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IMPERIAL PARLIAMENT HAS LAST WORD

Professor Campbell's View

That in placing the matter of the appointment of nominees in the hands of the Secretary of State for the Dominions (Mr. Thomas), the Governor of New South Wales (Sir Phillip Game) was referring the matter back to the source of his authority was indicated yesterday by Professor A. L. Campbell, who occupies the Chair of Law at the Adelaide University.

The issue in the opinion of Professor Campbell was whether the legislation being obstructed by the Legislative Council in that State, which led to the demand for the appointment of more members, was approved by the electors. The decision came within the prerogative rights of the Governor as representative of the King.

Professor Campbell said the States were constituted under Imperial Acts, and derived their authority for legislating, &c., from these measures. The Imperial Government, therefore, had completely over-riding powers, and might alter a Constitution as it thought fit. However, this was unlikely, at least in respect to domestic affairs.

Rights Conferred

"As to the rights conferred on the Governor, these really represent the Royal prerogative, or so much of it as the King, through the Secretary of State for the Dominions, is pleased to confer on him. The Crown, acting through the Dominions Secretary, has power to vary this prerogative, but not the State Parliament.

"Thus, if the Dominions Secretary issues an instruction in the present crisis relating to the appointments to the Legislative Council, which at present fall within the prerogative powers, the Governor is bound to obey, and the State Ministers or the State Parliament cannot compel the opposite course while the Constitution stands as it does at present."

In respect of local affairs, the instructions to the Governor did not specifically limit his power, and convention demanded that he must accept the advice of his Ministers. This did not mean that he was merely a figure-head, bound to accept their advice in every instance. He still remained responsible to the Imperial Government for the observance of the Constitution, and the preservation of the ordinary principles of responsible government.

of the reforms necessary to get Australian financial machinery into working order," said Professor D. B. Copland, in a lecture on central banking at the University last night.

The Physics Theatre, in which he spoke, was filled, the audience including the Premier (Mr. Hill), the leader of the Opposition (Mr. Butler), the Vice-Chancellor of the University (Sir William Mitchell), members of Parliament, and leading bankers and commercial men of the city. The lecture was given under the auspices of the Economic Society, and the chairman was Mr. S. Russell Booth.

A central banking system, said Professor Copland, was essential for securing uniformity of banking policy. Private banks, if left to themselves, might engage in competition which would be ruinous to a country.



Professor Copland

There was also the danger that such banks, by extending credit unwisely, might encourage a false prosperity that would lead to disaster. A second advantage of a central bank was that it economised the cash reserves and guaranteed banking system.

How could a bank exercise control by that means in Australia in the last six months in view of the quotations of our Government securities? (Laughter.) The Commonwealth Bank was, in effect, buying 20 millions of Government securities. Was it any wonder therefore that we were on the verge of really serious inflation when the bank called a halt? A central bank would be powerless were Government finance disordered. The two things—central banking and sound Government finance—went hand in hand.

Help Government

For a central bank to exercise control in Australia it would also be necessary that the private banks should follow when it altered its deposit or advances rate. That would require a tradition. Other possible means of control were that the private banks should hold a certain proportion of their deposits with the central bank; that the central bank should always undertake to buy and sell exchange at fixed rates overseas. That would fix the limits to which exchange could rise or fall, and would mean that the central bank would have to have large funds in London. Until recently the Commonwealth Bank had such funds, but they had been exhausted by the Government, and the bank would have a big task in building them up again.

Confidence Essential

A central reserve bank must have the respect and confidence of the private banks and the people. In practice it had been found that a Government-owned bank rarely had either. It was essential that a central bank should be free from political interference. Following her experience of 1923, Germany had gone to extremes in ensuring that its central bank should have no taint of politics connected with it. At the opposite end of the scale was Australia, as represented by the Federal Reserve Bank Bill, which passed the House of Representatives and was rejected by the Senate. We had conceived a State-owned bank, governed by a board of directors appointed by the State, and proposed to be endowed with powers which no other central bank in the world possessed. They were to be empowered to lend money to Governments or public bodies without limit.

"We imagined in Australia we could make history," Professor Copland said. "We should certainly have made history, but it would have been the history of a debacle.

"The idea that a Government should dictate to its own bank what funds it should make available is inimical to all principles of finance or safety," he added, dealing with the reply of the Federal Treasurer to the Commonwealth Bank Board, when it intimated to the Federal Government that it was the board's duty to limit advances to the Government to £25,000,000. "A central bank should be partly privately and partly governmentally owned, and there must be safeguards against the Government securing a majority on the board of directors, and against the right of the Government to call for unlimited advances. In such a case it is desirable that the majority of the board should be private members."

Progress Interrupted

The Commonwealth Bank, which was founded partly to be a central reserve bank, and partly a people's bank, was developing in the former direction, and just when it was functioning well, there was a proposal that a new central reserve bank should be inaugurated. If such a bank were founded tomorrow it would not be able to do a

thing to help us out of our troubles, because a central bank took long years to acquire a reputation. The only bank which could help us was the Commonwealth Bank, and instead of attempting to interfere with its working, we should do everything possible to build it up.

If that bank was to fulfil the functions of a central bank several things were essential. One was that the directors should be nominated by the existing directorate. That was the only way to gain security from Government control. There must also be legislative provision that credit should not be extended to the Government at beyond certain limits. The bank must also have control of the note issue. It could shed its savings bank functions, but it was essential that it should have the right to trade, for that was a valuable protection. The board should not consist of representatives of special interests, because representative commissions had seldom accomplished anything, but of men with wide knowledge of business, commerce, and economics.

Modes of Control

Dealing with the matter in which the Bank of England and the Federal Reserve Bank Board in the United States controlled the financial organizations of their countries by buying and selling consols and Government securities, Professor Copland said it was essential if a central bank was to control policy in Australia by the same means, that Government securities be good instruments worth par value. Therefore sound Government finance was necessary for the successful operation of a central banking system. How could a bank exercise control by that means in Australia in the last six months in view of the quotations of our Government securities? (Laughter.) The Commonwealth Bank was, in effect, buying 20 millions of Government securities. Was it any wonder therefore that we were on the verge of really serious inflation when the bank called a halt? A central bank would be powerless were Government finance disordered. The two things—central banking and sound Government finance—went hand in hand.

New Suggestion

"I have a final suggestion," added Professor Copland. "I dare say it will be criticised as another of Copland's ideas, but I think it is worth a trial. It is that the private banks should always be prepared to buy from and sell to Commonwealth Bank exchange in London whenever the Commonwealth Bank offers it, or wants it. That would have the effect of liberating credit when it was scarce here, and contracting it when it was too plentiful here. The plan would have to be handled carefully, but it could be worked into a tradition of the Australian banking system. However, nothing can be done until we clean up the serious mess in which the banking system in London has been plunged by the needs of the Government."

After his address Professor Copland answered many questions. To a woman who asked if the economic condition of Great Britain and the United States was a tribute to the central banking system, he replied that it was not. However, banking could not be blamed for all the troubles in which those countries found themselves. It was as reasonable to condemn the banking system because it had not brought about a millennium in them as it was to condemn doctors because they had not found a cure for cancer.

The Premier moved, and Mr. Butler seconded a vote of thanks to Professor Copland.

Learning From Mr. Hill

After his lecture on central banking at the University last night Professor Copland had an unusual number of questions fired at him, several of them by a woman. One member of the audience asked a series, numbering them 1, 2, 3, and so on. When he rose to reply Professor Copland raised a laugh by saying, "I shall have to take a lesson from Mr. Hill." Then giving a very passable imitation of a Minister at question time in the House, he replied, "The answer to No. 1 is in the affirmative."

"And for No. 2 vide No. 1," rejoined the Premier, who sat in the front row,

WONDERS OF SYDNEY BRIDGE

Triumph of Engineering

The building of Sydney Harbor bridge was described last night by Professor R. W. Chapman as not only a triumph of modern engineering, but also a monument to the labors and experiments of scientists and engineers of all ages.

He was giving a lecture on the bridge at the University, and the Prince of Wales Theatre was crowded. Lantern slides, made from photographs taken at various stages in the construction, illustrated his discussion of features in one of the largest bridges in the world, which has a span of 1,600 feet across the Sydney Harbor.

If it had been erected in Adelaide, the centre span would have stretched from the G.P.O. to the A.M.P. Building, between Hindley-street and North-terrace. It is wider than King William-street, footpaths included, and the post-office tower could be passed easily beneath the roadway and high-water mark.

Cost More Than Four Millions

The pylons at each end, which were not essential to the bridge, cost £750,000, and were included in the design to add to its beauty. They are so large that four T. and G. Buildings could be put into each of them, with plenty of room to spare. The contract price of the whole was £4,217,721 11/10.

The bridge will carry four sets of railway lines, a 57-foot roadway, and two 10-foot footways. During its construction, the workmen established a world's record by lifting into place 575 tons of steel in one day, at a time when the American luxury touring steamer Malolo was lying almost in the shadow of the great arch.

There is no tower or building in Australia to compare with it in height, for the centre of the top chord of the arch is 437 feet above the water.

So accurate were the calculations and workmanship, that, when the sides of the arch met above the middle of the harbor—each side of 800 feet containing 20,000 tons of silicon steel, and held in position on the hinges by 128 cables nearly three inches thick—there was only half an inch of divergence in the closing of the top span. That was less than expected by the engineer.

The professor paid a tribute to the designer, Dr. Bradfield, and to the engineers and staff of Dorman, Long and Co., the contractors.

News 15-7-31

COST OF EDUCATION

Sir—Before our educational system is impaired and proposals involving hardships on country children are accepted, let the Government abolish the annual grant of £61,000 to the University of Adelaide and £23,000 to the School of Mines.

If our high schools do cost £104,000 a year what is that compared with the waste in other Government departments? Surely the country children are entitled to every facility that our educational system provides. Their parents contribute toward the upkeep of the schools, and should not be deprived of the privilege of educating the children.

The education of our children would not cost so much if the financial experts would solve the problem of unemployment which is costing the State £25,000 a week. Those who have at heart the welfare of the rising generation should not forget that any temporary financial advantage that could be gained by proposals now before the Government would be necessarily small and the retribution great.

The fundamental principles of our educational system were laid by great men of the Labor movement such as the late Tom Price.—Yours etc.,

F. D. BLADON.

Keswick.

Adv. 16-7-31

W. N. Nias—Education—inter alia

He thought the Government, in selecting the personnel of the Education Committee, should have appointed those less biased than two of them at any rate. Professor McKellar Stewart and Mr. Wallace Sandford were class-conscious. The former could not be expected to recommend cuts at the University, which was for those who were rich enough to pay for their education. Mr. Sandford could not have been expected to recommend cuts other than those which affected the education of the children of working men. That was exactly what had happened. We should not try to extricate ourselves from our difficulties at the expense of the education of the children of the workers. There was nothing of equality of sacrifice in the Plan. Rather than allow that it would be better to oppose the whole Plan and to ask the Premier if action could not be delayed a little longer. He would favor saving money by abolishing both Houses of Parliament in South Australia.

NEWS 15-7-31

Messrs. Brazil Smith, A. D. Cocks, and T. D. Hannon have been appointed honorary dental surgeons to Adelaide Children's Hospital.

SCIENCE DATA TO BE PUBLISHED

Professor Prescott's Work on Soils

Canberra, July 12. Several important publications are to be published soon by the Council for Scientific and Industrial Research, according to an announcement today by Senator Daly, the Minister in charge of the council's activities.

They include:—Professor Prescott (soils research division), two bulletins. "The Soils of Australia in Relation to Vegetation and Climate," claimed as probably the most complete work on Australian soils yet published. It will contain a colored vegetation map of the Commonwealth. The other bulletin deals with soil survey in the swamps of the lower Murray, and deals particularly with settlement questions in the Murray Valley, South Australia.

Professor A. J. Ewart (University of Melbourne), on the poisonous action of ingested saponins, a continuance of work done some time ago in Kimberley, on the cause of "walkabout" disease in horses.

Dr. A. W. Turner ("Nature and Methods of Control of Black Disease in Sheep"), for the use of sheep owners.

Mr. F. N. Ratcliffe, "Flying Fox Problem in Queensland and Northern New South Wales."

The first full bulletin of the Radio Research Board is also to be issued, and will be of considerable practical value in the management of broadcasting. The Postmaster-General's Department is bearing the greater part of the cost of this work.

Adv. 14-7-31

CENTRAL BANKING BENEFITS

Must Be Free From Politics

PROF. COPLAND'S LECTURE

Central banking will not inaugurate a millennium but it is one