

Policy Launch Speech: William Hughes, Prime Minister (NAT)

Bendigo, October 31 1919

“The work of caring for the soldier after he was discharged, or for his dependent, now fell under three heads, and had been administered by three departments. Pensions had been dealt with by the Treasury Department; repatriation, involving the payment of sustenance, financial assistance to soldiers, provision of employment, vocational training, etc., by the Repatriation Department”, under a responsible Minister; and the care of the soldier before his discharge by the Defence Department. Land settlement was in the hands of all the various States.

It was proposed now to group the various activities as far as possible under one head, and administer them through a paid commission of three, on which the soldiers themselves should have a representative.

All regulations preventing equality of treatment to soldiers would be abolished. Traveling facilities would be granted free to incapacitated men on all Commonwealth railways, and it was hoped on all State railways also. On the question of land settlement, with which he would deal elsewhere, while this was at present under State control, and so outside the immediate scope of the Commonwealth, it was hoped that satisfactory improvements would shortly be made under arrangements with the various States, whereby existing grievances, delays, and friction would be removed.

To sum up in one brief paragraph what the Commonwealth has spent on her soldiers, It is estimated that up to the time of the final demobilization of the Australian Expeditionary Force, there will have been spent in pay, separation allowances, clothing, equipment, rations, hospital treatment, and generally for the comfort of the soldiers a total of £216,000,000.

There was one matter in connection with the Treaty of Versailles which deserved special mention, as it vitally concerned Australian Labour. Under the Peace Treaty, a permanent international Labour organization was created for the purpose of equalizing Labour conditions the world over, of removing injustice, hardship, and privation, and all causes of industrial unrest which might be their existence menace the peace of the world. Australia was vitally concerned in these matters. The inclusion of them in the Peace Treaty marked the greatest advance that organized Labour had ever made in the history of the world. It was the great Magna Charta of Labour. The first meeting of the conference would take place in Washington this month. As the agenda paper contained questions of vital concern to the interests of Australian Labour, he invited the Labour organizations to nominate a representative to proceed to Washington.

The charter was drawn up by the representatives of Labour all over the world. The most advanced industrialists of Britain, France, Italy, America, and many other countries formulated and approved it. One would have imagined that those loud-mouthed ones who presumed to speak for Labour would have hailed this victory and accepted the invitation to send representatives. But ignoring alike the interests of their fellow unionists and the greater interests of Australia, and of the workers of the whole world, the Labour councils of the various States, being utterly incapable of anything but a narrow sectional output, turned the proposal down.

Australia, by this action on the part of Australian Labour, would therefore be the only country not represented. The Government could not take the responsibility of sending representatives in the face of this deliberate opposition.

The interests of Labour in Australia, will be jeopardized, the greater interests of Australia injured by the action of this narrow clique of men, who, pretending to speak on behalf of Labour, prating of the brotherhood of man, and the rights of Labour the world over, have shown themselves in peace as in war as men utterly unworthy.

For it is obvious that they have sacrificed Australia and Labour in order to wreak their spite on me. The workers of the world gathered this day in Washington to consider matters of vital concern to their comrades everywhere will see in this act of the present leaders of Australian unionism proof that they are opposed to all the principles on which the Labour movement throughout the world rests.

Almost from the beginning of the war it became apparent that without Government action grave, if not fatal consequences would result to the producers through the dislocation of industry and commerce, particularly freight, caused by the war.

It was well to remind the wheat-growers of this country that under the Government scheme they received considerably more than the world's parity.

The key of the situation was freight, and freights were practically unprocurable. Uncontrolled vessels asked up to the equivalent of a 8/ a bushel; the Wheat Board had itself been compelled to pay up to 6/ a bushel. With the price of wheat in London at 9/6 a bushel c.i.f., the farmer in Australia, basing his return on parity prices less cost of outside freight, would have received from 1/6 to 3/6 per bushel. The Government, on the other hand, guaranteed him 4/ during the most uncertain period of the war when freights were scarce and the submarine menace very serious, and actually obtained considerably more.

The position with regard to freight had not become much easier since war ceased. For some considerable time to come there would be a dearth of shipping; freights would be high. In addition they had to deal with thousands of tons of accumulated products lying on their wharfs, the bulk of which had been already paid for and must be shipped. It was only natural to expect that Britain would endeavour to shift the wheat she had already bought and paid for, before sending ships to take fresh crops to Europe. Our position in this regard was still serious.

In the marketing of wool the difficulties were practically the same; but the Government formed a pool, sold the whole clip of 1916-17, 1917-18, 1918-19 and 1919-20, at prices approximately 55 per cent higher than those obtained before the war. These sales to Britain involved close on 170 millions. Never before in history had such prices been

realized or thought possible. In the face of difficulties which seemed insurmountable by the erection of a great complex machine for appraising valuing, scouring, distributing, shipping and financing the Government had obtained for the grower a price higher than ever before.

The advantages for Government organization with regard to [word unclear]. Prior to 1915 the price of raw sugar was less than £14 per ton. The Government fixed the price at £18, and later £21 – ensuring to the grower a sure market and a guaranteed price. The wages of the field workers were advanced till the men employed in the industry, from being amongst the lowest paid in Australia, were amongst the highest. Notwithstanding the increased price to the grower and the increased wage to the worker, the Government protected the consumer by fixing the price of sugar at 3 ½ d per lb, at a time when the people of Britain paid up to 7d, and the citizens of the United States upwards of 4 ½ d.

The profits of refiners, and the commissions of the middlemen and retailers were limited to a fixed amount, and profiteering was completely prevented in this industry.

The assistance given by the Commonwealth to the northern sugar industry during the war had proved alike advantageous to the grower and consumer. After careful consideration of the necessities and prospects of the near future, we have decided to extend the guarantee of £21 for raw sugar for another year. In addition to this, the Government will be prepared to consider with the representatives of the producers the steps that may be necessary to enable this great interest to stand against the post-war competition of coloured labour from across the seas.

In sheepskins, hides, tallow, fur skins, butter, metals, cheese, bacon, rabbits, and other products, the Government has taken control, advanced money, provided ships, and obtained a greater price than ever before. In one year alone the Government handled £115,000,000 worth of produce and up to date has paid the primary producers close on £300,000,000.

More production, was the only solution of the great problem before us. We had added a war debt of, say, £400,000,000 to the pre-war debts of the Commonwealth, States, and municipal bodies. No one could escape a share of this huge burden. All industries, all enterprise, wages of labour, and profit of capital, were affected by it. It was, and must be, a burden on industry, and so on every person in the community. We must produce at least £20,000,000 for interest, more than we did before the war, and other millions for a sinking fund. To this must be added, of course, the further millions for pensions and repatriation not covered by the £400,000,000 or our share of the indemnity payable by Germany to the Allies.

We were doubly handicapped in this great task of producing more wealth, 100,000 of our producers having either been killed or incapacitated, and the productive power of some thousands of others having been appreciably reduced. Inexorable necessity would compel us to produce more. One alternative remained – Bolshevism, repudiation of debts, syndicalism, direct action. But to walk that road was to tread the path to certain peril and even national destruction.

The Government, believing that insurance of the workers against unemployment and sickness was necessary to stable and progressive industry in Australia, intended as early

as practicable to institute a searching investigation with a view to the establishment of a system fair to both employers and able to institute a searching investigation with a view to the establishment of a system fair to both employers and employees.

Much had already been done by the Government to promote the organization of primary and secondary industries. It intended to continue its endeavours to extend this necessary spirit of co-operation particularly among those who raised raw products. We shall not attempt to force them to accept any cut and dried system, but we shall encourage and aid them wherever possible, and in any direction they consider advantageous to their interests.

The Government had decided to assist the producer of cotton, and would guarantee a minimum price for three years, and thus increase the interest and efforts of the cotton growers.

As prices had gone up because goods were less plentiful and money was more plentiful, we must endeavor to restore the equilibrium by producing more goods, and gradually reduce our paper currency to something like its former level. By these means, and by these means only, could we hope to deal with this great and world-wide problem. Work, and work alone, and safe finance, could save us.

I shall return again and again to this, for it is the foundation of the Government's policy. But I want now to refer to another cause of high prices, which stands in quite a different category to those we have just been considering. I mean profiteering. Profiteering may be defined as the taking of a profit in excess of that which is fair in all the circumstances. It is the exploitation of the community staggering under the fearful burden of war, under cover of the abnormal conditions which exist. All high prices are not due to profiteering, but it is one of the most prolific causes, and it is a regrettable cause.

Profiteering can be dealt with by legislation and administration, and it must be dealt with effectually and without delay.

There is no doubt at all that many men have taken advantage of the confusion and disorganization caused by war, and the inevitable increase in price caused by a scarcity of goods and an abundance of loan money, to exploit the people. It is not always easy to say to what extent high prices are due to legitimate increases in the cost of production, cheap money, and profiteering. This is shown by the fact, broadly speaking, that wherever increase in the cost of living has been most marked industrial unrest and strikes and unemployment are greatest.

For example, in Queensland, where the increase in the cost of living was the greatest in the Commonwealth – 64 per cent – industrial unrest and unemployment were most marked.

Profiteering must be cut down, and the Government will take all necessary steps to deal effectively with it.

The Government is appointing a thoroughly representative Royal Commission to inquire into the question of high prices generally, and profiteering in particular, and will clothe it with full power to obtain evidence in support of charges of profiteering.

The Government as soon as it is in a position to do so, will then take whatever action is necessary to deal with offenders by legislation and administration until profiteering is stamped out.

As the production of more wealth is the only solution of our troubles, it follows first that the Commonwealth must have power to deal effectively with all matters arising out of the war, and particularly with industrial unrest, the high cost of living, and profiteering. Upon a bold and comprehensive policy towards these vital questions the present and future welfare of Australia literally depends. The States cannot deal with these matters effectively, for in their very nature, they are Federal in their scope. Unfortunately, the Commonwealth's powers under the Constitution are hopelessly inadequate for the purpose. The extent of the Commonwealth's war power has shrunk now that peace has come, and will shortly disappear altogether. Yet the Commonwealth must [word unclear] with all the abnormal conditions arising out of the war, with the aftermath of war as I have called it; it must have power to deal with industrial matters, with trade and commerce, and corporations which carry on over 75 per cent of all the trade of the country, and with trusts and combines.

The Government asks the people to grant it those powers by voting in favour of the Constitutional Amendment bills, which will be submitted to the electors on the same day as the election for the new Parliament.

The Government wants these powers in order to solve the great problems that the war has created, and so enable Australia to gather the full fruits of the great victory which her soldiers have won for her. The Government pledges itself not to use these powers for any other purpose than those I have set out. Their exercise is further limited in point of time, and can only be used pending the passage of the alterations of the constitution recommended by the Statutory Convention.

It is pledged to call a convention during 1920 to consider, in the light of nearly 20 years of experience, what permanent amendments of the Constitution are desirable in the best interests of the people. I want to emphasise once more that we shall not use the powers now asked for to scrap State Industrial legislation, or State industrial courts or boards, but only to supplement them where necessary, and deal with the fundamental causes of industrial unrest, high prices, and profiteering.

Speaking of more production as the foundation of any policy that is to solve the problems that now confront us, that we certainly could not hope to settle industrial unrest by tinkering with the surface of the industrial problem. If we were to have industrial peace we must be prepared to pay the price, and that price was justice to the worker. Nothing less would serve.

Once it is admitted, that it is in the interests of the community that such a wage should be paid as will enable a man to marry and bring up children under decent, wholesome conditions – and that point has been settled long ago – it seems obvious that we must devise better machinery for ensuring the payment of such a wage than at present exists.

Means must be found which will ensure that the minimum wage shall be adjusted automatically or almost automatically with the cost of living, so that within the limits of the minimum wage at least the sovereign shall always purchase the same amount of the

necessaries of life. The Government is therefore appointing a Royal Commission to inquire into the cost of living in relation to the minimum or basic wage.

The Commission will be fully clothed with power to ascertain what is a fair basic wage, and how much the purchasing power of the sovereign has been depreciated during the war, also how the basic wage may be adjusted to the present purchasing power of the sovereign, and the best means when once so adjusted of automatically adjusting itself to the rise and fall of the sovereign.

The Government will, at the earliest date possible, create effective machinery to give effect to these principles. Labour is entitled to a fair share of the wealth it creates. It is entitled to a fair share of the wealth it produces. Capital must recognize this, and, putting aside all ancient prejudices, must meet labour frankly on a footing of equality, so that the two factors in production laying all their cards on the table shall decide what is to be a fair share for each.

Industrial peace is essential to increased production, and that in its turn cannot be assured unless Labour is given its legitimate place as a full partner in production. If we are to have industrial peace, if we wish the worker to avoid direct action, either by recourse to ordinary strikes, or to that class war which is the avowed aim of the Bolshevik, the O.B.U., the I.W.W. and other wild extremists, we must recognize his status, we must give him speedy redress freed from the red tape of legal formalities for all his grievances. Once convince the workman that the more he produces the more he gets, and that what he gets in his fair and legitimate share, and the 'go-slow' policy will die a speedy death. Since wages are paid, and can only be paid out of the wealth the worker himself creates, he must recognize that the only way in which he can get higher wages is to produce more wealth.

He must recognize also that since capital is essential to production, and his power to produce in abundance, and so earn a high wage depends entirely upon sufficient capital being available, capital, like labour, must receive a fair share, and this must be sufficient to induce men to invest in new enterprise, or extend those already in existence.

The Government, recognizing organized labour, was prepared to give it legal status and authority,

The Government would create machinery whereby representatives of employers and of organized labour may form industrial councils, Commonwealth and State, and give these statutory authority.

It would give legislative sanction to any proposals these councils might recommend in the interests of industrial peace.

It will create a Commonwealth Industrial Court in place of the present one, and appoint thereto one Commonwealth and two or more State judges. It will give this Court purview over such industrial disputes as cannot be settled by State Courts or by the Commonwealth tribunals which the Government propose to create for such industries as are federal in their scope, or are, like the ship-building industry, under the direct control of the Commonwealth, and give it power to make a common rule and give legal sanction to industrial agreements between employer and employee. And it will make this Court a final industrial Court of appeal. In these or any other ways that circumstances call for, or

employees and employer desire, the Government will endeavour to remove all causes of industrial strife. It will provide speedy and economical means of redress for all grievances, and will look in its turn for the co-operation of labour and capital to do all things necessary to ensure that continuity of industrial operations without which all hope of increasing production, of paying high wages, improving the conditions of employment, and of paying the great burden of debt that the war has imposed will be futile.

The amount of capital invested in manufacturing industries rose from £52,685,000 in 1908, to £90,528,000 in 1917; and the value of the product, from £99,529,000 to £206,386,000; the number of persons employed increased from 257,494 to 321,670; and the wages, per capita, from £81 to £118/10/.

The policy of the Government had resulted in more than £7,000,000 being invested in new industries during the war. When in Britain he made it his business to bring before manufacturers the very great opportunities that Australia offered for profitable investment. Several of the best known firms in Britain intended to establish themselves here and manufacture locally.

In the base metal industry, which was entirely in the hands of Germany before the war, very great strides had been made. German influence had been completely eradicated. It might be fairly said that in no other part of the Empire had this been so thoroughly done. All copper produced in Australia was now not only smelted, within the Commonwealth, but an up-to-date factory had been erected which would supply practically all Australian requirements for manufactured copper goods. The war had taught us, among other things, to believe in ourselves and in the greatness of the resources and destiny of Australia.

The Government has carefully prepared a new tariff. It believes it will prove satisfactory to the manufacturers of the Commonwealth and intends to lay this tariff on the table of the House and give effect to it at the earliest possible moment after the new Parliament assemblies. This tariff will protect industries born during the war, will encourage others that are desirable and will diversify and extend existing ones.

The Government recognizes that there is a danger of the market being flooded for imported goods for [word unclear] and [word unclear] effect. It has, therefore, decided that the Minister for Customs shall be empowered to exercise his discretion under the Act preventing importation of certain specified lines in excess of the fair normal average.

The Government, proposed to take such steps as were necessary to ensure that the consumer should be protected, as well as the manufacturer. This will apply to the permanent tariff, and also to the period intervening its introduction. And, finally, the Government policy in regard to protecting and encouraging the local manufacturer would go hand in hand with such guarantees for the payment of a fair and reasonable wage for the worker as would ensure that he participated in the benefits of the National policy.

I have already said something about what the Government has done to organize the sugar industry and encourage the man on the sugar lands in the north. The Government has guaranteed this year's sugar crop at £21, and in order to stabilize the industry, it will guarantee the next crop at the same price, and will favourably consider further guarantees if the cane growers' organization so desires.

The Government is keenly alive to the urgent necessity for the production of oil within the Commonwealth. The partnership arranged for the Imperial Government for the thorough exploration of the territory of Papua bids us hope for good results. The Government has also offered a substantial reward for the discovery of mineral oil deposits by private enterprise. This has already induced considerable activity in the desired direction. The Government will further aid all efforts that are calculated to lead us to the development of commercial fields, so that this essential of industry, which is so scarce within the Empire, will be produced within Australia.

In relation to health, that tuberculosis, venereal complaints, typhoid, and other epidemics would yield to treatment if all the forces of Government were combined in their attack. The Government was prepared either in conjunction with the States or independently, if such conjunction was impossible, to undertake this urgent task. Australia, because of the present division, of authority, was lagging behind other countries in the study and treatment of the subject on modern scientific lines.

With a view to harmonization of the taxation of the Commonwealth and States, to reduce the irritation now suffered by taxpayers, and generally to model the Commonwealth system with due regard to all interests, the whole incidence of Commonwealth taxation will be re-examined, so that the burden of post-war taxes will be equitably placed on the shoulders of those best able to carry them. At an early date a commission will be appointed to make a thorough investigation of the subject. We must pay our way and meet the obligations of the war. The Government will see that the people get full value for every penny expended, and if extra taxation is needed it will be imposed so that progress will not be discouraged or arrested.

The public debt of the Commonwealth and the States is now about £640,000,000, including £360,000,000 borrowed for the purpose of constructing railways and other revenue-earning assets. Allowing for that portion of the total debt which earns its own interest, there is a substantial deficit for which the war debt and some State undertakings are responsible. This deficit has to be met by direct taxation. It has to be borne by a meager population of five millions, and it is a heavy load. The position calls for economy, for enterprise, and for development. Both Government and the people must work together for these.

The Commonwealth Government will continue to take all possible steps towards the replacement of soldiers in civil life. The Commonwealth has entered into agreements to lend to the States upwards of £30,000,000 to enable them to settle soldiers on the land. Vocational training and all the other activities of the department will be continued, and as quickly as possible, having regard to the scarcity of material, houses will be built in accordance with the War Service Homes Act. Apart from land settlement, the expenditure on repatriation will have amounted to £10,750,000 up to June 30 next.

Economy in expenditure is as essential as increased production. We must produce more and spend less. The Government intends to introduce into the department of the Commonwealth a board of management as recently recommended by the Economy Commission. This we believe will promote economy and efficiency, and a higher level of administration. We desire also to give hope and encouragement to the employees of the Commonwealth.

We therefore propose to establish a system of contributory superannuation for the Public Service, supported by a reasonable and maximum payment from the Treasury. If Australia is to become a great nation, its greatness must rest upon the basis of land settlement. National safety and the economic, social, and financial welfare of the nation make the adoption of an effective policy of land settlement imperative. This great Commonwealth which could easily support in comfort 100,000,000 of people, has now but 5,000,000, more than half of whom through our great cities.

There is urgent need for population, but, of course, it must be of the right sort, and it must go to the right place. We do not want to make Australia a dumping ground for the world's refuge population, or to bring population to our already overcrowded cities, for such newcomers would not, for the most part, produce new wealth, but only share the wealth already there.

If you ask what is the policy of the Government in Immigration it may be stated the Government clearly recognises the urgent need for more population. It is going out to get it. We shall seek the right kind. Britain's soldiers, and farmers especially. If we had 10,000,000 we should not only halve the debt per head, but should produce double the amount of wealth.

We shall aim at creating such conditions in our primary industries as will offer inducements not only to those already on the land to stay there and others to follow their example, but to our kinsmen, overseas to come also. Now, let me deal a little more in detail with the policy of the Government towards the primary producer.

First, since the greater part of our primary products must find markets overseas, and these markets are now, as a result of the war disorganised, and since the ordinary, pre-war channels are not likely to be available for some little time, at all events, it is plain that organisation, both here and abroad, is required if the man on the land is to hold his own against his organised competitors who are nearer Europe, and, along with organisation, in order that the producer shall not be forced by competition or scarcity of freight to sacrifice his produce for less than its fair value, there will be needed financial assistance.

The war is over, but organisation is still necessary. The Commonwealth Government has pioneered the way, and as long as the producers wish it, it will continue to act, but it hopes that the producers will, by co-operation amongst themselves, create such organisation as the circumstances make imperative, or take charge of that already created by the Government. The Government policy is to encourage co-operative effort amongst the producers, and to eliminate the middleman. The Government will, if so desired, give statutory authority to boards composed of representatives chosen by the various primary industries—wool, wheat, meat, etc.—and will, where the organisation substantially represents the industry, lend such financial aid as may be necessary.

The Government will, if desired, enter into negotiations with Britain and other countries for the sale of our staple products. It will protect the producer against unfair freights. It will co-operate with him in the erection of additional, cold storage plants, thus guarding him against manipulation of speculators to the local or overseas markets. In order to help the wheat grower, the Government, in addition to its guarantee for the coming crop will guarantee 5/ at railway sidings for the 1920-21 harvest.

If the farmers desire the Government will consider with their organizations the question of guarantees and assistance beyond that year, for in wheat and all forms of primary production the Government's policy is to stimulate and stabilize these essential industries. I have already said something about what the Government has done to organize the sugar industry and encourage the man of the sugar lands of the North. The Government has guaranteed this year's sugar crop at £2, and in order to stabilize the industry it will guarantee the next crop at the same price, and will favorably consider further guarantees if the cane-growers' organization so desire."

Source: Compiled from The Sydney Morning Herald October 31 1919, Page 7, The Age and The Bendigo Advertiser.