successful termination without delay, as orders are now being placed for a period beyond that of the Ottawa Pact Agreement ? "

The President of the Board of Trade : " My hon. Friend asked me for particulars with regard to fishing tackle. I can only say that that is being included with the other commodities which we are discussing."

Dominions and the leather trade.

On 15th July,

Mr. C. G. Gibson (Unionist, *Pudsey and Otley*) asked whether, prior to the Ottawa Agreements, the imports of dressed leather from Canada, Australia, and India were 6,500,000 square feet and that they now amounted to 29,500,000 square feet, and that at the same dates the exports to these countries were 4,000,000 square feet in 1931 increasing to 9,500,000 square feet in 1935 ?

Seeing that a free market was accorded to imports into the United Kingdom and that in many cases prohibitive duties still operated against similar goods exported to the Dominions, would the President of the Board of Trade endeavour, at the forthcoming Imperial Conference, to rectify the position in favour of the home manufacturer ?

The President of the Board of Trade replied that he was aware of the facts to which Mr. Gibson referred. During any discussion of tariff matters with other Empire Governments the question of the duty treatment of United Kingdom leather would be kept in mind.

Mr. Gibson : " Has my right hon. Friend or his Department made any representations to any of the Dominions with regard to implementing Article 11 of the Ottawa Agreement, which would afford a fair competitive opportunity for our exporters in Dominion markets ? "

The President of the Board of Trade was afraid that he could not charge his memory as to an occasion on which that had been done.

Dairy produce imports.

On 20th July,

Major R. H. Dorman-Smith (Unionist, *Petersfield*) asked what communication passed between the British Government and the Milk Marketing Board before taking a decision that there was to be no tax on exports to Britain of Dominion butter and other dairy produce ?

The Minister of Agriculture (Rt. Hon. W. Elliot), in replying, said that no decision had been taken that there was to be continued free entry for imports of butter and other dairy produce from Dominion sources.

Major Dorman-Smith : " Can we take it that there is no foundation for the published statement which has been attributed to Dr. Earle Page that there is, in fact, an understanding that there shall be no duties on Dominion dairy produce coming into this country ? "

The Minister of Agriculture : " There is no understanding as far as I am concerned, and I believe that I should have been consulted in the matter."

Canadian footwear.

On 21st July,

Lt.-Col. Sir M. Manningham-Buller (Unionist, *Northampton*) asked whether the President of the Board of Trade was aware of the increasing volume of imports of Canadian footwear, and whether, in view of the fact that these were imported free of duty, whereas Canada imposed a heavy duty on British footwear, he would endeavour in any future agreement to secure more equitable treatment for this important industry ?

The President of the Board of Trade replied that he was aware of the increase in the imports of rubber footwear from Canada. He could assure Sir M. Manningham-Buller that the interests of the United Kingdom boot and shoe industries were being kept in mind during the present trade discussions with the Canadian Government.

Mr. E. Shinwell (Labour, *Seaham*) asked whether this did not indicate that the provisions of the Ottawa Agreements were in many respects defective ?

The President of the Board of Trade : " It only means that all agreements are subject to revision."

CATTLE INDUSTRY (EMERGENCY PROVISIONS) ACT.

(Extension of period of subsidy to British producers ; British Government's long-term policy ; Customs duty on foreign beef and veal ; Position of the Dominions ; Legislation to be introduced for the permanent scheme.)

On 31st July the Royal Assent was given to the Cattle Industry (Emergency Provisions) Act.

It continues the cattle subsidy to British producers until a date not later than 31st July, 1937.

DEBATE IN HOUSE OF COMMONS.

On 13th July, in the House of Commons, a debate took place in Committee on a Financial Resolution on which the Bill was based.

The Minister of Agriculture (Rt. Hon. W. Elliot) referred to a statement of the Government's livestock policy made on 6th July,* and said that the present Bill was purely an interim Measure. It was the intention of the Government that a permanent scheme should come into operation as early as possible and it was considered that the extension of the subsidy period for nine months† would obviate the need to resort to any further temporary enactments. The subsidy arrangements were operating so smoothly as not to require modification at this stage and it had been demonstrated that the price situation

* *Vide* JOURNAL, Vol. XVII., No. 3, pp. 473-474.

† Under previous legislation the subsidy was due to cease on 31st October, 1936.

justified continued assistance. He was astonished to see in one or two newspapers a complaint that the sums which had been expended by way of subsidy would not be recovered by means of import duties on meat.

It had been suggested that marketing schemes should be introduced before any long-term policy was brought into existence, or as an integral part of that policy. Until farmers saw some prospect of permanence in their industry they would be disinclined to go in for any measures of long-term organisation, but, given permanence, he was sure they would not be backward in initiating and co-operating in schemes of organisation.

Saving to consumers.

During the two years since the cattle subsidy came into operation the fall in the prices of beef, as compared with 1929 and 1930, had meant a total saving of more than £50,000,000 to the consumers in Great Britain. Unless assistance had been given the supply of home-produced meat could not have been kept up. There was a great fall in world prices and it would certainly have extinguished producers in Great Britain unless remedial measures had been taken. The remedial measures took the form of a large subsidy which had allowed the producer of beef in Great Britain to continue in production while allowing the benefit of cheap beef to get through to the consumer.

Mr. T. Williams (Labour. *Don Valley*) said that no Member sitting on the Labour benches had countenanced the levy proposal. They had said that if the English producer of high quality meat was unable to secure an economic price through the butchers' shops, it was not the duty of the Government to impose heavier burdens on the poorest section of the community so that the well-to-do section got their high quality meat at an uneconomic price. They had temporary beef subsidies now for the sixth time and they were to be continued until July 1937. The permanent subsidy was to be £5,000,000 per annum.

The long-term policy.

He recalled that Mr. Elliot issued a document in 1935 in regard to the Government's long-term livestock policy. The document declared :—

> " It must be understood that they have no intention either of continuing the subsidy indefinitely or of acquiescing in the ruin of the livestock industry."

Already Mr. Elliot had changed his mind. He had decided to have the subsidy indefinitely and his long-term subsidy was temporarily increased from £3,000,000 to £5,000,000 per annum. If it could be proved, upon the basis of ascertained fact, that the producers of beef as such were entitled to assistance either directly or indirectly, the Labour Party would not stand in the way of that assistance if, by withholding it, a calamity in the agricultural industry would result. They were entitled to know, however, the exact basis upon which the Minister calculated a fair price.

Rt. Hon. G. Lambert (Liberal National, *South Molton*) observed that at the moment they had before them alarmist statements from Ministers about defence. The Secretary for War had stated that conditions were as bad as they were in 1914, and only a week ago the First Lord of the Admiralty said that they were within six weeks' danger of starvation. The Government had every reason for endeavouring to increase the productivity of British agriculture, which really meant increasing the defensive power of the country. A White Paper published in March, 1935, stated that overseas producers were to be left free to regulate their exports to the United Kingdom themselves. He did not think the Government could deal with the matter by regulation of imports, and he was sorry that the Government policy of 1935 had been reversed.

Dominion products.

He understood that the Government were going to admit Dominion products free and that there was to be a duty of ¾d. per lb. on Argentine meat. Why were Dominion products to be admitted free? The Dominions taxed British manufactures. It would not be a good advertisement for Imperial trade if they got the hostility of the agricultural interest.

Mr. S. S. de Chair (Unionist, *Norfolk, S.W.*) regarded the long-term policy which had been foreshadowed as an enormous improvement on the policy of temporary subsidies. The subsidy was to be 1s. 3d. a live cwt. higher, and it was to be coupled with a tariff of ¾d. per lb. on Argentine beef and a standardisation of imports at their present figure. People in the industry had wondered, as month after month of negotiations with the Argentine passed, why it was not possible to place a tariff on the imported article straight away.

Mr. A. Barnes (Labour, *East Ham, S.*) said that the Government's proposal, as expressed in Mr. Elliot's statement on 6th July, was that the direct subsidy to cattle breeders which fell upon the taxpayers was to be replaced by a levy on imported frozen and chilled meat. The cattle breeders were to be guaranteed £5,000,000 a year, and if the levy did not reach that sum, the Treasury was to make up the difference. It was grotesque to describe that as a long-term policy: it was merely a more vicious form of subsidising the industry.

On a division the Resolution was carried by 222 votes against 114.

Permanent scheme: the main provisions.

On 17th July, the Bill was debated on the Order for Second Reading.

The Parliamentary Secretary to the Ministry of Agriculture (Mr. H. Ramsbotham) said it was the Government's intention to introduce legislation embodying permanent proposals as soon as possible after the Summer Recess, and he hoped that it would be in operation long before the end of July, 1937. The main provisions of the permanent policy would be:—

(1) A healthy beef market secured by a rational flow of supplies through the medium of the International Meat Conference.

(2) The home producer will be assisted or safeguarded by an Exchequer subsidy.

(3) The production of good quality beef will be encouraged by the suitable adjustment of subsidy payments.

(4) Measures for the promotion of efficiency in marketing and slaughtering will be undertaken.

(5) A Customs duty on imports of foreign beef will be imposed.

Mr. T. Williams moved an Amendment for the rejection of the Bill. He said that he regarded the unbalancing of agriculture as being wholly due to the piecemeal policy of the Government, dealing with the wrong commodities first and leaving the more important commodity to the final stage. They had given from £6,000,000 to £7,000,000 a year towards the production of wheat. There was not an hon. Member on the Government side who would not agree that the production of beef in the United Kingdom was of far greater importance than wheat, and yet wheat came first. They gave £5,000,000, direct or in remission of duties, to beet sugar. Was there any hon. Member who would argue that sugar was as important as beef?

After further debate the Amendment was negatived by 162 votes against 69 and the Bill was read a second time: on subsequent dates it was passed through its remaining stages.

BRITISH SHIPPING SERVICES IN THE PACIFIC.

(Move by British and Dominion Governments; Imperial Shipping Committee to report on service between Western Canada and Australia-New Zealand; Competition of American subsidised lines.)

On 23rd June, in the House of Commons, replying to **Vice-Admiral E. A. Taylor (Unionist,** *Paddington, S.*) and **Lord Apsley (Unionist,** *Bristol, C.*),

The President of the Board of Trade (Rt. Hon. W. Runciman) said that the Governments of the United Kingdom, Canada, Australia and New Zealand had agreed to ask the Imperial Shipping Committee to report :—

(*a*) As to the traffic possibilities of a British passenger and cargo service between Western Canada and Australia-New Zealand ;

(*b*) Whether a service on lines suggested by the shipping interests concerned would be appropriate in the view of the traffic possibilities and any other shipping facilities available ; and, if not, what kind of service would be appropriate ;

(*c*) As to the probable financial results of such a service, taking into account the financial results of the working of the existing British services between San Francisco and Australia-New Zealand and Vancouver and Australia-New Zealand ;

(*d*) Whether such a service would have any ill-effects on any other British shipping interests.

Vice-Admiral Taylor asked whether it was not a fact that unless a Government subsidy was given to the companies, the present British Shipping services in the Pacific would be unable to continue in face of the American subsidised shipping lines, and that the services would have to be abandoned ?

The President of the Board of Trade said that was one of the questions which the Committee would inquire into.

AIR NAVIGATION ACT.

(Increased subsidy for civil transport ; An annual limit of £1,500,000 ; Plea for reconsideration of airship policy ; Labour Party and State control of civil aviation.)

On 31st July the Royal Assent was given to the Air Navigation Act.

The Act empowers the Secretary of State for Air to enter into long-term agreements for the grant of subsidies to civil air transport up to an annual limit of £1,500,000 for a period ending 31st December, 1953.

It makes provision for the delegation to an independent body representative of civil aviation of some of the administrative functions concerning airworthiness previously discharged by the Secretary for Air.

Authority is given for the setting up, as and when circumstances require, of a licensing system in respect of air transport services, as distinct from the licensing of flying personnel and the certification of aircraft as airworthy.

The Act also institutes a system of compulsory insurance against third-party risk of damage to persons and property.

DEBATE IN HOUSE OF COMMONS.

On 1st July, in the House of Commons, the Bill was debated on the Order for Third Reading,* and an Amendment

* For earlier debate on the Measure *vide* JOURNAL, Vol. XVII., No. 3, pp. 463-466.

for its rejection was moved by **Mr. F. Montague (Labour,** *Islington, W.*).

Capt. the Rt. Hon. F. E. Guest (Unionist, *Plymouth, Drake*) said he did not favour the development of civil aviation purely for the purpose of getting more military pilots, but he was glad to think that a large number of recruits who might come at some time or other to the defence of the nation in the air would be assisted by the operation of the Bill. He urged the Government to reconsider the policy of airships and in this connection cited the tremendous illustration of airship possibilities which the Germans had given them. When they considered the risks of the North Atlantic route for seaplanes, argument after argument could be produced in favour of the reconsideration of the Government's airship policy. In 1919 they sent the "R.34" to America successfully and then, shortly after the loss of the "R.101," they closed down. They had really wasted the nine years' start they had in airship construction, management and navigation.

Mr. G. M. Garro-Jones (Labour, *Aberdeen, N.*) did not agree that the Bill could be looked upon as a magnificent charter of civil aviation. The Labour Party were disappointed that the Air Minister had failed to grasp a great opportunity for bringing the industry under State control. The real way to make civil aviation prosper was to make it pay. The only way to make it pay was to expend more money upon research in order to design machines which would carry a paying load without subsidy of any kind.

Taxpayers' contributions.

The Under-Secretary of State for Air (**Rt. Hon. Sir P. Sassoon**) said that comment had been made on the millions which the taxpayers were contributing towards civil aviation schemes, but many more millions would have to be contributed if it were a State-run undertaking, for they would then have to run the risk of the losses which up to now had been more noticeable than profits. As regarded airships, after the disaster to "R.101" it was decided that the Air Ministry should hold a watching brief for a few years until the possibilities of airship development were more crystallised than they were then.

The two American airships "Akron" and "Macon" met with disaster, and the "Hindenburg," which was supposed to have been launched in 1935, was not launched until March, 1936. Therefore the review they intended to have in 1935 had to be put off, but as soon as the Air Ministry thought airships had proved themselves a useful and essential instrument they would certainly embark on them again. The Air Ministry knew the difficulties that confronted them in the case of the North Atlantic route and they would have flying boats specially built for it.

After further debate the Amendment for the rejection of the Bill was negatived by 130 votes against 54. The Measure was then read a third time.

FINANCE ACT.

(Repairing gaps in Navy, Army and Air Force ; A dominating factor of the financial provisions for the year ; No curtailment of Social Services.)

On 16th July, the Royal Assent was given to the Finance Act.*

DEBATE IN HOUSE OF LORDS.

On 13th July, in the House of Lords, the Bill was debated on the Order for Second Reading.

Lord Templemore said that the whole of the financial provisions for the year were dominated by the necessity of repairing the gaps in the Navy, Army and Air Force. The total new taxation amounted, however, to a net figure of only £16,525,000 in 1936 and this was calculated to give a surplus of £484,000. That the charge for defences was going to be a large one there was, unfortunately, no doubt, and it must be borne in mind that, even after the heavy capital expenditure of the next few years had been done with, the charges for the maintenance of the Forces would not sink again to the level at which they stood up to 1935. But the House would agree that no country, situated as was the United Kingdom, could afford any longer to neglect its defences.

Lord Arnold called attention to the fact that the Budget was not balanced at all, because it had no Sinking Fund. They had a National Debt which now amounted to £7,796,000,000 without a Sinking Fund, and what on earth they were going to do if unhappily there should come another war with further gigantic borrowing was one of the terrifying problems from which the mind revolted. For the expenditure on armaments to be reaching in 1936 nearly £200,000,000 was such an appalling state of things that it almost made one physically sick to contemplate what it might mean. The Government took upon themselves an enormous responsibility in giving the people of the country to understand that this increased expenditure on armaments would give them security.

* For debates on the Budget and Finance Bill in the House of Commons *vide* JOURNAL, Vol. XVII., No. 2, pp. 241-245, and No. 3, pp. 466-472

Armaments and finances.

The total expenditure on armaments in Great Britain had never been below the proportionate figure of what they were spending in 1914. The term " re-armament " was a complete misnomer: it should always be " increased armaments." This greatly increased expenditure on armaments opened up a bleak financial prospect, and he wanted to say on behalf of the Labour Party that, whatever was done or not done, there must be no tampering with the Social Services.

Lord Templemore said that there was no intention on the part of the Government to cut down Social Services. It had been suggested that supporters of the Government did not object to expenditure on armaments, but that was not quite the way to put it. Although they were fully alive to the necessity for expenditure on armaments at the present time, it must not be imagined that they liked being taxed any more than anybody else.

After further debate the Bill was read a second time and was subsequently passed through its remaining stages.

TELEPHONE SERVICE.

(Post Office concessions to subscribers : 200 free local calls per annum ; Sacrifice of £1,500,000 of revenue.)

On 13th July, in the House of Commons, replying to **Sir R. Young (Labour,** *Newton*),

The Postmaster-General (Major the Rt. Hon. G. C. Tryon) made a statement on further concessions to users of the telephone service.

He said that since October, 1934, when a series of reductions in telephone charges was inaugurated, the growth of the system had been remarkable and the annual increase in telephones was now about double that of the years preceding the reduction of rates. This growth had been accompanied by very satisfactory increases in revenue and, with a view to bringing the telephone service within the reach of a still wider circle of the community, and of increasing its usefulness and cheapness to those who already had it, he proposed to introduce further concessions.

From 1st October, 1936, every subscriber on a quarterly basis under the ordinary residential rates for exclusive lines would be able to make 200 penny local calls a year free of charge. This free allowance would be applied to the first 50 local call units in each quarter, the units being 1d. each. Similarly, the first 16 local call units in each month would be given free to ordinary monthly residential subscribers.

Development prospects.

In a large number of cases this would mean that the telephone rental of £1 a quarter would cover all nominal charges for the service, and a small residential user in all but the largest cities would thus be able to obtain what was, in effect, an inclusive service at a figure closely approximating to 1s. 6d. a week. At the same time all ordinary residential subscribers would secure a benefit up to 4s. 2d. a quarter.

It was, of course, with the small user that the chief potentialities of development lay, as they had found from the success of the business small-user tariff among small shopkeepers and one-man businesses. The concession of free calls was not so suitable to this service which was largely used for incoming calls. He proposed, therefore, to make a flat reduction in the business small-user tariff of 10s. a year and a similar reduction would be applicable to all ordinary business lines.

Reductions for businesses.

In the case of those businesses which rented additional lines to the same premises, the rental for each of these auxiliary lines would also be reduced by a further 10s. a year. There would be consequential reductions in associated services. In January next he also proposed to make certain reductions in the charges for private lines up to 24 miles, with corresponding reductions in respect of the first 24 miles of longer circuits.

These concessions, taken in conjunction with the reduced charges for extension telephones introduced last January and the further reductions in trunk charges which came into force in May, represented a very considerable all-round cheapening of telephone services, affecting all classes of telephone users. In fact, the reductions made during the present year were estimated to involve the sacrifice of revenue, after allowing for additional business induced by the lower tariffs, to a total amount of one and a half million pounds in the first full year.

He felt confident that this sacrifice would be amply repaid by the further assistance it would afford to trade and in facilitating business and social communications throughout the country.

MIDWIVES ACT.

(Local authorities to provide adequate number of certified midwives ; Co-operation with voluntary organisations ; State contribution to expenditure ; Ban on unqualified service.)

On 31st July the Royal Assent was given to the Midwives Act.

The Act makes it the duty of local authorities to secure that the number of certified midwives available for attendance on women in their own homes is adequate for the needs of each area.

This a local authority must do by arranging with welfare councils or voluntary organisations for the employment by them of certified midwives as whole-time servants, or by itself employing the midwives.

Authorities are empowered to fix a scale of fees payable for attendance as a midwife or as a maternity nurse, and may remit part of the fees if the financial circumstances of the person on whom the attendance is made do not permit of their payment in full.

For the benefit of midwives engaged by a local authority, before the end of three years from the passing of the Act the authority is given discretion to add a period up to a maximum of ten years of previous midwifery service in calculating any pension, or to assist in qualifying for pension where a superannuation scheme is in operation.

FINANCIAL PROVISIONS.

It is estimated that the additional cost to local authorities as compared with 1936-37 will ultimately amount to approximately £500,000 per annum.

For each of the initial five years 1937 to 1942 the State will be responsible for half the total additional cost. Treasury grants to local authorities for this purpose will be scaled up or down in proportion to the needs of the area. These grants will range from 85 per cent. of the additional expenditure in the case of the poorer areas to 20 per cent. in the case of the richest areas.

At the end of this five-year period the Exchequer contribution will be provided by an addition to the block grant, under the Local Government Act, 1929, representing approximately half the additional cost of the new service.

VOLUNTARY ORGANISATIONS.

With regard to voluntary organisations, the additional expenditure to be taken into account for the calculation of the Exchequer grant will be the excess of the amount of contributions made by each authority to such organisations over the contributions which are already being made.

When an adequate salaried midwifery service is in operation in any area, the Minister of Health is empowered to make an order under which any unqualified person receiving remuneration for attendance as a nurse on a woman in childbirth, or at any time during the 10 days immediately after the birth, will be liable on summary conviction to a penalty of £10.

In order that certificated midwives shall be kept up-to-date the Act empowers the Central Midwives' Board to require their attendance from time to time at approved courses of instruction, and local authorities are required to provide such courses of instruction.

EDUCATION ACT.

(School-leaving age to be raised from 14 to 15 years; Proposed "maintenance grant" refused; Result of exemption provisions on operation of the scheme.)

On 31st July the Royal Assent was given to the Education Act.*

DEBATE IN HOUSE OF LORDS.

On 16th June, in the House of Lords, the Bill was debated on the Order for Second Reading.

The Parliamentary Secretary of the Board of Education (Earl De La Warr) described the Measure as part of a great comprehensive policy for the advancement of education in Great Britain. That policy dealt with the increased provision of nursery schools, increased grants to local education authorities for school buildings, various provisions leading up to the increase of free secondary school places, the question of great developments in the world of physical training, the increase of University scholarships, and a great scheme amounting to something like £12,000,000 over the next few years for technical education. All these were part of the Government's education policy, but they did not require legislation, and therefore they had gone before the local education authorities.

As regarded the raising of the school-leaving age, the Government had not accepted the Labour Party's proposition that there should be a monetary grant, called "maintenance," given to the parents of children who had to remain a further year at school.

The Archbishop of Canterbury said that he did not know of any educational reform, certainly since 1918, which had been more ardently hoped for than the raising of the school age to fifteen. There was scarcely anyone really concerned with the advance and organisation of education who had not deliberately come to the conclusion that this was a necessary step in advance. Proportionate to the eagerness of that welcome to the raising of the school age had been the disappointment created by the system of exemptions by which it appeared to be rendered largely nugatory. He doubted whether it would be an exaggeration to say that perhaps one out of every two—some would say four out of every five—of the children for whom the benefit was intended would be deprived of it.

The Bill was read a second time without a division and later was passed through its other stages.

* For summary of the provisions of the Measure which provides for the raising of the school-leaving age from 14 to 15 years, *vide* JOURNAL, Vol. XVII., No. 3, p. 477.

Northern Ireland.

The Third Session of the Fourth Parliament, which commenced on 26th November, 1935, was adjourned on 23rd June, 1936. Parliament re-assembled on 13th October, and proceedings of the present Session will be dealt with in subsequent issues of the JOURNAL.

CANADA.

Dominion.

The following summary is in continuation of that given in the last number of the JOURNAL *(Vol. XVII., No. 3) and deals with further proceedings of the First Session of the Eighteenth Parliament which opened on 6th February, 1936, and was prorogued on 23rd June.*

APPEALS TO PRIVY COUNCIL.

(Proposed Motion to abolish appeals from unanimous judgments of Supreme Court.)

On 8th June, 1936, in the Senate, Senator Casgrain moved the following Resolution :—

"That in the opinion of the Senate, a judgment of the Supreme Court of the Dominion of Canada, when unanimous, should be final except in constitutional cases."

DEBATE IN THE SENATE.

Senator the Hon. J. P. B. Casgrain (*Que.*) said that his object was to protect the rights of the poor man and to take away from wealthy corporations and rich persons the means of wearing out opponents who were not rich enough to follow them to the Judicial Committee of the Privy Council. The appeal to the Privy Council had nothing to do with the inherent and absolute right of any British subject to lay his complaint or petition at the foot of the Throne. They were told that if they did not allow appeals to England the tie with the Mother Country would be weakened. It was a queer thing that the tie which bound them should be a question of money. In Ontario they had limited the right of appeal to cases involving $5,000; in Quebec the amount was $12,000. In order to make their Supreme Court a court of last resort the consent of the Provinces would have to be obtained. For constitutional questions, however, which very often affected matters of race and religion, it was better to have an umpire who did not live in the country. It had been the intention of the Government (in 1875) that the judgment of the Supreme Court should be final.

On 10th June,

Senator Casgrain, continuing, said that in many cases the Privy Council had not protected the rights of minorities in respect to matters of language and religion, even when the Supreme Court had been unanimously in favour of protecting those rights. For instance, on the Manitoba school question the Privy Council had reversed the Supreme Court and had given a judgment that was absolutely useless to the minority in Manitoba. The foundations of the Empire would not be undermined if Canadian civil cases were finally decided by Canadian judges.

Right of Appeal beyond Parliamentary control.

On 18th June,

Senator the Hon. Sir A. Aylesworth (*Ont.*) said that there might be an appeal as a matter of statutory right, or as a matter of grace. The Canadian Parliament had no control over statutory right of appeal. It was a matter of property and civil rights in the Province and no matter what Parliament did, either by Resolution or Statute, that right of appeal would not be affected. The other class of appeals were appeals by special leave given in the exercise of the King's prerogative right. So that the Motion concerned the exercise by His Majesty of his prerogative rights as King.

When the Supreme Court Act was passed it would have been perfectly competent for the Dominion Parliament to provide for a statutory right of appeal to the Privy Council. A statutory right had existed in the two Provinces of Canada. But in the Act Parliament had not only omitted to include any statutory right of appeal from the decisions of that court, but had also negatived that right. Now his hon. Friend wanted to introduce into their law a modification of that negativing of the right of appeal. He wanted to create a new statutory right of appeal in all cases in which the court was not unanimous, and also to except constitutional cases from this express statutory law.

Constitutional position.

There was always in the Statute itself the careful provision that this denial of statutory right was not in any way to affect His Majesty's prerogative right to give permission to appeal, as a matter of grace. No Parliament in the Empire, except the Imperial Parliament itself, acting upon the assent of His Majesty himself, could limit his prerogative rights. The right of any British subject to petition the King for redress of his grievances was one of the most valuable rights that any subject could possess. The only Privy Council in which the whole Empire was represented was the King's Privy Council in England. They had their own Canadian members of that Council. It was the only appropriate body out of which to form a committee which should advise the King in regard to petitions for appeals from Colonial or Dominion courts. If the King in his dominion over Canada was a separate legal entity from the King in his capacity as King of Great Britain and the other Dominions, then it would be logical that any petition to appeal should be referred to the Privy Council of Canada ; but the situation was exactly otherwise. Because Canada was part of the Empire and because their King was King of the whole Empire, the only appropriate place to which he could refer petitions was to his Imperial Privy Council, and not to the Privy Council in any of his Dominions. It was all very well for people to say that decisions were sometimes influenced by considerations of a political character, but he would like to see some proof of it. If it was the question of constitutional cases that was being referred to, considerations of policy ought to have some weight.

On 22nd June,

Senator the Hon. R. Dandurand (Leader of the Senate) said he would abolish appeals to the Privy Council completely. The sentiment in favour of appeals to a tribunal across the seas was formed when Canada was developing as a colony. They should have passed that stage in their national life.

At the conclusion of the debate the Order was discharged.

PROBLEMS OF MIGRATION.

(Need for plan regarding immigration and emigration ; Repatriation of Canadians ; Control of emigration.)

On 12th May, in the Senate, Senator Sauvé moved the following Resolution :—

" While recognising the necessity of utilising our immense territory according to a rational plan of exploitation and colonisation, this House is of opinion that :

" (*a*) Immigration into Canada must be conducted along the lines of the greatest prudence, so as to protect our traditions, strengthen our institutions, and also so as not to complicate our national problems nor aggravate those affecting agriculture and unemployment ;

" (*b*) That the repatriation of emigrated Canadians should be efficiently encouraged before any other immigration ;

" (*c*) The emigration of naturalised Canadians should be controlled in such a way as to reduce it to its lowest possible form, if not to prohibit it altogether."

DEBATE IN THE SENATE.

Senator the Hon. A. Sauvé (*Que.*) said that it would be foolish to deny the urgency of a well-defined plan in regard to immigration and emigration and the bringing home of those who were willing to come back. The irritation resulting from the fight between the advocates of intensive immigration and the ultra-nationalists had not yet died down. It would be unfair for a minority to try and prevent the rational settlement of Canada out of fear of being submerged. It was Canada's interest to welcome immigrants of the right class, but not to receive avowed revolutionists, having contempt for her Constitution.

Selected emigration.

Canada was already suffering from a moral and economic deformation due to an excessive immigration actuated by materialistic motives instead of national ideals. Out of a total area of 3,750 square miles, Canada had a land area of 2,306,502,153 acres, of which 300 million acres could be made productive. Canada had developed hardly 8 per cent. of her total area. How were they to pursue the settlement of their country ? Experience had taught them that they must first stop emigration of their own people, then have a system to encourage large families, a more effective health organisation and selected immigration. From 1867 to 1925 emigration from Canada had exceeded immigration by 535,000, which meant an annual deficit of 9,000 people. The Bennett Government, faithful to its policy of "Canada First," in 1930, had passed an Order-in-Council limiting immigration, except as to British subjects from the Mother Country or the Dominions and United States subjects, to two classes: (*a*) wives and unmarried children under 18 years of age coming to join the father of the family, provided the latter was settled in Canada and able to assume the charges; (*b*) farmers with enough money to settle on farms. This restriction applied to the whole of Europe and many other countries.

The rules concerning immigration from the British Isles and Dominions and the United States remained unchanged, but all publicity and propaganda had been stopped. The result of that policy had been to reduce their immigration to the low level as in the first years of Confederation. But for several years the rules had contained a Clause that all immigrants must own sufficient funds to keep themselves until they could find jobs. Moreover, an Order-in-Council passed in 1929 forbade any immigrant from landing if he was coming in fulfilment of a contract to do any kind of work, though the rule did not apply to farmers, farm labourers or domestics. Under the same Order, the Minister might admit any workman on a special job. This had given rise to numerous and scandalous abuses.

Foreign capital.

The main motives of intense immigration had been the construction of the Canadian Pacific Railway and, later, the settlement of wheat growers in the western Prairies. If they must encourage the entrance of thousands of foreigners, and if such a situation was not to become a liability, their arrival must be justified through the importation of foreign capital which would serve to employ these newly-arrived people, as had been the case when the railroads were built. They could not bring to reality their predecessors' dream of making the western Provinces the granary of Europe. There was, therefore, at present no question of sending new settlers to the West, for the problem there was not longer one of population.

Foreign-born population.

According to the last census, nearly 22 per cent. of their population was not Canadian-born, the foreign-born population of each Province being in the following ratio :—

	Per cent.
Prince Edward Island	3·16
Nova Scotia	8·15
New Brunswick	5·98
Quebec	8·75
Ontario	23·43
Manitoba	33·79
Saskatchewan	34·55
Alberta	41·78
British Columbia	46·02

The great majority of communists, socialists and other radicals were to be found among these immigrants. Before they thought of bringing in other elements they should re-establish equilibrium between the rural and urban classes. If they had spent as much to keep their own in Canada as to bring in foreigners, they would not have so many problems to deal with.

On 27th May,

Senator the Hon. E. Paquet (*Que.*) stated that in four months the Minister of Immigration had issued 253 special permits. The large majority of immigrants who had entered under them from January to April, 1936, were merchants. They came to live in the towns which were already overpopulated. Before going abroad to look for immigrants it was their duty to keep their own people at home.

Repatriation of Canadians in the United States.

His aim was to encourage the work of repatriating those Canadians (in the United States) who were descended from the races which had civilised France and Great Britain. The time had come for a detailed study of the entire problem, and they must completely change their present policy. In the interests of civilisation and of Canada, the Government must make a judicious selection from those who wished to enter the Canadian family.

On 22nd June,

Senator the Hon. R. Dandurand (Leader of the Senate) thought that his hon. Friend had suggested a drastic remedy in desiring to close their doors to further emigration to the United States. It went too far to suggest preventive measures. Only Russia, Germany and Italy had resorted to such an extreme course. It was difficult to induce their unemployed artisans to go back to the land. It would be still more difficult to persuade their industrial workers across the line to return to a country life. If any Province desired to open its doors to immigrants, it should make sure that they would remain on the land and not drift to cities. Any Province desirous of attracting additional population should draw upon Canadian sources before seeking newcomers from other countries.

Senator the Hon. G. Lacasse (*Ont.*) said that in most cases before a person was admitted to Canada he had to pledge himself to settle on the land, but his inclinations and ability were not considered. He might come from the slums of London. A large number of immigrants, after spending a few weeks on the land, broke away and went to cities where they got factory jobs, while qualified mechanics born in Canada were out of work. Immigrants from the British Isles were usually preferred to those from Continental Europe who might come from countries where agriculture had been developed into a science. Even though they were potentially good farmers, people from the Continent were often segregated and treated in the most unfair way.

BANK OF CANADA AMENDMENT ACT.

(Measure to ensure Government control.)

The main object of this Act, which was assented to on 23rd June, is to amend the Act of 1934* so as to assure ownership of a majority of the shares in the Bank of Canada by the Government, and provide for the voting control of the Board by Directors appointed by the Government.

* *Vide* JOURNAL, Vol. XV., No. 2, p. 366, and No. 4, p. 856.

Section 6 of the Act provides that the present directors shall continue until the expiration of their several terms of office, but that six directors shall be appointed by the registered holder of Class " B " shares (the Government) who prior to the annual general meeting in 1940 shall be each entitled to two votes. After 1940 the Act provides for three elected directors and six Government appointed directors (in addition to the Governor and Deputy Governor, both Government appointed or approved, and the Deputy Minister of Finance who has not the power to vote). The Governor shall be Chairman of the Board, and he, or in his absence the Deputy Governor, shall have power to veto any decision of the Board or of the Executive Committee. This veto is subject to approval or disallowance by the Governor-General-in-Council (*Sects.* 8 *and* 9). The capital of the Bank is raised from five to ten million one hundred thousand dollars consisting of one hundred thousand Class " A " shares issued to the public, and one hundred and two thousand Class " B " shares to be issued to the Minister of Finance at par and to be held by him on behalf of the Dominion. The holder of Class " B " shares is not entitled to vote at the election of directors. Not more than fifty Class " A " shares may be held by any one person, except a trustee who may not, however, vote more than fifty shares (*Sect.* 10). Section 15 provides that notes of the Bank shall be printed in both the English and French languages.

Other amendments to the Act of 1934 are mainly either consequent upon the above changes or for the purpose of clarity.

DEBATE IN HOUSE OF COMMONS.

On 1st June,

The Minister of Finance (Hon. C. A. Dunning), speaking on the Motion precedent to the Bill, explained that Parliament would be asked to make such changes as might be necessary to give to the Government a predominant interest in the ownership as well as effective control of the Bank of Canada. The fundamental consideration was that the primary function of a central bank was to regulate the volume of currency and credit, and this was so vital a national function that it should not be left to the control of private interests. Was it not the Government's function to determine what their monetary standard should be; whether they should tie their dollar to the pound or to the United States' dollar or allow it to fluctuate between the two? Was it not possible to conceive of a privately controlled central bank, in conflict with the Government, refusing to carry out the declared national policy? Was it appropriate to leave to a privately controlled institution the stabilisation functions contemplated in the preamble to the Act? For the first time they had an institution which would deliberately set influences to work which would affect the price level as well as the volume of production, trade and employment.

Leading central banks : Government control.

Of the thirty-six central banks in leading countries, six were wholly publicly owned and seventeen wholly privately owned. In the constitutions of seven others provision was made for partial Government and partial private ownership. The Federal Reserve Banks of the United States were wholly owned by the member banks. The record of the publicly controlled central banks was highly creditable. The oldest of these institutions (in the Empire) was the Commonwealth Bank of Australia which was wholly Government owned. The Reserve Bank of South Africa was owned in part by the commercial banks and in part by private shareholders. Its board consisted of the Governor and Deputy Governor, both appointed by the Government, and nine other directors of whom three were appointed by the Government. The Reserve Bank of New Zealand was a privately owned bank but with Government representation on its board. The present Government had announced its intention of introducing a greater measure of Government control.* The constitution of the new Reserve Bank of India provided for a central board consisting of the Governor, four Government nominees and eight directors elected from the elected members of the local boards of the five reserve-banking areas. Government control extended further in each of these Empire central banks than at present in Canada.

Hon. J. E. Lawson (Conservative, *York S., Ont.*) declared that the only change they were making was to give to the Governor-General-in-Council power to set aside the veto of the Governor of the Bank; they were conferring upon the executive another great power of the kind which hon. Gentlemen opposite, when in opposition, had been so wont to say should be exercised only by Parliament.

Mr. C. E. Johnston (Social Credit Party, *Bow River, Alta.*) said that depressions were wholly artificial, as were periods of prosperity, because they were controlled by the financiers. That was not a question of management, but of control of policy, and if they devoted their energies more towards securing control they would be doing a greater service to the country. If this was to be a publicly owned bank operated in the interests of the people one of the essentials was to cut out interest entirely. Another principle of a nationally owned bank would be that money should be issued on the real wealth of the people instead of allowing a privately organised company to issue money on their own behalf.

On 9th June, in Committee on the Bill,

Mr. G. G. McGeer (Liberal, *Vancouver-Burrard, B.C.*) said that the reason why the Government should establish

* *Vide* JOURNAL, Vol. XVII., No. 3, p. 585 *&c.*

complete ownership of the Bank was because it was not a bank of issue solely for the service of the chartered banks. It should be established as a bank of issue and a national bank serving the public interest nationally, provincially and municipally, through which issues of public money and credit for expenditure by national, provincial and municipal Governments could be brought under proper control.

If the Government, as the Government of Great Britain had done, could set up the means of regulating its international trade, so that they could maintain a balance of trade internationally, then they should have no difficulty in maintaining the value of their dollar in those countries with which they intended to trade. In Great Britain, the United States and Australia they had gone into public spending, and as a result confidence had been restored and private enterprise was again beginning to move. If only they would have the courage to put the medium of exchange into circulation through the proper employment of men engaged in public works, social services and public enterprises, they would soon find that they had restored the circulation of consumers' buying power and created an effective demand which would inspire private enterprise to go to work.

Protection against "emotional demands."

On 10th June,

Hon. C. H. Cahan (Conservative, *St. Lawrence-St. George, Que.*) said that the Government had thought fit to propose Amendments which would bring the Bank of Canada to a greater degree under their control, and to that he offered no strong objection. However, what was necessary was that the Government should be to a certain extent protected against temporary emotional demands of its supporters for large increases of Dominion notes and the use of such increases for purposes other than as a medium of exchange for the conduct of the commercial and business enterprises. Just as they were emerging from extreme depression the Government should take special care not to postpone the recovery of their economic prosperity by the wilful destruction of their banking and monetary system, or by unnecessarily restricting the freedom of individual initiative.

Bilingual notes.

On 16th June, on the Motion for the Third Reading of the Bill,

Mr. H. J. Barber (Conservative, *Fraser Valley, B.C.*) moved an Amendment that the Bill should be referred back to the Committee of the Whole for the purpose of deleting therefrom Section 15 [providing for bilingual notes].

The Prime Minister (Rt. Hon. W. L. Mackenzie King) could not see, where the English-speaking part of the population was given the opportunity to obtain a bill with all the essential details printed entirely in English, what possible objection there could be to permitting on that same bill similar information in French for those who happened to be of French origin. The Government was following the true tradition of fair play and the furtherance of good will among all races in the country.

The Minister of Justice (Hon. E. Lapointe) thought that the people were not afraid to let the world know that there were two languages spoken in Canada. He could not believe that any Member of Parliament or anybody else would resent the fact that there were some French words on a Bank of Canada note.

Rt. Hon. R. B. Bennett (Leader of the Opposition), after dealing with various aspects of the history of the bilingual question, pointed out that an effort had been made to maintain the principle which was the foundation of the whole position, that there should be freedom of choice. In the communities which were entirely French they should have in their offices forms and documents in their own tongue; the English should have their documents in their tongue; and in communities where there were both French and English, they should have bilingual documents. That had been the aim of the Post Office authorities, and other branches of the Public Service were dealt with in the same way. By 1940 the major part of the notes in circulation would be those of the Bank of Canada. The Statute provided that the Bank was always to have in stock bills in both English and French so that they might be available as required. The vital words were "as required."

After further discussion a sub-Amendment by Mr. C. G. McNeil (C.C.F., *Vancouver N., B.C.*) to the effect that notes should be provided with no other words than "Canada" and the appropriate numerals, etc., was negatived by 184 to 15 votes, and the Amendment was negatived by 160 to 43 votes.

Legislation "a surrender of sovereignty."

On 17th June,

Mr. J. S. Woodsworth (**C.C.F.**, *Winnipeg N.C., Man.*) stated that his group for some years had urged the nationalisation of their entire banking system. Government control was at least a step in the right direction and would be necessary for carrying out the policies they advocated. But this central bank as constituted could not perform the functions which a central bank should perform. This legislation was a surrender of sovereignty in the monetary field.

The Prime Minister said that the impression that some hon. Gentlemen were seeking to convey was that the Liberal Party had led the people to believe that if they got a central bank, every individual was going to be financed out of that bank, and there would be employment for all provided out of its funds. That kind of thing had never been expressed by any person speaking with authority on behalf of the Party. He was not in favour of the nationalisation of all the banks. The Governor already had the power of veto, which was absolute. When the present Bill passed the Governor would have a veto, but once it was exercised it became the obligation of the Governor to report the matter to the Minister of Finance, and of the Minister of Finance to report it to the Governor-General-in-Council, who might refuse to sanction the Governor's veto. So that the last word was with the Governor-General-in-Council, which was the Cabinet, which represented the House of Commons, which represented the people. If they had effective control it mattered relatively little where the ownership rested. He could not see why it should be assumed always that private and public interests were opposed. But when there was a conflict between public and private interest then the public interest should be made to prevail. There was a distinct advantage in having private as well as Governmental interests represented on the board.

On 18th June,

Mr. A. MacInnis (**C.C.F.**, *Vancouver E., B.C.*) said his Party were not in favour of socialised banking because they wished to print money and give it to every individual who needed it, but because they wanted to use these things to socialise the means of production within the country.

Mr. Bennett declared that the powers conferred by this Bill would not modify in any sense the provisions that now existed, except that the Governor-General-in-Council might exercise a veto. Publicly owned central banks were few in number and their success had not been greater than that of privately owned institutions.

At the conclusion of the debate the Motion for the Third Reading was agreed to by 156 to 31 votes, and the Bill was passed.

DEBATE IN THE SENATE.

On 19th June,

Senator the Hon. R. Dandurand (Leader of the Senate), moving the Second Reading of the Bill, stated that the issue of currency had always been regarded as a prerogative of the Crown. It was only in comparatively recent times that governmental authorities and monetary experts had come to realise that the primary functions of a central bank was not to make loans to a necessitous Government, or to provide other banking services, but to control the volume of credit and currency in the best interests of the nation. For the first time they had an institution charged with the function of regulating credit and currency and which therefore deliberately set influences at work which would affect the price level as well as the level of production. That was too vital a function to leave in the hands of a privately controlled institution.

On 20th June,

Senator the Rt. Hon. A. Meighen (*Ont.*) declared that money had been collected from the taxpayer merely to make a redundancy in the treasury of the new bank. There was all the control over the bank that any man could desire. It was the same as before, and the principle of organisation was not changed one iota.

At the conclusion of the debate the Bill was read a third time and passed.

FREE FOREIGN TRADE ZONES BILL.

This Bill, which was passed by the Senate but only received a First Reading in the House of Commons, provides for free foreign trade zones, in order to facilitate export trade.

The Bill, which is purely permissive, provides that Provinces, municipalities, or public agencies organised by either, and these only, may apply for a grant of the right to organise and conduct wholly at their own expense free ports at approved places, whether on the coast, on a river, on a lake or inland. Within these free ports goods may be received unpacked and in all respects dealt with, so far as the Customs laws are concerned, as if the territory of the free port were not part of the territory of Canada.

DEBATE IN THE SENATE.

On 7th May,

Senator the Hon. J. H. Rainville (*Que.*), who seconded the Bill, said that to the importer the outstanding attraction of the free port was that he was free of all Customs worries. Reserve stocks of commodities could be stored within a few days' or a few hours' journey of ultimate destination, without the trouble and expense of paying Customs Duties at once, or carrying the goods to an expensive bonded warehouse near the port. Assembling and processing could be done in the free port area without preliminary payment of Customs and the probability of subsequent claiming of drawbacks. The advantage to Canada would be that such a port would become the maritime transhipment and distribution centre of the whole American Middle-West. Until Hamburg became a free port, Great Britain had enjoyed a monopoly of the transhipment trade of western Europe because of Free Trade. Hamburg was now one of the four greatest ports of the world, and the concurrent development of the German merchant marine was well known. The saving and convenience resulting from not having to pay

Customs Duties until such time as the goods were shipped into protected territory would induce many manufacturers and importers in Canada and the United States, and also exporters from countries overseas, to establish warehouses and factories within the free port area. Another advantage would be the increased marine freight accommodation. Free ports had made phenominal progress in Europe during the last century. Montreal, Saint John, Quebec, Halifax, Vancouver and Victoria had all been mentioned as suitable places for such ports, but Montreal had outstanding claims.

On 13th May,

Senator the Hon. J. P. B. Casgrain (*Que.*), who moved the Second Reading of the Bill, said that the first advantage of a free port was transhipment. Another advantage, over a bonded warehouse, was that they could break bulk and then grade and invite the public to come and inspect goods. A further advantage would result from the development of their manufacturing industry. Various materials and parts could be assembled and manufactured by Canadian labour. Goods could be consigned to a free port and stored until sold, without payment of Customs Duties. Not a dollar of Government money would be asked for, though a very large sum would be necessary to establish a very modest zone. But the Bill was only permissive.

Senator the Hon. T. Cantley (*N.S.*) pointed out that the experience of Hamburg had been that the amount of manufacturing done within the free zone had been comparatively small. Owing to climatic conditions, neither Montreal nor Quebec could ever figure as free ports, which must have free access to the sea at all seasons of the year. Only Halifax and Vancouver were so located as to be reasonably satisfactory for free ports.

Senator Rainville stated that the Bill was brought in now because New York was organising a free port. If they did not do something New York would get the business.

After the Bill had been referred to a Special Committee, it was read a third time and passed on 16th June. Mr. H. H. Stevens (Reconstructionist, *Kootenay E.*, *B.C.*) moved the Second Reading of the Bill in the House of Commons on 19th June; but the debate was adjourned without further discussion.

WATER-CARRIAGE OF GOODS ACT.

(Brussels Conference (1922) Convention ; Legislation in Great Britain and the United States.)

This Act, which was assented to on 23rd June, brings the Canadian law in regard to the carriage of goods by water into conformity with the British Carriage of Goods by Sea Act, 1924, which was the outcome of the Brussels Conference of 1922.

Section 2 of the Act provides that the Rules relating to bills of lading contained in the Schedule to the Act shall have effect in relation to the carriage of goods in ships from any port in Canada to any other port whether in or outside Canada. The Act also provides that there shall not be implied in any contract for the carriage of goods by water to which the rules apply any absolute undertaking by the carrier of the goods to provide a seaworthy ship (*Sect.* 3). Article 6 of the Rules (permitting special agreements between shippers and carriers which are not contrary to public policy and do not apply to ordinary commercial shipments), shall, in relation to the carriage of goods between ports in Canada, have effect as though the Article referred to articles of any class instead of to particular goods and as though the second proviso were omitted (*Sect.* 5). Section 6 relieves the carrier from the obligation to guarantee the weights of bulk cargoes, where, under the custom of any trade, the weight of such inserted in a bill of lading is a right accepted by a third party other than the carrier or the shipper.

DEBATE IN HOUSE OF COMMONS.

On 29th May,

The Minister of Marine (Hon. C. D. Howe), moving the Second Reading of the Bill, explained that its purpose was to repeal the present Water-Carriage of Goods Act and replace it by a new Statute which followed almost exactly the British Carriage of Goods by Water Act. The British Act was the outcome of the Brussels Conference of 1922, when 24 maritime nations met to draft a uniform Act. Following this Convention, Great Britain passed an Act in 1924 and the United States two months ago also passed an Act modelled almost entirely on the British Act. Canada was not a party to the Convention but, by correspondence with Great Britain and the United States, had been committed to pass legislation making their Act uniform with the others. The old Act was indefinite and had been the cause of a good deal of legislation, whereas the new Act was very clear, and since it had been in force in England the litigation under it had fallen to a minimum. It had been very difficult for lumber interests to obtain marine insurance on lumber shipped to the Old Country. The Bill corrected that situation and included lumber in the definition of goods.

In Committee,

The Minister of Marine explained, in regard to Clause 3, that if an accident occurred because of the unseaworthiness of a ship the owner was liable, but unseaworthiness could not be pleaded unless the action arose because of that unseaworthiness.

Rt. Hon. R. B. Bennett (Leader of the Opposition), referring to Clause 3, said that they were reluctant to pass this statute. It lessened very materially the burden of the shipowner. It represented the high point of the influence of shipping in Great Britain. The Brussels Conference was the triumph of the great shipping interests. This was rather a dangerous Section.

Hon. H. H. Stevens (Reconstructionist, *Kootenay E., B.C.*) said that this Bill was modelled on the British Act which was notoriously a carrier's Act. He was doubtful as to the protection given to their Canadian shipper as against carriers. The British Parliament would naturally go a long way to protect British shipping, whereas Canadians were the owners of goods rather than of ships. Consequently if the Canadian Parliament wished to take every precaution to protect the shipper, they could not expect an Act modelled on the British Act to provide adequate safeguards.

The Minister of Marine stated that in this respect the United States Act was exactly the same as the English. The three Acts contained identically the same Clause. If Britain was a nation of carriers, in the United States, as in Canada, the shipment of goods predominated.

After further discussion in Committee the Bill was passed on 1st June.

DEBATE IN THE SENATE.

On 3rd June,

Senator the Hon. R. Dandurand (Leader of the Senate), moving the Second Reading of the Bill, said that carriers had begun to contract out of the Common Law to such an extent that their own terms, imposed on shippers, appeared in the bills of lading and set aside the general principles dominating this matter under Common Law. He meant by the Common Law countries not only the United States and Great Britain but all the Dominions and other countries of the Empire. The Brussels Agreement intervened as a sort of arbiter between the right of the shippers and of the carriers. The Bill was identical with the British Carriage of Goods by Sea Act of 1924.

Senator the Rt. Hon. A. Meighen (*Ont.*) was entirely in favour of the Bill. The only objections were with respect to Section 3, and he could not support them.

The Bill was read a third time in the Senate on 9th June.

NATIONAL HARBOURS BOARD ACT.

This Act, which was assented to on 23rd June, provides for the creation of a National Harbours Board in place of the existing Harbour Commissions.

The Board is to consist of three members appointed by the Governor-General-in-Council for periods of ten years, and the Act gives the Board jurisdiction over the harbours of Halifax, Saint John, Chicoutimi, Quebec, Three Rivers, Montreal and Vancouver. The Board is also given the administration, management and control of any other harbours, works and property of the Government which the Governor-General-in-Council may transfer to it, and the several Harbour Commissions are amalgamated with the Board.

IN THE HOUSE OF COMMONS.

On 19th March, in Committee on the Resolution,

The Minister of Marine (Hon. C. D. Howe) explained that until recently these harbours had been administered by the separate Harbour Commissioners, each Commission composed of three men chosen from the immediate locality. This form of control was inefficient and exceedingly costly to the Federal Government. The proposed Bill provided for the creation of a National Harbours Board with headquarters at Ottawa, which, under a Minister of the Crown, would be responsible for the administration, maintenance and control of the seven harbours as well as any other harbour property which the Governor-General-in-Council might transfer to the Board. Local management would devolve upon competent port managers, whose duty it would be to develop the same local contacts that were formerly maintained by the separate Harbour Boards.

The Bill was read a third time and passed on 26th May.

IN THE SENATE.

On 16th June, on the Motion for the Third Reading of the Bill,

Senator the Rt. Hon. A. Meighen (*Ont.*) pointed out that although such countries as the Old Land, France, Australia and Italy, which had many harbours, had tried some such plan as this, they had all reverted to the old system of local control, subject to central supervision. This was the more impressive because the centralised system would appear to be more practicable in compact countries than in Canada. It was very problematical whether it could be made to succeed in Canada.

Senator the Hon. R. Dandurand (Leader of the Senate) said that the Bill was based on three facts : the ports of Canada were the property of the Dominion ; they were largely financed by the Dominion ; they formed part of their whole system of transportation, and it was in the interests of the general policy of transportation that authority should be centralised.

After further discussion the Bill was read a third time and passed.

CANADIAN NATIONAL-CANADIAN PACIFIC AMENDMENT ACT.

(Appointment by Governor-General-in-Council of Board of Directors in place of trustees.)

This Act, which was assented to on 23rd June, amends the Act of 1933* in regard to the management of the Canadian National Railways.

The Act provides for the appointment by the Governor-General-in-Council of a Board of seven Directors (in place of three trustees), one of whom shall be appointed Chairman and shall devote his whole time to the performance of his duties (*Sect.* 4). Section 6 deals with the remuneration of Chairman and Directors ; and Section 7 with tenure, retirement by rotation and re-appointment. The direction and control of the National Company is vested in the Board of Directors (*Sect.* 8). Whenever under the provisions of the Railway or other Act, sanction or confirmation by shareholders is required with respect to any company (comprised in the National Railways system) such sanction may be given by the Governor-General-in-Council (*Sect.* 9). The Directors are empowered to appoint, subject to the approval of the Governor-General-in-Council, a President of the National Company who may be the Chairman of the Board or a person other than one of the Directors, who, if not a Director, shall be during his tenure of office as President the Chief Executive Officer of the National Railways (*Sect.* 10). A majority of the Directors shall decide all matters (*Sect.* 11). The annual budget of the Railways shall be under the control of the Board, and estimates of the amounts required for income deficits, interest, capital expenditures, etc., shall be submitted to the Minister of Transport for consideration and approval by the Governor-General-in-Council, and presentation to Parliament (*Sect.* 12).

DEBATE IN HOUSE OF COMMONS.

The Minister of Railways and Canals (Hon. C. D. Howe), moving the Second Reading of the Bill, stated that the three trustees to whom the direction of the railways had been entrusted as a result of the 1933 Act, had failed to achieve any substantial co-operative economies, to secure which was the principal object of their appointment. There was much unrest among Canadian National employees who appeared to regard the trustee method with suspicion, due to the fact that in matters of actual management the chief operating officer with the rank of President was subordinated to a trustee board of three laymen, inexperienced in railway problems.

The Report on the National Railways (1935) dealt with co-operative measures by the Canadian National and Canadian Pacific Railways, but the trustees had been unable to report any substantial progress. The Board was clearly not representative enough, and the powers granted the Chairman had

* *Vide* JOURNAL, Vol. XIV., No. 4, p. 754 and Vol. XV., No. 1, p. 84.

endowed him with autocratic authority. The man holding the title of President, one of the ablest executives in North America, had had his position reduced to that of adviser to the Chairman, who had made himself the real operating head of the railway property.

The present Bill did not change the purpose of the 1933 Measure other than to provide for the substitution of a Board of seven Directors for the present board of three trustees. A majority of the Directors would govern, instead of the present provision that the vote of the Chairman was required before a decision could pass. The Government would make a strong effort to secure men of business capacity, and it was intended to return to the practice of placing on the Board an outstanding representative of organised labour. It was intended to appoint as Chairman an experienced railway man, and not to reappoint the Deputy Minister of Railways to the Board. Wh tever contact with the Board might be necessary to keep the Government in touch with railway policy would be between the Chairman and the Minister of Railways direct. The best results would be obtained if the Chairman himself trained and developed the man who would occupy the office of President, and it was therefore intended that the two offices should be combined until they could be divided without endangering the operating efficiency of the railway. The Bill removed the disability which would operate against employees of the Railway in the selection of the chief executive.

Rt. Hon. R. B. Bennett (Leader of the Opposition) said that during the five years of world depression the one great problem the Government had had to consider, in addition to the general financial situation, had had to do with railway conditions. Unless the railroad succeeded Canada could not maintain its solvency.

Mr. Bennett dealt at length with the findings of the Duff Commission on the National Railways, and said that if it was intended that the Government should project itself more intimately into the administration of the railways, that was the very thing the Commission had said should not be done. They had provided facilities for a population twice as great as the present one, and their transportation system was also threatened by the bus and aeroplane. He wondered whether the Minister thought for a moment that to put these powers into the hands of these seven men was going to change conditions for the better.

Mr. R. S. White (Conservative, *St. Antoine-Westmount, Que.*) pointed out that in 1935 the cash deficit of the National Railways exceeded $47,000,000 and the net loss to more than $115,000,000. The debt of the road was $2,809,000,000.

Only by some form of amalgamation would they escape from the dilemma, but apparently the electors were set against such a course.

Mr. A. A. Heaps (C.C.F., *Winnipeg N., Man.*) declared that amalgamation would involve the laying off of vast numbers of men employed by the railways. The Government could not solve this or any other problem by aggravating the unemployment system. The Duff Commission had investigated the problem from all angles but had been unable to find a real solution. Even though economies might be effected here and there, there was no solution, with the possible exception of the one to which the Government was pledged, which was to increase the trade of the country in order that greater revenues might accrue to one or both of their railways.

On 5th June, after discussion in Committee, the Bill was read a third time and passed.

DEBATE IN THE SENATE.

On 9th June,

Senator the Hon. R. Dandurand (Leader of the Senate), moving the Second Reading of the Bill, said that the 1933 legislation had not been conducive to improvement by way of such co-operative economies as had been contemplated. The failure had been attributed to the fact that the chief operating officer had been subordinated to three trustees who were inexperienced in railway operations. The Government was responsible for the administration of the system, and should not be hampered in its administration. The railway situation was the biggest problem confronting Canada.

Senator the Rt. Hon. A. Meighen (*Ont.*) said the Measure had two purposes: one was to get rid of the present Board of Trustees and in their place appoint a Board of Directors. The importance of this feature lay in the principle of changing the trustees because of a change of Government. The other great purpose apparently was to leave the Government unhampered in its administration of the system.

In recent years there had been long periods when there had been no hampering, when the Government of the day had been free to choose men in whom it had confidence. But they had got the most disastrous results, and the fearful burden under which they laboured now was simply due to the results of that full and ample sway of the Administration in directing the policy of the road and determining that those in charge should be men who had its confidence.

On 19th June, after further discussion, the Bill was read a third time and passed.

BROADCASTING ACT.

(Repeal of Act of 1932; Creation of Broadcasting Corporation.)

This Act, which was assented to on 23rd June, repeals the Radio Broadcasting Act of 1932* and places the broadcasting system in the hands of a corporation.

The Act provides for a Broadcasting Corporation with a Board of nine Governors who shall hold office for three years and represent the principal geographical divisions of Canada, a General Manager and an Assistant Manager, appointed by the Governor-General-in-Council (*Sects.* 3-7). The Corporation shall carry on a national broadcasting service, and may maintain, operate and establish broadcasting stations; make operating agreements with private stations; organise programmes; collect news for broadcasting purposes; acquire copyrights and patents: acquire private stations by lease or purchase; etc. (*Sect.* 8).

The Corporation may not obtain concessions from any British or foreign Government without the consent of the Minister of Transport (*Sect.* 9).

Section 11 deals with the acquisition of property, including private stations which may be subject to the Expropriation Act, and with compensation.

The Corporation is authorised to administer funds and the Act provides for advances by the Government up to $500,000 for capital works to increase coverage, and up to $100,000 for working advances (*Sects.* 15-17).

No private station shall operate as part of a network of stations except with the permission of the Corporation (*Sect.* 21).

The Corporation may make regulations to (*a*) control networks of stations; (*b*) prescribe the periods reserved by private stations for the broadcasting of the Corporation's programmes; (*c*) control the character of programmes broadcast by Corporation or private stations; (*d*) control advertising; (*e*) prescribe the proportion of time devoted to political broadcasts on an equitable basis to all Parties. Dramatised political broadcasts are prohibited, and also political broadcasts on the two days preceding an election (*Sect.* 22).

The Governor-General-in-Council is empowered to make regulations prohibiting interfering equipment (*Sect.* 23); and his approval shall be obtained before any licence for a new private station is issued (*Sect.* 24).

DEBATE IN HOUSE OF COMMONS.

On 15th June, in Committee on the Resolution,

Rt. Hon. R. B. Bennett (Leader of the Opposition) stated that the Report of the Radio Committee of 1934 had contemplated a condition exactly opposite to that prevailing in Great Britain, where there were no such things as private broadcasting stations, which were under the sole control of the corporation. Owing to lack of funds their organisation was not able to build

* *Vide* JOURNAL, Vol. XIII., No. 3, pp. 679-681.

stations, but had to utilise existing facilities. There was a constant endeavour on the part of private interests to secure licences for new stations. If a Department of Government was to determine whether or not additional licences should be issued for private stations, it would mean the end of their publicly owned broadcasting facilities. When the former Government brought this broadcasting enterprise into being as a publicly owned facility, they had to take up with the United States the question of channels. This was an international side of the matter which had to be considered, and there were many difficulties.

The Minister of Marine (Hon. C. D. Howe) said that broadcasting had been studied by one Royal Commission and three Parliamentary Committees, and the four Reports agreed on the broad principles. The aim should be a complete coverage by Government facilities, and the present situation demanded complete control over all forms of broadcasting, whether public or private. They had far too many private licences for stations of small power, and the result was that the channels of communication were becoming very involved. It was almost impossible to find a clear channel for a station of high power such as was needed to hold their place against the high powered stations across the line and particularly in Mexico. The very limited funds at the disposal of the Commission were a great restriction. They collected and turned over to the Commission about a million and a half dollars a year. In Great Britain about ten times that amount was collected. In Australia the amount was larger than in Canada.

Mr. A. L. Beaubien (Liberal, *Provencher, Man.*) referred to the system followed by the British Broadcasting Corporation; and to the Australian system and that of the United States. None was applicable in Canada, but they might gain some advantage from all of them. Broadcasting in Great Britain was an absolute monopoly, and advertising was not allowed. Evidence had been submitted to the Committee which indicated that $10,000,000 was spent in France, Germany and Ireland by advertisers broadcasting to the English public, who were losing that revenue through prohibiting advertising.

In Australia broadcasting was done both by Government and private stations. There were fourteen Government and sixty-four private stations. The programmes of the Government stations were in the hands of the Radio Commission, technical operation in the hands of the Postmaster-General, who exercised complete control over the licensing and operation of all private stations. In the United States all stations were private. In Canada they had eighty-one stations, seventy-three of which were private. The Radio Commission had found themselves without money to make any progress in nationalisation. They had given the Minister protection because he could not grant licences without the consent of the Corporation.

On 19th June, after further discussion in Committee, the Bill was read a third time and passed. It was passed by the Senate on 20th June.

DEPARTMENT OF MINES AND RESOURCES ACT.

This Act, which was assented to on 23rd June, creates a Department of Mines and Resources to which are transferred the Departments of the Interior, of Mines, of Immigration and Colonisation and of Indian Affairs.

IN THE HOUSE OF COMMONS.

On 2nd June,

The Prime Minister (Rt. Hon. W. L. Mackenzie King), introducing the Resolution precedent to the Bill, stated that when the Leader of the Opposition retired from office the Cabinet had been composed of 21 Ministers, 17 of whom were holding portfolios. Under the present Administration the number of Ministers had been reduced to 16, of whom 15 held portfolios. This reduction had been effected by reducing the number of Ministers without portfolio; by placing under the direction of one Minister the Department of Railways and Canals and the Department of Marine, and by abolishing the office of Solicitor-General and assigning his functions to the Attorney-General and Minister of Justice. The present Bill placed under the direction of one Minister the Departments of the Interior, Indian Affairs, Immigration and Colonisation and Mines.

The Bill was read a third time and passed on 9th June. It was passed by the Senate on 17th June.

DEPARTMENT OF TRANSPORT ACT.

This Act, which was assented to on 23rd June, creates a Department of Transport in substitution for the two existing Departments of Railways and Canals and of Marine.

CRIMINAL CODE AMENDMENT ACT.

(" Unlawful associations.")

This Act, which was assented to on 23rd June, amends the Criminal Code in various particulars, the most important being in respect to "unlawful associations."

The Act repeals Section 98 of the Criminal Code. This Section defined as an "unlawful association" any organisation, etc., whose professed purpose is to bring about any Governmental, industrial or economic change by use of force or physical injury to person or property, or by threats of such injury, or which advocates or defends such force or injury. Any property belonging or suspected to belong to an "unlawful association" may be forfeited. Any person who acts as an officer of any unlawful assembly, or who speaks or writes as its representative, or displays any device, or contributes to it, is liable to imprisonment up to twenty years. Any person attending meetings of an unlawful assembly, speaking for it or distributing literature, shall be presumed to be a member. The owner or lessee of any premises permitting the meeting of an " unlawful association" is liable to a fine not exceeding $5,000 or up to five years' imprisonment, or both. Any judge, etc., may issue a search warrant. Any person publishing or offering for sale any literature advocating or defending the use of violence or physical injury as a means of accomplishing Governmental, industrial or economic change is liable to imprisonment up to twenty years. Any person circulating or importing similar literature is liable to the same penalty.

The Act provides for a new Section to the Criminal Code whereby, without limiting the generality of the meaning of the expression " seditious intention," everyone shall be presumed to have a seditious intention who publishes or circulates any writing, printing or document in which it is advocated, or who teaches or advocates, the use, without the authority of law, of force as a means of accomplishing any governmental change within Canada (*Sect.* 4).

DEBATE IN HOUSE OF COMMONS.

On 19th June,

The Minister of Justice (Hon. E. Lapointe), moving the Second Reading of the Bill, explained that during the War there were special rules which were infringements of the liberty of the citizen. After the War, these enactments disappeared from the administration of other countries, but were replaced in Canada in 1919 by Section 98 of the Criminal Code. Since then continuous attempts had been made for the repeal of that Section. It had been suggested that these applications had come from disorderly elements, but they came from all classes, and more particularly from organised labour.

On two occasions Bills had passed the House unanimously, but had been rejected by the Senate. It was dangerous to perpetuate in peace time enactments which were war-time measures, due to panic which existed in time of war. There were things in the Section not susceptible of defence. To say that the police might authorise any private citizen on mere suspicion, to search the home of anyone because they might find literature which was objectionable was contrary to all the principles of law the world over. A man might be seen at a meeting of one of these so-called illegal associations and he was presumed guilty. It was prohibited, under possible penalty of twenty years, to import any book in which there might be something which defended revolution. There was no sense of proportion in an enactment of that kind. They had in the Criminal Code, which was based on the Common Law of England, all the provisions which made English law sufficient to meet all emergencies. There were some who wanted to define sedition more specifically, but Parliament thought it better to follow the English practice and remain with the Common Law operation in that regard.

Mr. J. S. Woodsworth (C.C.F., *Winnipeg N.C., Man.*) congratulated the Government on having introduced a measure providing for the repeal of Section 98, which had been used particularly against the Communists. He did not agree with many of the principles and methods of the Communist Party, but he did not believe in putting his political opponents in gaol, or in depriving a section of the community of their rights as citizens. The proposed Section 4 went too far ; it would rule out a very large proportion of the literature on their library shelves to-day.

Hon. C. H. Cahan (Conservative, *St. Lawrence-St. George, Que.*) said that anyone who sought to bring about any governmental, industrial or economic change by use of force, or who advocated or defended terrorism should be amenable to the law. They must protect democratic institutions, and if there were some provisions in Section 98 which should be amended, let them have an amendment but let them preserve the main purpose of the Statute. Section 4 was not sufficiently comprehensive to prohibit the actual use of force for the purpose of overturning the Government of the country.

Mr. C. E. Johnston (Social Credit Party, *Bow River, Alta.*) thought that because of its ambiguity Section 98 could be made applicable to almost anyone or any condition, and the Government should be commended for repealing it. It was a violation of private privilege.

Rt. Hon. R. B. Bennett (Leader of the Opposition) submitted that in Section 98 they had provisions with respect to unlawful associations which should not be repealed at this time. Its repeal would be accepted by those who had been carrying on propaganda so actively during the past four years as giving them added opportunities for their seditious operations. Did there exist in Canada any body of men who were urging upon their fellow citizens that force should be used for the purpose of accomplishing their end ? The answer must be in the affirmative. Unless they made some provision against "unlawful assemblies" and those who constituted the membership in them

they had not taken the steps to restrain individual liberty which was essential to their national liberty.

Mr. J. T. Thorson (Liberal Progressive, *Selkirk, Man.*) said that when it came to breaches of the peace and questions affecting the safety of the State, they had ample legislation to insure their interests. Any attempt to suppress communism by force would strengthen communistic activities. There was a good deal of Communistic activity among the Ukrainian people, but nowhere was there fiercer opposition to the progress of Communism than among them. The main leaders of Communistic activity were not of foreign but of English and Scots origin.

After further discussion in Committee the Bill was read a third time and passed.

DEBATE IN THE SENATE.

On 20th June,

Senator the Hon. R. Dandurand (Leader of the Senate) moving the Second Reading of the Bill, said that in the last Election, Section 98 had been attacked from various angles, and its repeal had been one of the planks of the Liberal Party. In 1919, following the troubles that occurred in Winnipeg, the Government of the day appointed a Parliamentary Committee to consider amendments to the Criminal Code, and that Committee brought in the Report on which Section 98 was based. The separation of powers was a necessary guarantee in the administration of justice. It was not right that the police, who were entrusted with the duty of carrying into execution the orders of the court, should become the court itself. They had in the Criminal Code, which was based on the Common Law of England, all the provisions which made English law sufficient to meet all emergencies.

Senator the Rt. Hon. A. Meighen (*Ont.*) declared that this Section could never punish anybody for harbouring an opinion, however dangerous. To certain persons, principally to the Communists whose votes it had been necessary to secure, the Government by this Bill handed the repeal with one hand and took it back with the other. In Section 98 what was forbidden was made definite. Under this Bill it was made general ; it was thrown back on the Common Law. Under Section 133 of the Code all sedition was punishable by imprisonment up to twenty years. Section 98 was nothing more or less than a specific outline of a certain element of sedition that had always been sedition.

After further discussion the Bill was read a third time and passed.

CRIMINAL CODE AMENDMENT BILL.

(Proposed abolition of hanging.)

This Bill, which was introduced in the House of Commons by Mr. Blair on 4th March, is for the substitution of death by lethal gas instead of hanging in cases of capital punishment.

DEBATE IN HOUSE OF COMMONS.

On 13th March,

Mr. J. K. Blair (**Liberal**, *Wellington N., Ont.*), moving the Second Reading of the Bill, said that there was throughout the country a strong sentiment opposed to hanging as a method of putting criminals to death. Cases were reported where hanging did not bring about death and the man was put on the scaffold and hanged over again. The law should not be vindictive. Its purpose was to prevent the repetition of wrong, not primarily to punish. Scientists claimed that for the purpose of executions monoxide gas could be used. Any time that pain was inflicted upon an individual without having a purpose to be achieved in the future was a sin against humanity. In the criminal's interests as well as of those of society they had to bring him to justice, but when they were punishing him as a deterrent for the benefit of the social order they must not overdo the punishment. If complete abolition of capital punishment did not tend to increase crime, a milder method of punishment than their present one would not tend to an increase.

The Minister of Justice (**Hon. E. Lapointe**) agreed that punishment should not be regarded as an act of vindictiveness on the part of the State or even as a method of retribution.

On 19th May,

The Minister of Justice, continuing. stated that they had communicated with the five States of America where the method of lethal gas was in practice, and the officials claimed that it was a far more efficient and humane method. Whether it was as efficient as a deterrent was a matter of opinion. The matter was entirely under Provincial jurisdiction. Every phase of the subject would have to be investigated, and he suggested that his hon. Friend should withdraw his Bill and re-introduce it at the next Session.

Rt. Hon. R. B. Bennett (**Leader of the Opposition**) believed that hanging was far more effective as a deterrent than any other form of punishment. It was not humanity they were concerned about in inflicting punishment, but the preservation of society, and the method of punishment they resorted to was not to find the most humane method, but to punish and deter. A practice which had been followed so satisfactorily in the country where law was more highly respected than in any other part of the world was a method from which they should not lightly depart.

Mr. J. S. Woodsworth (**C.C.F.**, *Winnipeg N.C., Man.*) said that there might be criminal types, in which case they could not blame the criminals; they could put them out of the way in the most humane way possible or shut them up. But to a considerable extent criminal instincts had not been inherited, and criminal tendencies had been fostered by poor training in childhood and the difficulty of finding the way into a satisfactory manner of living in their society as it was to-day. If they simply set to work to wipe out a few individuals who had proved dangerous to society they were not curing the social evils which they found about them.

At the conclusion of the debate the Bill was withdrawn.

DIVORCE AND REMARRIAGE BILL.

On 23rd March, in the Senate, Senator the Hon. J. J. Hughes (*P.E.I.*) introduced a Bill providing that the respondent in proceedings for divorce should not, in the lifetime of the former spouse, be competent to marry any person other than the unmarried former spouse.

On 6th May, Senator Hughes moved the Second Reading, and on 7th May, after some discussion, an Amendment by Senator the Hon. L. McMeans (*Man.*) was agreed to that the Bill should not now be read a second time, but that day six months.

Provinces.

Quebec.

RESIGNATION OF THE PRIME MINISTER ; RE-ORGANISATION OF THE CABINET (*Note*).

On 11th June, 1936, the Government having failed to get the Budget passed* (*vide* JOURNAL, Vol. XVII., No. 3, pp. 537-538), the Prime Minister (Hon. L. A. Taschereau, M.L.A., *Liberal*) retired, after having held the Premiership for 15 years, and the Hon. A. Godbout, M.L.A. (Minister of Agriculture) was invited by the Lieut.-Governor (Hon. E. L. Patenaude) to form a new Cabinet.

On the same date the Legislature was dissolved.

On 26th June it was announced that the Cabinet had been re-organised under Mr. Godbout.

* The General Election held on 25th November, 1935, did not give the Government a working majority, the position of Parties being :—

For the Government : Liberals, 47 ; Independent Liberal, 1.

Against the Government : Conservatives, 16 ; Action Liberale Nationale, 26.

GENERAL ELECTION ; NEW GOVERNMENT (*Note*).

As a result of the General Election held on 17th August, the Liberal Party, which had been in power for 40 years in the Province, was defeated by the National Union Party (comprising Conservatives and dissentient Liberals) under the Hon. Maurice Duplessis, K.C., M.L.A. The results were as follow :—

National Union Party	75
Liberals	15
	90

The state of Parties prior to the Election was : National Unionists, 42 ; and Liberals, 48.

On 26th August it was announced that the composition of the Cabinet was to be as follows :—

Prime Minister, President of Executive Council and Attorney-General.	Hon. Maurice L. Duplessis, K.C., M.L.A.
Minister of Lands and Forests	Hon. J. Oscar Drouin, M.L.A.
Provincial Treasurer	Hon. Martin Beattie Fisher, M.L.A.
Minister of Colonisation	Hon. Henry L. Auger, M.L.A.
Minister of Mines and of Game and Fisheries.	Hon. Onesime Gagnon, M.L.A.
Minister of Agriculture	Hon. Bona Dussault, M.L.A.
Minister of Public Works	Hon. John S. Bourque, M.L.A.
Provincial Secretary	Dr. the Hon. J. H. A. Paquette, M.L.A.
Minister of Labour	Hon. William Tremblay, M.L.A.
Minister of Roads	Hon. Francois Joseph Leduc, M.L.A.
Minister of Municipal Affairs and of Trade and Commerce.	Hon. Joseph Bilodeau, M.L.A.
Ministers without Portfolio	Hon. Antonio Elie, M.L.A. Hon. Thomas J. Coonan, M.L.A. Hon. Gilbert Layton, M.L.A.

AUSTRALIA.

Commonwealth.

The following summary is in continuation of that given in the last issue of the JOURNAL (*Vol. VXII, No.* 3) *and deals with some of the proceedings of the second period of the First Session of the Fourteenth Parliament which re-assembled on* 10*th September*, 1936.

DEFENCE POLICY.

(Developmental programme : the objectives ; Permanent and Militia Forces ; Munitions Supply ; Civil Aviation ; Labour policy.)

On 11th September, 1936, the Minister for Defence made a statement on the Government's defence policy, and the provisions for the developmental programme.

IN THE HOUSE OF REPRESENTATIVES.

The Minister for Defence (Hon. Sir Archdale Parkhill) said that provision was made in the Budget in the present financial year for the final year of the three years' programme and the first year of a new programme.* As the Defence Vote would probably result in the highest annual peace expenditure on defence since Federation, the Government had decided that the earliest opportunity should be taken to inform Parliament for the purposes for which this large provision was being made.

Financial provisions.

The following was a summary of the financial details of the provision for 1936-37 :—

For third year of three years' programme ...	£6,892,518
For first year of new programme	1,480,062
Re-votes from 1935-36	410,490
Unexpended balances of former years	26,408
Total	£8,809,478

The objectives.

The objectives of the Government's defence policy were (*a*) the maintenance of the Australian Navy at a strength which was an effective and fair contribution to Imperial naval defence ; (*b*) local defence against invasion and raids.

The Government to ensure the continual development of an effective policy was providing this year for the first year of

* *Vide* p. 795.

a new programme. The first stage would cover miscellaneous unavoidable increases, a number of items for rounding off the current programme and certain new proposals of an urgent nature. The further provision necessary would be considered by the Government later.

The Navy.

The following was the financial provision for the Navy this year :—

Final of three years' programme	£2,891,101
First year of new programme	346,286
Total	£3,237,387

At the conclusion of the three years' programme, the following ships would be in commission : three cruisers, one flotilla leader ; two destroyers ; two sloops ; and a survey ship. To date, the squadron had been strengthened by one new cruiser and a sloop. The second new sloop, built at Cockatoo Island Dockyard, would be commissioned in January, 1937. In the new programme, provision was being made for the continuation of further local construction, but the type of ship was at present under consideration. The strength of sea-going forces would be increased this financial year to 4,290, the total increase since the commencement of the programme being 1,050.

The Army ; Militia Forces.

The following was the financial provision for the Army this year :—

Final of three years' programme	£2,430,799
First year of new programme	517,933
Total	£2,948,732

As a self-governing Dominion, the Commonwealth had accepted responsibility for its local defence under the Resolutions of the Imperial Conference of 1923. The peace organisation of the Army provided for : (*a*) a nucleus of a field army of two cavalry and five infantry divisions ; (*b*) the coast defences of the important parts.

The peace organisation was composed of permanent and militia forces. The permanent forces provided the staff of formations and units, and a cadre of the coast defence units and the technical corps. The militia forces provided leaders, specialists and other rank and file required for the peace establishment of units. The field army was organised on a nucleus basis, but its framework was designed for expansion in a time of war so as to enable the man-power of the country to bring existing units to war establishment and to form new units. The strength of the Permanent Forces would be increased this financial year to 2,300. The total increase since the commencement of the programme was 623.

The Government had had under consideration the measures necessary to bring about an improvement in the strength of the Militia Forces, which, for some time, had been between 26,000 and 27,000, as against a minimum strength of 35,000 necessary for training in peace and to provide for expansion in war. The voluntary system had been inaugurated in 1929. Owing to the depression, the Defence Vote had fallen to less than half its earlier figure, and trainees had been asked to continue to serve at the low rate of pay of 4s. a day. It was evident that adequate financial provision had not been made, and the voluntary system should be neither condemned nor discarded without a fair trial under reasonable conditions. The Government considered that if they removed the financial handicaps they could rely on the people of Australia supplying the man-power to bring the Militia Forces up to strength.

The main Army item in the first year of the new programme was £288,600 for these purposes. The period of training for the Militia Forces would remain the same—six days in camp and six days home training. As the pay for privates had been doubled, and many large employers had offered facilities for employees to attend training, it was hoped that a high standard of training would be attained.

Base defences ; Armament.

The sum of £162,000 was being provided under the first year of the new programme to round off the part of the three years' programme devoted to the fixed defences and anti-aircraft defences. Provision was also being made for improvements in the armament, equipment and reserves of the Field Army. The degree of progress in mechanisation was limited by funds that could be made available. A number of armoured fighting vehicles, mainly for training purposes, should be delivered during this year.

Gas precautions.

The recent conference of Commonwealth and State Ministers had considered the organisation of measures necessary for the protection of the civil population against gas attack. At this stage it was not necessary to provide for the wholesale protection of the civil population, but the careful preparation of certain protective measures were advisable for the larger centres of population. The responsibility for organisation would devolve upon the State Governments. The Commonwealth would provide training equipment and instructional manuals at a cost of £2,470, which would be the present limit of the Commonwealth's liabilities.

The Air Force.

Turning to the Air Force, the following was the financia provision for this year:—

Final year of three-years' programme	£1,288,727
First year of new programme	154,925
Total	£1,443,652

During the current financial year three new squadron would be formed to complete the Air Force part of the three years' programme. This would mark the fulfilment of Part of the Salmond Scheme. Sir John Salmond made his report in 1928. At a recent meeting of the Council of Defence, recommendations for the revision of certain aspects of the Salmond scheme of air defence against raids had been endorsed. The changes provide for an increase in the first-line strength of aircraft from 114, as originally contemplated, to 194. The three years' programme and the first year of the new programme would give immediate effect to a portion of these changes within the funds provided and furnish a first-line strength of 96 machines.

The Citizen Air Force Squadron to be formed in Western Australia this year would be the third of four to be organised on this basis, for co-operation with the fixed defences.

The strength of the permanent personnel of the Air Force would be increased this year to 2,268, the total increase since the commencement of the programme being 1,878. An increase of 119 officers and airmen was provided for in the citizen force

The bulk of the provision for the Air Force in the first year of the new programme was for aircraft and equipment Aircraft from overseas was still awaited to complete the equipment of the squadrons formed during the last financia year. The delays were due to the enormous strain placed on the resources of the manufacturers of the United Kingdom owing to the Royal Air Force expansion. It was confidently expected, however, that the aircraft industry would be established in Australia in the very near future, when the supply position would be on an infinitely improved basis.

Munitions Supply.

The following was the financial provision for the Munitions Supply branch this year:—

Final year of three years' programme	£466,287
First year of new programme	115,176
Total	£581,463

The policy of the Government was to erect factories for making the types of essential munitions which had no counterpart in commercial industries, and to maintain them on a nucleus basis of peace, so that the knowledge should be available should war come. Parallel with the development of Government factories, the Government were fostering commercial industries, and thereby systematically adding to the country's resources of raw material, stores and manufacturing establishments. An organisation had been created whose function it was to prepare a statement of the Services in war time, to examine those in relation to the stocks and productive resources of the country, and to prepare places for mobilising the resources of industry in an emergency.

Civil Aviation ; Empire Air Mail Scheme.

The vote for the Civil Aviation branch in the first year of the three years' programme was £164,150. An additional £50,000 had been provided last year, and the total this year was £316,770. At present there were approximately 17,000 miles of airways. Along these routes 89,000 miles were flown each week. A pleasing feature was that half of this mileage was flown by unsubsidised and self-supporting services.

The Commonwealth's participation in the Empire Air Mail Scheme for the carriage bi-weekly of first-class mails by large flying-boats was still under review by the Government.

Wireless facilities.

A large expansion in radio facilities as aids to air navigation was contemplated. The provision for wireless services was £132,000.

The Government's responsibility.

Sir Archdale, in concluding his statement, said that as Britain and the Dominions had given a practical lead to the world in disarmament, the steps now being taken to increase their defences as a safeguard against aggression were really a course to which there was no alternative in view of the growth of the armaments of other nations. No one could claim that there was an aggressive element in these reluctant but necessary steps to discharge the Government's grave responsibility for national security in the world as they found it to-day.

Labour Party's defence policy.

He had carefully studied the additions to the Labour Party's defence policy which had been made by the recent Conference at Adelaide, and found that they were in general agreement with the essential basis of the policy just put before hon. Members, except that the Government's technical advisers fortunately did not consider that the present risks of gas attacks necessitated the very extensive provision suggested for the protection of the civil population.

Threat to peace ; Menace of Fascism.

The threats to peace to-day did not arise from the democratic countries. It was increasingly evident that the British nations, if they wished to safeguard their traditional rights and privileges as free and democratic communities from being engulfed in the rising tide of dictatorships, must be prepared to defend them.

The preamble of the additions to the Labour platform recognised that menace, for the recommendations were stated to be resultant on—

> "The menace which Fascism offers to any programme of reform, and to the continuance of democracy."

It was the hope of the Government that a common ground existed here to raise the vital question of national defence above Party issues, and to assure the continuity of development and universal support which was essential for its full effectiveness.

THE BUDGET.

(Trade balance ; Public Debt ; Budget surplus ; Estimates ; Taxation remissions ; Defence expenditure ; etc.)

On 10th September, in the House of Representatives, the Treasurer brought forward the Budget for 1936-37, and reviewed the financial position for the past year.

IN THE HOUSE OF REPRESENTATIVES.

The Treasurer (Hon. R. G. Casey) said that in practically every direction the position of Australia had materially improved in the last twelve months.

Rise in export prices.

In 1934-35 wool prices had averaged 9·75d. per lb., and the value of the clip was £40,400,000. Last year, prices had recovered to 14·01d. per lb., and the clip had produced over £58,000,000. Last year export prices for butter had been on a higher level than in recent years. Wheat produced in 1935-36 was valued at £26,740,000, compared with £20,990,000 in the previous year. As an indication of the general position of export prices as a whole, the Treasurer gave a table of index

numbers (base, 1,000 in 1928) showing an increase of from 535 in June, 1932, to 772 in July, 1936.

Internal recovery.

The steady increase in employment had been maintained. The percentage of unemployment reported by the trade unions had reached its highest level—30 per cent.—in the second quarter of 1932. In the second quarter of 1936 it was 12·8 per cent. About 335,000 persons had got back to full time employment in Australia since early 1932. Savings Bank deposits had increased from £193,000,000 at June, 1931, to £225,000,000 at June, 1936. The total value of building permits in the capital cities had increased from £6,850,000 in 1932-33 to £21,972,000 in 1935-36.

Overseas trade.

Under the influence of the improvement in world prices and expansion of gold production, exports had reached a new high level since 1929-30 of £108,000,000 sterling, compared with £90,000,000 sterling for 1934-35. Imports in 1935-36 reached £85,000,000 sterling compared with £74,000,000 sterling in 1934-35. Of the £11,000,000 sterling increase in imports, £9,000,000 was accounted for by increased imports of non-competitive goods, mainly machinery, motor vehicles and petrol. The favourable commodity balance increased from £16,000,000 sterling for 1934-35 to £22,000,000 sterling for 1935-36. The slight extent to which the trade balance failed to provide the £23,000,000 necessary to meet the overseas interest bill had been made good by the migration of capital from overseas to Australia.

Public Debt conversions.

Last year two further Conversion Loans operations—of £21,657,000 and £16,551,000—had been arranged on the London market. London debt amounting to £198,513,275 had now been converted with a saving in interest and exchange of approximately £4,000,000 per annum.

Two new Loans had been issued in Australia during 1935-36 making a total of eight new Loans (totalling £83,546,000) since the National Debt Conversion in July, 1931.

Internal Debt ; Commonwealth and States Debts.

The Treasurer submitted a statement showing that the aggregate Public Debt had increased from £1,187,828,000 at June, 1932, to £1,255,782,000 at June, 1936. The nett increase in the four-year period was £67,954,000. States Debts had increased by £75,799,000 (from £788,943,000 to £864,742,000) while Commonwealth Debt decreased by £7,845,000 (from £398,885 to £391,040).

Interest burden lessened.

Although there had been an annual growth in the aggregate Australian Public Debt, the average interest rates had steadily fallen in London from £4 14s. 3d. in 1932 to £3 19s. 5d. in 1936, and in Australia from £3 18s. 9d. to £3 12s. 9d. The interest burden per head was but little more to-day than it had been fifteen years ago—£6 19s. 8d. in 1920-21 and £7 8s. 9d. in 1935-36.

Short-term Debt.

Included in the aggregate Australia Public Debt at 30th June, 1936, was £80,388,000 of short-term unfunded Treasury Bills and Debentures, of which £33,375,000 was held in London by the Commonwealth Bank and £47,013,000 in Australia, held in approximately equal parts by the Commonwealth Bank and the Trading Banks.

Sinking Fund ; Combined surplus.

In 1935-36 the receipts of the National Debt Sinking Fund totalled £9,097,000. For 1936-37 the receipts were estimated at £9,719,000.

In a table which he submitted, the Treasurer showed that the net State deficits had been progressively reduced from £20,800,000 in 1931-32 to £2,430,000 in 1935-36. As the Commonwealth accounts showed an excess of receipts over expenditure of £3,567,000 for 1935-36, the aggregate result of all Government Budgets in Australia for that year was a surplus of £1,137,000.

Revenue and Expenditure, 1935-36.

The following table gave the estimated and the actual Revenue and ordinary Expenditure for 1935-36 :—

	Estimate.	Actual.
Revenue	£61,850,000	£66,640,947
Expenditure	61,833,000	63,073,227
Excess receipts	£17,000	£3,567,720

In addition to the Expenditure as shown above, a special payment of £500,000 had been made to the States out of excess Revenue of previous years.

The improvement in Revenue over the estimate was principally under the following heads : Customs and Excise, £3,588,000 ; Sales Tax, £582,000 ; Land Tax, £177,000.

The Government proposed to deal with the excess receipts of £3,567,720 as follows : Non-recurring Grant to States, £500,000 ; towards the defence programme, £2,000,000 ; in reduction of accumulated deficit of £17,000,000, £1,067,720.

Budget proposals, 1936-37.

In submitting the Budget proposals for 1936-37, the Treasurer said that notwithstanding the increased sum of £1,336,000 required from Revenue for development of defence, and the growing cost of old-age pensions, the Budget provided for remissions of taxation to the extent of £5,275,000 in a full year and for other expenditure proposals costing £1,235,000 in a full year.

Sales Tax ; Primage Duty.

In 1933, the rate of Sales Tax had been reduced from 6 per cent. to 5 per cent., whilst from year to year the list of exemptions had been extended. Compared with the peak period, the total annual value of the concessions made to date was £3,740,000. The Government proposed further relief from Sales Tax to the extent of £3,000,000 for a full year. The rate would be reduced from 5 per cent. to 4 per cent., involving a loss of £2,000,000 per annum, whilst further exemptions to the annual value of £1,000,000 would be provided for.

Certain remissions of Primage Duty were proposed which would total approximately £170,000 for a full year and £128,000 in the current year.

Income Tax and Special Property Tax proposals.

In addition to dealing with uniformity of taxation, the 1936 Commonwealth Act* contained a number of concessions to taxpayers. The most important was the introduction for the first time of a concessional deduction of £50 for a wife. It was estimated that this concession would involve a remission of Income Tax to the extent of £320,000 for a full year. Concessions had been granted in the 1936 Act to non-residents. The most important was the granting to all non-resident individual taxpayers of the same statutory exemption as was allowed to residents. This concession would involve a remission of approximately £50,000 for a full year.

One of the most severe forms of emergency taxation imposed in 1930-31 was the Special Property Tax. In 1933-34 the rate had been reduced from 10 per cent. to 6 per cent., and last year to 5 per cent. The Government considered the opportunity had now arrived to abolish the tax, the remission resulting thereby being estimated at £1,300,000 for a full year.

In addition the Government proposed to reduce the rates of normal Income Tax on individuals by 10 per cent. This would involve a remission of approximately £435,000 for a full year. No variation in the rates of tax was proposed in respect of Land Tax or Estate Duty or the Income Tax on companies.

* *Vide* Journal, Vol. XVII., No. 3, p. 565.

Revenue summary.

The total estimated Revenue for the year, after allowing for remissions of taxation, was £81,550,000, made up as follows: Taxation (including Customs and Excise, £43,100,000), £61,650,000; Miscellaneous, £2,950,000; Transfers from Trust Funds, £530,000; Post Office, £15,700,000; Railways, £400,000; Territories, £320,000.

Expenditure; Payments to States.

During recent years, direct financial assistance to the States had shown an upward tendency. Excluding relief for wheat-growers and other primary producers, the total contributions to the States from Commonwealth Revenues were for 1934-35, £13,781,802; 1935-36, £14,573,691; and for 1936-37, £14,822,000. These figures did not include grants of £2,000,000 and £500,000 made to the States as a whole during 1934-35 and 1935-36 respectively, out of excess receipts, or the grant of £500,000 proposed to be made in 1936-37.

In 1935-36 Special Grants totalling £2,750,000 had been paid by the Commonwealth on the recommendation of the Commonwealth Grants Commission to South Australia £1,500,000, Western Australia £800,000 and Tasmania £450,000. The Commission had recommended that the payments for 1936-37 should be as follow: South Australia, £1,330,000; Western Australia, £500,000; Tasmania, £600,000; Total, £2,430,000. The Government proposed to seek Parliamentary approval for the Grants recommended by the Commission.

Federal Aid Roads.

The present Federal Aid Roads Agreements between the Commonwealth and States which would expire on 31st December next, provided for payment to the States of 2½d. per gallon in respect of petrol imported and of 1½d. per gallon in respect of excise petrol. It has been agreed to extend the Agreements for six months, and the estimated payments on this basis for the present financial year total £3,000,000. Proposals would be submitted to Parliament for new Agreements to cover a period of ten years commencing 1st July, 1937. It was proposed to provide for payment to the States of 3d. per gallon on petrol imported and 2d. per gallon on excise petrol. The additional cost in 1937-38 is expected to exceed £600,000.

Invalid and Old-Age Pensions.

The total expenditure on Invalid and Old-Age Pensions for 1935-36 was approximately £12,800,000—an increase of £1,000,000 over the preceding year, due partly to the increase in the maximum pension from 17s. 6d. to 18s. per week and partly to increase in number of pensioners. On 30th June, 1936, there were 287,235 Invalid and Old-Age Pensions in force, an increase of 13,257 during the 12 months. The Government proposed to increase the maximum rate of Invalid and Old-Age Pensions from 18s. to 19s. per week. The estimated cost of this liberalisation was £760,000 for annum.

Maternity allowances; War Pensions.

It was proposed to liberalise the law by providing for the payment of an allowance of £4 10s. (instead of £4) for the first child and £5 in every case where there was any previous surviving issue under the age of fourteen years. The cost of these liberalisations was estimated at £55,000 per annum.

As from 1st January, 1936, a number of additional concessions and benefits had been granted to certain ex-members of the Australian Imperial Forces. Provision had been made for Service pensions for certain classes of ex-members of the Forces. In this Budget the Government proposed to increase the rate of Service Pension by 1s. per week, and to increase by 1s. 6d. per week the pensions to children of incapacitated soldiers. The estimated annual cost of the additional concessions was £162,000.

Public Service salaries.

The salary restorations in the last three years had freed all services up to £485 from any reduction under the Financial Emergency Act. It was now proposed completely to restore the salaries of all Commonwealth employees to the normal rates. Where the salaries were subject to automatic adjustment in accordance with cost of living variations, such adjustments would continue to operate. In the case of allowances to Members of Parliament and salaries of Ministers, the Government proposed that a partial restoration be made equal to 10 per cent. of the normal rate.

Defence proposals.

Without being alarmist, the Government wished to put clearly before the people of the Commonwealth the provisions that it was incumbent upon them to make for national defence. The current defence Vote would be the highest in the history of the Commonwealth. The Government were making provision in this financial year not only for the amount required for the final stage of the three years' programme, but also for £1,480,000 for the commencement of a new programme. The increased financial provision for defence in recent years was shown in the following table:—

1932-33	£3,194,000
1933-34	4,166,000
1934-35	5,520,000
1935-36	7,017,000
1936-37 (*estimate*)	8,809,000

Empire Air Mails.

The air-mail service between Australia and Singapore had been duplicated in May last, and consideration had been given to an extended scheme for the carriage by air of first class mails to and from Empire countries. Towards the cost of this scheme a sum of £75,000 was being provided in the Budget.

Primary products; Subsidy on Fertilizers.

The Government had decided to grant an export bounty of 2s. per case on oranges shipped to all countries other than New Zealand during the 1936 season. The estimated cost was £4,500. Last year a bounty of 4d. per case had been provided to assist growers of apples and pears, the total amount involved being £82,000. Prices overseas were still unsatisfactory, and it was proposed that a further sum of £80,000 be provided in 1936-37.

The Government had decided to continue the subsidy to assist primary producers to purchase fertilizers for the present year at the reduced rate of 10s. per ton. The estimated cost for 1936-37 was £310,000 as against £434,000 for 1935-36 when the rate of subsidy was 15s. per ton.

Scientific research.

The Government were providing increased sums this year to enable the Council for Scientific and Industrial Research to extend its activities with a view to securing greater national efficiency in primary and secondary industries. Last year £140,615 had been provided for investigations and research and £26,947 for capital expenditure. This year the Government proposed to provide £187,043 for research and £57,381 for capital expenditure.

Estimated Budget results.

The following table showed the estimated budgetary position for 1936-37 after allowance for taxation remissions and expenditure proposals:—

Estimated receipts at present taxation rates	£85,418,000	
Less taxation remissions ...	3,868,000	
Total		£81,550,000
Estimated normal expenditure	£79,194,000	
Expenditure proposals ...	2,311,000	
		£81,505,000
Estimated excess receipts		£45,000

Public Works; etc.

The Treasurer submitted a statement showing the proposed expenditure of the Commonwealth for Public Works and Rural Debt Relief in 1936-37, of which the following is a summary:—

	1935-36. Actual.	1936-37. Estimated.
Commonwealth Works and Services.		
From Revenue	£3,232,262	£4,175,967
From Loan	807,525	1,170,338
Assistance to States.		
From Revenue	100,000	401,000
From Loan	1,096,750	1,937,000
Total	£5,236,537	£7,684,305

Conclusion.

The Treasurer, in conclusion, said he did not pretend that the Government could justly claim all the credit for all the improvement of which the Budget was the convincing demonstration. But he did claim that the policy of the Commonwealth Government had had a very great influence in bringing about the desirable results reflected in the Budget. Unwise financial, monetary or tariff policy were matters which would have gone far to prevent the effective operation of the factors making for improvement. Artificial speeding up of activity in Australia through credit expansion might have had temporarily beneficial effects but would have introduced the probability of dangerous repercussions.

States.

Victoria.

Ministerial changes (*Note*).

On 24th June, 1936, the resignation of the Chief Secretary and Minister of Labour (Brig. M. W. J. Bourchier, C.M.G., D.S.O., M.L.A.) was announced in the Legislative Assembly, on his appointment as Agent-General in London. The Hon. H. S. Bailey, M.L.A. (Honorary Minister), was appointed to these offices; and the Hon. H. J. T. Hyland, M.L.A., was appointed an Honorary Minister.

On 28th July it was announced that the Hon. H. S. Bailey, M.L.A., had resigned the portfolio of Minister of Labour and that the Hon. E. J. Mackrell, M.L.A. (Honorary Minister), had been sworn in as Minister of Labour. Mr. Bailey retains the portfolio of Chief Secretary.

GOVERNOR'S SPEECH.

(Improved conditions; Farmers' debts; Marketing of primary products, etc.)

The following are summarised extracts from the Speech of the Governor (Lord Huntingfield, K.C.M.G.) at the opening of the Second Session of the Thirty-second Parliament on 23rd June, 1936.

IMPROVED CONDITIONS.

Good seasons had been experienced and many primary industries had shown substantial improvement. During the last twelve months the number of registered unemployed had been reduced from 32,000 to 17,500.

Forestry work had been an important factor in the relief of unemployment. Permanent camps for unemployed youths had been established at various centres.

FARMERS' DEBTS; MARKETING OF PRIMARY PRODUCTS.

The Farmers' Debts Adjustment Act was now in operation, and many satisfactory adjustments were being effected.

Steps had been taken under the Marketing of Primary Products Act to introduce orderly marketing in certain primary industries.

LOCAL GOVERNMENT.

For the more effective government of the metropolis, it was proposed to introduce legislation to establish a Metropolitan Council.

COMPANY AND INCOME TAX LEGISLATION.

A Bill to consolidate and amend the Company law, and a Bill to consolidate and amend the Income Tax law would be introduced.

LEGISLATIVE COUNCIL; ADDITIONAL MINISTER.

Legislation would be submitted to provide for the more equitable distribution of the Provinces of the Legislative Council; also to provide for an additional Minister of the Crown.

THE BUDGET.

(Revenue and Expenditure; Railways; Loan expenditure; Estimates; Taxation reductions; Unemployment and relief; etc.)

The Annual Statement of Public Accounts and Estimates for the current year were submitted by the Premier and Treasurer in the Legislative Assembly on 4th August, 1936.

IN THE LEGISLATIVE ASSEMBLY.

On 4th August,

The Premier and Treasurer (Hon. A. A. Dunstan) said that the figures for the year 1935-36 disclosed a deficit of £115,000, an improvement o £320,000 compared with the estimate.

Revenue and Expenditure, 1935-36.

Excluding special funds, the figures were :—

Revenue	£23,923,000
Expenditure	24,038,000
Deficit	£115,000

In view of the fact that the Commonwealth Special Grant wa £410,000 less than in 1934-35, the result was satisfactory. The defici was £865,000 less than the total payments during the year to the Nation Debt Commission for the redemption of the Victorian Public Debt.

The General account includes all transactions other than those relating to Railways, State Coal Mine and Special Funds: Revenue was £13,913,000; Expenditure, £13,449,000; the surplus on General Account being £464,000, compared with a surplus of £492,000 in 1934-35.

The revenue from Railways was £9,784,000, and expenditure £10,286,000, a deficit of £502,000 compared with a deficit of £558,000 in 1934-35.

The amount of revenue received from State coal mines was £226,000, but as the expenditure amounted to £303,000, the deficit incurred was £77,000 as against an £85,000 deficit in 1934-35.

Revenue received from Unemployment Relief Taxation amounted to £1,979,000. This was an increase over last year's receipts of £284,000. The Tax on Totalisator investments had increased from £124,000 in 1934-35 to £141,000 last year.

Loan Expenditure, 1936-37.

The amount approved by the Loan Council for the year 1936-37 as Victoria's proportion of the Loan Raisings for Works and Deficits was £3,563,000, and in addition £600,000 would be available from Loan Repayments.

Estimates, 1936-37.

It was estimated that the total Revenue from all sources (exclusive of Special Funds) would amount to £24,503,000 and the total Expenditure to £24,613,000, the result being a deficit of £110,000.

The estimated Expenditure included a sum of £780,000 for Debt redemption.

The Government had decided that on the expiration of the Financial Emergency Act on 3rd October, 1936, complete restoration of salaries of Crown employees would be made. This would involve an additional provision for the current financial year of £337,000.

There would be provided for the Hospital and Charities Fund in 1936-37 the sum of £200,000 from Revenue, and the tax on Totalisator investments, estimated at £156,000: a total sum of £356,000 being available towards Hospital Finance.

The estimated result of operating the Railways for the current financial year was a deficit of £478,000, made up as follows: Revenue, £9,925,000; Working Expenses (including Pensions, Superannuation, etc.), £7,071,000; and Interest and exchange, £3, 332,000; leaving a deficit of £478,000.

It was proposed to transfer £30,000,000 of the loan liability of the Railway Department to the General Account of the State.

Taxation reduction; Land and Income Tax.

In addition to complete restoration of salaries and pensions, it had been found possible to make concessions to taxpayers amounting in all to £280,000.

It had been decided to discontinue the Super-tax of 5 per cent. which had been in force since 1922. The annual value of this concession was £25,000.

The Special Tax of 6s. per £100 was payable on all taxable incomes which exceeded £100 per annum; but in order to afford relief to married taxpayers the exemption for this class would be raised to £175. The annual value of this concession was £20,000.

Unemployment and Relief Tax.

At present Unemployment and Relief Tax was payable on all taxable incomes of £52 and over, and it was now proposed to raise the minimum taxable amount of £105. This would exclude 106,000 taxpayers, the annual value of the concession being £49,000. There would also be a general reduction in the existing rates by 10 per cent., the annual benefit to taxpayers as a result of this concession being £186,000. The amount estimated to be received from the tax in 1936-37 was £1,854,000.

Bulk handling of wheat.

The Government had approved of proposals for the handling of wheat in bulk. Provision had been made for the erection of two terminal elevators with a storage capacity of 2,250,000 and 2,000,000 bushels. The scheme also provided for the erection of 138 elevators in the country having a total storage capacity of 14,345,000 bushels. The total estimated cost was £1,881,348.

Closer settlement.

In 1934-35, £982,000 had been provided from Consolidated Revenue to meet losses on soldier and civilian settlement, whereas in 1935-36, owing to higher prices for primary products, the contribution had been reduced to £797,000. It was anticipated that there would be a further improvement of £58,000 in settlers accounts during the current year.

Forests.

The Government fully realised the necessity of providing sufficient funds for the improvement and development of forests, and accordingly in 1936-37 the sum of £385,000 had been allocated.

Unemployment relief.

The number of registered unemployed persons in Victoria, exclusive of those engaged on relief works, had decreased from 32,000 at 30th June, 1935, to 19,000 at the present time. From 24th September, 1935, relief workers who had dependants had been employed under the ordinary provisions of the relevant awards as to rates, hours and conditions. In order that a further comprehensive programme could be undertaken in 1936-37, the Government had allocated the sum of £2,184,000 from Loan Funds for Unemployment Relief Works.

Conclusion.

Concluding his speech, the Premier said that one of the outstanding features of the Budget was the evidence that the long-sought goal of budgetary equilibrium had nearly been reached. Throughout the period of the depression that objective had been firmly incorporated in the general financial policy of the State. This result had been rendered possible to a considerable degree by reason of the definite improvement in the prices of primary products. Another important factor was the return of confidence in commerce and finance, brought about partly by the increased prices to which he had alluded, and also by the activity on the part of the Government in embarking on major works of a necessary and developmental nature. Indications were that the present payable level of prices would continue for a time, but in a world where swift changes were constantly taking place, and where the policy of economic nationalism was a transcendent factor, optimism regarding the future should be tempered by caution.

Queensland.

CHANGE IN DESIGNATION OF HOME SECRETARY (*Note*).

On 11th August, 1936, *it* was announced that the designation of the Home Secretary had been changed to that of Minister for Health and Home Affairs.*

RECONSTITUTION OF THE COUNTRY PARTY; UNITED AUSTRALIA PARTY (*Note*).

On 11th August, it was announced that there had been an alteration in the constitution of the Country Party and that a new Country Party had been formed which would be separate and distinct from other political Parties†; and that Mr. E. B. Maher, M.L.A. (*West Moreton*) had been elected Leader of the Party and Leader of the Opposition.

On the same day, it was announced that Mr. H. McD. Russell, M.L.A. (*Hamilton*) had been elected Leader of the newly-formed United Australia Party.

GOVERNOR'S SPEECH.

(Sugar; Financial results; Increased employment; Land settlement; Housing schemes; etc.)

The Second Session of the Twenty-seventh Parliament was opened on 11th August, 1936. The following are summarised extracts from the Opening Speech of the Governor (Lt.-Col. the Rt. Hon. Sir Leslie Wilson, G.C.I.E., C.M.G., D.S.O.).

SUGAR.

The Speech stated that the Premier had visited Great Britain to represent Queensland at the International Conference on the Sugar Industry contemplated by the Imperial Government. It was found that the Conference could not be held with any prospect of agreement. Consequently in conjunction with the Commonwealth Government, the Premier had asked for a five-years' Agreement based on the existing rebates of Sugar Duty without limitation as to quantity. This had not been agreed to by the Imperial Government, but an undertaking had been given that no change in policy would take place unless eighteen months' notice was given.

FINANCIAL RESULTS.

The transactions of the Consolidated Revenue Fund for the financial year 1935-36 had resulted in a deficit of £741,815, or £420,558 less than the Budget estimate. Receipts amounted to £15,488,991, and Expenditure totalled £16,230,806.

PUBLIC WORKS.

The expenditure from Loan Fund amounted to £4,219,000, which enabled the Government to carry out a loan programme to provide work by means of their policy of public works and assistance to local authorities.

INCREASED EMPLOYMENT; LAND SETTLEMENT.

More men were now employed in the State than ever before. Business conditions were better than at any period since 1929.

The Government had administrative control over 94 per cent. of the lands of the State. During the year 553 new selections, totalling 1,347,233 acres and 247 pastoral holdings covering 18,438 sq. miles, had been acquired. The total area of reclaimed prickly-pear lands which had been settled subject to developmental conditions was over 17,000,000 acres.

FORESTRY.

Employment in reforestation works had been considerably increased; the sum expended—£114,000—was the highest on record. The acreage of forest reservations had been increased by 400,000 acres to 6,187,000 acres.

* This portfolio is at present held by the Hon. E. M. Hanlon, M.L.A.

† The Country Party was previously merged with the Progressive National Party now known as the United Australia Party.

SUGAR PRODUCTION.

Raw sugar production for the 1935 season totalled 587,000 tons. Australian requirements absorbed 51½ per cent. The balance was sold to British and Canadian refiners.

HOUSING SCHEMES.

The citizens of the State continued to avail themselves of the various housing schemes administered by the State Advances Corporation. The amount advanced during the year was £393,000.

ROADS; RAILWAYS.

The Main Roads Commission at 30th June last had completed 3,623 miles of roads and 11 miles of bridges. The expenditure during the year was £1,503,000.

The receipts of the Railway Dept., amounting to £6,643,000, represented a decrease of £353,000, due to reduced traffic in live-stock, wool, etc.

MINING.

With the production last year of approximately 103,000 fine ounces of gold, Queensland had consolidated her position as the second gold-producing State in the Commonwealth.

MINISTRY OF HEALTH; ABORIGINALS.

Following the creation of a Ministry of Health, legislation would be submitted to provide for a more efficient health service for the State.

It was the desire of the Government that the lot of those aboriginals remaining in Queensland be made as comfortable as possible, and the policy of the Government was so directed as to settle these people ultimately in villages of their own which might become self-supporting.

South Australia.

CONSTITUTION ACT AMENDMENT BILL.

(Reduction of Members; Single electorates.)

A Bill to amend the Constitution Act was introduced in the House of Assembly on 12th August, 1936.

The object of the Bill is to reduce the number of Members in the House of Assembly from 46 to 39 and to divide the State into single electorates.

DEBATE IN HOUSE OF ASSEMBLY.

On 13th August,

The Attorney-General (Hon. S. W. Jeffries), in moving the Second Reading of the Bill, said that in introducing this Bill he was carrying out the promise made by the Premier prior to the last Election. A tentative scheme for the re-division of the State into thirty-nine single electorates had been prepared by the Electoral Office. This scheme had been referred to a Committee and this Bill gave effect to the recommendations made by the Committee.

Single electorates.

The Government had come to the definite opinion that in proposing the principle of single electorates they would be doing the best thing to ensure the continuance of stable parliamentary government and to carry out the reductions of Members in the fairest possible way.

Position in other States.

In every other State of Australia, except Tasmania, the lower House was elected from single-Member districts, and there was no evidence that any of these States was contemplating any departure from the present system.

Some years ago, New South Wales had tried the experiment of proportional representation and had conducted three Elections under that system but, after the Election of 1925, had reverted to single electorates. The Commonwealth House of Representatives was another example of single electorates. Under this system the constant regrouping of Parties and reforming of Ministries, which distinguished other systems, appeared to be avoided. Nor had the system failed to give each Party a reasonable period of office.

Disadvantages of multiple electorates.

It was very doubtful whether, if they had retained multiple electorates they could have arranged a reasonable reduction in the number of Members without, at the same time, perpetuating the very gross anomalies in political representation which now existed. Under the present system a Member had to do almost as much work as if he were the only representative for the district. Under the system proposed the electorates would be reduced to one-half or one-third of their previous size, and the number of matters which a Member would have to attend to should be reduced accordingly.

Reduction of Members.

Some Members wanted to reduce the House to 30 Members, in which case the quorum for conducting business in the House would be nine or ten Members, and 16 Members would be a working majority for a Government.

The Government were of opinion that 16 Members was too small a number to control the important matters of legislation, finance and policy arising in the State. Taking in account the size, population and activities of the State, their House of Assembly was somewhat smaller than one would expect according to Australian standards, and they could not look for any great reduction in its numbers.

Town and country electorates.

With regard to the ratio between number of Members representing country and city electorates, the Bill did not materially alter the present position. The Government were totally opposed to a system which would give more than half the representation to the metropolitan area. It was inevitable that the quota of electors for a country district must be smaller than that for a city district.

Opposition views.

Mr. A. W. Lacey (Leader of the Opposition) said that at the last Election the Government had been returned with a huge majority on a minority vote because of unequal electorates; yet despite unequal electorates, the Government were afraid to contest the next Election, even with the huge handicap they had to assist them against other Parties. They desired to place those Parties at a greater advantage. That, in his opinion, was the reason for this Bill.

Penalising the Labour Party.

The electors in the metropolitan electorates totalled 203,647, and they were to return 13 Members. In the extra-metropolitan electorates there were 148,674 electors, and they were to return 26 Members. In the metropolitan electorates 15,665 electors would return one Member, but in the extra-metropolitan electorates it would take only 5,718 electors to return one Member.

Why was this present action proposed? It was because the Government believed that the electors in the extra-metropolitan electorates could be better organised from the point of view of the Government supporters than could the electors of the metropolitan electorates. It was well known that when Labour had had a majority in Parliament it had been obtained largely as the result of the voting in the metropolitan electorates.

Council should be reduced.

There was no suggestion in the Bill to alter the number of Members in the Legislative Council. There were 127,486 electors on the roll for the Upper House, and for the House of Assembly 353,841, showing that 127,486 privileged persons received a vote mainly because they owned or occupied residencies. They elected 20 Members to the Legislative Council, while 353,841 elected 46 to the Assembly. It was now proposed to reduce the number to 39.

Although the electoral boundaries would be altered for the Legislative Council, the franchise would remain the same, and the 127,000 electors undoubtedly would govern the 353,000. The electorates for the Legislative Council had always been loaded against the Labour Party. There always had been a discrepancy, but it would be greater under this Bill. If it was right that there should be a reduction of Members in one Chamber, it was right there should be a reduction in the other. The Labour Party did not favour retention of the Legislative Council; but there was no opportunity of abolishing it at present.

The proposal was an attempt to retain government of the people by the privileged few, and the retention of power in the popular Chamber by a minority vote. Unequal districts had been arranged for that purpose.

(The Bill was still at the Second Reading stage at the date of the last HANSARD *to hand. Progress will be reported in subsequent issues of the* JOURNAL.)

Western Australia.

RESIGNATION OF THE PREMIER; RECONSTRUCTION OF THE GOVERNMENT (*Note*).

On 19th August, 1936, it was announced that the Hon. Philip Collier, M.L.A., had resigned his office as Premier, Treasurer and Minister for Forests, and that he would be succeeded by the Hon. John C. Willcock, M.L.A. (Minister for Justice and Railways).

On 28th August, the resignation of the Hon. J. M. Drew, M.L.C., Chief Secretary and Leader of the Council was announced.

The constitution of the Ministry is now as follows :—

Premier, Treasurer and Minister for Forests ...	Hon. J. C. Willcock, M.L.A.
Minister for Lands and Immigration	Hon. M. F. Troy, M.L.A.
Minister for Mines and Health	Hon. S. W. Munsie, M.L.A.
Minister for Works and Water Supplies ...	Hon. H. Millington, M.L.A.
Minister for Education, Agriculture and Police	Hon. F. J. S. Wise, M.L.A.
Minister for Employment and Labour	Hon. A. R. G. Hawke, M.L.A.
Chief Secretary	Hon. W. H. Kitson, M.L.C.
Minister for Justice and Railways	Hon. F. C. L. Smith, M.L.A.
Honorary Minister	Hon. E. H. Gray, M.L.C.

LIEUT.-GOVERNOR'S SPEECH.

(Revenue surplus; Increased employment; Mining; Wool exports; Wheat industry; etc.)

The First Session of the Sixteenth Parliament was opened on 6th August, 1936. The following are summarised extracts from the Opening Speech of the Lieut.-Governor (Hon. Sir James Mitchell, K.C.M.G.) :—

REVENUE SURPLUS.

The Revenue for the year ended 30th June, 1936, was £10,033,721, and the Expenditure £9,945,343, resulting in a surplus of £88,378.

INCREASED EMPLOYMENT.

The numbers employed in industrial establishments now surpassed those similarly engaged in the peak year of 1929-30, and the percentage of trade unionists unemployed had been reduced from 13·2 for the second quarter of last year to 9·2 for the same period of the current year.

MINING.

The mining industry continued to progress. In 1935, it employed 15,557 men, an increase of 2,247 over 1934. The gold yield was 649,049 fine ounces, a slight decrease due to temporary cessation of work early in the year.

WOOL EXPORTS; WHEAT INDUSTRY.

The value of the wool exported for the 11 months ended 31st May, 1936, was £4,387,591. The average price paid during the year was 13d. per lb.

A marked improvement in prices during the year had been the principal feature in the wheat industry. The estimated total crop harvested last season was 23,000,000 bushels from 2,423,628 acres.

FORESTS; LANDS.

Rapid advances in reforestation work had been made during the past year. The total area of forest regenerated, planted and brought under intensive management had been increased to approximately 385,000 acres.

During the year approval had been granted for 421 applications for an area of 281,109 acres under Conditional Purchase alienation, and 84 applications for an area of 4,348,673 acres under Pastoral Lease.

RAILWAYS.

Railway revenue for the year 1935-36 was greater by £146,950 than that of previous year, and the net return from railway operations, £26,018 better than for 1934-35.

HEALTH.

The "Flying Doctor" Scheme had been inaugurated at Port Headland under the control of the Western Australian section of the Australian medical services subsidised by the Government to the extent of £500 per annum.

AGRICULTURAL BANK.

(Number of farms abandoned.)

On 11th August, in the Legislative Assembly,

Hon. C. G. Latham (Leader of the Opposition) asked the Minister for Lands (1) what number of properties (defaulted securities) has reverted to the Agricultural Bank during the year ended 30th June, 1936; and (2) what was the total number of abandoned properties (Agricultural Bank, Soldiers' Settlement, and Group Settlement) in the Bank's possession at 30th June, 1936 ?

The Minister for Lands (Hon. M. F. Troy), in reply, stated that 710 properties had been reverted to the Bank (including six withdrawals). During that period 250 sales had been effected (including 13 part security sales); and 249 cropping leases and 258 grazing leases arranged.

In reply to the second part of the question, the Minister said that the total number of abandoned properties in the Bank's possession at 30th June, 1936, was 2,791, of which 842 were leased; and many too poor to offer for sale were being examined with a view to writing off the debt and handing back to the Lands Department.

NEW ZEALAND.

The following summary deals with further proceedings of the First Session of the Twenty-fifth Parliament, which commenced on 25th March, 1936, *was adjourned on 11th June and resumed on 21st July, and is in continuance of that given in the last issue of the* JOURNAL (*Vol. XVII., No.* 3).

TRADE WITH JAPAN.

On 14th May, 1936, in the House of Representatives,

Mr. D. W. Coleman (Labour, *Gisborne*) asked the Prime Minister whether he was aware of a Press statement to the effect that the Australian and New Zealand Governments were shortly conferring for the purpose of forming an anti-Japanese front in order to forestall Japan transferring her purchases of wool to New Zealand.

The Prime Minister (Rt. Hon. M. J. Savage)* said: "I have noticed the paragraph referred to by the hon. Gentleman and have to say that no such proposal has ever been made to the Government. Japan and other nations may rest assured that the New Zealand Government will deal with them in a friendly and common-sense way and that our trade relations with them will be discussed on their merits."

OTTAWA AGREEMENT.

(Expiry of Agreement: Government's policy.)

On 29th April, in the House of Representatives,

Mr. W. J. Polson (Independent, *Stratford*) asked the Prime Minister whether, in view of the fact that the Ottawa Agreement terminated during the present year, he would indicate the policy of the Government, and, in view of the Government's avowed intention to seek trade agreements, whether he would state what steps were being taken in that direction? Whether, in view of the Minister of Industries and Commerce having announced the aim of the Government to secure the expansion of secondary industries, pointing to the action taken in regard to wheat, flour, and bread industries as an indication of what was intended, he would state whether the principle of embargoes was a part of the plan for making these overseas agreements, and how it is intended to square it with the spirit and purpose of the Ottawa Agreement?

* On 29th April it was announced that Mr. Savage had been appointed to be a member of His Majesty's Privy Council.

Mr. Polson also asked whether the Prime Minister would give the House an opportunity of discussing the matter ?

The Prime Minister (Hon. M. J. Savage)*, in reply, said :

"The hon. Member is informed that the Government's policy in relation to the development of overseas trade, and the question of the negotiation of trade agreements as an integral part of that policy, is under the consideration of the Government at the present time. At the present juncture, however, it is not possible to indicate the general lines of that policy or to indicate the extent to which the making of trade agreements will play a part in that policy.

"The Ottawa Agreement was not intended to prevent the reasonable economic development of any of the countries which were parties to that Agreement. The action taken by the Government in regard to the wheat-growing, flour-milling and bread-baking industries is consequently not contrary to the spirit and purpose of that Agreement."

The Prime Minister added that opportunity would be given to the House at a later date to discuss the Government's general policy in relation to overseas trade development.

THE BUDGET.

(Realised surplus ; Income Tax and Land Tax increases ; Pension improvements ; Public Works ; Unemployment ; Reciprocal Trade Agreements ; Defence ; League of Nations ; Guaranteed prices ; National superannuation.)

On 4th August, in the House of Representatives, in Committee of Supply, the Minister of Finance presented the annual Financial Statement.

The Minister of Finance (Hon. W. Nash) said the Election policy of the present Government had affirmed that New Zealand's trade and marketing policies would best serve the people of the Dominion, the nations of the British Commonwealth, and other countries, by putting their own production and marketing system in order. The aim of the Government was

> To organise an internal economy that would distribute the production and services of the Dominion in a way that would guarantee to every person able and willing to work an income sufficient to provide him and his dependants with everything necessary to make a "home" and "home life" in the best sense of those terms.

To this end the Government had raised the allowances to those who were unemployed, had provided for increased rates of pay on Public Works, were instituting the forty-hour week for industry and had raised the wages of young people on a graduated scale so that when reaching adulthood they would automatically secure a basic wage, based on the sum required to give an adequate standard of living for a man, his wife, and three children.

* *Vide* footnote on p. 807.

It was the Government's intention to reorganise their school, college and university systems to provide the maximum facilities for all children from the kindergarten to the university. The Government also intended to organise a system of public health services, including full medical, maternity and dental care, which would stress the prevention rather than the cure of illness.

National health insurance and superannuation.

The Government had already taken the initial steps for the organisation of a complete health insurance, invalidity and old-age superannuation scheme. The objective was to provide superannuation by right during sickness or old age, without a means test.

Banking and credit.

Unless a Government controlled its banking and credit system it would be materially hindered in the carrying out of its policy. That was why the first major policy Measure of the Government was the Reserve Bank of New Zealand Amendment Act, which gave them full control of the foreign exchanges and of credit within the country, making the Reserve Bank entirely a State Bank.

State Advances Corporation ; Housing.

Over forty years ago the State had initiated a system whereby settlers were provided with finance at particularly low interest rates, and for long periods. That system had been the greatest single factor in developing New Zealand's farm lands. Last year the Government then in office established a Mortgage Corporation, changed the old procedure, limited the scope of the legislation for social service, and introduced private share capital and bonds not guaranteed by the State. As with the Reserve Bank, the Government had bought out the shareholders of the Mortgage Corporation, and the institution had again come under direct Government control. Where it was necessary to assist a farmer in financial difficulties, or for purposes of providing homes for wage-earners, a high percentage of the security would be lent.

Plans were in course of preparation to provide for the construction of some 5,000 houses at a cost of approximately £3,000,000.

Dairy industry ; Guaranteed prices.

Under the Primary Products Marketing Act*, all butter and cheese made after 1st August, 1936, became the property of the Government when placed on board the overseas steamer for export. At that point the dairy factory would be paid in full the guaranteed price for the dairy produce by means of a cheque drawn on the Dairy Industry Account at the Reserve Bank—the Government Bank.

The basic f.o.b. guaranteed prices for the current season had been fixed as follows :—

	Per cwt.	Per lb.
	s. d.	d.
(a) Finest grade creamery butter ...	117 3	12 9/16
(b) First grade whey butter	107 11	11 9/16
(c) First grade cheese	63 7	6 13/16

These prices would remain constant throughout the season. If the proceeds of the sale of the produce did not cover the guaranteed price paid out, then the deficit was not the responsibility of the dairy farmer but of the Government. If there was a surplus it would be used for the benefit of the dairy farmer and the industry, after consultation with its representatives.

For future years the cost of production, the standard of living of the farmer as compared with other sections of the community, and the stability of the industry would be taken into account in fixing the guaranteed price.

Reciprocal trade ; Internal manufacturing development.

New Zealand fully appreciated the right of and necessity for Great Britain to safeguard the interests of her own producers and to increase her output of farm produce. They too were faced with the same necessity, and farming played a large part in New Zealand's economy. They fully recognised also the economic grounds and the reasons of national security in time of war which British policy must take into account. But such a policy vitally affected the whole fabric upon which their trade with Britain was based and upon which their economy operated. Their natural advantages made for an efficient and economic agricultural industry. On the other hand—they could produce motor-cars and other goods, but at very much greater cost than Britain.

If, however, their efficient agricultural industry was deprived of an oversea market and they could not purchase overseas, the efficient British manufacturing industry lost its market, and trade between the two countries suffered. On the other hand, the more they could sell abroad at an economic price, the more they could buy. Their efforts, therefore, would

* *Vide* JOURNAL, Vol. XVII., No. 3, p. 594.

be directed to making reciprocal trade agreements. When these agreements were completed New Zealand would have available the proceeds from an increased volume of exports. These proceeds would be used in the first place to meet debt commitments, and secondly for imports. There was no doubt that the trade between the United Kingdom and New Zealand could be materially expanded, and it would be their aim not merely to stabilise the existing trading relations but to expand them.

Reciprocal trade agreements with the United Kingdom and other countries did not conflict with the natural development of the Dominion and the right of their youth to creative work, which rendered it imperative that they should extend their manufacturing and other industries.

Re-adjustment of mortgages.

The procedure for the rehabilitation of the farmer by removing the burden of over-mortgaged land had been drafted and would be introduced shortly.

A procedure had also been worked out for the adjustment of urban mortgages.

Defence ; League of Nations.

The atmosphere of Europe and international politics was giving the Government much concern. The Government were taking such steps as would provide for the effective defence of the Dominion. The Estimates would show a substantial increase in naval expenditure. This was to meet commitments already made to the United Kingdom.

Whilst making provision for the defence of the Dominion and the maximum co-operation with the British Commonwealth in its policy for this purpose, the Government were of opinion that the progress of the world would only be achieved through a properly organised League of Nations.

Their choice was between the present League to work out the possibilities of avoiding war before war came, or another League after war, with its destruction of all that was worth while in material and human values. As suggested by the Prime Minister of Great Britain, if those who died could come again, with the knowledge of experience, their presence would avert the conflict which might come unless the League of Nations was reconstituted now. The Government affirmed their faith in the League.

Unemployment.

Progress towards full employment must be made through the extension of their secondary industries and development of new industries and services. To this end a Bureau of Industry had been set up to investigate and develop new industries.

In the interim period, the first essential was to remove immediate distress. Conditions had been improved and income scales raised at an additional cost of £800,000. These were inevitably temporary measures. The acceleration of a sound Public Works policy had provided full-time employment for a large number of men.

Disbursements out of the Unemployment Fund during the past year had totalled £4,882,852. For the current financial year it was estimated, on the present basis of taxation, that the revenue would amount to £4,210,000, which, with the balance carried forward (£406,711) would provide a total of £4,616,711.

With the acceleration of full-time employment at standard rates of pay by the Government, local bodies and in industry generally, it was estimated that this sum would be sufficient to meet the estimated expenditure for work-relief, sustenance and other charges.

Public Accounts ; Surplus.

The outcome of the past year's transactions might be summarised as follows :—

REVENUE.	£	£
Taxation	21,556,415	
Interest receipts	2,721,446	
Other receipts	1,894,506	
		26,172,367
EXPENDITURE.		
Permanent appropriations—		
Debt services	9,345,954	
Exchange	1,593,536	
Highways	2,107,406	
Other services	701,552	
Annual appropriations—		
Social services	7,756,212	
Other services	4,385,907	
		25,890,567
SURPLUS		£281,800

The main feature of the year's operations was the buoyancy of the revenue. With the exception of Stamp and Death Duties and Land Tax, every item of taxation showed a considerable increase. Consequent on the surplus, no Treasury Bills were outstanding on 31st March.

Public Debt.

The long-term Public Debt showed an increase of £1,979,881, bringing the debt as at 31st March, 1936, to £282,561,098. The external debt had fallen by £2,851,200 and the debt domiciled in New Zealand had increased by £4,831,081. It was the Government's policy not only to refrain from further borrowing abroad, apart from conversion operations designed to lighten the interest burden, but to endeavour to reduce steadily the amount of overseas indebtedness.

Public works ; Railway construction.

Expenditure on public works out of loan money was drastically curtailed in 1932 and 1933, falling from over £8,000,000 to less than £2,000,000 in the space of two years. This sudden curtailment of Public Works activity was a material factor in the increase of unemployment. As part of the deflationary policy which accentuated the depression, the Public Works wage rates were reduced to the low level of 8s. a day for single men and 10s. a day for married men. The Government had not only restored the wage rates but had raised them to 16s. a day for both married and single men, with a five-day week.

In the programme of substantial works to be executed, railway construction occupied an important place.*

The works and development programme, including maintenance of highways, amounted to approximately £10,450,000. Of this total, £5,940,000 would be provided out of borrowed moneys and the balance of £4,510,000 from revenue.

Estimate increases ; Defence.

The estimates showed a net increase of £95,000 under Permanent Appropriations and £4,817,000 under departmental Votes. The cost of the restoration of salaries and wages to the Public Service as from 1st July was approximately £470,000. The Vote for Maintenance of Public Works and services was to be increased by £1,037,000, mainly due to provision of £308,000 for aerodromes and £400,000 for other works to be financed partly out of revenue and partly out of loan money.

An additional £250,000 had been provided for defence, of which £190,000 was for naval defence, due to the fact that larger cruisers were being taken over. This amount was offset to the extent of £100,000 by the fact that no contribution towards the Singapore Base was required this year.†

Pensions.

The Vote for pensions was £5,480,000, compared with an expenditure of £3,770,000 in the past year. Pending the

* Railway construction work was discontinued in 1931. *Vide* JOURNAL, Vol. XIII., No. 1, p. 186.

† The last instalment of the £1,000,000 contributed by New Zealand was paid in 1935.

establishment of the Government's national health and superannuation scheme, they must, as a matter of urgent necessity, do something to increase the present inadequate pensions. Amongst other increases in pensions of various kinds, Mr. Nash mentioned that the old-age pension would be raised to £1 per week and the full pension granted at the age of 60 to women otherwise qualified. Deserted wives with dependent children would be eligible for the increased widow's pension on the same basis as widows. Pensions would be provided for invalids, being persons permanently incapacitated for employment, at the rate of £1 per week, plus 10s. for a wife and 10s. for each child under 16. The maximum income qualification for family allowances would be restored to £4 per week.

To provide for these increases for nine months of the current year and also the normal expansion, the Vote "Pensions" had been increased by £1,710,000.

Estimated Revenue ; increases in Income Tax and Land Tax.

Current year's revenue indicated a rising tendency, and no increase in the rates of tax would be necessary to provide for all the additional ordinary expenditure. However, for the £1,710,000 required for pensions, he proposed to obtain a further £1,000,000 from Income Tax and slightly more than £800,000 additional from Land Tax.

The effective rate of Income Tax—being the amount of tax payable on every pound of the total income—compared with that paid in Great Britain, based on the tax payable by a man with a wife and two children, would be as follows :—

Total income	*Effective rate of Tax in the £.* New Zealand.	United Kingdom.
£	s. d.	s. d.
300	nil	nil
400	0 2·04	0 2·25
600	0 8·96	0 10·8
800	1 1·42	1 6·9
1,000	1 4·89	1 11·76
5,500	5 6·72	5 6·42
10,000	7 10·47	7 2·9

Owing to the recent increase of 3d. in the standard rate the amounts in the United Kingdom were now slightly higher in some cases than as shown.

While increasing the yield from Income Tax, the Government intended to simplify the tax system and make it more equitable as between taxpayers. The general exemption of £210 would be deducted from all income before tax was levied. The £50 exemption for a dependent husband or wife would also be at a flat rate, as for dependent children at present. On the taxable balance, tax would be payable at the following rates : For earned incomes of individuals a basic rate of 1s. 8d. in the £, increased by 1/100th of a penny for every pound of taxable balance up to £5,500 and thereafter 1/150th of a penny for every £ up to a maximum of 8s. 2d. in the £, reached at a taxable balance of £8,950.

On unearned income the rate as for earned income would be increased by 33⅓ per cent. as at present.

The £210 exemption would not be allowed in assessing companies but this was compensated for by fixing the basic rate for companies at 1s. The maximum rate for companies would be 7s. 6d. in the £, reached at £8,950.

It was proposed to re-introduce the graduated Land Tax, from which £1,300,000 was expected, or approximately three times the present revenue. The existing ordinary and mortgage exemptions would be continued. The rates of tax would be—taxable balances up to £5,000—1d. in the £, increasing by 1/8000ths of a penny for every £ in excess of £5,000, reaching 6d. at £45,000, from which point the tax would continue at the flat rate of 6d.

Increasing exports and imports; estimated Revenue and Expenditure.

For the export year ended 30th June, 1936, the value of exports, in New Zealand currency, was £53,660,000, compared with £42,954,000 for the previous year. Thus there was scope for a considerable expansion of imports, and figures for recent months indicated that this was taking place. He had placed the estimate for Customs revenue at £9,100,000, which was £939,000 in excess of the amount received last year.

The total estimated Revenue of £31,067,000 was £4,894,633 more than was received during the last financial year. The estimated Expenditure was £31,054,000.

The Minister concluded with a recital of eleven paragraphs of the policy which the Government had placed before the electors, with a statement of achievement after eight months' office.

STATE ADVANCES CORPORATION ACT.

This Act, was assented to on 8th June.

It alters the name of the Corporation established under the Mortgage Corporation of New Zealand Act, 1934-35* to State Advances Corporation and provides for the elimination of private share-holding through the purchase by the Corporation of all shares so held, at a premium of 1s. 3d. on every share on which 10s. has been paid up.

It also provides for the reconstitution of the Board of Management, the two Joint Managing Directors being retained but the shareholders'

* *Vide* Journal, Vol. XVI., No. 3, p. 671.

directors and the other State Directors being eliminated. The Staff of the Corporation are incorporated in the New Zealand Public Service.

The administration of the Housing Act is transferred to the Corporation and considerable alterations are made with regard to the powers originally given by the Mortgage Corporation of New Zealand Act. Important changes include the State-guaranteeing of all securities issued by the Corporation, the removal of restrictions on its borrowing powers, and the authorisation of the making of loans to local authorities for the purposes of workers' dwellings, and of loans for the development of existing industries or the establishment of new ones.

GOVERNMENT RAILWAYS AMENDMENT ACT.

(Abolition of Government Railways Board; Restoration of Ministerial control.)

This Act, which was assented to on 27th April, provides for the abolition of the Government Railways Board and for the appointment of tribunals to inquire into conditions of employment in the Government Railways Department.

DEBATE IN HOUSE OF REPRESENTATIVES.

On 2nd April,

The Minister of Railways (Hon. D. G. Sullivan), in moving the Second Reading of the Bill, said the purpose of the Bill was to repeal the Government Railways Amendment Act, 1931,* which constituted the Government Railways Board. This would restore control to the Minister, who should be responsible to Parliament and to the people.

Provision for aviation services; Staff tribunals.

The Bill also provided for the Minister of Railways to be given power to make contracts to carry goods or to conduct services not only by land and water but by air.

There would also be established a tribunal consisting of representatives of both parties in any dispute between the Minister and the railwaymen or any of their organisations.

Opposition to Board control; Improved earnings.

The attitude of the present Government Party had been consistently in opposition to Board control and in favour of direct Ministerial and Governmental control.

The increase in net earnings of the Railways had been attained not because of any merit in the Board form of control but because of legislation imposing upon the Public Services of the Dominion substantial reductions and because of the dismissal of numbers of men.

* *Vide* JOURNAL, Vol. XII., No. 4, p. 1039.

As illustrating the invidious situation created when commercial men involved in widespread commercial interests found themselves in control of a great national asset like the railways, the Minister mentioned that there were on the Railways Board two men whose firms tendered for supplies to the Department. These men considered all the tenders and thus had details of the tenders of their competitors.

The existing system of Board control was not the right one, notwithstanding that the Board was constituted of very fine gentlemen indeed. So far as he could gather, there was no similar system operating in connection with the State Railways in any other country.

Rt. Hon. G. W. Forbes (Leader of the Opposition) said that if the Minister went to business men they would tell him that since the Board had been running the railways there had been much more businesslike management. Net earnings had risen from £688,000 in 1931 to £1,087,000 in 1935.

An important reason for setting up the Board was that they should divorce the Railway administration from political influence. In the old days each Member of Parliament had to press the Minister for things for his district or to get somebody into the railway service. That in itself made the position of the Minister of Railways very unsatisfactory and in the railway service itself the employees resented the fact that political influence could be used.

In Queensland, New South Wales, and Victoria, the State Railways were controlled by Commissioners.

The Minister of Public Works (Hon. R. Semple) said that there was only one of the five members of the Board who had had any previous knowledge of railway business. To suggest that four men, with no past experience, could come in, sit for an hour or two a month, and revolutionise the Railway system of the country was absurd.

On 7th April,

The Minister of Railways said that the status of Commissioners of railways in Australia was not far removed from that of ordinary managers responsible to Ministers.

The Bill was read a second time on 7th April and a third time on 8th April.

TRANSPORT LICENSING AMENDMENT ACT.

This Act was assented to on 8th June.

It provides for the abolition of the Central Licensing Authority and of the Transport Co-ordination Board and the vesting in the Minister of Transport of all the powers of the latter body. The Minister of Transport is also appointed the sole licensing authority to grant aircraft-service licences and to exercise jurisdiction in respect of such licences. It is further provided that proceedings before the Minister shall not be held bad for want of form and that no appeal shall lie from any decision made by the Minister.

BROADCASTING ACT.

(National Broadcasting Service : Ministerial control ; Broadcasting of Parliamentary debates ; System in Great Britain.)

The purpose of this Act, which was assented to on 11th June, 1936, is to abolish the Broadcasting Board and to establish a national broadcasting service under Ministerial control.

A limited number of private broadcasting stations are to be allowed to continue to operate, but commercial advertising is only to be permitted from special commercial broadcasting stations which the Minister is authorised to establish and operate.

DEBATE IN HOUSE OF REPRESENTATIVES.

On 9th June,

The Postmaster-General (Hon. F. Jones), in moving the Second Reading of the Bill, said that in the opinion of the Government broadcasting should be directly controlled by the Government for, and in the interests of, all the people and should be used not only for the entertainment of the people but for enlightening them on matters of public interest and public welfare. He did not think any reasonable Member could justify the continuance of the policy of delegating to an outside body the control of such an important service as broadcasting.

Radio advertising ; Independent news service.

If radio advertising was to be allowed—and he thought it should be—they considered that the Government should own and control it and decide what advertisements were to be broadcast.

The Government did not intend to put themselves in the position of being told by newspaper proprietors what they were to do in the way of supplying news. If the Government considered that an independent news service should be broadcast, it would take steps to broadcast it.

Clause 14 of the Bill authorised the Minister to establish and operate alternative stations from which advertising matter might be broadcast as part of the programmes, but prohibited advertising over the air in all other cases.

Broadcasting of Parliamentary debates.

With regard to the broadcasting of Parliamentary debates and the suggestion that the Government were taking an unfair

advantage of the position, the record to date of speeches over the air by Members of the House was Government 19, Nationalist 13, Independents 8. The representation of the Parties in the House was Government 55, Nationalist 19, Independents 6. No one could honestly say the Government had treated the position unfairly.

Hon. A. Hamilton (Nationalist, *Wallace*) contended that the Broadcasting Board had carried out its duties very well indeed. The Government were grabbing a very efficient and well-run service which was financially sound. The Government would find themselves in serious difficulties if they started to play about with commercial stations and advertising on the air. The Opposition would oppose the political control of broadcasting. The Postmaster-General could not quote one world example where there was political control of broadcasting, except perhaps in Italy under Mussolini or in Germany under Hitler. The second part of the Bill to which the Opposition were opposed was that which provided for the licensing of commercial stations.

The English system gave the maximum of independence and the minimum of political interference. That system was the envy of the world. The next thing the Government would be appointing, after a Minister of Broadcasting, would be a Minister of Publicity or a Minister of Propaganda—a Dr. Goebbels.

Col. J. Hargest (Nationalist, *Awarua*) pointed out that in the Bill the Minister was taking power to oversee every radio programme and would be able to give the public what he chose to give them. As elections came near there would be a tone in the programmes that would have to please the Government. In the House of Commons on 29th April, Major Attlee had said that if any Government were to control broadcasting as was done on the Continent of Europe it would turn the population almost into robots.

The Minister of Education (Hon. P. Fraser) said it was preposterous to imagine that a Party associated with the right of free speech during all its history would trample under foot the most sacred heritage the people had. They wanted their opponents on the air equally with themselves, time for time. Labour had won not by dictating public opinion but by instructing public opinion.

Delegation of responsibility to Boards.

The Government had been attacked because, in this Measure and other Measures, they had endeavoured to bring back to the people the power that of right belonged to them. The policy of the previous Government was to delegate responsibility—to appoint a Board to control this and a Board to control that; Boards to remove responsibility from the shoulders of the Government.

Parliamentary broadcasts.

The fear had been expressed that, with the Government in full control of broadcasting, the poor listeners were going to be deluged with speeches on political subjects. Nothing could be further from the thoughts of anybody connected with the Ministry. Listeners-in were entitled to the best that the system could give them; but there was a place for political subjects. Nothing had been more popular than the broadcasts from the House. It was the people's right to know what their representatives were saying and doing in Parliament.

Rt. Hon. J. G. Coates (Nationalist, *Kaipara*): "I wonder whether the people are longing to hear everything that happens in Parliament?"

The Minister of Education, in reply to an interpolation that the Prime Minister had told the House that the Government were going to put over propaganda, said the statements that the Prime Minister said would go over the air were informative statements of the policy of the Government, balanced with the statements of the Opposition—so far as the Opposition statements could balance anything.

On 10th June,

Dr. D. G. McMillan (Labour, *Dunedin W.*) said the suppression and distortion of news, the vigorous, vindictive partisanship that masqueraded under assumed disinterestedness in the editorials of some of their newspapers should be an object lesson to those who advocated private control of broadcasting.

Mr. W. J. Broadfoot (Nationalist, *Waitomo*) quoted the following remark made by Mr. Lees-Smith in the House of Commons:—

"If Governments grew into anything like the habit of controlling broadcasting, the United Kingdom would be well on the way to the spectacle which could be seen on the Continent of Europe, where, under Government ownership, broadcasting was being used to turn the people into a population of robots."

The Bill was read a second time on 10th June by 49 votes to 19.

On the same day,

The Postmaster-General, on the Motion for Third Reading of the Bill, said that it lay with the Government whether they exercised the power to establish commercial stations. But there could be no abuse so far as advertising was concerned. It would not be competitive. It would be in the hands of the Government. No huge profits could be made by commercial concerns. If profits were made the Government could use them either to further the service or for any other purpose.

The Bill was read a third time.

EMPLOYMENT PROMOTION ACT.

(Abolition of Unemployment Board; Increased rates of relief pay and sustenance allowances; Depletion of Unemployment Fund reserve; Encouragement of secondary industries.)

This Act, which was assented to on 15th May, effects a consolidation of the legislation with regard to unemployment, and makes certain amendments, the most important of which is the abolition of the Unemployment Board.

DEBATE IN HOUSE OF REPRESENTATIVES.

On 16th April,

The Minister of Labour (Hon. H. T. Armstrong), in moving the Second Reading of the Bill, said he had always contended that the Unemployment Board was quite unnecessary because the Department of Labour was well equipped with machinery to deal with the whole situation. He was not, however, going to say anything derogatory of the Unemployment Board or any of its members. The Government had not been able to work wonders in the short time they had been in office; but they had added to the Christmas bonus, which had previously been decided upon for relief workers and for those on sustenance, another £100,000, in addition to making available for distribution by Hospital Boards another £20,000. They had also put into operation regulations which brought the country relief workers' pay up to that of the city relief workers. The cost of that was an additional £150,000 per annum; but it did not matter how much it cost; it was only fair and reasonable.

Development of secondary industries.

However, neither relief work nor sustenance was going to solve the unemployment problem, and it was to permanent rehabilitation they had been devoting most of their attention.

They had been carrying out investigations in regard to the development of secondary industries. Actually, the work to be done by the Bureau of Industry was being carried out before the Government came into office by a council of associate members of the Unemployment Board; but the work was now being carried on more vigorously than at any time in the past.

After presiding over one or two meetings of the Unemployment Board, he found that there were two full-time members who had everything at their finger-tips, and that, after hours of discussion, the Board always did exactly what those two officers wanted it to do. It took those two officers longer to do the job when they had to work with the Board than it took them to do it without the Board.

Rates of pay on relief work; Depletion of Unemployment Fund.

Prior to the Election, thousands of men were put on full-time work at standard rates of pay out of the Unemployment Fund, with the result that the expenditure was twice the income, and the reserve had been practically eaten up. He did not believe it was intended by the previous Government that the men would remain on full-time work after the Election. However, they (the present Government) had kept them on, and, although the expenditure was considerably more than the special unemployment-taxation revenue, it was not the present intention of the Government to increase the Unemployment Tax, which would remain at 8d. in the £. He hoped to be able to announce in the near future a very substantial increase in the relief rates for relief workers*; and if they could not get the money from the yield from the Unemployment Tax, the Government would make other financial arrangements to meet the deficiency.

The Bill repealed that Section in the Act which stipulated that the maximum amount of sustenance allowance that could be paid was £1 1s. 0d. (per week) for the man, 17s. 6d. for the wife and 4s. for each child. They did not think it desirable to have a limit or that the limit should be anything like so low.

The latest available unemployment figures were :—

Under Scheme No. 5, rationed relief	15,704
On sustenance	14,443
Gold prospecting	2,328
Afforestation	1,005
Farm subsidy schemes	3,117
Public works—roads, aerodromes, etc.	8,435
Local bodies—subsidised employment	2,831
Small-farms development	1,257
Miscellaneous	3,537
TOTAL	52,657

Mr. S. G. Smith (Nationalist, *New Plymouth*) said the most surprising thing about the Minister's speech was the absence of anything new or encouraging. The Prime Minister had said, shortly after his election to that office, that he could not see any difficulties in putting New Zealand right.

The Prime Minister (Hon. M. J. Savage)†: "I do not see any now."

* Full details of considerable increases in rates of pay to relief workers and men on sustenance were announced in the House of Representatives by the Minister of Labour on 21st April.

† *Vide* footnote on p. 807.

Mr. Smith: "The hon. Gentleman has been in office for 4½ months, and we were told it would only take weeks to put things right."

After referring to some of the activities of the Unemployment Board, Mr. Smith said that, as the result of the building subsidy started by the Board, no less than £9,300,000 had been spent on building, of which sum £8,000,000 went into the pockets of the workers. It only cost the Unemployment Board £777,000 by way of subsidy. When the history of the past few years came to be written, the Unemployment Board would have its due share of the credit for having helped to carry New Zealand through the most difficult period of its history.

As far as he could see the Minister did not propose to do other than carry out the policy of the late Government, except that he was going to get more money from somewhere, and was going to spend more.

The Minister of Finance (Hon. W. Nash) said the unemployment problem would not be solved inside the present economic order. The Government, however, would see that the benefits of research and of the machine were utilised for the purpose of reducing the number of hours to be worked and raising the standard of living.

On 21st April,

Col. J. Hargest (Nationalist, *Awarua*) said the new rates announced by the Minister would involve about a 33 per cent. increase in the load on the Unemployment Fund. He would like the Minister to tell them how he was going to get the money without imposing an additional burden upon the people who were already finding the huge sum of £4,000,000 a year by way of the Unemployment Tax.

Mr. W. M. C. Denham (Labour, *Invercargill*) said that members of the late Government had defended their unemployment policy by saying that the aim was to prevent making relief work attractive. The late Government had certainly achieved their object in that direction. The serious effect upon the nation, through malnutrition, demanded that they remedy this crying evil, whatever the cost.

Mr. J. Thorn (Labour, *Thames*) said the Labour Party had affirmed that outside the development of a Socialist organisation of society there was no solution for unemployment; and they meant by a Socialist organisation of society, an organisation in which wealth would be produced primarily for the use of the people and not primarily for the profit of a privileged few, and in which the market would have for its limit the consuming-capacity of men and women who rendered, or had rendered, useful service to society.

The Minister of Labour, replying to the debate, said he had been asked where the money was to come from for the extra relief benefits under the scheme promulgated that day. No matter where it was taken from, the tax-payer had to pay in the end, and the people were willing to pay, for they did not wish to see people starving around them.

No assistance for those unwilling to work.

If there were any people who were not going to serve the community, and thought they were going to live on the rest of the community, they would get a rude awakening. Provision would be made as fast as they could make it for suitable work to be available, at least for able-bodied men, at reasonable rates of pay and under decent conditions, and when that work was available it would be offered to relief workers who were on sustenance and were suitable for that class of employment. If they did not take it, the Government would be finished with them, but he had not felt justified in the past in forcing people to leave their homes to go into the back-blocks and work for 9s. or 12s. a day.

The Bill was read a second time on 21st April and a third time, after further debate, on 28th April.

INDUSTRIAL CONCILIATION AND ARBITRATION AMENDMENT ACT.

(Restoration of jurisdiction of Arbitration Court ; Basic rates of wages ; Standard of man, wife and three children ; Compulsory unionism ; Forty-hour week ; Elimination of Saturday work.)

This Act, which was assented to on 8th June, provides, *inter alia*, for :—

The fixing by the Arbitration Court, within three months, by general order, of basic rates of wages for adult male and female workers. In fixing basic rates the Court is to have regard to the general economic and financial conditions affecting trade and industry in New Zealand and to the cost of living. The basic rate for adult male workers is to be such a rate as would, in the opinion of the Court, be sufficient to enable a man to maintain a wife and three children in a fair and reasonable standard of comfort." (*Sect.* 3.)

The Act prohibits the formation of new unions where a union is already registered. (*Sect.* 4.)

Provision is made for the restoration to the Arbitration Court of the jurisdiction possessed by it prior to the passing of the amending Act of 1932.* (*Sect.* 15.) and for the compulsory membership of a union by all workers under awards. (*Sect.* 18.)

* *Vide* JOURNAL, Vol. XIII., No. 4, p. 1018.

The Arbitration Court is to have power to confer on union officials rights of entry on employers' premises. (*Sect.* 19.)

Provision is also made that in every award the working week shall be fixed at not more than 40 hours unless the Court is of opinion that in any particular case it would be impracticable to carry on the industry efficiently if the hours were so limited. (*Sect.* 20.)

The Court may amend existing awards in respect of working hours but weekly wages are not to be reduced by reason of reduction of hours. (*Sect.* 21.)

Saturday work is to be eliminated wherever practicable. (*Sect.* 22.)

Section 28 provides for the removal of existing limitations on amounts chargeable as admission fees or subscriptions to unions.

The Bill was read a first and second time, *pro forma*, and referred to the Labour Bills Committee on 2nd April.

DEBATE IN HOUSE OF REPRESENTATIVES.

On 22nd April,

The Minister of Labour (Hon. H. T. Armstrong), in moving the committal of the Bill, said it was an attempt to bring about a real system of conciliation and arbitration in place of the mockery they had had to put up with for the last few years. There was no justification for the reduction in wages which had taken place a few years previously, or for robbing the workers of the improvement in the conditions of employment which they had enjoyed in the past. As a result of the legislation passed by the previous Government in 1932,* the working people had to do without any protection under the law.

Basic wage and forty-hour week.

The Bill gave a direction to the Court of Arbitration, after taking into consideration the economic conditions, to fix a basic wage for male and female workers. As far as the male worker was concerned, the Court was to take into consideration what would be adequate to supply the needs of a man, his wife and three children up to a reasonable standard of comfort. Having declared the basic wage, that was to be a wage below which the Court must not fix the wages of any man or woman in the country who was working under an award.

The Court was also asked to fix the forty-hour week where it was asked for, not only in connection with awards to be made in the future but also in existing awards ; and there was to be no reduction in the weekly wages of the workers as a result of the employers conceding the forty-hour week. The principle of the forty-hour week could not be applied in the same way in every industry ; but in most industries the

* *Vide* footnote on p. 824.

principle could be and should be applied, and the sooner they could introduce the principle of the five-day week the better for all concerned.

The only means by which the working people could benefit by the increased production resulting from the application of science to industry and the development of the machine, was by shortening the hours of labour. Was it not common sense to divide, without reduction of earning capacity, the work that had to be done, instead of rendering one half of the men idle and taxing the other half to allow them to do nothing?

Production costs.

According to official statistics of factory production, wages were only 18 per cent. of the cost of production. It seemed clear that a 10 per cent. increase in wages could not increase the cost of production by more than 1·8 per cent. They could cut down hours of labour by 10 per week and still show a bigger profit to the employing class than 10 years ago. As the volume of production increased, so must the spending power of the people; otherwise it was an economic impossibility for them to purchase and consume the goods. The higher the standard of living for the people, the better for the employers, whether they were manufacturers, farmers or any other section of employers. The useful people in the country, therefore, had everything to gain and nothing to lose by this legislation.

Hon. A. Hamilton (Nationalist, *Wallace*) denied that most of the Arbitration Court awards had lapsed as a result of the amending Act passed in 1932. Over 90 per cent. of the awards in existence in 1932 were in existence to-day. Mr. Armstrong had said they were going back to collective bargaining. That was precisely what they were departing from. They were going away from collective bargaining and going back to Court decisions. Give them arbitration that would be enforced upon every union of workers and every union of employers. He guaranteed it would not be long before some unions would not agree to be bound—that they would defy some of the provisions of the Court.

The Opposition were in favour of good wages and conditions, provided they were warranted by the general price-level and the economic position of the community. The Labour Party would put up wages whether an industry could stand it or not. New Zealand was so much dependent upon its export trade that anything that would make that trade more difficult must have a serious result upon their national welfare.

Increased production costs; Demand for higher protection.

Their awards in New Zealand compared very favourably with anything in the British Empire. The Bill determined wages almost wholly on the domestic needs of the worker, with practically no consideration to the amount or value of the work done. Costs in New Zealand were already too high compared with the rest of the world. They had evidence before the Labour Bills Committee from manufacturers' representatives that costs in the secondary industries as the result of the passing of the Bill would be raised from 7 to 9 per cent. The manufacturers were now asking for further protection. Higher working wages were often lost in the resultant increased costs.

The Bill would also put industries more into a strait-jacket. There would be no flexibility, everything would be regimented.

Basic wage: allowance for non-existent wives and children.

The Opposition had no objection to a basic wage provided it rested on a sound basis. Was a man, wife and three children a sound basis to take? In 1929, Judge Blair of the Arbitration Court had pointed out that at the 1926 census there were in the Dominion 468,000 males over 16. If it was assumed for the purpose of wage-fixing that these 468,000 males were married and had two children each; that required 19,000 more females, married and unmarried, than there were in the Dominion, and half a million more children than there were in the Dominion, to supply the two to be imputed to each male. In this Bill the number of children went up from two to three.

The Minister of Labour: "If one only allowed rations for two children, what would one do with the others?"

Mr. Hamilton: "There are other sources from which they could be assisted, such as the family allowance."

Danger of increasing unemployment and shortage of rural workers.

In conclusion, Mr. Hamilton said the legislation would almost certainly increase unemployment, because it was entirely careless of the effect on industry. It would draw labour from the farmers to the towns. It would increase costs and it might rebound against the wage earners in two ways—there might be less work available and living costs would be higher.

Mr. R. McKeen (Labour, *Wellington, S.*) referred to an agreement signed on 11th October, 1934, between the Italian National Fascist Confederation of Industrial Workers and the Confederation of Manufacturers, with the aim of reducing the hours of work to a maximum of 40 in the week. It was officially stated that within three months of the agreement coming into force 200,000 unemployed persons were re-employed. The introduction of the forty-hour week in New Zealand would mean employment for 7,019 workers more to make up for the time at present worked. The same thing must inevitably happen in regard to the shops.

Workers able to defy Court.

Mr. W. J. Polson (Independent, *Stratford***)** said that one of their great troubles in connection with the Industrial Conciliation and Arbitration Act was that the Judge's power over the employer was absolute, while over the worker it was not so. The Court had control over the wages paid to the worker, but no control whatever over the output returned for his services. In Australia deregistration was the penalty for a union refusing to obey an award of the Court; but no such provision was made in this legislation, so that unions could defy the Court. Unions already, through their organisations, had said that they would not come under the Court; and other unions had told them that if they came under it, and it did not suit them, they would defy the Court.

On 23rd April,

Mr. T. H. McCombs (Labour, *Lyttelton***)** said a living wage had to provide for an average family. They could not pay one wage to the single man and another to the married man, and still further increase it as his family grew, because naturally the single man would be engaged and the married man would be thrust on the State as a recipient of charity. The average number of children in a family in New Zealand was 2·42.

Forty-hour week impossible on farms.

Mr. C. L. Hunter (Labour, *Manawatu***)** said that while it would be impossible to apply the forty-hour week in all cases to all workers on farms, there were other ways of equalising the opportunities for farm workers.

When the eight-hour day came in they had been told that it would break down the whole industrial system—that it would bankrupt employers. But to-day the eight-hour day was an accepted thing and it had worked more effectively and efficiently than the nine- or ten-hour day observed previously. Wherever the shorter week had been tried, the employing sections who had followed it had reported that they had been able to make greater profits and that there had been greater efficiency in their industry.

Rt. Hon. G. W. Forbes (Leader of the Opposition) pointed out that not only had his Government made reductions in salaries and wages, but they also had made reductions in rents and interest, and the effect generally was so to bring down the cost of living that the wages paid were sufficient to purchase just as many of the necessaries of life as before.

The Measure under discussion put the employer in the position of "Public Enemy No. 1." There was nothing in it that in any way showed consideration for the interests of the

employer. All it did was to tighten up the hold of the union officials upon industry. It looked as if this was the first step towards making it difficult for private enterprise to carry on, so that the position would be right for the Government to put its socialisation policy into operation.

The Prime Minister (Rt. Hon. M. J. Savage)* did not agree that there was nothing in the Bill for the employer. He had talked to employers who had complained about the competition to which they were subjected by people who would not provide decent conditions for their workers. The Bill was in the interests of all employers who desired to do the right thing by their employees. Such employers were in the majority.

There was nothing in the Bill to which he could not subscribe, but there was much that was not in it—much that he would like to see in it—but the time would come when it would be put in. The time would come when the people would be masters.

"Ridiculous conditions."

Mr. S. G. Holland (Nationalist, *Christchurch, N.***)** said the New Zealand system of wage fixation was not the only stumbling block that employers had to face. Almost as great a hurdle to surmount were the hundreds of conditions that had found their way into the 440-odd awards which were in existence when the Act was amended in 1932. Few people realised the extent to which these ridiculous conditions cramped the growth of industry. The Government might reasonably be asked to consider the question of confining to the Court the questions of wages and hours and holidays, leaving the more pin-pricking conditions to Conciliation Councils.

Dr. D. G. McMillan (Labour, *Dunedin, W.***)**, referring to the figures regarding non-existent wives and children quoted by Mr. Hamilton, said the provision in the Bill for a wife and three children did not exaggerate the position. The reason there were not enough children to go round was that many people had not been able to get married. Many people who were married could not afford to have children because of low wages.

Example of Sweden.

They had had complaints about the forty-hour week, and about rising costs. Surely hon. Members knew what was going on in other countries. After quoting from the "*Financial Times*" to show the great improvement in Sweden since the Socialist Government had taken office in 1933, Dr. McMillan said this was a result of paying trade-union rates of pay and observing a forty-hour week—a policy identical with the policy

* *Vide* footnote on p. 807.

which the Labour Government was introducing in New Zealand. Sweden had its State Bank since 1907. The bogy was continually being raised that increased wages would increase costs. But what happened in Sweden? They read: "But there has been no increase in the level of wholesale or retail prices, as the maintenance of a stable price-level continues to be the policy of the Riksbank." What the Swedish people could do the New Zealand people could do.

Boots' Drug Company had instituted a five-day week in their factory at Nottingham. The British Government was so struck by the advantage of the system that they appointed Sir Richard Redmayne to investigate the matter and his report began: "The working of the five-day week has proved an unqualified success both from the business point of view and from that of the employees."

Differing opinions amongst unions on compulsory arbitration.

On 28th April,

Mr. C. H. Chapman (Labour, ***Wellington, N.*****)** said compulsory arbitration had been opposed by what might be called "unions that cater for key industries"—big and powerful unions who could by their own organisation and efforts obtain reasonable conditions for their members. But that was not true so far as the smaller unions were concerned. Though not favourable to compulsory arbitration for themselves, the large unions had never sought to debar the smaller unions from the protection which industrial conciliation and arbitration had given them.

The Bill was committed on 7th May, and reported and read a third time on 12th May.

FACTORIES AMENDMENT ACT.

(Forty-hour week; Payment for holidays; Minimum wages; One-man "factories.")

This Act was assented to on 8th June.

Some of the principal provisions are as follow:—

The definition of "factory" is extended to cover establishments where only one person is employed. (*Sect.* 2.)

The limitation of working hours to 40 in any one week and 8 in any one day, with provision for extension by the Arbitration Court to not more than 44 hours if it would be impracticable to carry on efficiently without such extension. (*Sect.* 3.)

Increasing rates of pay for overtime. (*Sect.* 6.)

Wages not to be reduced on account of reduction in working hours. (*Sect.* 8.)

The licensing of persons employed to do work elsewhere than in a factory. (*Sect.* 11.)

A minimum wage of 15s. a week during first six months of employment, with half-yearly increments of not less than 4s. a week until the end of the third year of employment, and thereafter not less than £2 a week. (*Sect.* 12.)

Eight whole day holidays annually, to be paid for as ordinary working days. (*Sects.* 13 *and* 14.)

The Bill was read a first and second time, *pro forma*, and referred to the Labour Bills Committee on 21st April.

DEBATE IN HOUSE OF REPRESENTATIVES.

On 13th May,

The Minister of Labour (Hon. H. T. Armstrong), in moving the committal of the Bill, said possibly it could be argued that conditions in New Zealand as regards factories were a long way ahead of conditions in some other countries, but they did not approach the standard which should exist in the Dominion. In some cases the working-week at present consisted of 48 hours, but the general run of factory workers performed 44 hours' work weekly. They were fixing the week at 40 hours, but the Court of Arbitration would have discretionary power, after hearing evidence, to extend the time, provided that in no case should it exceed 44 hours.

No dismissal or wage reductions on account of shorter hours.

The Bill provided that no employee might be dismissed or his wages reduced as a result of the passing of the Bill. He did not think it would be necessary for that clause to be applied generally because it was only in isolated cases that employers were unreasonable.

Hon. A. Hamilton (Nationalist, ***Wallace*****)** agreed that the Factories Act needed revision: it was 15 years since there had been any amendment to it. But he feared that this Bill, together with other Measures the Minister had introduced and was introducing, would increase costs in New Zealand. By increasing costs they were setting out on that roundabout which seemed to have no end and that was of very little benefit to anyone.

The Bill was very restrictive, and whilst it might be claimed that some of its provisions were designed to help in providing employment, he did not know that it would have that effect. He was not disagreeing with the provisions regarding "back yard" factories. He thought that was quite right. In fact he was not very critical of the whole Bill, except for one or two of its provisions. They objected to the method by which the Arbitration Court was not allowed to use its discretion but was practically directed to bring in the forty-hour week.

The International Labour Conference recommended the different countries to endeavour to bring in the forty-hour week in certain industries, but the Conference did not command, o even request, that the countries should endeavour to force the forty-hour week as the Government were doing. Why not leave it so that the Court could apply the forty-hour week where it considered there was no hardship in applying it? Under the Bill an employer had to make application to the Court to get exemption from it. Not only so, but if he dismissed a hand he was liable to punishment unless he could prove that the dismissal came from some other cause. That was an unjust application of a power upon employers.

As the Bill stood, an employee could draw pay for a holiday; but if he or she worked, then double time was to be paid, which made three times the original rate. That was fairly heavy going.

Mr. C. H. Chapman (**Labour**, *Wellington N.*) said the reduction in hours would confer upon the workers some portion of the benefit due to them for increased production. At present, usually they shared only increased unemployment as a result of increased production. The eight-hour day in factories had been in operation in New Zealand since 1908. Surely it was time they had an overhaul of the legislation for the purpose of liberalising the conditions connected with employment in factories. Many factory employees were subject to awards under the Industrial Conciliation and Arbitration Act and would not be affected by this Bill. But there were many who would receive very considerable benefits as a result of it. The extension of the definition of factories to "one-man factories" would remove what had been a menace to employers who favoured fair conditions.

Mr. S. G. Holland (**Nationalist**, *Christchurch N.*) said that, under the present Act, during four years apprenticeship a worker would receive £188 provided he only received the minimum. Under the Bill the new rates would give him £299, an increase of 64 per cent., or over 70 per cent. when the shorter working week was taken into account. Industry could not afford an increase of 70 per cent. in wage rates.

Lesson of Queensland.

Mr. W. J. Polson (**Independent**, *Stratford*) said they must endeavour to prevent this sort of legislation developing into an attempt to exploit the country and the employers for the benefit of a class. They had only to look at Queensland, where, through the higher imposts placed on industry, largely through wages, there had been a reduction in the number of factory employees by one-fifth in the last six years, whereas in the rest of the Commonwealth, where a more reasonable policy had prevailed, there had been an increase of practically one-third.

Mr. C. L. Hunter (**Labour**, *Manawatu*), replying to the objection that costs would be increased, said that when the eight-hour day had been introduced the same type of man

said the same thing—that it would be necessary to close down the industries throughout New Zealand. Instead of that, factory production had increased by leaps and bounds as a result of the increased efficiency in industry. The operation of overtime was most expensive, yet they found the overtime worked in New Zealand in 1934-35 was 2,121,279 hours. The main object in the Bill should be to eliminate overtime whenever possible.

The Bill was oommitted on 14th May, and was reported with amendments on 19th May.

On 20th May, on the Motion for Third Reading of the Bill,

Mr. Hamilton said he wished to make it clear that the Opposition were not opposed to the forty-hour week if it was reasonably applied. The Bill would make a very substantial addition to the costs of their factory operations and of the articles produced. In a nutshell, the workers might be benefited, the employers would be adversely affected, and the public would have to pay.

The Minister of Labour said that where the forty-hour week was impracticable it would not be put into operation, but if the Court allowed many factories to work more than forty hours he would be somewhat disappointed.

With regard to the exception taken to the Clause which laid down that it should not be lawful for an employer to dismiss an employee because of the passing of this legislation, he did not know whether that could be fully enforced, but if it could it should. There was nothing wrong in the principle of it.

The Bill represented an honest effort to improve conditions in keeping with modern times. It did not go anything like far enough and he hoped it would not be the last word he would have to say so far as the reform of the factory system of the country was concerned. They were told they would bankrupt the factory employers of the Dominion and destroy private enterprise. If that was so, then it was time they did supplant private enterprise with a system better able to serve the needs of the people as a whole.

The Bill was read a third time on 20th May.

SHOPS AND OFFICES AMENDMENT ACT.

(Forty-four hour week for shop assistants; Payment for all overtime; Restriction on premiums for training; Bank employees.)

The provisions of this Act, which was assented to on 8th June, are in the main similar to those of the Factories Amendment Act.*

* *Vide* p. 830.

The principal provisions calling for special mention are as follow :—

The hours of employment for shop assistants are limited to 44 in any one week and 8 in any one day, except on one day, when the employment may be for 11 hours. (*Sect.* 3.)

The prescribed working hours may, with the previous written consent of the Inspector, be extended for the purpose of stock-taking or other special work, but not for more than 3 hours in any one day or 60 hours in any one year, and not on any half-holiday. Every shop-assistant employed during such extended hours shall be paid not less than one-half as much again as the ordinary rate, and in no case at less than 1s. 6d. an hour, and, in addition, shall be paid a meal allowance. (*Sect.* 7.)

No premium shall be required in respect of the employment of any shop assistant, unless the shop is approved by a Chief Inspector of Factories as a school for learners and the payment made is approved by him. (*Sect.* 9.)

The definition of " restaurant " is extended to cover any boarding house in which the number of boarders is usually five or more. (*Sect.* 12.)

The hours of employment in hotels and restaurants are limited to 44 in any one week but may be extended for not more than 120 hours in any one year. (*Sect.* 13.)

Special provision is made allowing the employment after hours of assistants in banks, for certain defined purposes only, and for not more than 3 hours in any one day or on more than six days in any one month. (*Sect.* 18.)

Every office assistant employed during extended hours shall be paid overtime and meal allowance on the same basis as provided in Section 7 in respect of shop assistants. (*Sect.* 19.)

No person employed in any shop or office shall be dismissed or have his wages reduced by reason merely of any reduction or alteration made in his working hours pursuant to this Act. The burden of proving that dismissal or reduction in wages was not a breach of this Act to be on the employer. (*Sect.* 21.)

FAIR RENTS ACT.

(Determination of fair rent ; Circumstances of landlord and tenant ; Prohibition of premiums ; Government's housing policy.)

This Act was assented to on 11th June. Some of the principal provisions are as follow :—

Any increase in rent made after 1st May, 1936, is irrecoverable unless a fair rent charge has been fixed in accordance with this Act, and the rent charged does not exceed the fair rent so fixed. (*Sect.* 5.)

On the application of either the landlord or the tenant, the fair rent to be paid by a tenant may be determined by a Stipendiary Magistrate (*Sect.* 6.)

" On the hearing of any application to fix the fair rent of any dwelling house to which this Act applies, the Magistrate shall have regard to the

relative circumstances of the landlord and of the tenant, and, after taking such circumstances and all other relevant matters into consideration, shall, subject to any regulations that may be made for the purposes of this Act, fix as the fair rent such rent as in his opinion it would be fair and equitable for the tenant to pay." (*Sect.* 7.)

No fine or premium shall be chargeable in respect of a tenancy or renewal. (*Sect.* 11.)

Except with the consent of a Magistrate, no person shall be allowed to distrain for rent due. (*Sect.* 16.)

" Any Inspector of Factories may, on behalf of the tenant, make or oppose any application under this Act, or institute or appear in any proceedings for the recovery of any moneys claimed by the tenant under this Act, or defend or appear in any proceedings brought by the landlord." (*Sect.* 17.)

The Act shall continue in force only until 30th September, 1937. (*Sect.* 25.)

DEBATE IN HOUSE OF REPRESENTATIVES.

On 5th June,

The Attorney-General (Hon. H. G. R. Mason), in moving the Second Reading of the Bill, said that there was an urgent need for this Measure. Immediately tenants had any more money, by reason of an increase in wages, an increase in sustenance, or other moneys received from the Unemployment Fund, the rent was so raised that there was little or no benefit for the unfortunate tenant. The Government were under no illusion as to this being a permanent solution to the housing problem. The proper solution for the housing problem was a housing scheme. The Government were setting about the institution of such a scheme, which would, no doubt, do away with the necessity for restrictive legislation, but meanwhile they could not have tenants turned out of their houses for inability to pay increased rents. The main principle of the Bill was that rents could be not raised without the consent of a Stipendiary Magistrate and that application might be made to the Court by either of the parties. If there was hardship on the part of the landlord and on the part of the tenant, it was for the Magistrate to decide whose hardship was most pressing or what compromise he could make between the varying hardship of the two parties.

One Clause of the Bill gave the Inspector of Factories power to apply on behalf of tenants. In many cases the protection would be for a class of people who were poor and illiterate—not well able to look after themselves and probably not able to pay a solicitor to appear for them—and it was necessary for the effective working of the Bill that the Inspector of Factories should be able to appear for them. Another Clause said that the decision of the Court was final. If there were a right of

appeal it would operate to favour the man able to pay the costs of appeal and would quite defeat the purpose of the Bill.

The Bill was a temporary measure and would expire on 30th September, 1937. By that date it was the intention of the Government to have instituted a housing scheme which would mean the building of hundreds and thousands of houses. When the people were properly housed, as they would be under the policy of the Government, it would no longer be necessary to retain this legislation.

Rt. Hon. G. W. Forbes (Leader of the Opposition) said they were all agreed they should do what they could to prevent rack-renting. At the same time they should not go to extremes and do something that would be unjust to the landlord and would discourage people from providing houses that were badly needed. The Minister had said the Bill was only a temporary Measure, but that was said when the rent-restriction legislation was introduced during the War, and it had continued until the present time. The same thing would happen with regard to this legislation.

In the Bill the interests of the landlords had been completely ignored. During the depression the Government had made a reduction of 20 per cent. in house rents, and rentals at present were 25 per cent. below the rates charged before 1930, so where was the evidence of rack-renting? Having been compelled to reduce his rental by 20 per cent. the landlord was now told he could not increase it. Why should he not be allowed to participate in the general improvement in conditions which every other section of the community was doing? It was all right for the Government to do something for the tenant but it was unfair to place the whole burden upon the owners of property, who might be financially in as bad a position as their tenants.

The Prime Minister (Rt. Hon. M. J. Savage)* agreed that there were two parties to all these contracts and that both were entitled to consideration, but could anyone imagine a Magistrate hearing a case and giving no consideration to the interests of the house-owner? The Magistrate's job would be to decide as nearly as a man could what was the fair thing to do in the circumstances. If he found a man paying 15s. a week, where, perhaps, he should be paying £1 5s., but paying his rent regularly and having to support a large family, while the house owner seemed to be doing all right, he might easily, without straining his conscience, say "I will not make an order under these circumstances." On the other hand, he might come across a case very much the same but where the

* *Vide* footnote on p. 807.

man did not pay his rent if he could help it, and he would get him out straight away.

As long as men worked for wages and for somebody else they would never get the ideal thing, but some of them were hoping for bigger things and better days, and not only hoping for them but working for them, too.

Mr. W. P. Endean (Nationalist, *Parnell*), after recalling that during the depression years rents and interest rates were reduced by 20 per cent. by Act of Parliament, asked why should the date, 1st May, 1936, be adopted as the base for fixing a fair rental? Rentals should be fixed on the basis of the rental received before the high price-level of their products abroad began to fall and the time when an application was made by a tenant in the future, and the difference should be made up by the State out of the Consolidated Fund. Why should the State throw the burden on the landlords?

Mr. F. W. Schramm (Labour, *Auckland E.*) pointed out that the Magistrate had the power to fix a fair rent irrespective of the fact that the Act set out the basic rent. That was fair and just, but the provision had been entirely overlooked by the Leader of the Opposition.

The provision that the Inspector of Factories could appear on behalf of the tenant did not mean that he was acting merely as counsel on behalf of the tenant. He was there as a statutory officer appointed by the Government to see that justice was done. He would naturally go to the landlord and try to effect a settlement of any dispute, and when he appeared in Court he would be there as a statutory officer, to set forth the facts of the case for the tenant but at the same time to tell all the facts to the Magistrate, so that the latter might be able to do justice between the parties.

The Government knew the Bill was only a palliative, but in changing times, during the transition period from an extreme form of capitalism to a form of socialism, it was necessary to bridge the gap in the meanwhile.

The Bill was read a second time on 5th June and a third time on 6th June.

UNION OF SOUTH AFRICA.

The following summary is in continuation of that given in the last issue of the JOURNAL *(Vol. XVII., No. 3) and deals with further proceedings of the Fourth Session of the Seventh Parliament which opened on 24th January, 1936, and on 17th June was adjourned to 18th December.*

PROPOSED GRANT TO THE ROYAL NAVY.

(South Africa's indebtedness to the Royal Navy ; Naval Station at Simonstown ; Trade with Great Britain ; Inadequacy of coastal defence ; Obligations of the Union : Agreement of 1922 ; Nationalist attitude.)

On 22nd May, 1936, in the House of Assembly, Mr. Marwick introduced a Motion concerning the admission of five hundred South Africans to serve in the Royal Navy as a memorial to the late King George.

DEBATE IN HOUSE OF ASSEMBLY.

On 22nd May,

Mr. J. S. Marwick (**Dominion Party,** *Illovo, N.P.*) moved :—

"That this House is of opinion that South Africa's debt to the Royal Navy for the protection of her shores and her sea-borne exports and imports can be most suitably acknowledged by the Government giving immediate consideration to the desirability of establishing a King George the Fifth memorial grant to the Royal Navy, and of arranging with His Majesty's Government of the United Kingdom that the proposed grant be made to form the basis of a plan whereby

"(1) five hundred South Africans may be admitted to serve in the Royal Navy ;

"(2) the full complement may be built up by annual drafts of recruits selected in the Union of South Africa ; and

"(3) the annual grant may reach a maximum of £300,000 per annum upon the full complement of 500 South Africans being attained, and in the interim be determined annually in proportion to the total number of South Africans finally entered and serving in the Royal Navy from year to year."

Protection of South African trade.

Events in the world at large and in Africa had awakened every thoughtful mind to the ominous importance of the protection of their shores and their sea-borne exports and imports by the Royal Navy. It was because South Africa's debt to the Navy was now sought to be minimised, and the grant agreed upon before the Union was established was no longer paid, that it had become necessary to look facts in the face. The attitude of the present Government had become a challenge to those who felt that it was inconsistent with self-respect that they should rely entirely upon the taxpayer of Great Britain for their protection.

The naval base at Simonstown had cost the British taxpayer in capital expenditure £3,000,000, and he had paid without complaint the yearly cost of the Cape Naval Squadron—seldom less than £250,000—ever since the Cape Colony came under British sovereignty. Their imports from Great Britain in 1934 were of the value of £32,000,000, whilst Union exports to that country amounted to all but £45,000,000, even if they excluded the extra £21,000,000 inseparable from the value of those exports because of the gold premium. The Navy protected these Union exports and imports; and it also assured the safety of £34,000,000 of imports from other countries whose Navies were unrepresented in the Southern Seas, and £16,000,000 of Union exports to those countries. The Union's favourable balance of trade with Great Britain was roughly £34,000,000 in 1934, but the Minister of Defence, at the end of that year, had said that the Navy was not there to protect them but to protect British ships and British trade.

Mr. Marwick pointed out that such grants had been made from various parts of the Empire for many years, and recent contributions had shown that the principle was still generously acknowledged. For the third year in succession the Straits Settlements had contributed £58,000 to the Navy last March. Before the Union was established the Cape and Natal had both made annual grants, and at the time of the National Convention it was agreed that the annual grant of £85,000, equivalent to the then contributions from the two Colonies, should continue to be paid. It had been discontinued in 1921 when the policy was decided upon of building up a South African Navy. That policy had been abandoned in 1934, but when a definite request had been made in the House for the restoration of the £85,000 grant, it had been met with a definite refusal by the Minister of Defence.

Value of the naval station at Simonstown.

The present proposals, he continued, had their origin in a scheme suggested by the Navy League of South Africa. Since Mr. Winston Churchill had said (apropos of the upkeep of the Simonstown naval station) " if the cost of new works or new appliances asked for by the Admiralty should at any time exceed what the Union Government would be prepared to spend from a domestic point of view, the Imperial Government would have to consider the question of meeting the extra charges consequent on these demands," there had been important developments. The Union Parliament had indicated that there had been such a change in the constitutional relationship between the Union and Great Britain that when the following Amendment to an Act of Parliament had been introduced declaring :—

" the Royal Navy shall be entitled freely to use for any purpose the territorial waters of the Union and its land bases within the same, and to do all such things as may at all times enable the naval station at Simonstown to discharge its functions as a naval link in the sea communications of the British Empire,"

a large majority in the House—including the Minister of Justice, a signatory to the Smuts-Churchill Agreement—had rejected the Amendment, making it clear that the Navy could no longer claim the right to be in the territorial waters of the Union. This had created an entirely new situation which the Minister of Defence would have to consider if he decided to propose any expenditure on the part of the United Kingdom Government upon new works or appliances for the defence of the Union. The declarations of the Minister had not by any means eased the situation.

They could only hope that the Minister, who was going to England to represent the Union, would abandon the doctrine he had held so tenaciously. They should endeavour to get back to the position of full partnership in the Empire, for good or ill, which they had occupied when the Smuts-Churchill Agreement was first contemplated. They were more dependent on the power of Great Britain and the Empire than ever in their history.

Empire Defence Votes and Contributions.

Mr. R. M. Christopher (Dominion Party, *East London, N., C.P.*), emphasising South Africa's gratitude to the Royal Navy, pointed out that lately, when their young men were called up, the preponderance of replies given when they were asked to which branch they wanted to go was : " We want to join the R.N.V.R." The scheme propounded would be a very fine thing for the youths of South Africa. The time had arrived when they should fill the gap in their defences. Many were of opinion that their land and air forces would not be adequate for the defence of their long coast line.

Other parts of the Empire had realised this lately, and only a week ago the Australian Government had voted £20,000,000 for coast defence. Canada had also placed a large sum on the Estimates for this purpose ; and others had made contributions in money to Great Britain.

Mr. S. F. Waterson (United Party, *South Peninsula, C.P.*) objected to the terms of the Resolution, which, he pointed out, said that South Africa should pay its debts by raising a memorial

fund. Defence was a matter of Government policy, and the contribution towards naval defence and the form it should take were part of the defence policy of the Union. Naval defence had for many years been a political matter, for which reason he deprecated linking it up with the death of their late Sovereign.

The Minister of Finance (Hon. N. C. Havenga) on behalf of the Minister of Defence,* said the British Government were satisfied that the obligations of the Union regarding coastal defence, Simonstown, etc., which would be carried out in the spirit as well as the letter, represented an adequate *quid pro quo* for the protection they were enjoying, and his Government, therefore, were not prepared to accept the Motion.

Col. C. F. Stallard (Leader of the Dominion Party) associated himself entirely with the Motion. They were not in a position to maintain a Navy or to make a contribution of battleships ; but they were in a position to make a substantial contribution to defence.

The actual training of the contingent of South Africans proposed would fit in with the scheme projected by the Minister of Defence. This training followed the lines which had become traditional in South Africa, where no Government had ever boggled over sending home to England contingents of officers and men for special training overseas. He hoped that a considerable section of the youth of the country would jump at the idea of taking to a sea life. The only way the defence of South Africa could be properly carried out was by regarding it in the first instance as an integral part of a wider defence scheme for the whole Empire.

Mr. L. Egelande (United Party, *Durban (Berea), N.P.*) objected to the proposal as not being in the best interests of the country or of the Commonwealth. The Dominion Party's policy was not shared by a single responsible statesman throughout the Commonwealth, and he doubted if it was shared by any save a small minority of public opinion in South Africa.

No alternative to 1922 Agreement.

He doubted whether, apart from the unfortunate dragging in of the late King's name, the scheme proposed was the wisest course for them at the present stage. Other aspects of their defence, in respect of which the Minister of Defence had only that afternoon departed on an errand of consultation to Great Britain, would appear to be more urgent.

The position might be different if their financial resources were such as to justify having a Navy of their own, or if the Admiralty, the Committee for Imperial Defence, or the various Dominions themselves at one of the Imperial Conferences had

* The Minister of Defence left for England on 22nd May.

ever, at any stage, endorsed or advocated some such scheme. But there had been no indication of this, and it seemed, therefore, that there could be no practical alternative to the performance of their obligations on the lines of the Agreement of 1922, whereby the Royal Navy continued to provide the ships and the Union provided the bases, making herself responsible entirely for coastal defences.

Hon. W. B. Madeley (Labour, *Benoni, T.P.*), urging the withdrawal of the Motion, said he did not think they should advise the Government, and, through them, the British Government, as to how they should carry out their united obligations. For many years there had been a connected policy of co-operation on matters of defence between South Africa and Great Britain and the rest of the Commonwealth. If the Motion was to be regarded as an expression of goodwill, intention or determination, then he was in agreement with the hon. Member; but when they assumed the right to give advice as to how things could be done they were entirely wrong.

Mr. L. Blackwell (United Party, *Kensington, T.P.*), regretted the introduction of the Motion, and said the statement of the Minister of Finance had been disappointing in that it had not recognised the immediate realities of the position to-day.

Empire co-operation for defence.

A very large body of opinion inside the ranks of their Party was not satisfied with the present defence position in South Africa, and felt that much more would have to be done regarding it in the future. The day had gone when any Member of any Party in the House could get up and say that the British Navy was no concern of theirs. They were no longer safe; they must take council internally among their own people and externally with their co-partners in the British Empire regarding matters of defence.

Mr. Blackwell suggested that the ideal towards which they should work should be that they should bear the entire cost of Simonstown, *i.e.*, the entire annual cost of such portion of His Majesty's Fleet as was maintained there.

Rev. C. W. M. du Toit (Nationalist, *Colesberg, C.P.*) said that he personally thought that Mr. Marwick and Col. Stallard had better leave their (the Union's) contribution alone, because it was about to be discussed. The Government were doing their best to fulfil their obligations. The Minister of Defence had left for England specially in connection with that question.

Government's policy: co-operation with Great Britain.

Mr. du Toit said he wished to remind Col. Stallard that he had introduced a Motion into the House some time ago* in connection with war and the relation of their country towards

* *Vide* JOURNAL, Vol. XVI, No. 2, pp. 391-401.

England in case of war. On that occasion he had evoked the statement by the Prime Minister; in the course of which he had said:—

". . . for the future of the British Fleet means just as much to me as it does to any Englishman in England."

Mr. du Toit said he thought Col. Stallard really ought to be satisfied with that. "If the British Navy," Mr. du Toit continued, "were to ask us to keep a few submarines, torpedo boats or other ships of war here, then he [Col. Stallard] may be certain that the Government will immediately agree to such a scheme."

In connection with the status of South Africa, the Prime Minister, and other Members of the Government, had said over and over again that they were on a footing of the closest co-operation with the British Defence Force. They stood for the maintenance of that connection, and therefore differed in nothing from Col. Stallard and his Party.

Nationalist Party attitude.

The Nationalist Party, in its programme of principles, acknowledged

the duty of the Government to provide an efficient system of land defence, both on land and sea, and in the air, for the protection of the country and its interests and consistent with our national independence.

There was only a question there of the defence of South Africa and nothing about Imperial defence or Imperial co-operation; and there lay the difference between the Nationalist Party and the United Party, which took up the same attitude as the Dominion Party.

Mr. G. H. Nicholls (United Party, *Zululand, N.P.*) agreed that they had failed to make the necessary provision for defence; but as to the method of contribution to the Royal Navy, no Dominion of the British Commonwealth to-day made any such direct contribution.

Col. Stallard: "The Malay States do."

Mr. Nicholls said the Malay States were a Colony, not a Dominion, and contained the great naval base of Singapore for the protection of interests in the Far East. They could not compare any of the Dominions with the Malay States in that respect.

Best policy for the Dominions.

He pointed out that when a Dominion was asked to make a direct contribution to the Royal Navy, the contribution was to be made to an armed force over which it had no control, and it was for that reason that none of the Dominions had continued the contributions they had formerly made. They had all decided that the best assistance they could give was to have navies of their own. The policy started in South Africa some years ago had been dropped in consultation with the British Government; but he submitted that more should be done now, particularly in view of the fact that South Africa had assumed an entirely different significance in the naval world from that of a year ago.

If they accepted the Motion, the men sent overseas to be trained would be under the command of the British Parliament. If something happened under the Treaty of Locarno, and England was involved in a war in which South Africa had by Treaty agreed not to take part, except by Resolution of its own Parliament, they would nevertheless be indirectly implicated by having had these men trained in the British Navy.

Hon. F. H. P. Cresswell (United Party, *Belleville, C.P.*) said the development by South Africa of those arms which they were particularly able to develop was a much sounder line to go upon than to make a puny effort of a sea-going contribution as a merely sentimental gesture.

The Motion was put and negatived.

NATIVE TRUST AND LAND ACT.

(Separation of natives and Europeans; The South African Native Trust; Mineral rights on land owned by natives.)

The Bill for this Act, which provides for the establishment of a South African Native Trust and for the acquisition and occupation of land by natives and others, passed all stages during the Session. The Act received assent on 17th June.

The Bill, as amended by the Senate,* provides for the constitution of a corporate body, the South African Native Trust, which shall administer its affairs "for the settlement, support, benefit, and material and moral welfare of the natives of the Union." (*Clause* 4).

The Trust shall administer a fund (South African Native Trust Fund), into which shall be paid such moneys as Parliament may appropriate (and moneys from certain other sources), to acquire and develop land for the objects of the Trust, and generally to assist and develop the social well-being of the natives residing on land under the jurisdiction of the Trust (*Clauses* 8 *and* 9).

The Bill makes provision for the acquisition by the Trust of land up to a maximum of 7,250,000 morgen† (*Clause* 10).

Certain areas, as defined in Schedule 1, are released from restrictions imposed by the Natives Land Act of 1913 upon the purchase of land by natives (*Clause* 11).

No person other than the Trust or a native shall acquire land in a released area from a native, if such land be wholly surrounded by land held by natives or by the Trust, and no native shall acquire land outside a native area from a person other than a native if such land be wholly surrounded by land held by persons other than natives. Provision is made for the expropriation by the Governor of land for certain purposes (*Clauses* 12 *and* 13).

* The Senate's Amendments were agreed to by the House of Assembly on 9th June.

† 1 morgen $=2\frac{1}{9}$ acres (approx.).

The Trust may be required by a person other than a native who is the registered owner of land situate within a scheduled native area or a released area to purchase that land, providing such land cannot be sold at a reasonable price in consequence of its having become surrounded by land owned or occupied by natives (*Clause* 14).

Provision is made for the exchange of native-owned land under certain circumstances. Land so alienated by a native shall (*a*) if situate within an area in which the Trust may acquire land, vest in the Trust; and (*b*) if situate outside such area, revert to the Crown. Other special provisions regarding the alienation of Trust land are set out (*Clauses* 17 *and* 18).

Prospecting for minerals on land in the scheduled areas can only be undertaken by the written permission of the Minister of Native Affairs, and conditions of mining if such land is proclaimed as a public digging will be imposed by the Trustee.

Prospecting or mining in scheduled native areas, released areas and on land held by the Trust or by natives is allowed only under certain conditions designed to preserve the continued or future use by natives of the surface of such land.

Moneys received in respect of licences to prospect, or mine, shall be placed by the State to the Fund (*Clause* 23).

No person other than a native shall, save by the authority of the Trustee, reside, or be, or carry on any profession, business or trade in a scheduled native area or released area owned by the Trust or a native or held by any religious denomination or society; but no person so residing or carrying on a business or holding mineral rights, etc., at the commencement of the Act, shall be prohibited from continuing to do so (*Clause* 24).

No native is allowed to live on land which is not within a scheduled native area or within a released area unless he is the registered owner of such land, or a servant of the owner, or registered as a labour tenant or as a squatter, or otherwise exempted under conditions laid down by the Bill (*Clause* 26).

DEBATE IN HOUSE OF ASSEMBLY.

On 30th April,

The Minister of Native Affairs (Hon. P. G. W. Grobler) in moving the Second Reading of the Bill, said this was one of the Bills which had for a number of years been considered by the Joint Select Committee on the Native Bills, and the principle of it had been adopted by that Committee. There was nothing which agitated the native mind more than the cry for land, and the uncertainty of the Government's land policy had been the cause of many of their difficulties in native administration. The increasing native population had for many years overflowed the Reserves, where they lived under tribal conditions, and they had taken refuge either on Crown or private lands or had drifted to the towns. The object of the Bill was to provide further areas where they could maintain a reasonable standard of life and develop their own institutions.

Separation of land held by Europeans and natives; Beaumont Commission.

The principle of the territorial separation of land held by Europeans and natives, the Minister of Native Affairs continued, had been recognised from earliest times. The passing of the Natives Land Act in 1913 had been a step in its practical application to the Union. In terms of the Act, the Beaumont Commission had been appointed which had recommended the addition of further areas; and the Native Affairs Administration Bill, which had followed, had embodied in its Schedule the areas recommended and had referred them to a Select Committee. This Committee had concluded that the recommendations could not be accepted as they stood. Local committees had been appointed in the various Provinces to revise the areas proposed by the Commission, and these, reporting in 1918, had recommended the addition of 7,521,223 morgen, as against the Commission's 8,365,744 morgen.

The present Bill gave effect substantially to the recommendations of the local committees, and proposed to add further "released areas" (*Clause* 11) which would give more land for the natives and their stock and enable them to live together, and gradually do away with the evils of squatting and the segregation of surplus natives in urban areas. The extent of these released areas was approximately 7,021,000 morgen, and the changes contemplated would be carried out without undue interference with the vested rights of individuals.

South African Native Trust.

There would be established a South African Native Trust, administered by the Governor-General, in which would be merged the existing Natal and Zululand Trusts, and in which would vest all Crown Land reserved for native occupation or situated within the scheduled or released areas. The Trust would administer a Fund deriving its revenue from sums appropriated by Parliament and from rents, etc., accruing from the land under its control, to be used for the acquisition and development of land for native settlements, for making advances to natives, and generally to promote their well-being. The Trust would acquire land in the released areas until the extent held amounted to 7,250,000 morgen; and a considerable extent of this would be acquired without delay in order to make provision for a number of landless natives.

Referring to Chapter IV of the Bill, dealing with the residence of natives in specially proclaimed areas, the proper control of labour tenants and the gradual abolition of squatters, the Minister of Native Affairs said these provisions would co-ordinate the law throughout the Union. The registration of labour tenants and the payment of small registration fees would be made compulsory; and squatters would pay licences, gradually increasing from 10s. for the first two years to £5 for the tenth and subsequent years, no renewals to be granted after 30 years.

European landowners.

It had been said that the interests of Europeans owning land in the released areas would be injuriously affected, but their right to dispose of their property either to Europeans, to the Trust, or to individual natives, would not be made more difficult. The power to expropriate land (*Clause* 13) would only be exercised in extraordinary circumstances and the price would, if necessary, be referred to arbitration.

The total area of the Union was 143,128,954 morgen, of which 10,422,935 had been included in the scheduled native areas, while the present Bill would permit of the acquisition of a further 7,250,000 by or on behalf of natives; thus, the land which would ultimately be available for natives would be 17,672,935 morgen, or 12 per cent. of the total area of the Union.

In conclusion, the Minister of Native Affairs said that they had no intention of passing this Bill and then postponing the matter indefinitely. It was the intention of the Government to carry out the provisions with sympathy and due regard to the rights of Europeans and other races.

Mr. J. G. Strydom (**Nationalist**, *Waterberg*, *T.P.*) asked whether, in view of the intention of the Government within a few years to buy up practically the whole of this area which was to be thrown open to the natives, and of the segregation idea, it was necessary for the land to be bought immediately, and whether the original idea was not that the natives themselves should, in course of time, buy it?

The Minister of Native Affairs: "They do not get the ground for nothing: they have to pay rent for it."

Mr. Strydom agreed, but pointed out that the idea was that they would themselves have to buy the land. The Minister might say that the land must be bought for the benefit especially of the natives, who, in consequence of the penalties in the form of licence fees in connection with squatters, would have to leave the land of Europeans on which they were now living. It had always been the objection that it was inhumane to move the squatting natives off the land unless provision was made for them elsewhere; but was it necessary that they should get land immediately? Was there not a terrible need of labour, especially agricultural labour? Mr. Strydom added that there were very many more Europeans who needed land. The Carnegie Committee, which had instituted an inquiry into the poor white question, had told them that there were 500,000 Europeans in South Africa living under the bread line.

Mineral rights on native-owned land.

Referring to the provision made in the Bill (*Clause* 23) that the mineral rights on land on which the Trust or a native was the owner would not necessarily belong to the Crown but, in the first place, to the Trust, Mr. Strydom said that meant that revenue obtained through mining development which would otherwise go to the Crown would now go to the Trust. Licence fees in respect of mining development would also be paid into the native reserve funds, and the State would have to pay to them also money received for prospecting licences in the native or released areas. When they considered the potential wealth in regard to minerals, especially of the Transvaal, were they not sacrificing too much?

The Minister of Native Affairs pointed out that the State was retaining the right to minerals.

Mr. Strydom said that this was not so on land bought by the Trust; it would have the same rights as the ordinary owner.

The Minister of Native Affairs: "The ground that it has obtained is surely Crown land?"

Mr. Strydom said this was not so. "A distinction is made," he said, "between the State as State in relation to Crown land, and the State in connection with the Trust . . the land only belongs to the State in so far as it has to be used for natives."

In regard to Clause 24, which laid down that Europeans might not establish themselves in business in the native areas, Mr. Strydom agreed that it was according to the principle of segregation; but there was nothing in the law to prevent natives from establishing themselves, in course of time, in European areas to carry on business there, and the restriction should also be applied in that direction.

In connection with the labour tenants' Boards of Control he objected that there was, apparently, no appeal against the decision of such a Board, which would consist of an official and one or two farmers. They had had bitter experience of the rôle which such a Board could play in politics or with regard to personal grievances.

Dr. N. J. Van der Merwe (Nationalist, *Winberg, O.F.S.*) said in the Free State there was some of the best land in South Africa, yet the natives were not able to cultivate it and make the most of it, and they had the strange state of affairs that the largest part of this land was leased to Europeans. In normal times approximately 80 per cent. of the native-owned land was leased to Europeans. Was there, then, such a deeply felt need for land for natives that the white population should be asked to make such sacrifices?

Mr. S. F. Alberts (United Party, *Magaliesberg, T.P.*) said the only way to ensure segregation was to provide land where the natives could be sent to reside; otherwise the towns would become too congested. They were going to have a considerable number of unemployed natives in South Africa, for as mechanisation went on, natives were displaced. For instance, where they had formerly thousands of natives working on the roads, most of that work was now done by mechanisation, and the same thing applied generally. The Government had placed them all in an impossible position by creating native areas, black spots, in their constituencies, and it was not in the interests either of natives or Europeans.

Mr. F. C. Erasmus (Nationalist, *Moorreesburg, C.P.*) said a great deal had happened since the investigations of the Beaumont Commission and local committees, and moved that the subject of the Bill

"be referred to the Government for the purpose of further evidence to be taken with a view to the first Schedule being revised."

The Native Urban Areas Act Amendment Bill, he said, could not be proceeded with until next year; consequently the Bill they were now engaged upon would only be required then.

Mr. M. Alexander (United Party, *Cape Town (Castle), C.P.*) said the time had gone when the Members could tell an intelligent House that the natives had never done anything constructive. Let them go to North and Central America. Natives, like other people, when given an opportunity would rise to it, and they would be as constructive as any other section of the community which got a fair share and a square deal. They were face to face with a greater moral responsibility than ever by having passed the Representation of Natives' Bill. A Bill like that before them was only an instalment, and if they tried to get it watered down another generation would have to do justice which was denied to-day.

Funds for land purchase.

The Prime Minister (Gen. the Hon. J. B. M. Hertzog) repeated a statement made on a former occasion in regard to the purchase of land to the effect that it was not considered desirable that the necessary funds should immediately be voted by Parliament. The sound principle ought to be adhered to that only funds required for expenditure during the current year should be voted. However, he gave the assurance that the purchase of land would be commenced as soon as possible; that £10,000,000 would be voted in the next five years in such annual amounts as might be considered necessary; and that any further sums required during those five years, or thereafter, should be immediately made available. It was the Government's earnest desire to see that the obligation towards the natives arising out of the Bill, in conjunction with the Representation of Natives Act, should be faithfully carried out, and they trusted that this statement would be regarded as sufficient guarantee for the due fulfilment of the same.

On 4th May,

Mr. G. Heaton Nicholls (United Party, *Zululand, N.P.*) said the Bill formed the core of their native policy. It was the second in the trilogy of Bills which the Prime Minister was bringing forward, and the Representation of Natives Act would be a mere futility if it were not anchored securely in the native economy in the native reserves. To talk about segregation without translating the Bill into law would be ludicrous; and until they had placed the principle of territorial separation on a sound basis they could not succeed in their native policy.

The Motion was put and agreed to, and the Bill was read a second time.

DEBATE IN THE SENATE.

On 3rd June, in the Senate,*

Senator the Hon. P. W. L. Van Niekerk (*O.F.S.*) said the 7,250,000 morgen additional land which the Bill proposed to buy for the natives would naturally have to be good land, and they would then have—together with the 10,422,000 already set aside in the native areas—17,672,000 morgen. If the Karroo or dry parts of the Cape Province were excluded, the natives had approximately one quarter of the best land in the Union; and the question arose, had they too little land to-day? In areas where the natives kept too much stock they could say that the land was not adequate. The question of too little or too much depended upon the amount of stock on the land.

Improvement needed in farming methods.

The native, Senator Van Niekerk continued, was a few hundred years behind the European, and what was wrong with him was his system of tribal farming. He took no precautionary measures; land was sown in patches over the whole area; and he was less economical and less concerned with the necessity of providing for the future than he had been in the past. He sold food as fast as he produced it. He had adopted the customs of the European and wore the same clothes, and this was one of the reasons why he had a difficult time.

* The speech of the Minister of Native Affairs, in moving the Second Reading, covered practically the same ground as his speech in the House of Assembly on 30th April. (*Vide* pp. 845-847.)

An improvement should be effected in the agricultural methods of the native and if he were shown how to set about his farming operations he would, for a long time, be able to make a living on the land at present at his disposal, else the natives would not move to the cities as much as they did to-day. Asked why they moved to the cities, they said that they had too little land. But that was not the case: they had been encouraged to go to the towns. They had even been taxed with a view to getting them to go to work; and now that they were there they did not want to go back. This was going to be one of the greatest evils in future, if they were not careful. They had the Urban Areas Act, and large sums had been expended for separate housing for natives in their areas; but some other plan should be made so that those segregated in urban areas should be regarded as being there temporarily. They should not buy land for the individual native in the urban area to-day and put him on the farm. The land should be bought for the tribe to which it belonged.

Senator Van Niekerk also objected to the unsound principle of spending the money required (estimated to be between £10,000,000 and £15,000,000) for the purchase and development of the land. When the 1917 Bill was being dealt with, the underlying idea was that the land made available should be purchased by the natives, and that provision he had explained to the natives. That was the principle on which they should set to work. Where it was absolutely necessary the Senate should buy the land.

Senator the Hon. P. A. Myburgh (*C.P.*) said that as soon as the natives in the Transkei and East Griqualand learnt that the Bill had been passed, there would be rejoicing amongst them. When one travelled in the Transkei one noticed how bare those parts were as a result of over-stocking, and the natives in that territory absolutely required land. Nearly 95 per cent. of the land was the property of the white people; 607,000 morgen were taken in those two districts, while only 1,616,000 were released for occupation by natives in the whole of the Cape Province.

Foundation of true native policy.

Senator the Hon. G. Hartog (*T.P.*) said the Bill was the only proper foundation of a true native policy. The fundamental requirement for good government of the native people was adequate land, under the ægis of Europeans. He would have liked to see an endowment of the Trust with a capital sum instead of moneys dribbling in; but he did not say this because he was uneasy about the future. A sound segregation policy was the determined policy of the Government; he was sure that it would also be the determined policy of future

Governments; and it would be monstrous to suspect that the money would not be forthcoming to build upon these foundations.

Senator Rev. the Hon. C. J. V. Smit (*Nominated*) said the Measure should long ago have been laid on the Table. The immediate result of the 1913 Act had been that many natives had been driven from the grain areas and, where they were owners of stock, they had had to roam about till their stock was dead, with the result that many of them were to-day in locations where they had been compelled to go. Many said that if they were given land they would leave the locations. They said: " We do not seek the vote—we want land; give us a place where we can settle down." If the native had stock he would not leave the land because he did not like to sell his animals.

In the practical application of this legislation a legion of difficulties would arise. The handling of natives on a farm to-day was no easy matter; it was difficult even if they had four or five natives in their employ; how much more difficult, then, must it not be to deal with millions. If there were people who had to give up land for this purpose, he appealed to them to exercise patience and assist the Minister as far as they could.

Franchise question; Communal ownership.

Senator the Hon. F. C. Thompson (*Nominated*) said the Measure was a gesture to prove that a white man's word was his bond. The ordinary white man did not always realise that the native's view was a communal one. The white man had been taught individual ownership from his mother's knee. The natives (he spoke of those who had grown up amongst the chiefs) said that the land belonged to them as a people, and from that flowed the control of the tribal Chief. In this connection the question of the individual vote for the native arose—whether they were altering the manner in which they could affect the ownership of native land on which his vote was based. In the Electoral Act of 1918 a native's vote [in the Cape Colony] was based on occupation of property or premises valued at £75, etc.

Senator Thompson described as " preposterous " the idea that the natives should buy their own land. One of the other complementary Bills to be brought forward was the Urban Areas Bill, and if they had to take 3,000 or 4,000 natives from the towns, surely they must give them some place to buy land in?

Senator the Right Hon. F. S. Malan (*C.P.*) did not agree that there was no ideal of individual ownership among the natives. Every native had his own kraal and did not allow any man to come and live there. As far as the franchise was concerned, that was not an ownership but an occupation of land. He regretted, however, that the Minister had not seen his way to submit the Bill to a Joint Sitting and put right the franchise provisions.

Senator the Hon. T. C. Stoffberg (*T.P.*) mentioned the difficulty of preventing natives from other territories from entering the country in order to profit by the provision made for natives of the Union. He thought the only way in which it could be done was by negotiating not with the individual native but with the Chief of the tribe. Natives who wished to take advantage of the privileges under the Bill would have to apply through their Chief, and the land would be granted then to the tribe to which they belonged.

Senator the Hon. N. J. Vermeulen (*O.F.S.*) said there was still a large number of Europeans who would like to buy land —not receive it as a gift. The natives practically got the cream of the land in the Union. When a European bought a piece of land in terms of the Settlement Act he was compelled to live there. This was not the case with the native under the Bill who was under no obligation to stay.

Senator Vermeulen said he was not against the principle of the Bill, but he thought they should also look after the interests of the Europeans.

The Minister of Native Affairs (Hon. P. G. W. Grobler) dealing with the Franchise Bill, said he had consulted the Law Advisers, and their opinion was that the Bill could not be introduced at the Joint Session as, if he dealt with it there and it appeared later that it was not necessary, the whole legislation would lapse. A law passed by a Joint Session which need not have been so dealt with was *ultra vires*. That was a very serious question. He felt that he was not taking away existing rights. In the European areas there was a small number of natives who had the vote by virtue of the occupation of land, and he felt that he could not take it away by passing legislation in that direction. While there were natives who had the vote in the Cape Province to-day, he had to provide for them, and therefore he had added a provision by which they retained the vote.

Natives from outside the Union.

In regard to natives coming in from outside the Union, they had been fairly successful in stopping that influx under the Urban Areas Control Act, and strong measures would be taken. Basutoland occupied a different position. In the Orange Free State were natives who had been living there for a long time and who paid taxes. There was also the question of the Protectorates, which might be transferred to the Union. They could not apply the same measures to everybody.

It was not the case that there was discrimination between the native and the European in regard to the acquisition of land. The settler under the Settlement Act bought the land and became the owner of it; but the native had to rent the land from the Government; and provisionally he had to pay rent which amounted to about £2 per annum.

The Bill was read a second time.

UNION AND RHODESIA AGREEMENTS (AMENDMENT) ACT.

(Amendment of Trade and Customs Agreements; Disposal of tobacco; Trade in metal concentrates; etc.)

The purpose of this Act is to ratify Agreements entered into between the Governments of the Union and those of Southern and Northern Rhodesia for the amendment of the Trade and Customs Agreements in force between them.* The effects of the Amendment were dealt with by the Minister of Finance in his speech on the Motion for Second Reading.

DEBATE IN HOUSE OF ASSEMBLY.

On 10th June,

The Minister of Finance (Hon. N. C. Havenga) in moving the Second Reading of the Bill, said that as far as Northern Rhodesia was concerned their trade relations were still governed by the Agreement of 1930. During the past year it had become necessary for the various Governments to consider certain points concerning the Trade Agreements, and some minor alterations had been agreed upon. These the House was now asked to ratify.

Disposal of tobacco; Trade in precious metal concentrates.

The first related to the method of disposing of tobacco in Southern Rhodesia. A certain quantity was allowed free of duty into the Union; the Agreement provided that certain types which were sold at a certain price should be allowed in, "free on rail." It was now proposed, as a result of the changed methods of disposal, that the words "wet weight paid at auction" be substituted (*Clause* 1).

Then there was a trade in precious metal concentrates which certain mines in Rhodesia were in the habit of sending for smelting to the Union. Under the existing Agreement these concentrates would be liable to a 16 per cent. duty, with the result that the Union would lose the business. They now proposed to put these items on the free list (*Clause* 1). Their

*Vide JOURNAL, Vol. XVI., No. 3, p. 706.

trade with Southern Rhodesia was still heavily in favour of the Union, and they were only too pleased to be able to give this advantage to her Government. These concentrates were valued at £50,000 to the end of last year.

Northern Rhodesia imports.

Under the old Agreement, Southern Rhodesia and South Africa collected their own duties; but as far as Northern Rhodesia was concerned, there was a large measure of free trade between the various countries. It was laid down that in regard to Northern Rhodesian imports, South Africa would make compensation payment of 12 per cent., and 6 per cent., the 12 per cent. *ad valorem* being on foodstuffs and the 6 per cent. on other goods. It was now proposed to increase those percentages to 15 and 10 per cent., because the payments under the old Agreement had become inadequate. For a number of years duties had been raised in various directions; and on the trade statistics, with this alteration, the average payment during the years 1932-35 would have been increased by about £8,200 per annum. The actual increase for 1935 under the new arrangement would amount to approximately £6,800 per annum.

There was also a provision for the free admission of electrolytic copper and zinc. These commodities were ordinarily free of duty when imported from any country, and they had been asked by the Northern Rhodesia Government to exempt them from the payment of duty when imported from Northern Rhodesia.

Another minor amendment related to the changed condition which resulted from the new arrangement with Southern Rhodesia under which certain complications arose regarding trade in goods drawn by Northern Rhodesia from stocks in Southern Rhodesia. Merchants in Northern Rhodesia, the Minister of Finance said, could still obtain these goods from stocks in Southern Rhodesia, and South Africa adjusted the payment of the duties with Northern Rhodesia direct.

The Motion was put and agreed to and the Bill was read a second time. The House went into Committee, the Clauses and Title of the Bill were reported without amendments, and the Bill was read a third time.

SUGAR ACT.

(Establishing a fixed price; History and importance of the sugar industry; Investigation of fall of prices by Board of Trade; The small planter; Unlimited market in South Africa; Native consumption.)

The Bill for this Act was introduced by the Minister of Commerce and Industries on 3rd June. The Act provides for the control of the sugar industry by agreements entered into by growers, millers and refiners of sugar, or by determinations made by the Minister of Commerce and Industries for the control of the prices of sugars, etc.

The Act provides that if the Minister is satisfied that (A) an agreement has been entered into between growers, millers and refiners (i) for fixing the prices to be paid for sugar cane by millers to growers ; (ii) for regulation and restriction of production of sugar cane, regulation of marketing and export of sugar ; (B) that such agreement has been approved by not less than 90 per cent. of growers producing not less than 90 per cent. of the sugar cane produced in the Union ; and by millers manufacturing not less than 90 per cent. of the sugar manufactured in the Union ; and (C) that it is in the public interest to do so, he may publish the agreement in the "*Gazette*." The agreement or amending agreement on publication shall become binding upon every grower who supplies sugar cane to any miller, and upon every miller or refiner (*Sect.* 1).

The Minister may, if no agreement which has been published, or which he is prepared to publish, is in existence, determine the terms of an agreement (*Sect.* 2).

Any agreement may provide for levies upon growers or millers (*Sect.* 3).

Any grower or miller upon whom such agreement is not binding may sell in the Union, or elsewhere, any sugar cane or sugar produced or manufactured by him.

Every miller shall in each year (A) export his proportionate share of the total quantity of sugar exported by millers to whom production quotas have been assigned under an agreement ; sell or place at the disposal of the Board, for sale to manufacturers entitled to a rebate on sugar purchased from such miller, his proportionate share of the total quantity of sugar sold to such manufacturers at a rebate by millers and refiners (*Sect.* 5).

FIXING OF PRICES, OUTPUT AND GRADE.

The Minister may

(A) prescribe a maximum retail price not exceeding 3½d. per lb. for refined sugars, or 3¼d. per lb. for any grades of mill white sugar sold in Durban, East London, Port Elizabeth, Mossel Bay and Cape Town ;

(B) prescribe a maximum retail price not exceeding 2½d. per lb. for any other than refined or mill white sugar sold in the places referred to in (A), or within five miles from any railway station, siding or halt ;

(C) prescribe the retail prices for sugars sold in the Union, provided that for any grade of sugar for which a maximum price has been prescribed under (A) or (B) the price shall not at the places referred to in those paragraphs exceed such maximum price ;

(D) prescribe a reduced price at which any grades of sugar shall be sold by manufacturers for consumption in the Union and the Mandated Territory if he is satisfied that the price of sugar has exceeded £12 per ton ;

(E) determine the maximum quantity of white sugars which may be sold by millers and refiners for consumption in the Union and the Mandated Territory in any one year ;

(F) prescribe a grade of sugar which shall be sold by millers for consumption in the Union and the Mandated Territory at a maximum price of £14 10s. 0d. per ton f.o.r. Durban (*Sect.* 6).

PENALTIES.

In case of contravention, in addition to a fine not exceeding £100, or imprisonment not exceeding six months, or both, in certain cases, a fine may be imposed equal to the profit which the Court estimates the offender may have gained in consequence of having committed such offence (*Sect.* 9).

DEBATE IN HOUSE OF ASSEMBLY.

On 9th June,

The Minister of Commerce and Industries (Hon. A. P. J. Fourie) in moving the Second Reading, said sugar played a most important part in the economic life of the country. During 1933-34 it gave direct employment to some 2,400 Europeans, of whom 1,250 were employed in cane production. The mills employed in milling operations another 1,130, and the industry employed approximately from 48,000 to 50,000 non-Europeans. Considerable indirect employment was also given. The north and south coast railway lines were almost entirely dependent for their freight on the sugar industry, and the population of the whole coastal belt of Natal and Zululand was largely dependent upon it for its livelihood.

In 1935-36 some 4,000,000 tons of cane were produced, representing just under 420,000 tons of sugar. Sales up to 30th April, 1936, in the domestic market represented 217,000 tons at £4,770,000, including Excise and levies. The industry exported 212,500 tons at a figure on a c.i.f. basis free at ship's side of £1,532,000 ; and it had invested a capital of £10,000,000 of which £4,000,000 was invested by planters and £6,000,000 by millers.

Referring to what had come to be known as the Tripartite Agreement the Minister said that first an agreement was made between the Government and millers who had to establish mills, then between the Government and the planters. There was another set of agreements between millers and planters whereby the millers undertook to purchase and mill the cane grown by planters : that was a lease of 99 years subject to revision every five years. The price basis was fixed which the miller had to pay to the cane grower on the principle of 12s. per ton of cane, to 17s. when the price of sugar was 17s. per 100 lbs. The cane was sold by weight.

During the War production was stimulated enormously, despite price control, which was carried on until 1923. At that time wholesale prices in the United Kingdom were nearly double those in South Africa. After 1923 prices fell and by 1925-26 export prices had fallen to just under £12 per ton, while in South Africa the net price for first refined sugar had fallen to £21 13s. 6d. As a result the price of cane fell, the Government was approached, and the Board of Trade was requisitioned for the first time to investigate the whole position.

Board of Trade investigation ; Fahey Agreement.

The Board recommended that there was need for a re-organisation of the relationship between the miller and the planter and that in view of the drop of world prices the Duty had to be increased. It also said that the industry could supply the whole of the domestic market. Following this a Conference was held and the Fahey Conference Agreement which would expire in April, 1937, was arrived at under which a cane price formula was fixed based on the sucrose content and not on the weight, under which planters agreed to share in any losses or profits on exports. The millers agreed to share the export *pro rata* to their individual production, and the industry as a whole agreed to maintain and extend the sale of sugar at a rebated price to manufacturers in the country and to pay freight to Cape ports.

Prices for planters were so much improved that production went on again, and was extended, export increasing year by year until, in 1935-36, the total production was 417,000 tons. and export 212,000 tons. With the price of the domestic market now and the low price market overseas, the tendency was for the average price between the two to become lower as production increased.

Revision of Fahey Agreement.

The Board of Trade, after a further investigation, came to the conclusion that the Fahey Agreement required revision. It recommended that—

> the maintenance of existing tariff duties could not be assured if a satisfactory agreement was not adopted by the bulk of the industry on the expiry of the 1926 Agreement ; that on the organised industry presenting to the Minister undertakings to materially mitigate the incidence of export upon small growers, to provide for the restriction of production and maintain an export pool in which all mills should equally participate, etc., the Government should pass legislation making these undertakings binding on all present and future producers for five years ; and that the maintenance of the protective duties on imported sugar should be contingent upon the industry continuing to observe the undertakings heretofore given to Government *re* the wholesale price of sugar, manufacturers' rebates and payment of coastal freights.

The Minister informed representatives of the industry that he was not prepared to introduce legislation unless the industry could arrive at an agreement as nearly as possible 100 per cent. That suggestion was acted upon, and in the subsequent Agreement, the salient features of which were a revised basis for the payment of cane, a scheme was provided for the assistance of small men and for the limitation of the production of both sugar and cane, also for the creation of a Central Board to administer the Agreement.

It was necessary that this Agreement should be given legislative sanction. The present Bill not only looked after the producer ; but the producers had agreed that a good grade of sugar should be made available throughout the Union at a price within the reach of a poor man, *i.e.*, the retail price would be fixed at 2½d. in the Union within five miles of a railway station. In the event of the average, or domestic price, and the export price at any time exceeding £12 per ton, whatever was over the £12 should immediately be passed on to the consumer.

On 10th June, on the resumption of the debate,

Mr. R. A. T. Van der Merwe (Nationalist, ***Bethlehem, O.F.S.***) said they were indebted to the Minister for fixing and stabilising prices for the consumer as well as the producer. They must trace the causes of over-production, marketing, and the possibilities of increasing home consumption.

Interests of the small planter.

Report 194 of the Board of Trade and Industry pointed out that there were two classes of sugar-cane growers—the small farmer and the big company who also owned a mill. He, personally, was more concerned about the small planter, and he felt that the first concern of the Bill must be to safeguard his interests. The costs of planting must be taken into consideration, because there was a difference of 9s. per ton in the cost of production between the big and the small planter. They had almost an unlimited market for their sugar in South Africa if they could supply it cheaper ; that was why he thought they could reduce the export quota considerably ; they must also reduce the export of fine sugar. The average consumption in South Africa at present was in the vicinity of 225,000 tons.

An Amendment.

Hon. W. B. Madeley (Labour, ***Benoni, T.P.***) moved :

> " to omit all the words after 'That' and to substitute 'this House declines to pass the Second Reading of the Sugar Bill until an assurance is received from the Government that there shall be no restriction of production, nor export of sugar, until the real consumption needs of the people of the Union have been satisfied.' "

The consumers initially, he said, had had nothing to say on the question. The view that the fixing of the price protected the consumer against higher prices would sound all right if the operations, and the question of the manufacturing and sale of sugar, were being considered in the light of a free and open market competition, and the monopolising in the course of development of control where prices were constantly rising. They had been faced for some years with the position that the price of sugar had been fixed. All that they were doing was to fix it at the same price.

Mr. A. H. J. Eaton (**United Party**, *Durban* (*County*) *N.P.*): " It is the maximum."

Mr. Madeley said they had the experience of years in this connection, and the fixed maximum price had become the minimum price. They spoke of cheap sugar, but it was not cheap. South African-produced sugar refined in London by higher priced European labour could be sold retail to the London housewife for 2⅓ of a penny—and Members talked about cheap sugar in South Africa, not refined, at 2½d.—and that sugar in London had paid the handling charges, and commission, and the import Duty of 1d. per lb. They must raise the purchasing power of the people, raise wages, and make it possible for everybody to buy what he wanted. The other factor was to remove the control of the manufacture of sugar from the close preserve in which it was at present, and have a State sugar mill—Government control, distribution and manufacture.

Mr. R. H. Henderson (**United Party**, *Hospital*, *T.P.*) said every country which grew sugar seemed to pay the biggest price for it. There was widespread discontent over the price, but the suggestion that production should not be restricted and that export should cease would place the industry in an impossible position. If they produced only what South Africa required all their difficulties would vanish. It was quite feasible that if there had been no export and if refined sugar had been sold at 2d. per pound throughout the country, the whole of the production would have been sold in South Africa, and there would have been none for export. He was told that the native population had almost ceased to use sugar. There had been a considerable increase in the acreage put under sugar; but the amount used in South Africa had been reduced.

Concluding, Mr. Henderson said he supported the Bill. He believed that in the course of time it would give the country a much better deal in sugar than ever it had had in the past.

Mr. G. H. Nicholls (**United Party**, *Zululand*) said sugar had always been a political subject in all countries. There had been more international conferences dealing with it than with gold. It had an economic history which differentiated it entirely from any other product of man. Its history began 140 years ago when Napoleon closed down the whole of the ports of Europe to the introduction of West Indian sugar, and thus established the beet-growing industries of Europe by way of tariff walls and bounty feeding.

The result of that policy, Mr. Nicholls said, was shown in the Report of the United Kingdom Sugar Industry Inquiry Committee of last year, an extract from which he quoted :—

" To-day practically the only countries which are producing sugar without State assistance in one form or another are Java, Peru, and San Domingo, and these together provide not more than five per cent. of the whole world's current output."

The world produced about 26,000,000 tons of sugar every year, of which 3,000,000 tons found a free market. The United Kingdom imported annually 2,000,000 tons; and the only other countries that had a free market were, according to the Report of the United Kingdom Committee, India, China and a few other Eastern countries. There remained in the stores of the world unsold millions of tons of sugar.

League of Nations inquiry ; Chadbourne Agreement, etc.

In 1929 the position had become so bad that the Economic Committee of the League of Nations inquired into it. After its Report was issued, the sugar countries of the world got together and entered into the Chadbourne Agreement, by which the agreeing countries decided to limit their export and, incidentally, to isolate the sugar which remained unsold and which they put into a pool to draw upon as the price rose. That attempt to raise the price by restriction had failed very largely for this reason: the Chadbourne group of countries produced 12,500,000 tons in 1929-30 and restricted themselves to 6,000,000 tons in 1933-34; but the rest of the world went on producing in an increasing degree and, as a consequence, the price fell.

At the World Economic Conference in 1934, the Chadbourne people and others has attempted to make the scheme of limitation world-wide. The British Government asked the Union Government whether they would restrict their exports to the United Kingdom, which was the only market they had. South Africa only sent sugar to Canada because the West Indies sent its sugar to the United Kingdom.

The Commonwealth as a whole did not produce sufficient sugar for its own consumption. Why, therefore, should the United Kingdom buy Cuban sugar and shut South African sugar out ? They did not agree to restrict their sugar at Ottawa, where there was no question of restriction, and consequently the London proposal in 1934 was turned down. Recently the British Government had opened the matter again and had asked them to agree to limit their exports to the quantity produced for the last two years. The Minister of Commerce and Industries had called a Conference last October in Pretoria where the matter had been discussed, and the present Bill was the result.

Expiration of the Fahey Agreement ; Cheap sugar in England.

The fact that the Fahey Agreement would expire in 1937 provided an opportunity for covering the whole ground and getting down to a better economic basis. The expansion of the industry since 1926, when the first Fahey Agreement had been entered into, had not been due entirely to any greater protection in South Africa. Many other factors entered into it. First, sugar-growing was a long-dated business: it was a ten-year crop; millions had to be invested in machinery, and consequently they could not change over very quickly.

When Mr. Amery had visited South Africa as the Dominions Secretary in 1925, he had told the sugar industry to go on producing. He said they were endeavouring in Great Britain to increase the preference on sugar so as to give the sugar growers of the Empire a free market in Britain. The result of this re-organisation of the industry in 1926 had had a wonderful effect on its efficiency.

Mr. Nicholls pointed out, among the reasons why sugar was sold cheaper in England, that it was the immense distances and the cost of distribution in South Africa which were responsible for the difference in price. It was a different thing when distribution was radiating from one small centre.

The present Agreement was merely an industrial agreement. The consumer was protected all along the line by fixing a fair price for sugar which could bear comparison in any part of the world, a price which could not exist for five minutes if the world's price rose to what it was in 1926, unless this Bill was passed.

The Motion was put and agreed to and the Bill was read a second time.

In Committee, on Clause 6, an Amendment to omit ¾d. and to substitute "¼d." was agreed to; and the Bill was reported and subsequently read a third time.

BROADCASTING ACT.

(Establishment of South African Corporation ; Broadcasting in Europe and the British Commonwealth ; Sir John Reith's visit to South Africa ; Politics and the microphone ; Cultural benefits ; Public control and private interests.)

This Act provides for the control of broadcasting within the Union and for the establishment of the South African Broadcasting Corporation. The Bill passed all stages during the Session and received the assent of the Governor-General on 17th June.

The effect of the provisions were outlined by the Minister in his speech on the Motion for the Second Reading of the Bill.

DEBATE IN HOUSE OF ASSEMBLY.

On 29th April,

The Minister of Posts and Telegraphs (Senator the Hon. C. F. Clarkson), moving the Second Reading of the Bill, said its object was to transfer the control of broadcasting (at present conducted by private enterprise) to a public utility trust.

Broadcasting in other countries.

Referring to the unique conditions in America where broadcasting was in the hands of private enterprise and where there were no licence fees, the Minister of Posts and Telegraphs said the Government there had appointed a Federal Radio Commission to deal with the question of wave lengths, etc. The direct opposite to these conditions existed in Germany, where broadcasting was used by the Government for propaganda purposes and had been placed under the control of the Minister of Public Instruction and Propaganda. No one could take part in broadcasting in Germany unless he belonged to the National Socialist Broadcasting Chamber, which was included in the Chamber of German Culture.

In Italy the exclusive right to broadcast had been given by the Government to the Ente Italiano per le Audizione Radio-foniche; and programmes were controlled by a supervisory Commission. In Holland broadcasting was controlled by political and religious organisations; but a public utility company was being established to control it in which the Government intended to retain a majority interest. In Belgium broadcasting was controlled by a national Broadcasting Institute created in 1930 for a period of 12 years.

Canada had started by private enterprise; but in 1932, when a Parliamentary Committee had been appointed to consider the situation, it was decided to establish the Canadian Broadcasting Commission and to regulate and control broadcasting by other agencies. The Committee had recommended a scheme based on the British Broadcasting Corporation's scheme, and in 1932 the Radio Broadcasting Act was passed.* In New Zealand the Government had decided in 1931 that broadcasting should be publicly controlled, had passed the Broadcasting Act† and created the New Zealand Broadcasting Board. The Australian Commonwealth Government had brought in a Bill in 1929 to form a broadcasting corporation, and the operating of broadcasting was in the hands of the

* *Vide* JOURNAL, Vol. XIII., No. 3, pp. 679-681. *Vide* also this issue under "Canada."

† *Vide* JOURNAL, Vol. XIII., No. 2, p. 473. *Vide* also this issue under "New Zealand."

Postmaster-General. There were about 50 privately-owned stations.

Regarding Great Britain, the Minister said the recent Ullswater Commission had suggested that the Charter of the British Broadcasting Corporation should be extended for a further period of ten years. The Corporation acted under a Post Office licence and was run as a public utility corporation.

Sir John Reith's Report.

In South Africa the number of licences issued in 1928 was 16,599, and the total revenue was £10,781. In 1935 there were 132,000 licences, and the revenue was £182,000. Figures received the previous day (139,594 licences) showed an increase of nearly 7,000 for the year.

When Sir John Reith had been invited to South Africa to inquire into their position he had had a free hand, had interviewed over 250 representative people, and had dealt with the work of the Broadcasting Company as an expert. As a result of his Report the present Bill was before the House.

Starting from the standpoint that broadcasting was a public utility service which should be under public control, the Minister said the Board would be constituted with due regard to the aspirations and rights of both sections of the population, and would consist of trustworthy persons who would fearlessly carry out their responsibility. It would take cognisance of English and Afrikaans culture. Broadcasting had become almost a necessity and among its other developments great progress had been made [in the Cape]. Its potentialities in regard to their native population had been pointed out by Sir John Reith.

The Government had decided that all the profits they were entitled to under the agreement with the African Broadcasting Company be used, together with the profits accruing to the listeners, to reduce the price the Corporation would have to pay for the assets. In England, the licence fee was 10s. of which the Government got 5s. 6d.; in Austria the fee was 16s. 5d.; in Australia £1 1s.; in Belgium 10s.; in Canada 8s. 11d.; in Czechoslovakia 13s.; in Germany £1 4s.; in Italy £1 6s.; in Japan £1 5s.; and in Poland 16s. 10d. The Broadcasting fees in South Africa were the highest in the world. The 10s. fee in England gave £750,000 for programmes, while the 35s. fee in South Africa gave them £75,000 for programmes. The net revenue paid to the African Broadcasting Company last year was £182,000 ; running expenses were about £140,000, leaving a nominal surplus, including £10,000 for depreciation, of about £40,000. As the number of listeners increased, so the revenue would increase, and he agreed that one of the duties of the Board would be to see if they could not reduce the licence fees.

Mr. P. O. Sauer (**Nationalist**, *Humansdorp, C.P.*), referring to a complaint against the African Broadcasting Company that its programmes were a slavish imitation of the British Broadcasting Company, said that Company was one of the best broadcasting corporations in the world, but it was not created for South African conditions. The broadcasting of news items, for instance, was not cast in a South African mould. In all reports that were received from overseas or sent overseas there was throughout subtle Imperialistic propaganda to which many people in South Africa strongly objected.

Political speeches.

The African Broadcasting Company had given Cabinet Ministers the opportunity of making speeches over the wireless. Either no political speeches of any kind should be allowed, or the other side should have an opportunity of broadcasting its views.

Regarding the Clause (25) under which the Board would have the right to charge various fees for different classes of listeners-in, Mr. Sauer thought hospitals and similar institutions could be entirely exempted ; and he hoped that listeners-in who were far away from broadcasting stations where it was difficult to get good reception would be allowed to pay a smaller fee.

Mr. D. C. Burnside (**Labour**, *Durban* (*Umbilo*) *N.P.*) thought a certain amount of politics should be introduced into broadcasting. They had in the House many distinguished Members, including the Minister of Justice whose voice was sometimes relayed all round the globe, and yet he was not considered respectable enough to give a weekly address on politics through the microphone. There were many reasons why leaders of political Parties, at any rate, should be allowed to broadcast so many speeches per year. It was done in England during Elections and when anything of great importance occurred. It should not be overdone ; but he thought it would be a boon to the people of the country if the proceedings of the House were broadcast.

Spiritual and cultural benefits.

On 4th May,

Mr. J. W. Higgerty (**United Party**, *Von Brandis, T.P.*), who warmly supported the Bill, said a force like broadcasting, which was yet in its infancy, should be held in trust as a monopoly for the people rather than controlled by a commercial enterprise interested in dividends. This would mean that it would neither be wholly in the hands of a commercial enterprise nor in the hands of a Government organisation ; and when they looked at other parts of the Commonwealth they found that all approached the organisation of the B.B.C., which was their inspiration in the step they were taking in South Africa.

The Minister of Posts and Telegraphs said he wanted broadcasting to be above the question of Party politics and to be in the true interests of both sections of the community. There would not be any prohibition of political speeches. The Board of Governors would deal with that matter and it would be a question of arrangement. They did not want to use broadcasting for the purpose of helping Party propaganda. The same thing applied in regard to the news service.

The Motion was agreed to and the Bill was read a second time.

IRISH FREE STATE.

The Dáil adjourned on 13th *August*, 1936, *and will re-assemble on* 4th *November. Proceedings of the Dáil which are likely to be of special interest to Members of the Parliaments of the Empire will be summarised in subsequent issues of the* JOURNAL.

INDIA.

The following Summary is in continuation of that given in the last issue of the JOURNAL (*Vol. XVII., No.* 3) *and deals with further proceedings of the Third Session of the Fifth Legislative Assembly, which opened on* 3rd *February*, 1936, *and adjourned on* 23rd *April; and also with the Viceroy's Speech which was delivered at the commencement of the present session.*

VICEROY'S SPEECH.

(Great scheme of constitutional development ; Eve of Provincial Autonomy ; Prospects of Federation ; Comparison with European political situation ; New ideals of partnership and co-operation ; Formation of political Parties.)

On 21st September, 1936, the Viceroy (Rt. Hon. the Marquess of Linlithgow, K.T., G.C.I.E., O.B.E.) addressed the Members of the Indian Legislature.

At the outset Lord Linlithgow referred to the special character and significance of the occasion. Not only was it the last occasion on which that Legislature would meet as a whole, but his words were spoken at a time when the elections for the Provincial Legislatures were close upon them, and when they were within a very short distance of the inauguration of Provincial Autonomy. It was therefore his intention to lay before them some reflections of a general character that suggested themselves at this critical juncture in the political development of India.

As this, he continued, would be the last Session of the present Council of State, he would like to take the opportunity of paying a tribute to the invaluable work done by the Council under the sage and experienced guidance of its President, Sir Maneckji Dadabhoy.

With regard to questions under consideration by the Government, the Viceroy mentioned as first in importance the problem of middle-class unemployment. His Government was actively investigating the avenues opened up by the valuable Report of the Sapru Committee, and was leaving nothing undone to devise methods of dealing with one of the most fundamental issues of the present day in most countries.

INDIANS OVERSEAS.

The position and difficulties of Indians oversea had always been matters in which Indian public opinion and the Legislature had shown the keenest concern. The past months had been marked by several developments of interest and importance, and his Government had been able to afford Indians in Zanzibar the expert advice of one of his officers in connection with the difficulties they had been experiencing. The question of the reservation of the Kenya Highlands had been settled on a basis which represented the admission of a principle for which India had consistently contended.

COMMERCIAL AGREEMENT WITH JAPAN.

Regarding the negotiations in progress with representatives of the Japanese Government for the conclusion of a new commercial agreement, they would welcome the decision of his Government to appoint an Indian Trade Commissioner to Japan.

PUBLIC HEALTH AND NUTRITION.

Continuing, Lord Linlithgow spoke of the importance which he attached to the problems of public health and nutrition. The latter was at all times one of vital concern to any country, and on its solution hinged the future of India as a whole. Hardly less material in its relation to the development and progress of India was the problem of public health. In this field a particular co-operation and a maximum degree of continued and co-ordinated effort between the Central and Provincial Governments was essential. He was most anxious that all possible assistance should be available to those concerned with the investigation of the many difficult issues that arose, and with the practical application of such remedial measures as might be required, and he was taking steps for the establishment of a Central Public Health Advisory Board which, in collaboration with the Provincial Governments, and with a constitution somewhat analogous to that of the Central Advisory Board of Education, would apply itself to the realisation of this ideal.

PROVINCIAL AUTONOMY AND FEDERATION.

After paying a tribute to the work of Sir Laurie Hammond and his Committee and to Sir Otto Niemeyer, Lord Linlithgow said the stage was now set for Provincial Autonomy, and on 1st April, 1937, that fundamental constitutional change would come into being. Its inauguration would be the first of the stages in the transmutation of the Indian constitutional position. The second stage, the stage of Federation, lay ahead of it ; but he was of the opinion that the interval between Provincial Autonomy and Federation must inevitably be a very short one.

" I am not blind," the Viceroy said, " to the difficult and delicate problems which arise in connection with the inauguration of the Federation and, in particular, with the accession to it of the Ruling Princes. But I am taking all possible steps to expedite the investigation and disposal of those problems, and to lighten the burden of those on whom there falls the responsibility of a decision so important as that which accession to the Federation constitutes."

The question, in all its aspects, was receiving day by day his own close personal attention, and they could rely upon him to leave nothing undone within his power to remove any misunderstandings or misapprehensions which might exist, and to facilitate the task of those on whom fell the momentous responsibilities involved.

In this connection he was moved on occasion to ask himself whether those of them who had laboured in India and in London upon the three Round Table Conferences, upon the Joint Select Committee, or in Parliament itself, as supporters or as critics of the great scheme of constitutional reform enshrined in the Act of 1935, were not in some danger of finding themselves so engrossed in the multifarious details of the plan as to lose sight of the essential outlines of the structure and, at times, even of the splendid vision that had moved and inspired its inception.

COMPARISON WITH POLITICAL SITUATION IN EUROPE.

The moment had come for the appraisement of the fabric as a whole, and as they attempted such appraisement the spectacle that confronted their eyes was rendered more impressive, Lord Linlithgow continued, by reason of its contrast with the dark and ominous background of contemporary world events in Europe. They saw an array of dictatorships risen from the ashes of those liberal systems of government which had preceded them, each arming feverishly against a possible crisis that all feared and none desired, while civil war in its cruellest and most destructive shape despoiled a nation once supreme alike in the Old World and the New. Again, in many parts of the world, they became aware of the recrudescence of the rule of force and, in one guise or another, of the exploitation of the weak by the strong.

Proceeding, Lord Linlithgow said : " These are the world conditions in which, by the joint statesmanship of Britain and India, there is about to be initiated in this country an experiment in representative self-government which for breadth of conception and boldness of design is without parallel in history ; these the circumstances in which the British people and Parliament have seen fit to offer to India a Constitution which, by its liberal principles, stands in such impressive contrast to those political tendencies which are evident over wide areas of the world. And if the constitutional changes now impending predicate the remarkable growth of Indian political consciousness in terms both of the desire for self-government and of a growing realisation of the essential unity of India, so also those changes connote a profound modification of British policy towards India as a member of the Commonwealth. For indeed by their very nature they involve nothing less than the discarding of the old ideas of Imperialism for new ideals of partnership and co-operation.

PROVINCIAL ELECTORATES.

" In April next year there will come into being eleven autonomous Provinces, some of them as extensive in area and with populations as large as many European countries. Over these great areas Indian statesmen will be called upon to bear the heavy burden of responsibility for the entire field of civil government in the Provincial sphere. When the vast electorates, aggregating some thirty-five million persons, go to the polls to choose their representatives in their respective Legislatures, to which those Ministers will be responsible, the individual voter will have a new duty and a new opportunity. . .

" We are witnessing at the moment in every Province in India that which is an essential preliminary to the successful working of democratic Constitutions, namely, the formation or development of political Parties. Having myself had some share in Party management in my own country, I am observing with no little interest the progress of events. My own experience suggests that it is easy at such a juncture to over-estimate the power of the Party manager to influence the course of Party evolution, and to fall into the capital error of forgetting that in these matters it is the electorate that shapes Parties as well as policies. . .

" Such then are the eleven autonomous Provinces, which, in union with such of the Indian States as may choose to accede, will constitute the Federation of India, that majestic structure which by the statesmanlike vision of the Indian Princes was transmuted in a moment from what was no more than a dim and uncertain outline into a project firm and practicable—a project which now appears as an essential part of the scheme of constitutional development."

INDIA'S NEW DEMOCRATIC POLITICAL STRUCTURE.

Continuing, Lord Linlithgow said he felt a doubt as to whether those people in day-to-day contact with the complex problems attaching to the launching of such a project were able so far to detach themselves as to envisage, in all its impressive mass, the mighty work upon which they were privileged to labour. The unitary system of government for so long the supreme authority in India was disappearing. In its place great autonomous Provinces made their appearance; and finally came the Federation, crowning the entire structure and embracing and unifying within its bold and ample scope the common life and aspirations of one-fifth of the human race, dispersed over a sub-continent as large as Western Europe.

For such time as he might hold his present office it was his intention to interpret his duty with a liberal and sympathetic mind. It had been his privilege through a long and ardous period of work to apply his mind to every aspect of the new Constitution. He was well aware that there were those in India who were dissatisfied with certain of its provisions. He accepted the sincerity of their opinions even though he found himself unable to endorse their views.

In conclusion Lord Linlithgow said: "My heart-felt plea to every man and woman of goodwill and public spirit is that they may give these Reforms a fair and reasonable trial, and that they will join with me and with the Governors of Provinces in an earnest endeavour to work the new Constitution in a spirit of tolerance and co-operation, for the honour and good of their motherland."

EXTERNAL AFFAIRS AND DEFENCE.

(Extension of India's invisible frontier; Relation of foreign policy to defence; "Back to the Indus"; North-West Frontier question; "Closed border" or "forward policy"; Duty to Afghanistan; Attitude of the Afridis.)

On 9th March, in the Legislative Assembly, in the course of discussion on Demands for Grants, Mr. M. Asaf Ali moved that Demand No. 31: Foreign and Political Department, be reduced by Rs. 100.

DEBATE IN LEGISLATIVE ASSEMBLY.

On 9th March,

Mr. M. Asaf Ali (*Delhi: General*) moving that the Demand be reduced by Rs. 100, said the foreign policy of the Government was dictated not by India's interests but by Imperial interests, and the Foreign Secretary had himself admitted that he had scarcely any discretion in the matter of either formulating or guiding it. He had only to carry out the behests of the British Government.

New orientation of foreign policy.

The Imperial interests of England had naturally committed England to very heavy responsibilities all over the world. There was a time when her foreign policy, with particular reference to India, was influenced very largely by fear of Russia; at other times it had been influenced by England's view of German and French ambitions. These old dangers had disappeared; but a new one had appeared, namely, Japan's economic invasion of markets within British influence, particularly India. That was a matter which could only be solved when India developed her own industries and could stem the tide of Japanese competition.

India's invisible and political, or rather, foreign frontier, had now been extended almost to the other side of Suez: he would not be surprised if it was considered to be Massawa. For all they knew, the line passed through Aden, Muskat, Koweit, Bahrein, went further and further up, came down in a curve and encircled Baluchistan, and then proceeded along the Durand Line, between which and the natural frontier they found the independent territory; then it went upward. Recently, the Government (either the British or the Indian Government) had found it necessary to take over what was known as the Gilgit Agency, and thus they had pushed the Indian frontier forward to the confines of the Russian frontier. Contact really meant war, because all self-conscious nations had drawn round themselves a ring of fire. By taking over the Gilgit Agency they had not merely made the Russian and Indian frontiers co-terminous, but they had also made the Chinese, Russian and Indian frontiers co-terminous, so that if there was a conflict to-morrow between Russia and China in Sinkiang, India would find herself drawn into the conflict unnecessarily. And it did not stop there. The frontier went further north, and, passing somewhere below Tibet, went on to the Chinese frontier on the east of Burma through the Shan States. It was like framing the picture of India with a huge border of explosive ingredients. This was the "forward policy."

"Forward policy" and defence.

This penetration into no-man's land led to conflicts and commitments of all kinds, leaving behind a legacy of bitterness which might at any time flare up. Its effects were reflected in the rise of expenditure, not merely incurred for the Foreign and Political Department but for the Watch and Ward and Defence Services. Government proposed to spend Rs. 8,16,000 more on the Watch and Ward Department than in 1935-36. On defence services they were also going to spend a great deal more: this time it was Rs. 45·45 crores, and they must add two crores lost on strategic railways. The excess over the expenditure of 1933-34 in the Department was something like Rs. 1,60,000.

The foreign policy of a Government dictated the defence plans of a country. Had India ever had any peace establishment basis at all ? The originating centre of her foreign policy was Great Britain, which talked very glibly of "collective security"; but there could be no collective security without collective sacrifice. Taking the nations at their word, collective security meant security of aggressive Powers throughout the world, of their colonies, dependencies and markets—not the collective security of humanity.

North-West Frontier question.

With regard to the North-West Frontier, which was an intolerable burden on the taxpayer, Mr. Ali drew attention to the motive behind the "forward policy" there which, as Sir Denys Bray* had said in 1923, was that of civilising those uncivilised people. The policy had not been varied since then. The first circular road meant the quartering of troops in Waziristan; the second meant the quartering of troops in the Mohmand territory; and the road they were thinking of now might mean a revival of the bombing, bribing and brow-beating of those poor people.

Maulana Shaukat Ali (*Cities of the United Provinces: Muhammadan*), supporting the Motion, urged that they should stick to their natural frontier, the Indus. If the people of the five Frontier Districts wanted to be part of India they were welcome; but no independent tribe liked to be under British control. India was big enough and the British Empire was bigger—why trouble those people across the frontier ? At one time British people were casting eyes on Afghanistan. They failed miserably. Afghanistan now had a strong and powerful Government, and if Russia wanted to attack India, Afghanistan was strong enough to stop Russia, and the 350 millions of people in India must be strong enough to defend their own country.

The Secretary, Army Dept. (Mr. G. R. F. Tottenham), dealing with the action of the Army on the North-West Frontier, said it was not a question of any desire to expand their territory but of giving protection and security to the inhabitants of British India. He referred to a pamphlet which they had issued a few years ago, and which had not been read nearly as much as it ought to have been, giving facts relating to conditions on the Frontier and the menace which had to be guarded against, and quoted, in particular, a paragraph dealing with the cost of operations previous to 1924, since when,

* Then Secretary of the Foreign and Political Department.

under the present policy of civilisation and the quartering of troops in tribal areas, combined with the existence of the Air arm, the expenditure on operations up to April, 1934, had fallen to Rs. 12¾ lakhs a year.

He suggested that there was a better way of reducing Army expenditure than by reducing the numbers, namely, to try and create such conditions, especially on the Frontier, as would make it less necessary to use the Army. Surely it was better to spend a large number of lakhs on building roads for the purposes of peace and civilisation than to spend a number of crores on dealing out death and destruction.

"Invisible frontiers"; Suggestion of "Back to the Indus."

The Secretary, Foreign and Political Dept. (Sir Aubrey Metcalfe), referring to the "invisible frontiers," said there were no less than three foreign countries lying between India and the Suez Canal which would resent any suggestion that India should extend any kind of frontier which included their territories. So far as Aden was concerned, that had been for a great many years part of British India, and he understood that the only thing to which the Indian public took exception was the possibility of Aden ceasing to be part of British-India.

There were three aspects of the North-West Frontier question—first, the settled districts which were fully administered under the ordinary law. They marched with tribal territory the greater part of which was unadministered, and behind that lay the independent foreign State of Afghanistan with which they were in treaty relations of friendship and neighbourliness. Government had duties to the inhabitants of the settled districts—to protect them from incursions and raids from the tribal territory on their border. They had a duty also to the inhabitants of the tribal territory—to try and provide them with some means of earning a reasonable livelihood without resorting to raids and incursions; and with regard to Afghanistan, there was a mutual obligation laid both on that Government and the Government of India to prevent their subjects from raiding across the Durand Line and from interfering in the internal and domestic affairs of the other country.

Continuing, Sir Aubrey Metcalfe quoted a passage from Sir Denys Bray's speech in 1923 apropos of the suggestion that they should "go back to the Indus":

> "Back to the Indus ? Shall we betray our fellow-subjects on the frontier ? Shall we hand them over to the tender mercies of the independent tribesmen in the first instance, and thereafter to—who shall say ? Back to the Indus ? If India ever went back to the Indus, not all the five rivers of the Punjab would set the mark to the erosion of India's soil that would then ensue . ."

Policy of peaceful penetration.

Describing the closed border policy (abandoned about 1921) and the "forward policy" (not quite an accurate name) or peaceful penetration policy, Sir Aubrey Metcalfe said this consisted mainly in the establishment of roads, the employment of tribesmen to guard them, and giving opportunities of improving economic and social conditions, and he claimed that great success had attended these efforts. He gave some information in support of this regarding the numerous activities which had been started among Mahsuds and Wazirs during the last seven or eight years which had been of material assistance and benefit to them. With the Mohmands and Afridis they had still, to all intents and purposes, preserved the "closed border" policy. "We have not been able" he said, "to go among them because they have not desired our assistance." The Afridis had largely themselves to blame for finding themselves in an extremely bad economic situation.

On 10th March,

The Secretary, Foreign and Political Dept., gave further information about the position of the Afridis, and the attitude of the wiser people among them who realised that they could not remain for ever outside the new democracy. The old belief in isolation was being affected, but the Afridi awakening was not the result of an aggressive policy of the Government of India.

On a division, the Motion was adopted by 72 votes against 47.

INDIAN FINANCE ACT.

(Agricultural debt; Military policy; Trade decline and currency question; Destitution or recuperation? Economic policy; Effects of Ottawa system; "Industrialisation"; Necessity of new Fiscal Commission; Proposal for an Industrial Council; India and foreign capital; etc.)

On 16th March, in the Legislative Assembly, the Finance Member moved :—

"That the Bill to fix the Duty on salt manufactured in or imported by land into certain parts of British India, to fix maximum rates of Postage under the Indian Post Office Act, 1898, and to fix rates of Income Tax and Super-Tax, be taken into consideration."

The object of the Act is to carry out the two proposals for relief indicated in the Budget Statement,* namely, to reduce the existing surcharge on Income Tax and Super-Tax by a half, effect a reduction in postal rates, and carry out the annual fixation of the Salt Duty.

* *Vide* JOURNAL, Vol. XVII., No. 2, p. 402.

DEBATE IN LEGISLATIVE ASSEMBLY.

On 6th March,

The Finance Member (Hon. Sir James Grigg) said the Bill represented the taxation part of the Budget proposals which he had explained at great length in the Budget and in other speeches.

Dr. Ziauddin Ahmad (*United Provinces, Southern Divisions: Muhammadan*) asked whether the increase in income shown by the Budget was due to the improvement of world conditions in trade or to local conditions, and why it was not reflected in the Railway budget? In one case they had a definite increase and hopeful signs; in the other case they still had depression and a policy of retrenchment was being followed.

Agricultural relief; Tests of prosperity.

He also drew attention to agricultural relief. They had been pressing for the last five years for the Government to take some notice of the miserable conditions of the agriculturists, and after that effort they induced Sir George Schuster to agree that a Committee of Inquiry should be instituted. The Government provided a crore of rupees last year and were providing about 1.73 lakhs this year, of which about 92½ would be spent in giving direct relief. That was better than no relief, but they were far from the real solution of the problem. Rural indebtedness was the important matter which they had to face. According to the Report of the Indian Banking Inquiry Committee written some years ago the agricultural debt of India amounted to Rs. 900 crores. It would now probably be Rs. 1,200 crores, approximately the same as the indebtedness of the Government of India. Their rate of interest (in India) was about 3¼ per cent., while the rate which the agriculturists paid for their debts was between 20 and 30 per cent. The agriculturists paid about 2½ times the revenue of the Government annually to their creditors. This amounted to about Rs. 260 crores on which no income tax was paid—a defect in the income tax law of the country.

Dr. Ahmad added that if the Government remained absolutely inactive regarding the condition of the villagers, the latter would succumb to Communistic ideas which might lead to revolution.

Continuing, he said prosperity should be tested in two ways: first, the emergency taxation levied in 1931 should cease; second, they should be able to pay all their liabilities by their assets, and not fall back on their reserves—in other words, the export of gold should be unnecessary. He also hoped the Finance Member would take up two very important Indian problems—first, that all the ports in India should be centralised and be controlled by the Government of India; second, that the Tariff Duties should be simplified. The Tariff Act was really more complicated and difficult to understand than the theory of epicycles or the planetary theory. Another thing which required consideration was their policy of protection for the benefit of the people, but not for the capitalists. He besought the Finance Member to appoint a small Committee to consider the whole policy of taxation, the present Tariff policy, which had been shaped by the Fiscal Commission of 1921, having become a little obsolete.

Military policy.

Pandit Krishna Kant Malaviya (*Benares and Gorakhpur Divisions : non-Muhammadan Rural*) said it needed no prophet to tell them that a war in the near future was unavoidable. Wherever it might begin, England would be in it neck deep, perhaps fighting for its very existence. With this in view, he asked whether India was ready as a nation to defend its frontiers, or would they have to depend on mercenary forces? Had the youth of the country been given any military training? Did the Government encourage such training?—and where was the Air Force? Future wars would be fought in the air, and England recruited yearly and trained for air services 2,000 boys between 15 and 17 years of age from the secondary schools.

In connection with unemployment, Pandit Malaviya asserted that Indian talent and ability were being suppressed in every department of life; and, dealing with the Communal Award, which he stigmatised as a glaring injustice to both Hindus and Sikhs, he said England had created an Ulster in Ireland and was similarly anxious to create Ulsters in India. The League of Nations had tackled the problem of minorities in Europe, but the British Government ignored the result of close examination of similar problems elsewhere, and had sought to engraft on the fabric of the State a system so disruptive and disintegrating that it could not but injure the growth of the Constitution.

Decline in trade ; Need of currency regulation.

Pandit Govind Ballabh Pant (Deputy Leader of the Opposition) asked whether the people in India were a whit better than they were before the surpluses came in? Other countries had shown significant recovery. Great Britain had a definite balance of £37,000,000 this year, the first time since 1930, and the index figure (prices) had risen as compared with 1931 from 100 to 114.

The index of production had risen much higher. In New Zealand and Canada there had been a corresponding rise. So far as India was concerned not only was the index figure below what it was in 1918-19, and 1928-29, but it was even below what

it was in 1930. So far as the import and export of private merchandise were concerned, they had had a bigger balance of trade in 1933-34 than last year, and this year they would have a smaller balance of trade than in 1933-34.

In a country like India, where the interests of the people and the Government were diametrically opposed, and where the condition of the existence of Government was that it should not include a responsible representative of the people, the interests of the latter were obviously opposed to and militated against those of Government. If to-morrow the Finance Member were to reduce the exchange ratio from 18 to 16 pence, Government would be put to a loss of between 4 and 5 crores; but, on the other hand, the value of the primary products in terms of foreign money would go up by at least 12½ per cent.

Continuing, he said that while England had tried to manipulate currency and exchange with a view to regulating the export-import trade, though she was so rich and advanced, and while even Canada and Australia had depreciated their currency and the process of devaluation had been enforced in so many countries even within the British Empire, they [India] had been tied down to sterling. The result was that they had to-day a currency which, however plausible might have been the justification for it when prices were high, was detrimental to the interests of the country when prices had fallen and were not maintained in parity with prices in other parts of the world. The Government, interested only in maintaining law and order, had not moved a little finger to stimulate economic recovery.

Economic position.

India's marvellous capacity for economic recuperation had been referred to; but he saw not only fertile valleys, waving fields of rice, wheat and sugar cane, etc., but the spectre of poverty writ large on the face of the country. While the standard of comfort and living in Great Britain when the British connection with India started was almost even with their own at the present time, to-day the death-rate of the former was half that of India, and the expectation of life or average longevity more than double. Their receipts from Customs and Excise on drinks and liquors alone exceeded the total national Revenue of the Government of India.

Regarding the Finance Member's nostrums of *laissez-faire*, protection, orthodox economics, Pandit Pant asked how far these things were to-day holding the field in Great Britain? There had been a very vigorous "Buy British" campaign in England, headed by the present King. There was a law (if he was not mistaken) prohibiting any person from engaging a domestic servant or even an artist belonging to a foreign State without a licence; further, there were heavy import duties in the United Kingdom on every possible thing which they thought their country could bear or produce. Among other things, besides the 11s. 8d. per cwt. duty on sugar, they were spending about 4 crores over the subsidy to beet sugar, and they had appointed the Green Committee to look into the matter. That Committee had reported that the beet sugar industry could not possibly be maintained in England; but in spite of that, Mr. Elliot had stated in the House of Commons that the bounty would be continued, observing that the Green Committee had looked at the question only from the standpoint of sugar, but that there were larger and bigger questions to be considered such as the number of people employed in that industry. Left to himself, the Finance Member would stick to his orthodox economics and a policy of free trade; but there was the handicap of the Fiscal Commission and the policy of discriminating protection.

Pandit Pant earnestly advocated a policy of State guidance, State regulation and stimulation. He did not suggest socialisation except in the case of the key industries, which alone in the present state of the country were capable of being managed by the State directly.

Effect of Ottawa system of preference.

Mr. Mathuradas Vissanji (*Indian Merchants' Chamber and Bureau: Indian Commerce*) said they had now a total trade of hardly half the pre-depression value, and that without accounting for the depreciation in the rupee. If they took the gold value of their foreign trade to-day it would not be much over one-third of the trade before the depression began.

Having analysed the figures of the last 5 or 6 years, Mr. Vissanji said from the lowest point reached in 1932-34, there had been a gradual improvement, no doubt; but while the improvement was much more considerable in the case of imports of foreign merchandise, stimulated mainly because of the Ottawa system of Imperial Preference, there was nothing like a corresponding improvement in the exports of Indian produce.

Having given further details of the economic position which caused them to feel the greatest hesitation in believing that any real sign of prosperity was coming to the country, he drew a comparison between what had been done in India and what had been done in every country—particularly in Great Britain—to relieve economic depression, including the deliberate depreciation of currency, the conclusion of advantageous trade agreements, etc. The Indian Government had their currency tied down to sterling, so that no variation was possible, except in the direction and to the extent which it suited the requirements of Great Britain to adopt. The Trade Agreements of India were in marked contrast to those of Great Britain, which, in spite of having initiated and agreed to the Ottawa system, had reserved a free hand to negotiate such other treaties with her nearer or more paying neighbours and customers as might be deemed advisable in the best interests of her own foreign trade.

"Industrialisation"; Necessity of new Fiscal Commission.

On 17th March,

Sir H. P. Mody (*Bombay Millowners' Association: Indian Commerce*) emphasised the fact that the issue to-day was no longer political, and maintained that their possession of material and mineral resources, an enormous labour force and cheap labour made it possible for the country to be industrialised steadily and progressively within a very few years. He pointed out the necessity of appointing a new Fiscal Commission which, taking the mad world as it was, would lay down what India could do to maintain its position, and also examine how far the scheme of protection, as it had been given effect to in India in the last 10 years, had affected the consumer.

He had pleaded for the industrialisation of the country because the economic situation was not by any means satisfactory. While the total industrial production in India was below Rs. 20 per head, it was 158 in Japan, 410 in the United Kingdom, 470 in Canada, and 720 in the United States. The national income he would put at the high figure of Rs. 100. It was 1,300 in Canada, 1,100 in the United Kingdom, 2,000 in the United States and 270 in Japan.

Sir Muhammad Yakub (*Rohilkund and Kumaon Divisions: Muhammadan*) raised the question of the Government's military policy. This was formed about 150 years ago when India was incessantly in danger of an invasion from Russia and Afghanistan; but now the danger of an invasion from the land side had almost vanished, and he did not know how the British Government could justify spending about Rs. 70 crores for keeping the land forces of the country. The greatest danger of an invasion now was from the sea, and he would ask what progress had been made as regards the Royal Indian Navy, also what proportion the Indian Navy bore in comparison with the Navies not only of England, France or Germany, but of the small countries of Europe? Further, regarding the Air Force—how many units had they, and what was their relative position compared with other civilised countries? The wars in Abyssinia, on the North-West Frontier of India, and in other countries had shown that the future was going to be a war from the air. He submitted that it was time for the Government to give their serious consideration to the question of increasing their Navy and Air Force and decreasing the land forces.

Proposal for an Industrial Council.

On 18th March,

Mr. N. M. Joshi (*Nominated non-Official*), dealing with economic conditions of the people, said that wages of industrial and agricultural workers were still going down. Taking the country as a whole, including agricultural and industrial workers, unemployment was increasing. It was true that under present conditions, when they did not get proper statistics regarding unemployment and wages, the Finance Member might make any statement regarding the economic condition of the country. But who was responsible for the lack of statistics? For several years the Government had been considering the question of setting up an organisation for the collection of statistics; but what had they done? He felt sometimes that the Government were afraid that light might be thrown on dark corners.

Regarding the use to be made of the surplus, he had no objection to it being spent on rural development—in fact, he would like more money to be spent in this direction. But he felt that under the present Constitution, when the responsibility for rural development was placed solely upon the Provincial Governments, it was wrong for the Government to distribute doles to them and thus weaken their sense of responsibility.

Regarding the establishment of an organisation for investigation into nutrition, the Royal Commission on Indian Labour had suggested that a National Institute should be established in India. But from the Report made by the Government on the recommendations of the Commission, it would be found that they could not give effect to this for want of money.

Mr. Joshi asked why the Government of India should not spend money in meeting its own responsibilities.

He also referred to the suggestion of the Commission for the establishment of an Industrial Council by which not only delay in the passing of legislation would be avoided, but the method of co-operation and conference which would then be possible would be of great value for industrial peace.

The Member in charge of the Department of Industries and Labour had said recently that he wanted industrial peace. Mr. Joshi asked what the Member had done for the sake of industrial peace in the matter of the establishment of an Industrial Council.

If the Government were going to have a surplus, Mr. Joshi added, there were various ways in which they could utilise it. What India needed to-day was not so much a reduction of

taxation as wise expenditure for the development of the country and for improving the condition of the masses.

Sir Leslie Hudson (Leader of the European Party) recalled previous Budget criticisms on behalf of the European Group regarding the failure of the Finance Member to remove the emergency surcharges imposed in 1931, particularly on Income Tax and Super-Tax. The Mover of a Resolution on this subject passed last December by the Associated Chambers of Commerce said :—

"It is I think, quite clear from the Report of the Federal Finance Committee and of the Joint Parliamentary Committee that those to whom the framing of the Government of India Act was entrusted intended that the method of raising revenue by means of a surcharge on existing taxation should be exercisable only in times of serious financial stress, and the wisdom of having such emergency taxation in reserve and not in operation at the time of the inauguration of the new Constitution is patent for all to see."

Other representatives supported this view, and, in particular, the Member from the Burma Chamber of Commerce, who pointed out that the arguments applied with even greater effect to Burma, which was faced with separation and would have to build up her own credit in the financial markets of the world.

Sir James Grigg had alluded to currency difficulties and to war clouds in Europe and Asia as showing that an emergency still existed; but could it be seriously contended that the emergency to-day, when the Budget had shown an actual surplus of 5 crores last year and an estimated one of nearly 2½ crores this year, could in any way be compared with the emergency in 1931, when Sir George Schuster had been confronted with a deficit of 13½ crores in the year then ending, and with an anticipated deficit of 18 crores in the following year?

Sir Leslie Hudson also referred to the burden of taxation on the middle and professional classes, both Indian and European. Sir George Schuster, when he proposed the first increases in the general rate in 1931, said :—

"I wish to make it clear that we regard these very specially as measures designed to meet the present emergency but not necessarily permanently required." [*A few days later*] "I have great hopes that it will not be necessary to maintain income tax at this level."

On 19th March,

The Member for Industries and Labour (Hon. Sir Frank Noyce) said he had pointed out a year ago that the Whitley Commission did not regard the question of an Industrial Council as an immediate matter. It was the position under the Reforms they had mainly in view, and their principal object was to secure under a de-centralised system of government that measure of uniformity and co-operation which they

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regarded as essential. There was no guarantee whatever that Responsible Provincial Governments would hold the same view as to the composition or the manner of operation of the Council as the Whitley Commission did, that no system instituted now could embrace the State, and that it was absolutely certain it would have to be revised as soon as the Federation came into being. Further, they were still engaged in carrying out the Whitley programme, and a good deal still remained to be done. He urged as a compelling argument against acting hastily that an Industrial Council would be dependent for its working on the reformed Provincial Governments, and it was essential that any scheme should be framed with due regard to their views.

Regarding frequent questions as to what the Government had done to develop Indian industry, Sir Frank Noyce, while pointing out that the development of industry was a Provincial transferred subject, maintained that the Government of India had done a great deal; and that the result of their policy of discriminating protection, stores purchase, and the action taken after the trade negotiations with Japan and the Anglo-Japanese Trade Agreement were evidence of their desire to assist Indian industry and to translate that desire into practical effect.

Sir Cowasji Jehangir (Deputy Leader of the Independent Party) said the credit of India stood high, not only with the countries of the East, but with the majority of the countries of the West, and he contended that they were to-day in as financially strong a position as they had ever been during the last five or six years. During the last four or five years, when the full Constitution was being prepared, many doubts were cast upon what their credit would be like in the future, and it was due to those doubts and apprehensions that many of the safeguards they protested against even now were inserted in the Constitution.

The Finance Member showed that there was no further margin for bigger reductions of taxation than those he had ventured upon, with so many contingencies to face. Provincial Autonomy must take first place.

British Government of India.

Referring to what had been said regarding Britain's exploitation of India and the poverty of the country, Sir James Grigg pointed out that references to famine and to the subject of taxation, including the taxation of salt, were to be found in Indian literature from the time of the Vedas onwards, and he gave quotations to bear out this statement. No Englishman would wish to defend all that had happened in India since the time of the conquest, or to deny that mistakes had been made since; but he thought they could claim that, on the whole, India had been governed in the interests of India and not in the interests of the United Kingdom. Of course, the usual Nationalist theory of fiscal exploitation had had to recede into the background since the Reforms of 1919 and the Fiscal Autonomy Convention.

He read a passage from the Report of the External Capital Committee of 1925, which was a quotation from Professor B. Mukherjee, to the effect that British capital had helped India in several ways not easily realised because they did not lie on the surface, and also a passage from the Report of the Indian Central Banking Inquiry Committee, or rather, from the second Memorandum of the Foreign Experts, in which it was stated that

"the country has to be aware that a more rapid economic development, particularly one so largely agricultural in character, is scarcely possible without the attraction of foreign capital. If foreign capital is to be dispensed with a slower speed of economic progress has to be accepted in consequence."

He had read these two quotations because the investment of foreign capital in India, or rather, the payment of interest in respect of it, was often referred to by Members as a drain, or a tribute, blackmail or exploitation.

Fiscal policy ; New theory of industrialisation.

As a member of the Government of India, he continued, he naturally accepted the fiscal policy of 1923, which insisted on two things that had been almost entirely overlooked; first, that they must see that the industries protected could ultimately be self-supporting; and they must consider carefully the effect on revenue of what they did.

In regard to the new theory of industrialisation, it was desirable—to use an American colloquialism—to "debunk" that before it got too great a hold on men's minds. They should ask themselves what would happen in additional industrial employment if India ceased to import any manufactures from abroad. Professor Thomson of Madras had hazarded a guess that hardly a million additional labourers could be employed on such an assumption. Calculations, which the Finance Member said had been made for him had led to the conclusion that the figure was not likely to be more than half a million, which meant adding one-third only to the present factory population. The contribution of the Indian textile industry to this total was about 140,000, so that, to produce in India an extra thousand million yards, it had been calculated that it would create jobs for 140,000 new labourers directly.

Obviously, even a switch-over of half a million persons from agriculture to industry was going to leave India still overwhelmingly an agricultural country, and clearly the purchasing power of these 500,000 persons and their families was not going to make much increase in their general prosperity. On the other hand, they must take some account of the converse effects of shutting out all foreign manufacture. This was bound to have a serious effect on exports, and even if they assumed—a pretty large assumption—that there was no immediate currency *débâcle*, there was going to be a serious diminution in the number of persons producing for export.

University students and commerce.

Sir James Grigg said this nostrum of rapid and stupendous industrialisation as a cure for middle-class unemployment was ludicrous. The Sapru Report referred to an official estimate of 1,000 per annum as the increased intake of university graduates if the industrial output of the country were doubled, and the doubling of the industrial output meant, on certain figures which he had produced, an increase two if not three times as great as that which he had calculated would follow from the complete exclusion of all foreign manufactures. No wonder that the Sapru Commission had sounded a note of warning against the idea that an unlimited number of men who had received university training would be absorbed by industries and commerce.

Things would be very different if India could, in a few years, become capable of producing on competitive terms with the outside world, in which case it would become an exporter of domestic manufactures. In this connection he put the question whether it was thought that India would ever be able to compete with Japan on even terms, and expressed a doubt whether, even if they could, they would have solved the problem. Japan was rapidly increasing her exports, and in order to do so was reducing her costs of production strenuously, this being mainly done by cutting labour costs, *i.e.*, by reducing employment. In Japan between 1924 and 1932—a period of great advance in industry—the number of people employed in spinning, twisting and cotton textile mills employing more than 5 people dropped from 358,000 to 260,000, or 27 per cent.

On the question being put, the Motion was adopted.

EXECUTIVE COUNCIL.

(Motion of no confidence in the Government; Questions regarding an alternative policy; Result of an unreasonable Constitution; Possibilities under the new Government of India Act.)

On 10th March, in the Legislative Assembly, a discussion took place on Demand 28: "Executive Council," on a Motion to withhold supplies from the Government which was moved by Mr. S. Satyamurti, and adopted.

DEBATE IN LEGISLATIVE ASSEMBLY.

On 10th March,

Mr. S. Satyamurti (*Madras City: non-Muhammadan*), moving that the Demand under the head "Executive Council" be reduced to Rs. 1, said the object of the Motion was to refuse supplies to the Executive Council and to express the opinion that they had no confidence in the Government. If the Vote was carried, and if the Government were responsible, they ought to resign. He recognised, however, their limitations under the Government of India Act, 1919. They could not to-day accept Parliamentary responsibility to the Legislative Assembly; but he criticised the Government for not fulfilling the duty imposed upon it by being neither good, honest nor efficient.

Mr. Satyamurti proceeded to give instances of the way in which, as he contended, the Government had consistently ignored the interests of the country, because Britain must live and, therefore, India must perish. In regard to military defence, for instance—now standing at Rs. 45 crores and likely to go up on the estimate of the Commander-in-Chief to 50 or 55 crores—did they spend that in their own country or even in the Dominions? What was the Army for? Not to protect India but British Imperial interests in India; not to protect the skeletons in their villages who had nothing to live on and whose continual life was a dreary struggle with poverty and disease and ignorance.

Life in the villages.

The average income of these villagers was 2 annas per head per day, at the most; their average life, 23 or 25 years; their literacy, 10 per cent. Where were their village communications and roads, medical relief and water supply? Had his hon. Friends who dreaded the phrase "economic planning" ever applied their minds to these fundamental problems of life and death for India?

Mr. Satyamurti further asked what help the Government had given to the higher national interests—Indian shipping, banking, commerce, insurance and industries? The Finance Member had said: "You shall not monkey with the ratio"; but he went on monkeying with the tariff ratio, limited as it was. He shed copious tears for the consumers, threatening all and sundry that, if he had his way, protection should go. How could Indian industries grow under this withering threat? Further, had the Government followed a consistent and generous policy of Swadeshi, protecting and encouraging Indian industries? He knew they had been compelled by public opinion to adopt the stores purchase policy, but it was halting and inconsistent and did not go the whole hog.

As for Indians overseas, what had happened in Kenya, South Africa, East Africa, Zanzibar, and even in the Dominions? As Sir Fazl-i-Husain had tragically said: "We are all Asians and therefore we cannot get proper treatment in these countries."

Views of the Aga Khan.

Mr. Satyamurti, having given other instances to support his criticism, said the Government had no use for public opinion unless it agreed with them. Those who differed from them must be wrong if not malicious in their views. And with regard to the Government of India Act, 1935, even the Memorandum submitted by leading Indians headed by the Aga Khan, about whose moderation there could be no difference of opinion, was not so much as looked at by the British Parliament.

The Aga Khan's repeated statement that communal Parties had no future in India and that they ought to form political and economic Parties on such issues was the death knell of the Government. The Hindu, Muslim and Sikh Members had every right to be proud of their record of work in the Assembly. In spite of tremendous odds they had stood together, and he had no doubt that in years to come they would increasingly stand together.

Mr. Lalchand Navalrai (*Sind: non-Muhammadan*), supporting the Motion, said the increase in prosperity referred to in the Budget was only fictitious, and asked what help the Government were giving to industries—sugar, for instance? He further asked, with reference to the rebuilding of Quetta on the same spot, which public opinion was strongly against, what justification there was for importing architects from England?

Defence ; Protection ; etc.

Mr. F. E. James (*Madras: European*) pointed out, with reference to Mr. Satyamurti's criticisms on the Government's failure to do their duty in regard to social services, that education, public health and other matters had for some time been in the hands of his own countrymen in the Provinces.

If, he said, they agreed to vote in the way proposed, they would not only be expressing their disapproval of the Members of the Executive Council and their policy, but they should be prepared to say that they should retire altogether, and to contemplate the possibility that the Mover and his Friends should take their places opposite. What policy, in that case, would they pursue in regard to these questions? What would his hon. Friend do with regard to military defence?

Mr. Satyamurti: "Cut down by half."

Mr. James: "Immediately cut down by half?"

Mr. Satyamurti: "Have a five-year programme."

Mr. James said that after a five-year programme the military expenditure would then be reduced by 22 crores—an extraordinarily impracticable proposition. What, he asked, would his hon. Friend do if he had control of the tariff policy?

Mr. Satyamurti: "Protect all Indian industries."

Mr. James: "How, and to what extent?"

Mr. Satyamurti: "By prohibiting competing British articles here."

Mr. James: "Now we know! . . Yet he has the effrontery to ask us to go into the Lobby with him! He is not going to stand merely for discriminating protection: he is not even going to stand for full-fledged protection; he is going to stand for boycott and the forcible prevention of British goods from entering into this country."

Mr. Satyamurti: "All foreign goods."

Mr. James, continuing, asked further what policy Mr. Satyamurti would put into effect in regard to protecting the interests of Indians overseas that was not at present being carried out by the present Minister in charge of that Portfolio? It had been suggested, further, that to carry this Motion would hasten Swaraj in the country. They would not wish to do anything to retard the advent of Swaraj in its proper sense, but did his hon. Friend really think for one moment that the carrying of this Vote was going to advance India one inch towards the fulfilment of her aims and ideals? He was beating the air, and to blame the present Government for the sins and omissions of the Provinces, for the constitutional position of the Government, and for many things for which they were not in the least responsible, imparted an unfortunate air of unreality to the debate and to the House.

Looking to the future.

Sir Cowasji Jehangir (Deputy Leader of the Independent Party), while contending that there was not a single school of thought that was satisfied with the Constitution now presented to them, expressed the view that they should forget the past and look to the future. If there had been no new Government of India Act there would have been some reason for the debate. But there was to be a new Act—they were going to work it for good or evil and extract from it (he spoke for himself and his Party) whatever good they could. If they failed, he would be a party to any censure Motion Members might bring up. Many defects which had been pointed out were a result of the present illogical and unreasonable Constitution. If they passed a vote of censure it meant nothing; if they cut off supplies it meant nothing. Under the circumstances they tried to do the best they could. He regretted he would not be able to vote in favour of the Motion.

Mr. M. A. Jinnah (Leader of the Independent Party) held that the policy of the Government in every Department was one that compelled him to resort to this very last course, namely, refusal of supplies. As far as that House and Legislature were concerned, it was, he admitted, a pure fiction; but it was by this means alone that they could show to the world, and to Great Britain and the British public, the displeasure of the House. Mr. Jinnah said he could not bring the Secretary of State for India or the British Parliament there, but he would ask Members on the Treasury Benches to tell him whether on any single issue of first class importance they had met the wishes of the Legislative Assembly? He felt perfectly justified in supporting the Motion.

Sir Muhammad Yamin Khan (*Agra Division: Muhammadan*) said a hundred rupee cut would have served the purpose of his hon. Friend. This entire refusal of supplies would create no impression upon those who really guided the destinies of the country.

Activity, and subordination, of the Executive Council.

The Leader of the Legislative Assembly (Hon. Sir Nripendra Nath Sircar), referring to Mr. Jinnah's last question, gave a few examples—for instance, legislation during the last seven or eight years relating to factories, labour mines, etc., affecting the destinies of tens of thousands of workmen, labourers, industrialists—in regard to which the views of the House were, generally speaking, accepted by the Government. Of course, the House was not expected to be unanimous on every question that came up before it.

With reference to "indiscriminate protection," the correct expression was "discriminating protection"; that, he said, had been the view of the House, and whatever the personal view of any Member occupying the post of Executive Councillor might be, the fact remained that the principle had been adopted in India, due mainly to the influence of the House and the views expressed in it.

It had been said that the Executive Council being part of the Government of India was really a subordinate body, in the sense that the Government of India was under the control of somebody else by reason of the provisions of the Government of India Act. He did not dispute that that was the correct legal position and, if so, the grievance was not really against the Executive Council but against the Constitution, which, as was conceded on all sides, was unsatisfactory. He submitted that no case had been made out for refusing supplies to the Executive Council, and that the Motion, if carried, would

amount to a censure of the Government of India Act and to nothing else.

On the question being put, the Assembly divided, and the Motion was adopted by 68 votes against 62.

HOME DEPARTMENT: ALLEGED PROPAGANDIST ACTIVITIES.

(Criticism of the Report on India, 1933-34; Anonymity and irresponsibility; Alleged misuse of Press comments.)

On 9th March, in the Legislative Assembly, a discussion took place regarding the alleged propagandist activities of the Home Department through the Director of Public Information, especially the publication of "*India in 1933-34*," on the Motion of the Leader of the Opposition to reduce the Demand for the Home Department.

DEBATE IN LEGISLATIVE ASSEMBLY.

On 9th March,

Mr. Bhulabhai J. Desai (Leader of the Opposition), moving that the Demand be reduced by Rs. 100, said the Publicity Department compiled this information for the purpose of preparing the "moral and material progress of the people of India" for the particular year in question; and, in addition, they usually issued certain official *communiqués* for public information. There was a time when each Provincial Government had a Publicity Department; financial exigencies and other considerations had swept most of them away.

Criticism of annual Report on India.

During the last three years the activities of the Department had taken an entirely different turn, and in its actual work for the purpose of the obligation imposed under Section 26 (3) of the Government of India Act (regarding the compilation of these statements), they had exceeded all bounds of propriety and decency. If it had been private individuals they would have been liable to action for libel. They did not even play the game of an irresponsible autocrat. The prefatory Note stated that the Report had been prepared for presentation to Parliament and issued by the Bureau of Public Information, and a somewhat amazing statement followed:—

"This is compiled and published by the Government of India under the authority and with the general approval of the Secretary of State for India, but it must not be understood that the approval either of the

Secretary of State or of the Government of India extends to every particular expression of opinion."

Mr. Desai called attention to certain passages in the publication which, he contended, gave a false impression of the Harijan campaign, imputing interested motives to the activities of the Congress in their co-operation with the Government for the relief of distress after the Bihar earthquake ; and to charges relating to the motive behind the organisation of the All-India Village Industries Association, and other matters.

Sir Muhammad Yamin Khan (*Agra Division : Muhammadan*) pointed out that when Mahatma Gandhi started the Harijan campaign there were numerous people in the country who believed (and they still believed) that his motives were not based on ideals but were really political. Also, in regard to the Bihar earthquake fund, objections had been made that the accounts had not been fully presented and the money not properly handled. Articles were published stating what was stated now in this book—and it was not Englishmen but Indians who wrote in the papers at that time. India in any year must be described impartially, which meant that both sides of the question should be shown. His hon. Friend must justify his Motion, in the interests not of his Party, or any other Party, but of truth.

Government responsibility for the statements.

Mr. M. S. Aney (Leader of the Congress Nationalist Party) said they had to consider whether the statutory obligation laid upon the Government to publish a Report also threw upon them the obligation of giving their own impressions along with the facts which they had to bring to the notice of Parliament. Members did not want to know anything which was not the opinion of the Government; but the Government were not prepared to formulate their own opinions, and permitted someone paid by them to ventilate his own opinions, and did not take care to make a public denial before the document was published.

Whenever Government started upon propaganda it meant that they felt the keen necessity of counteracting some kind of criticism levelled against them. Their proper course was to come out with their own facts and not take shelter under certain persons writing under a pseudonym as the Director of Public Information, or something else, without taking the responsibility of its contents upon themselves.

The Home Member (Hon. Sir Henry Craik), referring to the "purely conventional statement" on the title-page of the Report to which, he observed, exception had been taken, said some qualification was required in the case of a publication of this character, written shortly after the events which it recounted

had taken place, and necessarily based, very largely, on contemporary newspaper comments which might have to be corrected later.

No one disliked the task of preparing this Report more than the Government of India, but it was a statutory obligation forced upon them. That obligation, however, disappeared under the new Act, so he hoped that the present Report would be the last but one. His own criticism of it was that in his endeavour to retain a strictly impersonal character, the writer had produced a somewhat dull and colourless account of what had happened. It had, however, received a very appreciative review in the "*Tribune*" of Lahore, a strong pro-Congress organ, in which it was stated that allowing for the difference in the point of view from which the activities recorded were approached

"the fulness and vigour with which they are dealt could not easily have been surpassed by any Congress chronicler."

Sir Henry Craik, replying in detail to criticisms, said that he had ample material in the shape of letters, Press cuttings, leading articles, etc., to justify what had been said about the Harijan campaign and Mahatma Gandhi's motives, and the extracts from the Press were from every type of paper. The opinion which these expressed did exist, and they had merely stated that it did. Nothing in the Report had been prompted by malice and there was no attempt at propaganda.

The Motion was negatived.

INDIAN CRIMINAL LAW AMENDMENT (REPEAL) BILL.

(Powers of the Executive and of Local Governments ; Definition of "unlawful associations"; "Oppression and repression"; Democracy and the maintenance of law and order ; Interpretation of Statutes ; Communist danger.)

This Bill to repeal the Indian Criminal Law Amendment Act of 1908 was introduced in the Legislative Assembly by **Mr. B. Das** (*Orissa Division : non-Muhammadan*) in 1935.

On 6th May, 1936, a Motion that Clause 2 (the only operative portion of the Bill) stand part of the Bill was negatived. The Bill accordingly dropped.

In a Statement of objects and reasons accompanying the Bill, it was explained that Part I of the Act of 1908 had been repealed in 1922 but that Part II had been left over for later action. Both Parts had been enacted with a view to enable the Government to deal with avowed crimes of violence by anarchical and revolutionary organisations.

The Statement alleged that the manner in which Part II had been used since May, 1934, "to repress avowedly non-violent activities, and in particular to suppress the organisations of the Indian National Congress and the peaceful and legitimate activities of Congress workers, has resulted in an abuse of the law of so serious a character and has inflicted an amount of injury and injustice so wide and general, that the highest Courts in India have had to point out and condemn them."

The Statement added that it was, therefore, urgent and necessary that the Act should be repealed.

The Bill (*Clause* 2) provided for the repeal of the 1908 Act, and proposed that on the date of the coming into force of the repealing Act all proceedings and prosecutions pending should be deemed to be withdrawn and that sentences not served or fines not paid should cease.

DEBATE IN LEGISLATIVE ASSEMBLY.

On 6th February, on Clause 2,

Mr. Sri Prakasa (*Allahabad and Jhansi Divisions: non-Muhammadan*) pointed out that the ordinary law of the land was already powerful enough to enable the Government to do anything they liked. The special law they were now seeking to repeal had been passed in 1908, and the recurrences of crime which had been recounted had occurred after that date; so that evidently it had helped rather than hindered their perpetration.

Power of the Executive.

This law authorised the Executive to declare any association it disliked to be "unlawful" and to imprison members of that association for long periods. That method was all that they wanted to abolish. They had been taught that separation of powers was the greatest bulwark of the subject's liberty, but in India there was no such separation. The Executive was supreme, and the Judiciary and even the Legislature were under its thumb. Throughout the Joint Parliamentary Committee's Report and the Government of India Act, the constant refrain was that they must strengthen the Executive.

Fear of terrorism and Communism had been expressed, and the Government seemed to have Russia on the brain. Formerly they had been afraid of a Russian invasion by arms; to-day they were afraid of the Russian invasion of ideas. The Government also pretended to be afraid of communalism, which was their own creation. Long ago Sir John Strachey had written in his book "*India—Its Administration and Progress*," referring to the communal system:—

"This need not blind us to the fact that the existence side by side of these hostile creeds is one of the strong points in our political position in India."

Mr. Prakasa went on to give instances of the way in which the Government had behaved with regard to certain national educational institutions, such as the one known as Kashi Vidyapith in Benares, founded by the great philanthropist, Mr. Shivaprasad Gupta.

He would not complain of Congress organisations which were banned, because the Congress was openly at war with Government. The Government looked at this institution with suspicious eyes, and during the 15 years of its existence it had been searched 150 times, without any incriminating thing being found. The irritation of the Government seemed to be due to the fact that there were people in the country who had the hardihood to build up an institution independent of them.

Members of "unlawful associations."

Continuing, he instanced the case of Pandit Motilal Nehru, who, when the Working Committee of the All-India Congress Committee was declared an "unlawful association," was arrested in his bed at 3 o'clock in the morning and marched off to prison. The matter was brought to the notice of the Chief Justice, who said that the mere declaration of a body as an "unlawful association" did not make all its members fit for prison.

In the case of Mr. B. P. Sinha, who was given a year's imprisonment in Benares for activities connected with the All-India Congress Committee, his father had taken the case to the High Court which had set aside the conviction. But, Mr. Prakasa added, "all cases cannot go up to the High Court. Our poverty is a sufficient guarantee to this Government that most of us will suffer rather than seek justice, which it is impossible to attain unless we have a long purse."

He pointed out that under Section 144 of the Criminal Procedure Code, if a particular assembly was declared unlawful and did not disperse at the bidding of the District Magistrate, they could shoot; also, if they wanted to imprison, Sections 107-110 of the same Code gave all the powers that were necessary. Regarding sedition, under Section 124A, Indian Penal Code, they had to get Government sanction; under Section 108 of the Criminal Procedure Code a man could be caught and asked to show why he should not be sent to prison. There were many cases of educated persons in recognised professions who had been sentenced to terms extending to two or even three years under these Sections of the ordinary law.

A Motion for closure having been moved, the Assembly divided, and the Motion was negatived by 60 votes against 58.

Sirdar Sant Singh (*West Punjab: Sikh*) said the Government could not escape the fact that the law had been misapplied in many cases; but, he asked, had the Government censured any District Magistrate, or taken coercive action against the Executive authorities when they had not used the law for the purpose for which it was intended?

Dealing with the history of the law and the power given to the Local Governments under the Devolution Acts, Sirdar Sant Singh went on to say that when the Montagu-Chelmsford Reforms came, the new Legislatures had been set up, and it was proclaimed that the advent of the Reforms in 1920 was the first instalment of the progressive development towards Dominion Status. The demand of those who were asked to run the Constitution at the time was that if a new atmosphere of peace and good will was to be created, it was essential that the repressive laws should go; and the Government of the time accordingly conceded to the first Legislative Assembly the right to look into them. The Repressive Laws Committee had been appointed, and after reviewing the whole legal situation they had retained two enactments—the second Part of the Criminal Law Amendment Act, and Regulation III of 1818. He was not concerned at present with the latter, but if that was the attitude of the first Assembly, he failed to understand why, if the coming Constitution was going to confer greater power upon Indians, it should be necessary to maintain repressive laws.

During the last and previous Sessions of the Assembly, in spite of the summary rejection by the House of the Criminal Law Amendment Bill, 1935,* it was certified by the Governor-General under the Constitution.† Section 15 (of this Act) defined the word "association" as:

> "any combination or body of persons, whether the same be known by any distinctive name or not,"

so that wherever people assembled, the assemblage would be an association within the meaning of the Act. "Unlawful association" was defined as an association which

> "encourages or aids persons to commit acts of violence or intimidation or of which the members habitually commit such acts or which have been declared to be unlawful by the Local Government under the powers hereby conferred."

The point which was beyond the comprehension of many jurists of the country was, why the above power should be given to the Local Government? Why should not the power of scrutiny be given to the ordinary Courts of the land which was given under Section 16, where it was provided that the Local Government might, by notification in the official "*Gazette*," declare an association to be "unlawful"?

Sirdar Sant Singh went on to give instances of the way in which people could be arrested, under Section 17 (which prescribed penalties) for being a member of an "unlawful association" in ignorance of the fact that a notification had been made in the local "*Gazette*," and of other ways in which the repressive provisions had been increased by Act 23 of 1932. If the coming Constitution was going to be worked by self-respecting men, was it consistent that such provisions should be allowed to stand on the Statute Book? Let them be realists and find out whether the Act had succeeded in killing the evil for which it was intended.

* *Vide* JOURNAL, Vol. XVII., No. 1, p. 151.
† *Vide* JOURNAL, Vol. XVII., No. 1, p. 164.

Democracy and the maintenance of law and order.

Sir Muhammad Yakub (*Rohilkund and Kumaon Divisions: Muhammadan*) said that Mr. Das, in bringing in the Bill, was following the example of a monkey who crushed the head of his master with a big stone in order to kill a fly which was sitting on his master's head. The Act was the fly and the head was Provincial Autonomy, which they were soon going to have. A country with a democratic Constitution stood much more in need of stringent measures to keep peace than countries ruled by autocrats and dictators. The Atatürk of Turkey, the dictator of Italy, or Hitler, could by their own word destroy any association or do whatever they liked. In India they were on the threshold of new reforms; the people would soon have the power of maintaining law and order, and for the first time democratic institutions would be given a trial. Was it right and just that they should deprive their own Ministers of the power which they would require in order to maintain law?

On 13th February,

Sir Muhammad Yakub, continuing, asked what had the speeches on the Bill, which they had been debating for a full year, shown? That on such and such an occasion hardships had been inflicted on certain persons. No attempt had been made to show that the necessity for keeping this Measure on the Statute Book no longer existed. None of the eminent lawyers who had spoken in favour of the present Bill had attempted to show that Communism had died out in India, or that its influence on the minds of Indian youth had become extinct; and in no country would they find that the Executive was not armed with a weapon to deal with it or with other subterranean movements.

Dangers of the Communist movement.

Sir M. Yakub gave extracts from a speech by Mr. Sloan (Joint Secretary, Home Dept.) in the Council of State in 1935, revealing the dangerous proportions which the Communist movement was assuming in India, and from a recent letter intended for Sikh sepoys in the Punjab urging them to join the Ghadarites (mutineers) "and help in the removal of the British Government and the achievement of emancipation of India." The peaceful non-co-operation cult of Mr. Gandhi, this pamphlet indicated, was dying out, and Communism was becoming more and more vigorous. Even if a foreign country invaded India, their soldiers were being taught to revolt—taught, for instance, that they should join Germany or Italy.

He had been asked why the cases of such people were not brought before the ordinary Courts, but he submitted that anybody who had had the slightest experience of governing a country would never say that cases of such subterranean activities and societies could be brought successfully before the Courts. Eminent lawyers knew very well how difficult it was to produce the necessary legal evidence—how, when a man revealed a conspiracy and gave evidence before a Court of Law, he was shot down.

The pamphlet from which he had just read showed that the Communist Party had as much hatred for the Congress and its esteemed leader, Mr. Gandhi, as they had for the Government; and when they saw that the strong hand of the British was being somewhat loosened and that, at least in the Provinces, the leaders of their own country would be in charge of law and order, naturally it would encourage them to put their activities into force with greater vigour.

Capt. Rao Bahadur Chaudhri Lal Chand (*Nominated non-Official*) pointed out that it had been shown by Sir Harvey Adamson, who was in charge of the Bill for the Act of 1908, that the Act was not meant for dealing with anarchists and terrorists alone; and it was his conviction that while there might not have been enough reasons for the 1908 Act, it would be sheer madness to ask for its repeal at the present moment.

Mr. T. S. Avanashilingan Chettiar (*Salem and Coinbatore-cum-North Arcot: non-Muhammadan*) said the importance of this Measure could be understood from the fact that, in its name, from 20,000 to 40,000 people had been arrested. They on that side of the House were all against anarchism and violence; but the acts of oppression which had been committed by the Government under the Act had not tended to quell anarchism and violence, but to encourage them; that was why they felt that the Act should be repealed.

Interpretation of Statutes.

Mr. Bhulabhai J. Desai (Leader of the Opposition) said the real mischief of the Act (of 1908) was in sub-Section (*b*) of Section 15 (2). If the matter had stood at (*a*), there was a definite position and power which an executive might be understood to claim in an emergency if one was made out satisfactorily. Section 15 (2) (*a*) was as follows:—

"which encourages or aids persons to commit acts of violence or intimidation or of which the members habitually commit such acts."

His object was to show that in every single Statute, the right tendency in modern times had been that whenever any power had been conferred for the purpose of meeting mischief, the mischief should be defined in terms so precise that it could not be the subject of abuse except in a dishonest manner. So long as this Section stood one could not take any objection to it should the Executive make out a case for the requirements of an exceptional power to meet the then real and proved emergency; but when they came to sub-Section (*b*), they had there this provision:—

"or which has been declared to be unlawful by the Local Government under the powers hereby conferred."

They might as well have had no sub-Section (*a*). The truth of the matter was that so long as willing and submissive Legislatures were to be found, having made out, perhaps, a case on some definite matter which could be precisely stated, they could proceed to say: "Now that you are in my grip I want you to give me a further unchartered power." It was that that had been the subject of real abuse and against which the House now protested by this Bill for the repeal of the Act.

They were called upon, Mr. Desai added, to consider solemnly whether or not the time had not come when such unchartered liberty was to be given to the Executive, whether the life and property of individuals who dared to stand for the freedom of their land was to be in their keeping or not. On behalf of those who believed that to be pro-Indian was not to be anti-British he asked that the Motion should be supported.

On the question being put, the Assembly divided, the result being that both the "Ayes" and the "Noes" amounted to 66 votes each. The President, who had the casting vote, voted with the "Noes," and the Motion was, therefore, negatived.

As Clause (2) was the only operative portion of the Bill, the latter was necessarily dropped.

SOUTHERN RHODESIA.

The following summary is in continuation of that given in the last issue of the JOURNAL (*Vol. XVII., No.* 3) *and deals with further proceedings of the Second Session of the Fourth Parliament which opened on 11th February,* 1936, *and was prorogued on* 12*th June.*

CONSTITUTIONAL RESERVATIONS.

(Proposal to remove Reservations; Power to enact laws; Question of a Second Chamber; Demand for complete self-government; Amalgamation issue.)

On 13th May, 1936, in the Legislative Assembly, a discussion took place on a Motion moved by the Leader of the Opposition requesting the Government to

"take immediate and definite steps for the removal of all reservations in the Constitution and other legislation of the Colony restricting the power of Parliament to enact any law which it may deem necessary and desirable in the interests of the people of Southern Rhodesia."

DEBATE IN LEGISLATIVE ASSEMBLY.

Mr. H. H. Davies (Leader of the Opposition) said the Motion originally had proposed that the Government

"should, during the present Session, introduce a Bill providing for the removal of all reservations in the Constitution and other legislation of the Colony restricting the power of Parliament to make such laws which it may deem necessary and desirable in the interests of the people of Southern Rhodesia."

It was regrettable, he said, that their Constitution was not sufficiently elastic to allow submission of the point at issue in such a form as would result in a definite decision having to be taken by the Government, as against—not the opinion of the King nor of the British Cabinet, but against what was largely the result of the continued policy of the Permanent Secretaries of State. The Government could have refused to act upon the Motion; but some Government or other would have placed such an enactment on the Statute Book, subject, of course, to the monarchical right—in other words, it could not have become law until the King had signified his acceptance or rejection of the Measure. The Motion, however, had to take its present form; at the most it seemed that the Government could merely submit to the Imperial authorities the desire for further powers; but there was no method, unless they took drastic action, of bringing about a conflict of opinion which must take place at some time or other, unless they were content to go on playing at Parliaments.

Power to enact laws; Second Chamber not necessary.

The people of Southern Rhodesia, Mr. Davies continued, were just as concerned about the welfare of other peoples with whom they lived, irrespective of colour or race, as the people of Great Britain; it was merely a matter of relativity as to whether, because they were small in numbers, they should or should not be entrusted with the full right of

all British peoples, and not be hampered in enacting legislation beneficial to those who had selected them for the purpose.

The Constitution should never be altered lightly; but there were things enjoined upon them by the traditions of Great Britain which—he was speaking for his Party—were not capable of being applied with the same effects and results as accrued in other parts of the world.

Question of a Second Chamber.

Dealing with the question of a Second Chamber, Mr. Davies observed that in Great Britain the will of the people had on occasion been opposed by the hereditary House of Lords, but it had, in the end, been the deciding factor. This had been the case even when great national issues were concerned, such as Home Rule, which had divided the people of Great Britain from end to end. While, therefore, there might be something in the fact that a Second Chamber gave longer periods for the consideration of vital matters, it was no effective bar to legislation desired by the people, and Southern Rhodesia could look on its creation as unnecessary, and not applicable at the moment.

The Union of South Africa gave an example of what would probably be created in Southern Rhodesia, if they thought it essential to have a Second Chamber. But their present House was small, also their population, and there would be additional expenditure, not perhaps justified, in the creation of a Second Chamber. Supposing that it was wise that a Government should not hurriedly enact matters, there was still the monarchical right.

Experience in New South Wales.

For instance, when the *de facto* Government of New South Wales proposed certain rather revolutionary measures which almost amounted to repudiation of debt, advice was tendered to the Governor to acquiesce in the Government's decision and enact the Measure which the Premier was able to carry by virtue of his majority. That was a constitutional question which might, on occasion, arise in Great Britain. The Representative of the King, believing that the legislation desired to be enacted was repugnant to the wishes of the people, determined that he would not give his assent to the Measure. There was nothing left but to go to the people to demonstrate whether or not his judgment, or the judgment of the Governor, was correct; and even in this democratic labour-governed State, the wishes of the people were indicated by the return of an adverse Government to that which had propounded the Measure.

New safeguard suggested.

In these circumstances, Mr. Davies thought there was an ample safeguard open to them without adopting the safeguards laid down in their present Constitution. For instance, with regard to the Measures now reserved for the signification of His Majesty, it could be provided that a two-thirds' majority of the House would be required, and that unless the legislation proposed was carried by 66 per cent. of the Members of the House, it would not become law.

Even with the removal of all reservations except those which they would import into a Constitution of their own free will, there would still be the right of the King to declare his dissent through the Governor to a major enactment of the House, compelling the Government to go back

Every publication seized under the provisions of the Act shall be delivered to the nearest magistrate who shall notify the addressee. Application by any person interested to the High Court to obtain the release of such publications, on the ground that they are not seditious, may be made within thirty days; and any publication in respect of which no application has been made in accordance with the regulations prescribed may be forfeited and disposed of as the Governor may direct. (*Sect.* 6.)

Any person, not born in the Colony, who has been convicted of an offence under the Act and who, by reason of the circumstances, is deemed by the Governor to be an undesirable inhabitant, may be removed from the Colony by warrant; and, pending removal, may be detained in the nearest convenient lock-up, gaol or prison. These powers shall not be exercised in respect of any British subject who has been resident in the Colony for a period of more than seven years and who, during the first seven years of that period, has been convicted of an offence against the Act (*Sect.* 7).

The penalties for offences under the Act are a fine not exceeding £100, or imprisonment for a period not exceeding one year, or both. (*Sects.* 7 *and* 8.)

DEBATE IN LEGISLATIVE ASSEMBLY.

On 23rd April,

The Minister of Justice and Defence (Hon. V. A. Lewis), in moving the Second Reading of the Bill, said, there was no doubt that for want of such a measure they had suffered too long the introduction and the spread of subversive and seditious propaganda much of which, unfortunately, had taken root in the native mind. The duty of restraining it they owed not only to the King, but to British rule and good government throughout the Empire. They owed it also to the inhabitants of the Colony, both black and white, and to their neighbours, particularly in Northern Rhodesia and Nyasaland, which had long ago seen fit to enact measures far more stringent than those now proposed to combat this menace.

Legislation in Northern Rhodesia and Nyasaland.

Legislation was needed more in Southern Rhodesia than in either Northern Rhodesia or Nyasaland, because both those Colonies had the Common Law of England to fall back upon. In Southern Rhodesia they had to rely on the Roman Dutch Law, which was sadly wanting in its conception of, and its method of dealing with, sedition. In the definition of sedition under that law it was stated that :—

"neither violent and forcible acts nor the utterance of words can amount to sedition unless such acts are done in conjunction with a number of people or such words are followed as a consequence by seditious conduct in a number of people;"

it left absolutely untouched the silent and underground work of the seditious propagandist, which was all the more effective through his not coming out into the open.

The crux of the Bill was contained in Clause 2, under which they did not go so far as either the English Common Law or the provisions of the law of Northern Rhodesia or Nyasaland. They confined the provision merely to the engendering or promoting of feelings of hostility between the European inhabitants and any other section of the inhabitants of the Colony. In Northern Rhodesia the corresponding language was as follows :—

"or to arouse discontent or disaffection amongst His Majesty's subjects or natives in the Territory or to promote feelings of ill-will and hostility between different classes of the population . . ."

They did not intend to go as far as that, although he would like at a later stage to widen slightly the provisions of paragraph (*e*) by adding the words :—

"or to engender or promote feelings of hostility to the contempt of any classes of the inhabitants of the Colony on account of race or colour.

Then, again, the safeguards in this Clause made this a very temperate and restrained measure. In Nyasaland they exempted comments expressing disapproval of measures of any Government to obtain an alteration by lawful means or an administrative or other action of the Government, but only if they excited or attempted to excite hatred, contempt or disaffection.

In regard to publications, the Bill was milder than some other measures in that the Governor might prohibit the importation of a publication deemed seditious, whereas in Northern Rhodesia and Nyasaland the Governor might prohibit the importation of any newspaper, book or document whatsoever, whether seditious or not, and it was an offence to be in possession of any prohibited publication. Penalties, again, were not so severe.

Subversive religious organisations.

The Minister, having given some particulars of the types of seditious and subversive literature which were rife in Southern Rhodesia and in the neighbouring Colonies, and of the two organisations—Jehovah's Witnesses and the Watch Tower Movement—which were specially active, said it was their duty to protect the natives from these harmful and dangerous forms of preaching and agitation.

On 28th April,

Mr. L. J. W. Keller (Labour, *Raylton***)** said every word of the Bill seemed designed to take away every shred of freedom they had, and he could not conceive that either Mussolini or Hitler could attempt to place on the Statute Book anything so repressive. He moved that the Bill be read "this day six months."

Capt. R. E. Downes (Reform, *Hartley***)** said, with regard to the enormous strides which the Watch Tower Movement had made, that one did expect those responsible for the defence of the country, of the women and children, to take up an attitude other than that adopted in the case of the supineness which enabled the Indian Mutiny to become a possibility. He maintained that with the Abyssinian war and the rifles coming into Africa, the potentiality of this organisation for mischief was infinitely greater to-day than it had been in the past.

Disloyal references to the King, etc.

Mr. H. H. Davies (Leader of the Opposition) referring to the provisions which were applicable to those who might speak with contempt of His Majesty the King or H.E. the Governor, said it was conceivable that they might have to speak contemptuously of a future Governor. If that were to happen, one could, at the instance of the Governor thus spoken of, be deprived of all civil rights and thrown out of the country. There would be no appeal. It was absurd that they should be required to pass enactments of that sort. In Great Britain it was left to the good sense of the people to pay or not to pay attention to the words when the King was brought into contempt. The legislation of Great Britain was best illustrated when they remembered the freedom accorded there to fanatics, and legislation of the sort intended in the Bill ought not to be enacted in a country which prided itself on its observance of many of the traditions of the Old Country.

It was necessary that some restriction should be applied to publications finding their way into the hands of natives, and he suggested that a greater wisdom had occurred to the mind of the Secretary of State entrusted with the administration of colonial affairs, who, they read in the papers, had agreed to the appointment of a gentleman who was going to work in close collaboration with members of the above mentioned sects. They might be better guided if they adopted a similar measure, making it their business, as the Government of the country, to see that protection was afforded to the ignorant native, who was oftentime exploited under the cloak of some type of religion.

Great political experiments : need of information.

Mr. Davies thought it improper that such enormous powers should be entrusted to individual officials that they could enter all premises where there was merely a suspicion that some literature of a certain type was in existence. It was good that they should read all types of literature. Russia, for instance, was making greater progress than any other part of the world, including the British Empire, and it was good that they should know the condition of affairs in that country, and learn the lesson which would make them rebel at the thought of applying the same violence in the British Empire that had been applied there. These were matters not of the future but of to-day, requiring the constant and careful attention of every statesman in the world. They were no longer the propaganda of idealists and incapable of achievement.

He was satisfied that the Government did not differ from other Members in the essentials of their outlook—that they were as keen champions of justice as any other section of the people; but he did suggest that the present Bill went far beyond what the people of Southern Rhodesia really desired, and that the Government would be better advised to reconsider the matter and ask the House to agree, if necessary, that champions of the native race should be appointed to represent them, rather than that they should pass a Bill under which injustice was more probable to arise than in a country where there was no admixture of races.

On 9th June,

Mr. Davies, continuing, said that in Northern Rhodesia the British Government, which was the supreme authority there, had appointed an adviser to assist the natives to assimilate information pointedly addressed to their desire for self-government, to explain what these publications meant and where they would be harmful and where beneficial. If there were special circumstances requiring that the Government should be endowed with the powers contained in the Bill, it should be stated in Parliament that a private Session would be convened to enable the Government to impart their reasons for seeking this autocratic power, which the Government of Great Britain would not even attempt to enact when they were engaged in a life and death struggle.

Safeguards for freedom of discussion.

On 10th June,

The Minister of Justice and Defence, in the course of his reply, showed that their Courts of Law adequately safeguarded freedom of discussion, political or otherwise. It had been suggested that they should deal with the source and origin of seditious publications, but the whole trouble was that their headquarters were outside the jurisdiction of the Colony. Further, regarding the right of public discussion, he pointed out that, apart from the safeguards in the Bill, the principle of interpretation in Lord Halsbury's "*Laws of England*," which was accepted in Southern Rhodesia, showed that the freest public discussion, comment, criticism, etc., were permissible, but they must be

"without malignity, and must not impute corrupt or malicious motives."

He reminded them that the power of deportation was contained in every system of law which dealt with sedition, but it had not the same safeguards in other Colonies that the Bill provided.

On the Motion being put the House divided. As fewer than five Members voted against it, the Motion was affirmed, and the Bill was read a second time.

On 12th June,

The Prime Minister (Hon. G. M. Huggins), at the conclusion of considerable discussion in Committee, said he hoped this would prove an unnecessary piece of legislation, because, if not, it would mean the existence of a highly undesirable state of affairs which it was not pleasant to contemplate. But it was very much better to be ready when those situations arose than to act (as had been done in other Territories) and then come to Parliament asking for the action to be legalised. Many years ago the Department of Native Affairs had asked for a Bill such as this, and it was put on the Table; but because of the disturbance which it was anticipated would result, it had been withdrawn. He was very glad that the present Government had had the courage to put this measure through as an "insurance."

The Bill was read a third time.

INDUSTRIAL CONCILIATION ACT.

(Industrial Conciliation Act : proposal to appoint a Select Committee to examine operations.)

On 18th March, in the Legislative Assembly, a discussion took place on a Motion proposed by Mr. Keller, "that a Select Committee be appointed to examine the operations of the Industrial Conciliation Act, 1934."

DEBATE IN LEGISLATIVE ASSEMBLY.

Mr. L. J. W. Keller (Labour, ***Raylton*****)** said they realised how much credit was due to the Government for introducing the 1934 Measure. Of the objects aimed at, one—perhaps the most essential—was to obtain peace in industry; another was to bring about co-operation between employers and employed; and a third was to establish decent living conditions for the workers concerned. The Act, however, had failed to bring about some of these results, and a good case for an investigation into the question could be made out.

Instances of the failure of the Act to afford alleviation of conditions were given by Mr. Keller, who said there were employers in Salisbury who were actually employing girls for as little as £2 to £3 per month, and yet every attempt to set up some organisation in order to bring these employers within the scope of the Act had failed because of the fear of victimisation. They had much the same position with regard to the mining industry, and in this connection he indicted the Government for bringing out miners, skilled men, on £25 per month. It was not good policy for the Government, or any employer, to pay low wages. Low purchasing power of the worker, apart from the suffering caused, was economically unsound and affected everybody.

In the Union of South Africa, as an example of the scope of the Conciliation and Wages Acts and other social legislation, the workers had been given pension and leave rights, holiday pay, and other privileges. No such thing operated in Southern Rhodesia, which ought to be as progressive as the Union, especially when they followed it so closely in other matters.

Mr. J. Cowden (United Party, *Bulawayo Central*) said both employers and employees had yet to learn what conciliation meant. Up till now only a few bodies had taken advantage of the Act; but there was no reason why others should not come in if they wished. It would be an advantage to commercial people, motor mechanics, shop assistants and so on if they were all organised under the Act. If all businesses and industries agreed to pay a living wage—provided that the industry would carry it—competition would be fair. Before they had the Act the employer was not looking so much to get the best artisan as to get something cheap. The Act to a great extent prevented that.

Mr. Cowden suggested that there was too much Government interference. Everybody said it was the fault of the Government if his business or farm was a failure, and asked what the Government were going to do to help. If people expected the Government to run their business for them, they would not only bankrupt the business, but they would bankrupt the country.

Mr. A. R. Thomson (United Party, *Wankie*) said he called the Act the "industrial irritation Act," because they were trying to work something which was premature. The idea of trades unions pressing for the highest wage possible had not been a success in any country. In Southern Rhodesia the question of personal contact came into business a great deal, and that was a fact that could not be controlled by any Act of Parliament. With regard to employees being paid only £2 per month, if such people were not learning anything and if things were not being done for them in other ways, they should not take that small wage; "most of us here," Mr. Thomson said, "have had to work for very inadequate wages for years, but that was the only way in which we could get the experience to enable us to get the wages which are our right as skilled men."

The Minister of Justice and Defence (Hon. V. A. Lewis) did not admit that the Act had been a failure. He considered that it had achieved some excellent results. Difficulties of administration were inevitable when any new machinery was being set up, and if the Select Committee that had been suggested could smooth out some of these difficulties, it could be made to work.

The Motion was agreed to.

WORKMEN'S COMPENSATION.

(Workmen's Compensation Act: inability of some employers to meet the demand; Inadequate compensation; etc.)

On 25th March, in the Legislative Assembly, a discussion took place on a Motion of Mr. Keller for the appointment of a Select Committee "to consider the principle of compulsory insurance by employers under the Workmen's Compensation Act, 1930."

DEBATE IN LEGISLATIVE ASSEMBLY.

Mr. L. J. W. Keller (Labour, *Raylton*) said the object of the Motion was to ensure that where an accident occured to a workman in the course of his occupation his dependants should be ensured of the compensation laid down in the Act, irrespective of whether the employer was in a good financial position or otherwise. There had been cases where injured men had not received the compensation due to them under the Act, or where they had had to accept a sort of part compensation for the same reason.

During the debate in 1930, one of the greatest obstacles placed in the way of this particular procedure was that the cost of insurance would be prohibitive; but figures had been submitted by Members on his side of the House demonstrating that the costs would not be so heavy as their opponents expected. For example, when it was remembered that the average wage of farm assistants was round about £200, it would be seen that the cost of their insurance in that particular category would amount only to £2 10s. per annum. If the Select Committee was appointed its first duty would be to find out exactly how much it would cost in each particular industry.

Unless there was some sort of compulsory insurance, the law in many cases would not be observed owing to some employers not being able to pay. He had no intention of endeavouring to upset any sort of voluntary insurance practised by any organisations of employers and employees.

Mr. D. MacIntyre (Labour, *Bulawayo Central*) urged that the Select Committee should go carefully into the question of national insurance and that this industrial insurance should be undertaken by the State. They had already got State insurance in New Zealand for third party risks; they started by charging a tariff of £1 per annum, and the Government made so much profit out of that rate that it was able to reduce it to 17s. 6d. In Rhodesia the rate for the present cover was £5.

Among other points mentioned was the question of the right of large employers to form private insurance associations. For instance, in many cases, the railway company gave better benefits to its injured employees than those given under the Act. Municipalities should be given the right to undertake their own insurance, and there was the case also of trading associations—bodies such as the Chamber of Mines—and the position of the agricultural industry. He believed that the latter would be prepared to consider creating a reserve fund to cover the whole of the workmen in the industry, providing it were done in a collective manner, and he suggested to farming Members of the House that this was one of the ways in which they might advantageously start to build up the organisation of the industry.

The Motion was adopted.

DEBATE IN LEGISLATIVE ASSEMBLY.

On the same day, in the Legislative Assembly, Mr. Keller moved a Resolution suggesting that the Government should submit legislation during the present Session providing for Amendments to the Workmen's Compensation Act, 1930.

Mr. L. J. W. Keller (Labour, *Raylton*), said the Bill for the Act of 1930 was a highly contentious one, from the point of view of the Labour Party, inasmuch as it was considered that the compensation provided was inadequate. In the debate on the subject, however, the point of view was not so much that the sum of £750 was inadequate, although they had originally asked for double that amount; but whether the compensation should be based on the lesser or greater amount of three years' wages, *i.e.*, the compensation was to be either £750 or three years' wages.

The then Minister of Internal Affairs had threatened that if they insisted on it being the greater, he would withdraw the Bill altogether, and they had no alternative but to accept his dictum. The effect of that, however, was that instead of £750 becoming the minimum amount to be paid in the case of death or total incapacity, it had become the maximum, and in their opinion that award was totally inadequate.

To take the case of a comparatively young man who had to have both legs or arms amputated as a result of an accident, or whose spine was so injured that he would be helpless for the rest of his life—how could his wife and family live decently on a compensation of £750, which, in terms of the Act, might even be less than that figure, because if that particular man happened to be earning £150 or £200 a year his dependents would get considerably less than £750 ?

Mr. M. Danziger (United Party, *Selukwe*) said they would have sympathised equally with the point of view put forward by Mr. Keller if he had said that instead of £750 being adequate compensation if a person was killed, £1,500 would be equally inadequate. The point of the Act was not to put the man in the same position as when he was alive. The whole idea of Workmen's Compensation was to help the dependants. Where the Act seemed to be defective was in the lack of definiteness regarding "dependents," and the virtual placing of the question of compensation payment in the hands of the insurance companies. He suggested that the question raised should be submitted to the Select Committee appointed under the previous Motion as the two things were more or less analogous.

Mr. H. H. Davies (Leader of the Opposition) moved that the Motion be referred to the Select Committee appointed to inquire into compulsory insurance.

The Motion was agreed to.

CEYLON.

The following summary is in continuation of that given in the last issue of the JOURNAL *(Vol. XVII., No. 3) and deals with further proceedings of the First Session of the Second State Council which opened on 17th March,* 1936.

PREFERENTIAL TARIFF.

(Motion to maintain "status quo" for a further period of six months; Ottawa Agreements and the Colonial Empire; Action of India; Trade with foreign countries; etc.)

On 23rd July, 1936, in the State Council, the Financial Secretary moved a Resolution, the effect of which was to extend for a further period of six months the general and preferential rates of Import Duty passed on 19th January, 1933, and extended for six months by Resolution of 6th November, 1935.

DEBATE IN STATE COUNCIL.

The Financial Secretary (Hon. Mr. H. J. Huxham) said the Motion sought to maintain the *status quo* as regarded preferential duties for a period of six months only.

Ottawa Agreements and Colonial Empire.

The present system of preference dated from a series of Agreements concluded between the Dominions, India and the United Kingdom at Ottawa in 1932. The rest of the Empire was not a party to those Agreements. But the Secretary of State for the Colonies had been present and had done his best to get included in the Agreements reasonable preferences for the Colonial Empire. The units of the Colonial Empire had been later invited to give effect to the preference which the Secretary of State had indicated he would ask for the Dominions and for the United Kingdom. Ceylon had got all the preferences for which the Secretary of State had bargained but did not give the whole of the preferences which had been promised on behalf of Ceylon.

The question of these preferences was to be revised at the Imperial Conference in May, 1937. The question of alternatives, if they decided to abandon the present system of Imperial preference altogether, was a very serious one. If they put themselves outside the family circle of the Empire, then as regarded their trade with the Empire they would lose all existing preferences, and their goods would go into the remainder of the Empire at a definite tariff disadvantage compared with other Empire countries with which they competed. There was no doubt that in many instances they would lose ground in foreign countries, and their trade would be hampered in that direction also.

India: notice of revocation of preferential duties.

The position was complicated by the action of India in giving notice in May, 1936, that in six months' time she would revoke the law under which she granted Imperial preference.

It was difficult to find out what was the position in India, since they were obviously examining the whole position. But he felt perfectly confident in saying that when the date in November arrived on which India would be free to do anything she liked regarding preferential duties, her action would be to continue these duties as they stood for a considerable period.

The Board of Ministers had accepted, therefore, the proposal of the Executive Committee that a considerable breathing space was necessary to look into the question of the benefit of preference to Ceylon, what they could get out of it and whether there was any practical alternative. It was thought best that they should for the present maintain the *status quo* for six months only.

Continuing, Mr. Huxham said the Resolution also referred to one other matter. There might be some minor adjustments of preference which ought to be made, and he and the Minister of Labour, Industry and Commerce were going into the manner in which the duties operated with a view to making them more effective or making any small adjustments which might be found desirable in the light of three-and-a-half years' experience.

The Resolution would have no effect other than maintaining the *status quo* for six months. He considered that in the special circumstances they were in that day, even the opponents of preference in principle might fairly accept the Motion.

Dominions' "hard bargain."

Dr. N. M. Perera (*Ruanwella*) said the question of Imperial Preference must not be mixed up with sentiment. They were told that they were a link in the chain; but when it came to the Dominions, sentiment was forgotten. The Dominions drove a hard bargain; but what did Ceylon get? They, humble members of the Colonial Empire, got all the sentiment while the Dominions got all the cash.

The question of Imperial Preference had been discussed in the State Council long before the Ottawa Conference. The Conference had not met when Ceylon accepted Imperial Preference for England. Sir Wilfrid Woods (then Financial Secretary) had said that if they joined the British Empire as one of its economic units, there could be no retaliation by foreign countries against them, because of the existence of the "most-favoured-nation" Clause. Of course, he had made an exception of the United States of America. But since the Ottawa Conference, what had happened to the economic units of the British Empire? Retaliation had come promptly. As a direct consequence of the Conference there had arisen a spirit of close nationalism among European countries.

A result of the acceptance of Imperial Preference had been the quota on textiles. That had been forced down the throats of the Board of Ministers against the interests of the poor people of the country.

On 24th July,

Dr. Perera said that what the Dominions granted to them was really of no value; and what the Colonies granted to them was absolutely of no consequence.

They exported to Australia tea to the value of Rs. 8,777,000; rubber to the value of Rs. 9,992,000; and fibre to the value of Rs. 149,000 and got no preference. They exported cacao to the tune of Rs. 73,000 and got a preference of ½d. per pound; plumbago to the value of Rs. 70,000, for which they got a preference of 15 per cent.; coir yarn to the value of Rs. 55,000 and they got no preference. Of six commodities they exported to Australia, they got preference on two very small items.

In Canada they got 10 per cent. on coconuts. They exported Rs. 2,126,000 worth of rubber but got no preference; Rs. 902,000 of cacao and got 2 dollars per 100 pounds; Rs. 144,000 of dessicated coconut and got .01 dollar per pound—absolutely useless preferences.

On tea exported to New Zealand they got 2d.; and no preference on desiccated coconut. From South Africa they got no preference for tea and they exported to the value of Rs. 6,476,000. They exported coconut oil to the value of Rs. 716,000 and got no preference.

Were they surprised, Dr. Perera asked, that their total trade had not increased appreciably, not in proportion to the preferences granted?

Trade with foreign countries.

Dr. Perera said that notwithstanding Imperial Preference, their export trade with foreign countries had been on the whole well maintained, notwithstanding the Japanese quotas. He had come to one conclusion, namely, that the potential market in foreign countries was much greater than the potential market in the British Empire.

Concluding, Dr. Perera said that judged from the effect on exports, Imperial Preference had not benefited the people of the country; judged from the effect on imports, it had meant a definite increase in the cost of living of the poor. He asked the House to throw out the Motion.

The Minister of Local Administration (Hon. Mr. S. W. R. D. Bandaranaike) said that there was no doubt that the export trade of Ceylon had improved steadily from the lowest limit it reached in 1932. How much of that could be attributed to Imperial Preference they could not say. One of Ceylon's chief sources of revenue was the Customs Duties. Preference had been given to Empire goods and therefore in order to preserve the revenue aspect there was not so much a reduction of the duties on Empire goods as an increase in the duties on foreign goods. The actual revenue accruing had increased by many millions. The denunciation of preference straightaway would mean a seven or ten million rupees loss to revenue from Customs Duties.

The Executive Committee of Labour Industry and Commerce were generally against preference. They, however, felt that the preference scheme should be extended by another eighteen months, provided certain arrangements were made with India. The period of six months sought to be obtained was in order to carry on negotiations. He himself was not convinced of the value of preference.

Mr. Bandaranaike added that he did not think they had the constitutional power to negotiate with foreign countries; or even the power to negotiate with countries within the Empire.

He did not think the Motion unreasonable. It had been brought forward in the interests of the country.

Rights of Ceylon Government.

Mr. B. H. Aluwihare (*Matale*) submitted that quotas and Imperial Preference hung together and that any agreement with regard to Imperial Preference must also contain some agreement with regard to the rights of their Government to impose Customs Duties. The Leader of the House had assured them (in 1934) that he considered the imposition of quotas a violation of the provisions of the Order-in-Council.

The Minister of Home Affairs and Leader of the State Council (Hon. Sir D. B. Jayatilaka): " Under Article 72, I think."

Mr. Aluwihare, continuing, said the Leader of the House—the Board of Ministers—had also made representations to the Secretary of State about the preferences for the coconut and plumbago industries; and the reply of the Secretary of State had been summarised by the Leader of the House thus :—

" The Secretary of State replied that he and his colleagues had explored very sympathetically the possibility of still further assisting these exports to the United Kingdom and referred to the difficulties in introducing further measures for that purpose owing to technical reasons and possible adverse effect upon certain home industries."

The point Ministers had raised with regard to the imposition of the quotas was the repercussion they would have on the standard of living of the poor of Ceylon. But the Secretary of State could not see the point of view of the Board of Ministers, and he had imposed the quotas.

If the Government of Ceylon were to enter into any agreement with regard to the imposition of duties on Empire products, the Secretary of State must recognise the necessity for an agreement with Ceylon. When negotiations were carried on with regard to Imperial Preference, the subject should be taken up—the position with regard to quotas must be reviewed and it must be brought under Imperial Preference, and quotas must be imposed with the consent of the State Council and the Government of Ceylon.

Mr. Aluwihare, concluding, moved an Amendment to add at the end of the Motion :—

" Provided that negotiations shall be made with the Secretary of State with regard to the imposition of quotas and this House informed as to the result of these negotiations."

" So long as we are in the position that we are," Mr. Aluwihare added, " we do want to agree on certain matters of Imperial policy. But it is essential that we should be in a position to put the interests of our population first just as the people in England very rightly have the power to put the interests of their population and their indigenous industries first."

Mr. A. E. Goonesinha (*Colombo Central*) said Ceylon had been duped by the policy of Imperial Preference. They had been told that after the Ottawa Conference their trade would improve and that preference would be given to plumbago, copra, and so on. The required preference for that commodity had not been forthcoming. Madagascar was having the biggest market in plumbago; but business men in England had interests in Madagascar and no amount of Imperial Preference would make them surrender the Madagascar market. It was almost the same story with regard to copra. The soya bean had been allowed to go from Japan free of tariff rates because it was used in England on a large scale. After the Ottawa Conference, it was decided that a 10 per cent. tariff should be put on the Soya bean; but " big business " protested to the Secretary of State against that tariff and its voice prevailed and Ceylon was ignored. It was only about six or seven months ago that a duty had been imposed.

" In the matter of Imperial Preference," Mr. Goonesinha said, " we are supposed to be members of a Great Empire: we have to give preferential treatment to British goods and we are asked to take pride in being a unit of the British Empire, but . . . we are exploited and we have to pay the piper, we have to remain 'drawers of water and hewers of wood.' We must do what our masters ask us to do, and we are asked to content ourselves with honours conferred on us—the O.B.E. and the C.B.E. and all that nonsense." Let them come to hard facts and see where the tariff was driving the poorest of the country. In times of unemployment and starvation they were asked to give preferential treatment to British goods.

Mr. Goonesinha said he most emphatically opposed the Motion.

Mr. G. G. Ponnambalam (*Point Pedro*) said the one ascertained fact was that there had been an increase in the volume of trade as between England and Ceylon.

Regarding the proposition that quotas were a necessary counterpart of preference, Mr. Ponnambalam said he imagined it the very antithesis of granting preferential duties. The quota was a political device of a country which had political dominion over another. How that could be compared with the economic working of preferences was more than he could understand.

Ceylon's "bargaining power."

He was conscious that as a unit which was purely a raw-material producing country, with very little purchasing or bargaining power, Ceylon would not have a lever sufficiently powerful to bargain with other countries except to accept the inevitable and be aware of the fact that they were a member of the International Comity of Nations. He did not attach any value to this attachment but regarded it from the economic standpoint. In view of tariff barriers, and preference, and of bi-lateral trade treaties which were being entered into by every country in the world, it was inconceivable for him to think of Ceylon being able to negotiate with other countries. Apart from that, he understood that they could not negotiate trade treaties except through the Colonial Office. They could not even negotiate a trade treaty with India.

Without going into the fundamentals of preference as an economic question they had no alternative at the moment but to accept the Motion and to state to the Board of Ministers that upon the expiry of the six months the Council would have to be told definitely whether the Board were prepared to advise them to continue or terminate the Agreement.

The Minister for Labour, Industry and Commerce (Hon. Mr. G. C. S. Corea) said the Imperial Conference was to meet in 1937 in London, when preferences granted at Ottawa would be reconsidered and adjustments made. " It should be our endeavour," the Minister proceeded, "—and that is my own opinion—having granted preferences, to take part in those conversations." Unfortunately they were not able to enter as a direct party, as the principle on which the Ottawa Conference was based was that participating countries should be only the Dominions and British India. But they could obtain representation through the Secretary of State, not in the manner in which it had been done in 1932, but in a more direct manner by having their advisers with the Secretary of State, advising Ceylon as to the demands they made and the concessions they were prepared to recommend.

Useless preferences.

It was necessary to see if the defects in the preferential scheme so far as Ceylon was concerned—defects which nullified the material advantages which could have been secured by Ceylon if proper representations had been made on their behalf at Ottawa—could be rectified. Some of the preferences were utterly useless. Some were on articles they did not produce. The 10 per cent. preference on plumbago was inadequate. The United Kingdom imported a very much larger quantity from Madagascar, Germany, Norway and even Japan; and the total price she paid on foreign imports of plumbago was much larger than the price of her imports from Ceylon. That case should be brought up at the Conference. There were various other matters which they had already taken up.

If they felt it impossible to gain any great advantage by being in the preference scheme, they must consider whether it was worth their while to continue. Six months were utterly inadequate for the purpose they had in view. Three or four months ago India had given notice that the preferences would expire in November. They in Ceylon wanted to know exactly what position would arise in India as a result of this, or if India went out of the scheme and Ceylon remained.

Question of quotas: representations to Secretary of State.

Regarding the imposition of quotas, he was prepared to make definite representations to the Secretary of State, and if possible, to have the matter taken into consideration along with the tariff adjustments that might be considered during the conversations now proceeding in connection with Imperial Preference.

It was difficult to gauge accurately the effect of quotas by the figures of export. But one thing was very clear: there had been a definite increase in their exports after Imperial Preference had been introduced. From 59 per cent. in 1929, it had risen to 71 per cent. in 1935, that was, their trade with Empire Preference countries.

With regard to trade with foreign countries, they were placed in a very awkward position. They had had a large volume of trade with Turkey: to-day, not one cent of their produce went there. The position with Germany was not much better. Those were some of the difficulties they could not immediately settle.

The Leader of the State Council referring to the assurance given by the Minister for Labour, Industry and Commerce, that he would be prepared to make representations to the Secretary of State in regard to quotas, said he wanted to repeat that assurance and in view of this he would be glad if Mr. Aluwihare would withdraw his Amendment which was not quite appropriate to a Resolution which was really a Customs matter.

Mr. Aluwihare agreed to withdraw his Amendment.

Trade with Canada.

The Financial Secretary, dealing with Dr. Perera's statement that the preferences granted by the Dominions generally as far as Ceylon was concerned were quite useless and applied to a few articles, said he had taken out the figures as regarded Canada for 1935 and he found that the following goods had been exported from Ceylon that year on which Canada did grant preference: Coconut oil, 21 lakhs; dessicated coconut, 1 lakh; Coconut, 1½ lakhs; Green tea, about 70,000; Black tea, 41 lakhs; making a total of 66 lakhs. Their total exports for the year in question were 76 lakhs; and therefore there was proof that 87 per cent. of their exports to Canada enjoyed preference.

On a division the Motion was agreed to by 32 votes against 6.

THE BUDGET.

(Appropriation Ordinance: Report of the Board of Ministers; Estimates of Revenue and Expenditure for 1936-37.)

On 4th August, in the State Council, the Board of Ministers presented to the State Council the Appropriation Bill for 1936-37, and laid before the Council the Estimates of Revenue and Expenditure for the year. The Report of the Board of Ministers, together with the observations of the Financial Secretary, are summarised below:—

REPORT OF THE BOARD OF MINISTERS.

ESTIMATES OF REVENUE AND EXPENDITURE.

The Report of the Board of Ministers stated that the estimated Revenue for 1936-37 was Rs. 102,000,000, against the revised Estimate for the current year of Rs. 102,584,000. The total estimated Expenditure for 1936-37 was Rs. 119,722,673, which included a sum of Rs. 6,132,330 required for capital works chargeable to loan, a sum of Rs. 563,630 chargeable to the Special Reserve, and a further sum of Rs. 5,703,000 required to meet the deficit on the year's working of the Railway. If these three sums were excluded the total Estimate was Rs. 107,323,713, which was approximately equal to the original estimate of Expenditure for 1935-36 calculated on the same basis.

RECURRENT EXPENDITURE; SPECIAL AND EXTRAORDINARY EXPENDITURE.

Recurrent expenditure for which provision had been made amounted to Rs. 100,330,997. This was approximately equal to the original provision for 1935-36. There was a substantial reduction of Rs. 3,240,000 in Public Debt charges, due to the conversion of a 6 per cent. Loan to 3 per cent.; this decrease was offset mainly by increases in the provision for Education and other public utility services.

Special and Extraordinary expenditure, excluding works to be charged to a future loan and to the Special Reserve Fund and the sum required to meet the Railway deficit, was estimated at Rs. 6,992,716. This was approximately equal to the original provision for the current year.

SPECIAL RESERVE.

The sum to be charged to Special Reserve was Rs. 563,630. It would be necessary to transfer to surplus and deficit account the unallocated balance of their Reserve.

RAILWAY DEFICIT.

The Railway estimates for 1936-37 showed a deficit of Rs. 5,703,000, which must be met from Revenue.

LOAN WORKS.

The sum of Rs. 6,132,330 appearing in the Appropriation Bill against Loan Works, was to be charged to the new Loan which it was proposed to raise.

The expenditure proposed against Funds already raised in terms of the 1921 and 1929 Loan Ordinances was shown in Appendices to the Estimates. A Resolution making certain adjustments of the Schedule to the 1929 Ordinance appeared on the Order of the Day. The amount to be expended in 1936-37 was Rs. 634,517, compared with Rs. 1,302,975 in 1935-36.

RAILWAY ESTIMATES.

The estimated savings of the Railway for 1936-37 amounted to Rs. 16,500,000 which was Rs. 5,400,000 less than the original estimate for 1935-36, and Rs. 50,000 more than the revised Estimate for that year. Interest for 1936-37 due to the general Revenue was Rs. 6,457,522. It was not anticipated that the Railway would be able to pay any part of this sum during 1936-37.

OBSERVATIONS OF THE FINANCIAL SECRETARY.

The Financial Secretary stated that if supplementary estimates were kept within moderate limits, net savings of some three millions might be expected, leaving a gap between Revenue and Expenditure of about Rs. 8,500,000. It was intended to fill this gap by drawing upon Reserves and surplus balances, which would be augmented by transfers from loan funds on account of Loan Works executed in the past from Revenue.

There was no ground for anticipating any substantial increase in the field of existing taxes during the next few years, while recurrent expenditure mounted inevitably year by year. The gap between Revenue and Expenditure was almost certain to widen in the near future if the present rate of progress was maintained.

The Financial Secretary added that if his anticipations were correct, additional taxation of a substantial amount would be essential as soon as existing surpluses (excluding the General Reserve Fund) came to an end.

IN THE STATE COUNCIL.

On 4th August,

The Minister of Home Affairs and Leader of the State Council (Hon. Sir D. B. Jayatilaka), moving the First Reading of the Appropriation Bill, reviewed the Expenditure proposals.

Defence Vote.

Dealing with Defence, Sir Baron Jayatilaka observed that there was an increase of Rs. 77,278 in the Vote, mainly due to an increase under the sub-heads, Training expenses, Motor transport allowances, Mobilisation equipment and arms ammunition, ranges, stores and so on. The proper training of the Defence Force was very important and the military authorities considered this additional expenditure necessary for that purpose.

Public Debt: Loan Conversion.

Under " Public Debt " there was the large decrease of Rs. 3,238,490, which was mainly due to the 3 per cent. conversion of a part of the 6 per cent. Loan of 1921.

Agricultural marketing: State rice mills.

Under " Commissioner for Development of Agricultural Marketing " provision was made for the payment of a Deputy Commissioner who would take the place of the Commissioner when on leave. There was also special provision under that head for the erection of two rice mills. Regarding the success of the rice mill [already established], the Leader of the Council said he believed hon. Members were now satisfied that the mill was working satisfactorily and providing a very great need; but it could not possibly cope with the demand of the public. It had therefore been decided to establish these two new mills in centres where there was always a supply of paddy. The Commissioner of Agricultural Marketing had stated that the demand for country rice was five tons a week, whereas a few months ago it had been only one ton.

Assistance to colonists and peasant proprietors.

The Vote for assistance to colonists and peasant proprietors had been increased by Rs. 50,000. The total area so far allotted to this

scheme was 14,379 acres, of which nearly half had already been brought under cultivation.

Irrigation works.

Under Irrigation Works the House would note a large number of very important works. A few years ago the annual grant had been about Rs. 5,000; for the current year the vote was Rs. 200,000.

The Leader of the Council referred to the successful attempt being made to " Ceylonise " the Irrigation Department. The vote for Village Works had been increased by Rs. 90,000.

Health; Control of malaria, etc.

Dealing with the Ministry of Health Vote, Sir B. Jayatilaka said the most important problem in regard to health in Ceylon was undoubtedly malaria. The Medical Department had done much in the direction of its control and were now proposing a scheme of further control. Ceylon had also got to take special precautions to keep out of such diseases as cholera and plague; and measures were being taken to enforce regulations in the port of Colombo as well as in minor ports.

Industrial development.

A Vote of Rs. 100,000 was provided for the purpose of aiding industries. Industrial development in Ceylon, especially in regard to small industries, suffered for want of funds. There were possibilities of developing several industries. It seemed that nascent industries would have to be protected, not only from competition from outside but also from unhealthy competition in the country itself.

State-aided Bank.

Referring to the State-aided Bank, the Leader of the Council said that a Commission, under the Chairmanship of a distinguished Indian banker, Sir Sorabji Pochkhanawala, had submitted a report, and in accordance with it Articles of Association had been framed. A Committee of London bankers, appointed by the Secretary of State, had considered the report and they had made a statement criticising some of the proposals. These criticisms had been referred to the Board of Ministers who after careful consideration had submitted further recommendations to the Secretary of State. The matter was now being considered by the Secretary of State, and it was hoped that soon approval of the scheme would be received from him and that it would be possible at no distant date to establish the bank which was so greatly needed.

Education; Feeding necessitous children.

Continuing, the Leader of the Council said that the total Vote for Education was Rs. 17,838,315, of which nearly 17½ million was for general education and the University College. It would perhaps surprise many to hear that in 1900 the amount voted for general education had been Rs. 826,716. In Ceylon the whole burden of education as regarded indigenous schools and much more than 50 per cent. of the expenditure on English education had got to be borne by the Government. They had nothing like local rates for education. For 1936, 58 new schools had been sanctioned. The total number of pupils at school was 678,853.

It had to be borne in mind that Rs. 800,000 of the increased Vote was provided for the first time in the Education budget for the purpose of feeding necessitous children.

Air Services.

Referring to the delay in starting the air service between Ceylon and India, the Leader of the Council said the aerodrome was ready and it had been hoped that it would have been possible to get the Indian Government to agree to extend their services early in 1936; but the Indian Government had decided that it would be expedient to defer the extension of the service now that the wider question of the Empire Air Mail Scheme was being discussed. This scheme might come into force from the middle of 1937, in which case it would be possible to start the service to Colombo in advance of the larger scheme.

Revenue estimates.

The Revenue estimates for 1936-37 were Rs. 102,000,000, practically the same as the revised Revenue estimates for 1935-36, namely, Rs. 102,584,000. The estimate of the Customs revenue for 1936-37 was Rs. 53,940,000 as compared with the revised estimate for 1935-36 of Rs. 52,896,000. Under Income Tax, estimated revenue for 1936-37 was Rs. 8,250,000, or Rs. 1,200,000 less than the revised estimate for 1935-36. It was due to the view that profits on tea and rubber and coconuts during 1935 would be less as compared with 1934. He ventured to hope that this view might prove to be unduly pessimistic.

Financial position and proposals.

Dealing with the financial position, Sir Baron Jayatilaka said the Surplus at 30th September, 1935, was Rs. 18,928,437. To this must be added Rs. 10,000,000 which represented sums authorised by the Council from time to time to be charged to Revenue on the definite understanding that they would be repaid to Revenue from Loan Funds as and when the latter became available. These sums had gone on accumulating as no new monies had been obtained on loan since 1929. From Rs. 28,928,437 must be deducted the estimated deficit for the current year—Rs. 8,400,000—a deficit caused mainly by the fact that the Revenue estimate of Rs. 1,400,000 from the Railway had turned into a deficit of Rs. 3,500,000. After making this deduction, the Surplus available on 30th September, 1936, would be Rs. 20,528,437.

The total of the Appropriation Bill (including Rs. 500,000 to be moved in Committee stage in respect of malaria expenditure) was Rs. 120,222,673. From the Expenditure there must be deducted Rs. 6,132,330 loan expenditure.

Estimated Revenue for 1936-37 was Rs. 102,000,000. The gap between Revenue and Expenditure therefore was Rs. 12,100,000.

Revision of Currency Account.

There would accrue to Revenue as a result of the revision of the Currency Account about Rs. 4,000,000 on 30th September, 1936, after providing for investments at market value and silver rupees to the full extent of the note issue and also for a reserve of 10 per cent. of the note issue to cover fluctuations in the value of these assets. That would leave a surplus of nearly Rs. 9,000,000. The further precaution would

be taken of keeping in reserve nearly five million rupees to cover subsidiary coins in circulation, and out of an available surplus of nearly thirteen millions in the Currency Balance Sheet only four million would be credited to General Revenue. In addition there would accrue hereafter the annual profit from the Currency Account of Rs. 350,000.

The gap between Expenditure and Revenue in the Appropriation Bill had now been reduced to Rs. 1,500,000, which the Board of Ministers proposed to charge in the Budget for 1936-37 to the surplus of Rs. 20,528,438 which would be available on 31st December, 1936. There would thus be a surplus balance of Rs. 19,000,000 in round figures on 30th September, 1937, which was Rs. 9,000,000 more than the minimum surplus of Rs. 10,000,000.

They all knew the position of the large majority of the country. Poverty, malnutrition and disease operating in a vicious circle had reduced the bulk of the population to the depths of misery. No stand-still policy would relieve that distress and he would not hesitate to recommend to the Council a forward policy. The Budget was neither a starvation Budget nor an extravagant Budget. Their present difficulties were due entirely to the huge deficit on the Railway. It spoke well for the country that it had been possible to meet this deficit for two years amounting to nearly 10 million rupees out of the Revenue. They hoped the Commission soon to be appointed would go into the whole question and devise means of improving the present condition of the Railway.

The Bill was read a first time.

BERMUDA.

The following is a summary of the Governor's Speech at the close of the Session on 12th August, 1936.

GOVERNOR'S SPEECH.

(Prorogation of Parliament ; Improvement in tourist trade ; Agriculture : effect of Canada-United States Treaty ; Ottawa Agreement : Bermuda's case ; Coronation Celebration Committee ; Air Service to New York ; Immigration Bill ; Financial position.)

On 12th August, 1936, the Governor (Lt.-Gen. R. J. T. Hildyard, C.B., C.M.G., D.S.O., addressed the Legislature at the close of the Session. The following is a summary of his Speech :—

The Speech stated that the past Session had witnessed a steady and continued growth in the Colony's principal industry, the tourist trade, which had brought a considerable amount of prosperity to practically all sections of the community.

AGRICULTURE : CANADA-UNITED STATES TREATY.

A notable exception was agriculture which had been severely hit by the Canada-United States of America Trade Agreement concluded at the end of 1935.

OTTAWA AGREEMENTS : BERMUDA'S CASE.

Representations had been made at Ottawa and London, in which latter capital negotiations were already proceeding between the Colonial Office and representatives of the Dominion, regarding the Ottawa Agreements of 1932 which would come up for renewal next year. Bermuda's case had been very fully put to the Secretary of State and it was trusted that the outcome of the talks would be an agreement which would do justice to the Colony.

CORONATION OF KING EDWARD VIII : CELEBRATIONS IN BERMUDA.

Referring to the Coronation of H.M. King Edward VIII, which had been proclaimed to take place on 12th May, 1937, the Speech stated that in order that the Coronation should be celebrated in a proper manner, a Committee had been appointed to make the necessary arrangements.

AIR SERVICE TO NEW YORK.

The Bermuda-New York air service would, it was anticipated, be in operation within the next few months, and the airport was already practically completed.

IMMIGRATION BILL.

The Speech referred to legislation passed during the recent Session, said it had been possible to proceed with the Immigration Bill as the Secretary of State had had certain suggestions to make regarding the Bill. It had accordingly been withdrawn ; a fresh one had been prepared and had been forwarded to the Colonial Office for discussion.

FINANCIAL POSITION.

Addressing the House of Assembly, the Speech stated that the Revenue for the first seven months of the year was £245,022 compared with £205,885 for the corresponding period last year. The Expenditure for the same period in 1936 amounted to £218,625 compared with £215,799 in 1935. The Treasury balance on 31st July, 1936, was £89,372 and exceeded the balance on the same date last year by £72,906. Of this balance the sum of £65,000 was at the end of last month in the hands of the Crown Agents at interest in the Joint Colonial Fund.

Customs Duties up to 31st July amounted to £161,915 and exceeded the revenue from that source for the same period in 1935 by £29,801.

The revenue from the sale of Postage stamps and Revenue stamps, post cards, etc., for the first seven months of the year was £35,328 and exceeded the revenue from that source for the corresponding period in 1935 by £4,650.

The completed Crown Agent's Account might modify the details of some of the above items but not the total Treasury balance. These details would be incorporated in the Treasury Report for July.

Three sources of revenue which accounted in part for the increased receipts and Treasury balances, namely, export tax on liquor, sale of stamps and revenue from Note Security Fund investments, were not likely to be maintained in the future, for reasons of which the House was aware.

It was suggested, therefore, that it might be advisable to consider at an early date in the next Session the question of placing part of the exceptional balance to the Reserve Fund, which at present stood at the low figure of something less than £7,000.

AIRPORT EXPENDITURE.

The total expenditure on the Airport up to 31st July, amounted to £32,18 of which £28,763 had been expended during the present year.

BARBADOS.

The following summary is in continuation of that given in the last issue of the JOURNAL *(Vol. XVII., No. 3) and deals with further proceedings of the session of the Legislature which commenced on 10th December, 1935.*

DANGEROUS DRUGS ACT.

This Act consolidates the law relating to the importation, exportation, manufacture, sale and use of dangerous drugs. The Bill was introduced in the House of Assembly on 9th June, 1936.

IN THE HOUSE OF ASSEMBLY.

On 16th June,

The Attorney-General (Hon. E. A. Collymore)*, moving the Second Reading, said the Bill was of Imperial and international character. It consolidated the law with regard to dangerous drugs, and the sale and use of dangerous drugs, and was intended, apart from its consolidation, to carry out the terms of an International Convention to which the British Government was a party. The United Kingdom had joined, but before joining on behalf of the Colonies, which was particularly desirable because they should form one entity with the United Kingdom in the Convention, legislation was necessary in each Dependency, Mandated Territory, or Colony.

The Bill was passed through all its stages without division.

UNITED KINGDOM DESIGNS (PROTECTION) BILL.

The object of this Bill is to provide for the protection in Barbados of designs registered in the United Kingdom. The Bill was introduced in the House of Assembly by the Attorney-General, and read a first time on 7th January.

Clause 2 provides that the registered proprietor of any design registered in the United Kingdom under the Patents and Designs Acts 1907 and 1919, or any Act amending those Acts, shall enjoy in Barbados the like privileges and rights as though the Certificate of Registration in the United Kingdom had been issued with an extension to that island.

Clause 3 provides for the protection of a person who unwittingly infringes a patent and is able to prove that he was not aware of the existence of its registration.

IN THE LEGISLATIVE COUNCIL.

On 2nd June,

The Attorney-General (Hon. E. A. Collymore)* said the Bill merely sought to put the law of the Island with regard to designs registered in the United Kingdom in the same position as the law in other parts of the Empire. While the Bill gave protection to those who registered designs, ample protection was also given to anyone who unwittingly used a design to which he was not entitled.

He did not think designs were very much used in the Island, except in certain mercantile products, and they were adequately protected in a general way.

The Motion was agreed to, and the Bill was read a second time.

On the same day the Bill passed all remaining stages in the House of Assembly without a division.

* On 8th October it was announced that Mr. E. K. Walcott, M.H.A. (Solicitor-General) had been appointed Attorney-General in succession to the Hon. E. A. Collymore, K.C., M.H.A., who was recently elevated to the Bench as Chief Justice.

DEBATE IN LEGISLATIVE COUNCIL.

On 16th June,

The Colonial Secretary (Hon. G. D. Owen) moved that the Bill be read a second time.

Hon. S. C. Thorne said the Bill was a hardy perennial. He did not think it had ever reached the Council before, but he himself had been instrumental in getting it rejected on two occasions in the other place.

Under the provisions of the Bill, a person (of any nationality) registering a patent in England was to be given patent rights in Barbados; but he thought that if the market in Barbados was worth anything those people should pay to obtain patent rights in the Island.

He noticed from the Bill that there was no offer to extend the same accommodation to Barbados patents as far as England was concerned. They had to go to England and pay if they wanted to obtain patent rights. He regarded it as an impertinent request. He would like to see such a Bill introduced in any of the Dominions.

As far as he knew, there was no reason for the Bill. To obtain patent rights in Barbados people in England had to pay now, and they should continue to pay, if the Barbados market was worth anything. Anyone who registered a design in England, would, under the Bill, automatically have that patent registered in Barbados. But if anyone in Barbados worked out a design and failed to register it in England, anyone in England, getting wind of it through a friend, could rush to the Patents Office there and register it.

At the present time people registering in England had to do as they [in Barbados] had to do: although they were British subjects they had to go to England and pay certain fees to obtain patent rights. But they did not do it unless the market was worth paying for.

He moved that the Bill be rejected.

Hon. J. D. Chandler said the reasons given by Mr. Thorne seemed strong ones. The matter had not struck him in that light before. There was a possibility, however, that other questions in connection with the matter might be raised, and for that reason he moved that the Bill be postponed for further consideration.

Mr. Thorne said he would not object to a postponement if he could see any object in it. There was no possible reason why they should give this right to people registering in England, to people who might not even be Britishers.

On a division the question that the Bill be postponed was agreed to by 4 votes against 3.

BAHAMAS.

The following summary is in continuation of that given in the last issue of the JOURNAL *(Vol. XVII., No. 3) and deals with further proceedings of the Session which opened on 21st November*, 1935, *and which, on 2nd June*, 1936, *was prorogued to 15th October*.

GOVERNOR'S SPEECH.

(Prorogation of the Legislature ; Money Bills : differences of opinion as to Parliamentary practice in the Empire ; Minimum Wage Bill ; Currency Note Act ; Government assistance to industry and agriculture ; Visit of Sir John Maffey.)

On 2nd June, 1936, on the occasion of the prorogation of the Legislature, the Governor (Hon. Sir Bede Clifford, K.C.M.G., C.B., M.V.O.) addressed the Legislature. The following is a summary of his Speech :—

His Excellency, after referring to the Protection of the Revenue Act and the Tariff Act which had been passed during the Session, said that while he did not anticipate that it would be necessary to raise additional revenue for some time to come, the effect of the new Duties would have to be carefully studied, and if it could be shown that in their present form they were adversely influencing the trade of the Colony some further adjustments might have to be made.

TARIFF POLICY.

It had been represented to him that the Administration, being a disinterested party, should be responsible for the tariff policy and the manner in which it was presented to the Legislature, and while he realised this suggestion might involve questions of privilege, he submitted that since the Legislature could reject any proposed tax, the manner in which taxes were presented for consideration should not be allowed to create insurmountable difficulties.

QUESTIONS OF PARLIAMENTARY PRACTICE.

It might not be out of place to remark that the differences of opinion as to Parliamentary practice which occurred from time to time in most parts of the Empire provoked a display of feeling out of all proportion to their importance. The primary purpose of any Legislature was to make good laws for the country, and this duty should, he thought, take precedence over all questions of Parliamentary etiquette. The Commons, for instance, had wisely shown a disposition to waive the rights they claimed in regard to Money Bills when amendments proposed by the Lords were made in order to carry out the obvious wishes of the Lower House ; to clarify the meaning of a Bill or bring its provisions into harmony with existing legislation. Mr. Joseph Chamberlain, when asked to give a ruling on one of these issues, had sagaciously observed that as in that particular instance no branch of the Legislature had appeared to object to the item of expenditure responsible to the dispute, it would seem idle to argue about the manner in which legal provision should be made for it.

His Excellency added that he wished to assure the Legislature that his remarks on the subject were not meant to be critical. The intention was to suggest that small differences that might be easily adjusted could also be easily magnified.

MINIMUM WAGE BILL.

Amongst measures which had not been passed were one or two of importance. He regretted the failure to proceed with certain social legislation, including the Minimum Wage Bill.

CURRENCY BILL.

The passage of the Currency Bill brought to its final stages a policy in which he had taken an especial interest ever since his arrival in the Colony. As soon as the concluding formalities had been complied with, the Note Issue of the Colony would be linked up with sterling and would thereby acquire a sound backing, a greater flexibility in exchange operations, and an enhanced status in the Empire and in the world.

INDUSTRY AND AGRICULTURE : GOVERNMENT ASSISTANCE.

Addressing the House of Assembly, His Excellency referred to the assistance they had provided for the establishment of an experimental produce exchange, the rehabilitation of the sponge industry, and the encouragement of agriculture. The increased Tariff and Stamp Duties should, without imposing undue burdens, greatly strengthen the position of the Colony, and enable the Government to embark on a more progressive policy.

VISIT OF SIR JOHN MAFFEY.

In conclusion, His Excellency expressed the appreciation of the visit of Sir John and Lady Maffey to the Colony, and said he was sure that the Legislature would gratefully remember the encouraging words which had been spoken by Sir John Maffey.

MINIMUM STANDARD WAGE BILL.

This Bill was brought in as a result of the report of a Select Committee which had been appointed, on the Motion of Mr. Christie on 25th November, 1935. " to consider the desirability of establishing a standard minimum daily living wage for the labourer in the Colony."

It was introduced in the House of Assembly by Mr. Christie and read a first time on 2nd April.

The object of the Bill was to make provision for the fixing of a minimum wage for labour.

DEBATE IN HOUSE OF ASSEMBLY.

On 6th April,

Mr. P. E. Christie (*New Providence, W.*), in moving the Second Reading of the Bill, said that as he understood there was considerable opposition to the Bill, he would await the expression of that opposition before proceeding further.

Mr. L. W. Young (*New Providence, E.*) said he hoped he would not be numbered with the opponents to the Bill. He had promised to support the effort to secure the passage of such an Act and it was an important and difficult matter. He had been pleased at the Motion which had resulted in the appointment of such an able Committee and had promised to support them. It was the surprise of his life for men of such standing as the men of this Committee to bring in such a crude, even dangerous, document as the Bill. The measure would only create greater unemployment and would pauperise the working people. He moved, as an amendment, that the Bill be referred back to the Select Committee for further consideration.

Mr. R. W. Sawyer (*Eleuthera*) said that as a member of the Committee he seconded the Amendment : he was not a party to the Bill and really knew nothing about it. He believed the Bill was unworkable.

Mr. A. R. Braynen (*Cat Island*) said that as a member of the Committee, the Committee had only been trying to get around a very vexed problem. The prime purpose of the Bill was to bring the matter before the House, and if the Bill contained objectionable features, the objections could be voiced when it was referred to a Committee of the Whole House. He felt it would be more than useless to refer it back to the same Committee. The actual fact was that the House did not want to deal with the Bill but wanted the Committee to take the responsibility for it.

Hon. W. K. Moore (Leader of the Government) reminded the House that the Government had sent down three Bills at his suggestion which had been referred to the same select Committee providing for: (1) the fixing of a minimum wage for labour; (2) the amendment of certain Acts with a view to reducing the Penal Sanctions applicable to Labour Contracts; and (3) the amendment of the Contracts of Service Act. Those three Bills had the advantage of possessing international as well as local character and took care of many other aspects of labour beneficial to the labouring classes of the Colony.

The Bill which had now been brought in did not cover the subject in the same terms as the Government's Bills and it would therefore be impossible for the Government to support the Bill as a whole, and members of the Government would vote as representatives of their constituencies.

Mr. Christie said the Committee had considered the Government's three Bills and concluded that they were unworkable in that country. A majority of the Committee had agreed on the Bill before the House.

The Amendment was carried and the Bill was referred back to the Committee.

MINIMUM WAGE FOR UNSKILLED LABOUR.

On 9th April, in the House of Assembly, Mr. Young moved the following Resolution:—

"Whereas this House is of the opinion that the time has come when a more definite wage-scale for unskilled labour should be fixed so as to enable such labour to be able to obtain a reasonable share of the comforts of life, and

"Whereas it is deemed desirable that the Government should take the lead in this measure of reform, and encourage private interests in like manner,

"Be it resolved that it is the wish of this House that all Government Departments and Public Boards should be requested to pay to unskilled labour in New Providence a minimum wage for a week of 48 hours: Male, £1; Female, 10s.

"Resolved further that a copy of this Resolution be sent to H.E. the Governor."

DEBATE IN HOUSE OF ASSEMBLY.

Mr. L. W. Young (*New Providence, E.*) said that he had heard that the Board of Works did not pay less than 3s. and that this would only be an increase of 4d. He did not think there was any sound argument against the Resolution except that the Departmental estimates might not be based on these rates. If the House passed it, they would be obliged to make provision for the funds.

The Resolution was not a mandate but a request. He was satisfied that it would cover all that was intended by the Minimum Wage Bill sent to the Select Committee at the last meeting.

Mr. G. Murphy (*Exuma*) said that the passage of the Resolution would undoubtedly be a great moral influence since the Government wage standard would influence strangers in the Island in determining what they should pay.

Hon. A. K. Solomon (*New Providence, E.*) thought it would be better to set the rate by the day since that was how unskilled labour was paid. He would suggest 1s. 6d. per day for women and 3s. 3d. for men.

He moved that these figures be inserted in the Resolution in place of the weekly rates.

Mr. W. C. B. Johnson (*Harbour Island*) moved, as a further Amendment, that the original words should stand.

This Amendment was carried and the original Resolution was agreed to.

JAMAICA.

The following summary is in continuation of that given in the last issue of the JOURNAL *(Vol. XVII., No. 3) and deals with further proceedings of the Session which commenced on 3rd March, 1936, and which was prorogued on 25th June.*

THE BUDGET.

(Trade : increased imports and exports ; Revenue and Expenditure for 1935-36 ; Estimates for 1936-37 ; Financial reserve.)

On 17th March, 1936, in the Legislative Council, the Colonial Secretary introduced the Budget for the year 1936-37.

IN THE LEGISLATIVE COUNCIL.

The Colonial Secretary (Hon. C. C. Woolley), reviewing the trade of the Colony for the year 1935, said the value of total imports amounted to £5,009,906 and that of the total exports to £3,900,000. The value of imports for 1935 had exceeded that for 1934 by £232,837 ; the value of exports for 1935 had exceeded those for 1934 by £623,461. The total value of the Colony's trade for the year was £856,298 more than in 1934.

The figures for 1934 had shown an increase of some £850,000 in value over 1933, and it was good to see that the improvement in trade in 1934 had been maintained in 1935.

Revenue and Expenditure, 1935-36.

The original estimate of Revenue for 1935-36 was £2,082,926. The revised estimate was £2,131,046, an increase of £48,120 over the original estimate. That was largely due to the increase in their import duties amounting to £14,000 and in Land Tax Receipts amounting to £16,000.

Expenditure approved by the Council in respect of 1935-36 was £2,078,718 and the revised estimate was £2,195,403, showing an increase in Expenditure of £116,685. On these revised estimates they showed an estimated deficit on the 1935-36 transactions of £64,357. They had begun the current financial year with a surplus balance of £66,199, and if they took from that the estimated deficit they were left with the estimated surplus balance of £1,842 ; and there was no guarantee that even that small sum would be retained.

Estimates for 1936-37.

The estimated Revenue for 1936-37 was £2,188,781, and it represented an increase of £105,855 over the original estimate for 1935-36 and an increase of £57,735 on the revised estimate of Revenue for 1935-36. This figure of estimated Revenue was, however, inflated by the inclusion of some £25,000 which they expected to receive from the Colonial Development Fund. There was a corresponding amount in the estimates of Expenditure : £25,000 was for the erection of the Tuberculosis Hospital.

In regard to Expenditure, they had budgeted for £2,152,862, or £35,919 less than the estimated Revenue. If they added to that the sum of £1,842 which they expected as surplus at the beginning of the year, they would have at the end of the next financial year a surplus of £37,761. That was not very large, but it might be regarded as satisfactory, bearing in mind that they proposed to put away £10,000 towards their Insurance Fund and £25,000 towards the new Reserve.

They had, nevertheless, budgeted to spend something like 96 per cent. of their total estimated Revenue, and the remaining 3½ per cent. which they held in reserve was made up as follows : £10,000 Insurance Fund, £25,000 Reserve, together with the surplus they hoped to get at the end of next year amounting to £37,761.

Financial reserves.

The position as regarded their financial reserves was that they had in the Insurance Fund £179,000. If they added to that £10,000 in the coming financial year they should have £189,000. If they added to that the interest they expected to receive on the total sum, their Insurance Fund should approximate £200,000 by the end of the next financial year.

TRADE REPRESENTATIVE IN LONDON.

On 3rd June, in the Legislative Council, a discussion took place on a Motion moved by Mr. Smith as follows :—

"Whereas it would be of great value to this Colony to have a trade representative for this Colony in London, this Council is of the opinion that such an officer should be appointed by the Government at a salary to be approved of by the Council."

DEBATE IN LEGISLATIVE COUNCIL.

Mr. J. A. G. Smith (*Clarendon*), said quite a few of the Colonies had representatives in London, and an office of the kind for Jamaica would involve the provision of a place where certain products of the country could be displayed. Even for those two commodities, bananas and citrus, a great deal could be done to get them better known.

They were making an effort to develop minor industries, and the Government were taking an active interest, and a representative putting strongly before the British public what Jamaica could produce would be of tremendous assistance. The West India Committee had given them much assistance; but there should be some place where the fullest information could be given. Such a representative could be used in conjunction with their Tourist Traffic.

The President (H. E. the Governor : Sir Edward Denham) said he did not think there was any doubt that if they had the right man it must be of value to have a trade representative ; but sometimes it was an expensive matter. He did not think they could appoint any officer until they found out what the cost would be.

Hon. G. S. Ewen (*Trelawny*) said that when one thought of the present trade in London of most of their products, one wondered whether anything was likely to be derived. Their sugar industry was under the control of a trust in London. Rum was controlled by the enormous duty of £500 on a puncheon. The banana trade was also controlled. These were the three of their largest industries.

He thought that in Canada there was a freer market for all their products. He would like to see the trade in Britain go up ; but he questioned whether London was their best source : they might find markets in Liverpool, Manchester, and so on.

Hon. G. S. Seymour (*St. Andrew*) thought that before the Government pledged themselves to anything, they would have to get fuller information regarding what they had to sell.

The Director of Agriculture (Hon. A. C. Barnes) said he was very much in sympathy with the object of the Motion ; but he felt that there were other considerations that should be looked into before any definite decision could be arrived at.

It had appeared until comparatively recent years to be nobody's business, so far as the Government were concerned, to make inquiries either in England or Canada regarding products capable of growing in Jamaica that could be successfully marketed in those countries.

The Department had recommended the introduction of a tobacco development scheme, the success of which depended largely on successful marketing of the product. There were other things, like essential oils. In regard to the possible future, inquiry could be made through merchants or the Imperial Institute, the services of which were very valuable.

Regarding banana flour and cassava products, successful efforts largely depended on effective sales organisation for the disposal of those products. It depended upon some link between the producer in Jamaica and the market on the other side, whether England or Canada.

He had felt for some time that they did need some new service to provide this link. Whether it could be better brought about by adopting the Motion of Mr. Smith, or by appointing some such officer as an Industrial Commissioner or a Marketing Officer, who could spend a part of his time in Jamaica keeping in touch with production and the problems peculiar to it and part of his time in Canada and England, keeping in touch with marketing problems, required consideration.

Mr. Smith asked leave to amend his Motion to read :—

"The Council is of opinion that Government should go into the matter with a view of appointing such a representative."

Whilst he agreed with doing all they could for and with Canada, apart from trade there was always a sympathetic reception that made for expansion in England ; so that one always turned there with far more certainty than elsewhere.

The Colonial Secretary (Hon. C. C. Woolley) said the Government were prepared to accept the Amendment.

The Motion as amended, was put and carried.

EMPIRE PARLIAMENTARY ASSOCIATION.

(Motion to approve Constitution and Rules of Jamaica Affiliated Branch.)

On 25th June, in the Legislative Council, the Clerk laid upon the Table the Constitution and Rules of the Affiliated Branch of the Empire Parliamentary Association drawn up by the Officers and Members of the Executive Committee appointed by Resolution of the Council on 14th November, 1935.

IN THE LEGISLATIVE COUNCIL.

Hon. G. S. Ewen (*Trelawny*) gave notice that at the next meeting of the Council he would move the suspension of the Standing Orders to enable him to move :

"That the Constitution and Rules of the Affiliated Branch of the Empire Parliamentary Association be approved."

On the same day, a Motion for the suspension of the Standing Orders having been agreed to,

Mr. Ewen said the matter had been before the Council a considerable time, and the Council had approved in 1935 of the proposal to form a Branch of the Association. It was now desired that the matter be settled so that communication could be made to the parent Association in Westminster.

It was desired that all present and past Members of the Council should join.

Mr. Ewen pointed out that not only was the Clerk of the Council (Mr. H. V. Alexander) the permanent Secretary of their Branch of the Association, but H.E. the Governor, whoever might occupy that office,* was President. The Colonial Secretary (Hon. C. C. Woolley, O.B.E., M.C., M.L.C.) was Vice-President.

Mr. Ewen said he wished to point out the great value affiliation with the Association throughout the Empire would be to Jamaica. They wanted association with bigger ideas and larger experience which attended larger populations in larger countries.

Privileges of membership.

Replying to a question regarding the privileges of membership, Mr. Ewen said he thought the chief thing was intercourse between the various Members and between the various Branches. The Association issued reports on foreign affairs, not for publication but just information for Members of the Parliaments of the Empire. Very interesting information and a good many papers were published. The last thing he had seen was an eye-opener on the foreign situation. It was very helpful to many Members in the profession to which the Attorney-General and he had the honour to belong. The benefits and privileges, he thought, were very important.

The Motion was carried unanimously.

* The office of Governor is at present occupied by Sir Edward Denham, G.C.M.G., K.B.E.

MAURITIUS.

The following summary deals with some of the proceedings of the Session of the Council of Government which opened on 31*st March*, 1936.

GOVERNOR'S SPEECH.

(Sugar prices; Financial position; Message from H.M. The King; Stabilisation of Railway system; Unemployment; Establishment of Agricultural Mortgage Bank: need for maintenance of Reserves.)

The Session of the Council of Government was opened on 31st March, 1936, by the Governor (Sir Wilfrid Jackson, K.C.M.G.). The following is a summary of His Excellency's Speech :—

PROBLEM OF SUGAR PRICES.

The Speech, after referring to the international situation, stated that in the economic sphere of Mauritius, there was sharp disappointment at what appeared to be the failure, for the time being, of the attempt to solve the problem of sugar prices by international agreement. But there were numerous and unmistakable signs of extensive economic recovery, more especially within the confines of the British Empire, which, as it proceeded must have its reaction on a staple product like sugar.

FINANCIAL POSITION.

The Session which opened that day began somewhat earlier than was customary as there were urgent matters, consideration of which should be undertaken as soon as possible.

It was expected that the Estimates would be ready in April or May. Meanwhile, he was glad to be able to tell the Council that, even with the remission of taxation and charges which had followed upon the last Estimates, Revenue had been well maintained, receipts from Import Duties and Excise being above the previous year's level, and licence receipts little below. Present indications permitted them to hope that after providing for certain inevitable additional expenditures, the end of the financial year would show a favourable balance, in which event available liquid reserves of the Treasury might be expected to approximate to between Rs. 3,750,000 and Rs. 4,000,000.

MESSAGE FROM H.M. THE KING.

His Excellency proceeded to communicate to the Council a Message from H.M. The King in reply to the Resolution of sympathy and loyal allegiance passed by the Council on 11th February.

STABILISATION OF THE RAILWAY.

A measure of importance which would be laid before the Council was a Bill providing for the stabilisation of the position of the Government Railway system for a period of five years by the limitation of unrestricted competition in the haulage of heavy goods.

UNEMPLOYMENT.

Continuing, His Excellency said he had received a short time ago a Memorandum from the Unofficial Members of the Council dealing with unemployment. The Government had been fully conscious of the complex and deep-seated character of the issues to which the conditions referred to in the Memorandum had given rise; and Members' proposals were receiving the most careful and sympathetic consideration. He felt justified in saying that with the central feature of the plan proposed, viz., that a programme of public works of general utility should be drawn up with a view to providing employment, the Government were in full accord. Certain other features of the proposal such as the establishment of a special fund for financing the programme, would require the assent of the Secretary of State for the Colonies, and possibly also of the Imperial Treasury, in view of the responsibility undertaken by the Treasury in guaranteeing the financial stability of the Colony in connection with the Hurricane Loan of 1931.

It seemed that the programme must first be drawn up and for that purpose he agreed that the appointment of a Committee with competent technical advice seemed to offer the best hope of rapid progress. The composition of the Committee was under consideration.

LAND SETTLEMENT.

The allocation of certain property for land settlement had now received the assent of the Secretary of State, and the Council would be asked to vote the necessary funds for opening the property gradually to settlement in small allotments.

DEVELOPMENT OF SECONDARY INDUSTRIES.

Plans such as those referred to did not go to the root of the matter. The only permanent remedy, apart from emigration, lay in broadening the basis of the economic life of the Colony by the establishment or extension of secondary industries.

His Excellency referred to plans formulated for the development of the aloe fibre industry, in connection with which, he said, the services of a competent expert had been secured.

TOBACCO MARKETING; DEPORTATION OF UNDESIRABLE ALIENS; ETC.

Among measures which would be laid before the Council were those relating to the amendment of the Tobacco Production and Marketing Ordinance, and the deportation of undesirable aliens and of undesirable British subjects who were not natives of the Colony.

AGRICULTURAL MORTGAGE BANK: MAINTENANCE OF RESERVES.

The scheme for the establishment of an Agricultural Mortgage Bank was one of the most important measures that had been placed before the Council for some time. It was only by the rehabilitation of the Government finances and the attainment of a relatively secure position that the establishment of such a Bank had been made possible; and, if it were established, its existence would render it more than ever essential that a cautious policy should be observed in dealing with the Government finances.

The conditions in a Colony such as Mauritius, which must always be subject to serious fluctuations in the value or volume of its staple product, rendered the maintenance of reserves a matter of the first importance. Experience of fluctuations in the sugar industry showed that it was inevitable in those conditions that situations should occur from time to time in which it was necessary that the credit of the Government should be mobilised in support of the industry, as it had been in connection with the 1935 crop, and as it would be in the establishment of the Mortgage Bank. When that credit failed, they were compelled, as in 1931, to fall back on the support of the Imperial Treasury, a course which involved the subjection of local finances to Treasury control.

FINANCIAL REHABILITATION.

In conclusion, His Excellency referred to the task of re-establishing financial stability which he said had been beset with numerous difficulties and had involved extensive changes both of system and personnel, carried out in a time of continued economic depression. He took the opportunity of acknowledging gratefully the spirit of forbearance, courtesy and goodwill in which these controversial matters had been dealt with in the Council. He hoped that the term of the Council might see the re-establishment of permanent prosperity in the Colony.

IMPERIAL DEFENCE.

(Contribution from Mauritius: Unofficial Members' Motion.)

On 31st March, in the Council of Government, the following Motion was introduced by Mr. Leclézio :—

"The Unofficial Members of the Council of Government beg to express the wish that a sum of £10,000 be offered, in the name of the Colony, to His Majesty's Government as a contribution towards Imperial Defence."

DEBATE IN COUNCIL OF GOVERNMENT.

Hon. J. Leclézio (*Moka*), during the course of his speech, said that Mauritius, so dependent on the Mother Country, had always made a point of proving its attachment to the Throne, its loyalty. To-day, when England in order to maintain her prestige must increase the forces of her Army and the power of her Navy, they could not say that they must help her: the slender sum they offered, namely, £10,000, did not entitle them to use such phraseology. What they wished was, that in transmitting their offering to the Secretary of State, H.E. the Governor would be good enough to ask him to see in the gesture their desire to prove their attachment to the Mother Country.

The President of the Council (H.E. the Governor : Sir Wilfrid Jackson) said he was perfectly certain that the offer, and more particularly the spirit which the Motion represented, would be warmly appreciated.

DEPORTATION ORDINANCES.

(Deportation of undesirable British subjects and undesirable aliens ; etc.)

On 31st March, in the Council of Government, the Acting Procureur and Advocate-General introduced the following Bills: (1) Deportation (British Subjects) Bill; (2) Deportation (Aliens) Bill; (3) Destitute and Criminal Immigrants Regulation (Amendment) Bill.

The effect of the provisions of these three Bills was explained in a speech by the Acting Procureur-General on 14th April, on the Motion for their Second Readings.

IN THE COUNCIL OF GOVERNMENT.

On 14th April,

The Acting Procureur and Advocate-General (Hon. J. M. de Comarmond) explained that under their present law, a person could be banished or deported if he was an alien and came within the purview of the law. Thus, if convicted of a certain class of offences, or if it was established to the satisfaction of a court that he had committed certain offences in foreign lands, within a certain number of months, he could be deported. This applied to aliens. Another Ordinance dealt with the entry into Mauritius of destitute persons and vicious criminals. Destitute persons were those who came into the Colony but had no visible means of subsistence and no contract for work. They could be compelled to return to the place from which they had come unless they furnished security or complied with the other conditions the Governor might impose. The term, under the law as it stood, did not apply to persons born in Mauritius or people who had resided there for a certain number of years and had taken on British nationality there.

Deportation of British subjects.

Dealing with the Bill concerning the deportation of undesirable British subjects, Mr. de Comarmond said it introduced new features in the sense that British subjects would be deported if certain conditions obtained. These conditions were that these British subjects did not belong to Mauritius, because they were not allowed to deport people born there or ordinarily resident in Mauritius for seven years, or people who had obtained the status of British subjects there and the wives, children and step-children of such people. Another condition was that they must come under the definition of "immigrant British subjects," who could be deported but only within a certain number of months from their arrival in Mauritius, unless the Secretary of State gave special permission for their deportation.

Under the Bill deportation of an immigrant British subject could be ordered, in the case of a prohibited immigrant within a period of three months of his arrival, and in the case of a destitute person within a period of one year.

Apart from deportation, a British subject, whether he had been born in Mauritius or had come there from somewhere else, would be subject to Restriction Orders and Security Orders. The Restriction Orders would allow the Governor in Executive Council, when satisfied that the British subject was a convicted or undesirable person, to make an order preventing him from living in a certain area of the Island. The Security Order compelled the person in respect of whom it was made to furnish security for the due observance of certain conditions.

To put it shortly, the Bill stood on this first principle—that some powers should be given to a Colony to deport or deal with British subjects who were not born on its shores and who proved to be destitute or undesirable people or worse. After a certain period of residence, however, an order for deportation could not be made except in certain cases approved by the Secretary of State.

Deportation of undesirable aliens.

The Bill to regulate the deportation of undesirable aliens had to be passed in order to ensure that aliens should not be treated with more favour than British subjects. It re-enacted practically the same provisions as those existing for British subjects, except that the penalty of deportation was the only one applicable: there were Restriction and Security Orders. The Governor could give orders for deportation under the existing law. The new feature was that now such an order could be made not only for a convicted person but also for an "undesirable" person, that was,

"A person who is or who has been conducting himself so as to be dangerous to peace, good order, good government or public morals."

In cases which did not go to court, as in the case of undesirable persons, there was a procedure similar to the one provided for British subjects by which a magistrate investigated the matter in Chambers, and reported to the Governor, who decided as to the measures to be taken.

The Acting Procureur said the third Bill amended the Destitute and

Criminal Immigrants Regulation Ordinance, 1907, in order to bring it into line with the legislation dealt with in the two other Bills.

The Bills were read a second time.

Subsequently the Bills were considered in Committee and reported and read a third time.

MARKETING OF SUGAR.

(Sugars from Crown Colonies: marketing conditions in England; Precarious condition of industry: unremunerative prices; British preference and Beet Subsidy.)

On 31st March, in the Council of Government, Dr. Laurent submitted the following Motion :—

"In view of the inadequacy of prices, in the existing state of world competition, to ensure the financial equilibrium of the sugar industry on which this Colony depends, the Council of Government is of opinion that earnest representations be made, through the Rt. Hon. the Secretary of State for the Colonies, to His Majesty's Government touching the necessity for devising means of ameliorating the conditions under which sugars from the Crown Colonies are marketed in the Mother Country."

DEBATE IN COUNCIL OF GOVERNMENT.

Dr. the Hon. E. Laurent (*Port Louis*), in submitting the Motion, said that planters and mill-owners had, rightly, placed their confidence in the Colonial Conference, the object of which was to establish an equilibrium between world production and consumption of sugar; but any solution on these lines had been impossible in view of the non-participation of certain large producing countries.

If it was still possible for them to make some profit during good years, these were not numerous and were insufficient to compensate for the unprofitable years. As long as prices did not improve the situation of the sugar industry would remain precarious. Reduction of export tax, long term loans, agricultural bank—no measure, in fact, could bring efficacious aid as long as prices did not improve.

Present prices, in the absence of an agreement to regulate production, would leave them in an uncertain position which might at any moment become critical and even disastrous, should a cyclone or a drought occur.

Need for increased preference.

He knew that England had helped them much and had granted them generous assistance. But he believed that, in view of the low prices for sugar brought about by subsidies granted by other countries and the efforts of Mauritius to bring costs of production to the lowest figures, the Home Government would find a formula to get them out of their difficulties.

Last year they had been able to convince the Colonial Office of the soundness of their case, but the Secretary of State had not been successful with the Chancellor of the Exchequer. Another year had passed and the sugar industry had been able to hold out in view of the good 1935 crop and the prospects of another good crop during the present year. But the position remained really difficult; conditions outside did not correspond with the flourishing situation of the Treasury. He had confidence in the kindly solicitude of the British Government towards them, and in the spirit of solidarity which must prevail amongst all members of the Empire; and he hoped that the Colonial Office would be more successful this time.

Hon. Philippe Raffray (*Black River*), in seconding the Motion, said that the assistance which they could not obtain from the Home Government they had obtained from Providence, to the extent that no cyclone had visited the island last year the crops had not been affected by drought, and they had been able to make a record crop of over 280,000 tons. But they must not forget that the production for one individual year did not mean much.

Continuing, Mr. Raffray said that the answer of the Secretary of State to the application made by the Council had been received with grave concern, and with disappointment that the Home Government should not have found any possible and acceptable means of coming to the assistance of the industry. No argument could be found against an increase of preference or stabilisation of the sugar prices in the Colonies from the trend of prices on the London market. Prices had gone down from year to year, and had now reached the lowest figure ever.

They had again and again been told, as far back as 1930, under the Labour Government, that they should look to the future with hope and that they would get back to more remunerative prices, for their staple product. The Colony, in view of those hopes, had carried on cultivation, and it was rather hard that they should be told that they were still growing sugar cane, that the industry was not declining, and that the Home Government saw no reason to help them. The whole population of the island was exclusively depending on sugar, and if they were to reduce either cultivation or manufacture, employment through every class would be affected.

The Colony was receiving about one and a half million pounds from the Home Country every year by way of preference: that kept alive 400,000 people. To keep alive the beet sugar industry in England, for the purpose of employing less than 100,000 men, the Government had been spending five or six million pounds every year. The amount was not given as a special favour to Mauritius; it was given to all the sugar-producing Colonies of the Empire because the system of sugar dumping and *boni* had so much interfered with the price of sugar in the world market that through the action of foreign Governments they in Mauritius, who could produce sugar at, perhaps, the cheapest price in the world, were unable to secure a fair price for their production.

Prestige and obligations of Empire.

Concluding, Mr. Raffray said the possession of a great Colonial Empire threw considerable lustre, prestige and importance on the British Empire, and the possession of Colonies scattered over various parts of the world carried with it certain duties and obligations. It was incumbent upon the Mother Country to see that the inhabitants of the island should be secured from the difficulties with which they had had to contend. When the National Government came to power the price of sugar was 7s. 6d.; it had now gone down to 4s. 7d. Every assistance that they were supposed to obtain from that increase of preference had been rendered illusory by the downward trend of prices.

The President of the Council (H.E. the Governor: Sir Wilfrid Jackson) stated that as the Motion was one for approaching the Secretary of State, it would be regarded as a Motion of the Unofficial side: the Official side would take no part in the vote.

The Motion was unanimously adopted.

AGRICULTURAL BANK ORDINANCE.

This Act provides for the establishment and regulation of the Mauritius Agricultural Bank.

The Bill was introduced and read a first time in the Council of Government on 31st March.

DEBATE IN COUNCIL OF GOVERNMENT.

On 31st March, on the Motion for the Second Reading,

The Acting Procureur and Advocate-General (Hon. J. M. de Comarmond), explaining the provisions of the Bill, called attention to the fact that the Managing Director and the five other Directors who were going to supervise and administer the affairs of the Bank were going to work in the following way as regarded the question of granting loans: Under Clause 5 it was provided that:—

"no loan shall be granted without the consent of the Managing Director and of at least three of the other members."

The quorum of the Board was four. The business of signing deeds, cheques and so on was entrusted to the Managing Director, who would be appointed by the Secretary of State. The five other Members would be appointed by the Governor.

Provision was made for the appointment of the staff, which would require the approval of the Governor as regarded number of officers and salaries, the actual appointments being in the hands of the Managing Director, subject to the approval of the Board.

Finance.

Regarding the financing of the Bank, there was a Bill on the Order Paper providing for the raising of a Loan.* The proceeds of that Loan would be lent by the Government to the Bank. It was clearly laid down that the Bank would not raise funds from any other source except from Government.

Purposes of loans.

The purposes of the loans, set out in Clause 12, were fairly wide. They included the purchase, development and improvement of agricultural land and so on even

"the liquidation of debts already incurred for any of the above purposes on the security of the immovable property concerned,"

* *Vide* p. 939.

but there was a proviso to the effect that the Bank should not lend money if it was going to be applied to repay loans made under the Hurricane Loan (Appropriation) Ordinance, 1931.

Conditions and securities.

As set out in Clause 13, no loan would be granted for less than Rs. 5,000, or for a period of less than 10 years or more than 30 years.

The most important condition was that mortgage security must be given by the debtor to the Bank. No loan would be granted for more than 60 per cent. of the value of the property mortgaged as security; and no loan would be granted in respect of properties so situated financially that the grant of a loan might not, in the opinion of the Managing Director, be regarded as capable of placing the property on a sound financial basis. Even after the Board had agreed to a loan, the Managing Director would have the power to reduce or modify it.

Repayment of loans was to be made half-yearly by payments calculated to ensure redemption of capital interest at expiry of the time for which the loans were made. Power was given to accept re-payment in anticipation of certain circumstances.

A further provision entitled the Managing Director to recall a loan if the value of the property had depreciated so much that the security was no longer good; but before that, an opportunity must be given to the borrower to furnish additional security or take such measures as to give the Managing Director confidence in the securities.

The Bill was read a second time and committed.

In Committee, on Clause 13, "Condition of loans,"

Hon. P. Hugnin (*Plaines Wilhems*) said he would like to see the sum of Rs. 5,000 reduced. Rs. 5,000 as a loan meant what a planter might be granted from a sum of Rs. 8,333. He moved that the latter sum be reduced to Rs. 4,000 as a minimum value in order that small planters should benefit in a greater proportion: if a small planter's estate was valued at Rs. 4,000 and 60 per cent. was paid on it, he should receive (as loan) as much as Rs. 2,400.

The President of the Council (H.E. the Governor: Sir Wilfrid Jackson) said the sum of Rs. 5,000 had been decided on after very great care. The Motion was a substantial amendment.

Hon. J. Leclézio (*Moka*) said the small farmer would find it more advantageous to go to the Co-operative Credit Society. The best way to help small planters would be to try to improve those societies.

Mr. Hugnin's Amendment was defeated. The remaining Clauses were then agreed to, and the Bill was reported and read a third time.

AGRICULTURAL BANK LOAN ORDINANCE.

This Act provides for the raising of a loan for the purpose of financing the Mauritius Agricultural Bank.

The Act regulates the manner in which the funds of the Bank will be raised. Authority is given to the Governor, or the Crown Agents on his behalf, to raise by loan an amount sufficient to produce as nearly as may be Rs. 10,000,000. The Loan or any part of it to be raised in London under the provisions of the General Loan and Inscribed Stock Ordinance, 1922.

IN THE COUNCIL OF GOVERNMENT.

On 14th April,

The Acting Procureur and Advocate-General (Hon. J. M. de Comarmond), moving the Second Reading of the Bill, said there was nothing in the Bill which could prevent the Governor from raising part of the Loan in the Colony ; but another Ordinance would be necessary.

Clause 5 provided that the time for the beginning of the contribution would not be later than 3 years after the date from which the interest on the issue had commenced to run.

The Motion was agreed to and the Bill was read a second time. The Bill passed through the remaining stages on the same day.

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