THE ALL RED SERIES

THE COMMONWEALTH OF AUSTRALIA

SYDNEY HARBOUR (VISIT OF THE U.S.A. FLEET)

THE COMMONWEALTH OF AUSTRALIA

BY

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TO

ALFRED DEAKIN

PREFACE

THERE are many histories of Australia and many descriptions of its scenery and customs; but no one has presented a general view of the Commonwealth, both as a country and a nation, as Mr. Bryce, for instance, has done for the United States.

Yet Australia, from her geographical position,—if for no other and more sentimental reason,—must always be of interest to the Empire. Dominating the Pacific, and placed astride of the trade-route between America and China, she is not only the outlying frontier of England towards the Far East—which is the Empire's most vulnerable side—but she is also the ultimate heir of Java, Sumatra, and the Celebes, in the event of the absorption by Germany of Holland. In one set of contingencies, when promptitude might make the difference between salvation and destruction, she could anticipate by a fortnight the landing of troops in either India or China. in another she would be mistress of the richest tropical possessions in the world, at a time when commercial supremacy largely depends upon control of the tropics.

Nor is Australia less worthy of attention if we regard her internal development and material wealth. She has been and is a laboratory of political experiments; and is facing the problems of Democracy in a spirit and by methods which are in striking contrast to the spirit and the methods of the American Democracy upon the other side of the Pacific. In mere wealth and productive power her handful of people,—four millions scattered over a country as large as the United States, if we exclude the ice-bound portion of Alaska, and larger than Europe without Spain,—excels every civilised community. And

yet no one, who knows the country, can doubt that even Australia's immense output will be increased, as more good land comes under cultivation, and engineers solve the problems of water conservation and cheap transport.

Thirdly, Australia is the most British country out of Great Britain. Canada has its French province, the Dutch are in South Africa, the United States are a medley of races; but 97 per cent. of the population of Australia is of pure British descent. For the first time in history, as Sir Edmund Barton pointed out with apt terseness during the campaign for Federation, there is "A Continent for a Nation and a Nation for a Continent." Englishmen in England cannot be indifferent to the destiny of such a people, so situated and with such resources.

This little book is, of necessity, a sketch in outline, and must conform to the series in which it appears. But, although it cannot cover the ground of Mr. Bryce's classic, it can at least explain some of the special features of Australian policy, and the ideas, temper and conduct of its people. The plentiful lack of knowledge about Australia justifies such an attempt.

PROEM

THERE is a land in distant seas,
Full of all contrarieties.
There, beasts have mallards' bills and legs;
Have spurs like cocks, like hens lay eggs:
These quadrupeds go on two feet,
And yet few quadrupeds so fleet:
And birds, although they cannot fly,
In swiftness with the greyhound vie.
With equal wonder you may see
The foxes fly from tree to tree;
And what they value most—so wary,—
These foxes in their pockets carry.
There parrots walk upon the ground;
And grass upon the trees is found;
On other trees, another wonder,
Leaves without upper side, or under.
There, apple trees no fruit produce,
But from their trunks pour cid'rous juice.
The pears you'll scarce with hatchet cut;
Stones are outside the cherries put:
Swans are not white, but black as soot.
There the voracious ewe-sheep crams
Her paunch with flesh of tender lambs.
There, neither herb, nor root, nor fruit
Will any Christian palate suit;
Unless, in desp'rate need, you fill ye
With root of fern, or stalk of lily.
Instead of bread, and beef, and broth,
Men feed on many a roasted moth;
And find their most delicious food
In grubs picked out of rotten wood.

There, birds construct their shady bowers,
Deck'd with bright feathers, shells, and flowers:
To these the cocks and hens resort,
Run to and fro, and gaily sport.
Others a hot-bed join to make,
To hatch the eggs which they forsake.
There, missiles to far distance sent
Come whistling back with force unspent.
There courting swains their passions prove
By knocking down the girls they love:
The sun, when you to face him turn ye,
From right to left performs his journey.
The north winds scorch; but when the breeze is
Full from the south, why then it freezes.
Now, of what place can such strange tales
Be told with truth, but New South Wales?

Bentley's Miscellany, 1846.

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THE COMMONWEALTH OF AUSTRALIA

PART I—A GROWING NATION

CHAPTER I

PHYSICAL FEATURES

AREA and Limits — Description — Rainfall — River System — Artesian Water — Scenery and Climate — Fertility — Productiveness—Droughts.

AUSTRALIA, as a geographical expression, includes the continent and islands which lie between the tenth and forty-fifth degrees of south latitude and the one hundred and thirteenth and one hundred and fifty-fourth degrees of east longitude. As a political expression, the term now includes the territory of Papua and the dependencies of Lord Howe and Norfolk Islands. In general parlance, the term means the six States of New South Wales, Victoria, South Australia (including the Northern Territory); Western Australia and Queensland, which are situated on the continent, and the adjacent island of Tasmania. It is in this sense then, that "Australia" will be used in the present volume. The term "Australasia" is given to all the British possessions in the Western Pacific and includes New Zealand.

Australia is bounded on the north by the Timor Sea, the Arafura Sea and Torres Strait; on the east by the Pacific Ocean; on the south by the Southern Ocean; and on the west by the Indian Ocean. Its total area

is 2,974,581 square miles. The area of the mainland[1] is 2,948,366 square miles; that of Tasmania is 26,215 square miles. Its greatest breadth is 2,400 miles, between Shark's Bay on the west, and Sandy Cape, the extreme point of the east coast. From north to south—from Cape Otway to Cape York—is 1,700 miles.

These figures are too large to be apprehended easily. Their significance is better understood by a comparison. Australia is larger than the United States, if the Arctic portion of Alaska be omitted from the calculation; it is more than three-fourths of all Europe: it is about twenty-five times as large as either the United Kingdom, Norway, Austria or the Transvaal. It is, in fact, more than one-fourth of the whole area of the British Empire, and is habitable in every part.[2]

Description

The physical features of Australia are remarkable in several respects. In no other country in the world does a coastal line bear so small a proportion to the area of the continent,—the coastal perimeter being only equal to one mile for every 333 square miles of area.[3] Australia is also peculiar among continents, in that it

[1] The area of the mainland is distributed between the States as follows:—

State	Area in square miles	Capital
New South Wales	310,372	Sydney
Victoria	87,884	Melbourne
Queensland	670,500	Brisbane
South Australia (total)	903,690	Adelaide
,, ,, (Northern Territory)	(523,620)	(Port Darwin)
,, ,, (proper)	(380,070)	
Western Australia	975,920)	Perth

[2] The central portion of the continent used to be regarded as a desert. Later knowledge, however, has caused a considerable modification of this idea; and much of the so-called "desert" is now occupied for pastoral purposes.

[3] Europe has only seventy-five square miles of area to each mile of coast-line. England and Wales have only twenty-five.

possesses neither mountains, within reach, above the level of perpetual snow, nor active volcanoes. Another peculiar feature is the absence of any rivers connecting the coast-line with the interior. Lakes of any size or permanence are also lacking. The general appearance of the continent may be likened to an inverted saucer. The rim of the saucer is a rich belt of alluvial soil, well watered by rivers and of great fertility. Its average width is, approximately, forty miles. This belt is quite plainly marked along the eastern side of the continent and on the southern coast-line of Victoria. It becomes broken along Spencer's Gulf, and is replaced by sand-hills on the margin of the Great Australian Bight. It reappears as the western coast of the continent is reached, and runs, with some interruptions, towards the north. On turning towards the east and following the Northern Territory, the coast-line is again fringed with a level belt, which has markedly different features from the plateau of the interior. Above this level rim and forming (as it were), the circular ridge of the inverted saucer, is the Great Dividing Range. This runs in an unbroken chain from Cape York, which is the northern-most point of the east coast, to the boundary of Victoria and South Australia on the southern coast. The same range can be traced, over Torres Strait, into the island of New Guinea, and, over Bass' Strait, into Tasmania. On reaching South Australia its continuity is broken; but it reappears in Western Australia. It does not run along the northern coast. The greatest elevation of the range,—which is at no place more than 250 miles from the sea at its furthest edge,—is in the Australian Alps,[1] at the confines of Victoria and New South Wales,

[1] It illustrates the variety of the Australian climate that, in the district of Monaro in New South Wales, where these mountains are situated, the mails are delivered during six months of the year by men on snow shoes. Crown Lands in that district are leased on what are called "snow leases."

where Mount Kosciusko attains a height of 7,300 feet. The seaward slope of the range is sharp and precipitous, and often presents very bold escarpments. The chasms of the Blue Mountains, in New South Wales, and the falls in the Barron Ranges, in Queensland, are known throughout the world for their imposing grandeur. On the western side the descent is gradual, until, in the country above Spencer's Gulf, the plain is not above the sea level. There is another gradual rise towards the coastal ranges of Western Australia. This great central plain, which forms the bottom of the inverted saucer, is the most distinctive feature of the Australian continent.

Rainfall

The Dividing Range and the central plain give the key to the climatic peculiarities of Australia. The sea breezes, which strike the eastern shore, precipitate an ample rainfall on the coastal districts. In Sydney, for example, the average rainfall over a period of forty-two years was fifty inches, and along the coast of Queensland it averages from fifty to seventy inches a year. But these rain-laden winds are checked by the Dividing Range; and while Sydney has its fifty inches of rain in a year, Milparinka, in the western district of the State, receives only nine inches. The great central plain depends for its refreshment on the monsoonal depression and the western trades. When these have strength enough to penetrate to the interior, the face of the land becomes transformed in a single night. Plains which looked as bare as a city street, become green at once with a luxuriant growth of grass and herbage, and the air becomes so tempered by moisture that these growths remain for considerable periods.

Thus, although Australia is a "dry" country, the epithet may easily mislead. There is an ample rainfall in the settled districts round the coast, and, even if the

settler penetrates into the interior, he will find a yearly average of twenty inches, until he reaches the great central depression, which forms at present the limit of settlement. He must not, however, expect to find running or permanent water. For one of the most curious features of Australia is that, with the exception of the Murray and its tributaries, all the rivers spring from the seaward slopes of the Dividing Range. And even the Murray system, which flows inland, although on the map it appears very important, is, for the greater part of every year, a series of water-holes.

River Systems

The Murray itself springs from the inland slope of the Australian Alps, in the south-eastern corner of New South Wales. For 1,250 miles the centre of its bed forms a boundary between that State and Victoria; and for 510 miles further it runs through South Australia until it enters an arm of the sea, which is known as Lake Alexandrina.[1] At Wentworth, which is 570 miles from the sea as the river runs, it is joined by the Darling—having previously received the waters of the Murrumbidgee and the Lachlan, which drain the western part of New South Wales. The Darling-Murray has a length of 3,282 miles, so that, if it were a continuous course of water it would rank among the longest rivers in the world. It is, indeed, navigable in some seasons for stern-wheel steamers drawing barges so far as Walgett, a distance from the sea of 2,345 miles. But it requires exceptional conditions to reach this point, and it is impossible to return from it during the same season. There is regular navigation on the Murray from the sea to Wentworth; and, in favourable seasons, boats ascend this river as far as Albury or even to Wagga-Wagga on the Murrumbidgee.

[1] There are very few fresh water lakes in Australia, and none of any size. The term is usually applied to shallow depressions of mud and salt, which only fill with water after rain.

It will be one of the works of the future to make this river system fit for navigation, by building dams, weirs and locks, and by systematic snagging. The consciousness on the part of South Australia of this certain development has given rise, as will appear later, to one of the most acute problems of Australian politics. The work, however, will be very difficult and costly, owing to the irregularity and inequality in the rainfall, and the immense area of almost level lands which this river system drains.[1] In ordinary times these western rivers run in a sluggish and almost imperceptible stream, varying in width from twenty to a hundred yards, between high banks of porous red or black soil. In summer the shallows are evaporated by the sun, and the river's course is interrupted. A heavy rainfall then fills the distant tributaries, and, if it continue, causes a connection between them and the parent river, which spreads the waters for hundreds of miles over the surrounding country. The porous soil, however, soon gives back the water it received, and the river channel, falling again to its accustomed level, carries the immense volume of water, which has fallen on a thirsty soil, wastefully into the sea.[2] The problem for Australia is to find a method of conserving the water which falls on the dry plains, where the possible evaporation is often greater than the actual rainfall.[3] Besides the Murray and its tributaries, another system of water-courses drains the western

[1] It is estimated by the officials of the New South Wales Water Conservation Department that not more than ten per cent. of the rainfall on the catchment area of the Darling river above Bourke (N.S.W.) discharges itself past that town.

[2] "The different appearance of these rivers in a dry and wet season explains the conflicting reports of early explorers, one regarding the interior as an inland sea, the other as a desert." Official Year Book of the Commonwealth, p. 70.

[3] "At Coolgardie (W.A.) the evaporation was 85 inches in 1905. And at Laverton it was 140·8 inches or nearly 12 feet." Official Year Book of the Commonwealth, p. 118.

districts. This comprises the so-called "rivers" which are absorbed by Lake Eyre in South Australia. Like the rivers in the Murray system, these run in wet weather, but for the greater part of the year they are only a succession of ponds. These soakages, however, provide water for stock.

Artesian Water

Fortunately, the inhabitants of the dry districts are not entirely dependent on the rivers for their water supply. Much has been done by private persons by sinking underground tanks, which are protected from the wind and the direct rays of the sun, and by tree-planting, to store and conserve water, and the State Governments provide tanks at all convenient stopping places on the main stock-routes. But the greatest source of supply since 1879 has been artesian borings. It was discovered that a water-bearing stratum underlies nearly the whole of the gentle slope which falls from the inland side of the Dividing Range to the great central depression, and that this can be tapped by bores at varying depths from 150 to 5,000 feet. Most authorities hold that this supply is drawn from underground rivers, and is therefore inexhaustible. Professor Gregory, however, takes[1] the view that the bores are only draining underground chambers or caverns of limited contents. Certainly, while it has not yet been shown that any two bores are drawing from the same river, neither is there any perceptible diminution in the supply. The worst that has happened is that the water is so charged with soda in various forms that it becomes useless for irrigation purposes. When drawn at a distance from the central depression of the continent it is excellent for drinking, but it gets more salt as it approaches the desert fringe, until it becomes unfit for domestic uses. Thus,

[1] See Stanford's Compendium of Geography.—"Australasia."

while we need not give up hope that these hidden springs may yet make the centre of Australia "blossom like a rose," their nature is, at present, too little understood to justify confidence. Certainly artesian wells have not made up for that which is the greatest of all Australia's needs, namely, a chain of snow mountains in the interior. Owing to the actual configuration of the continent, the rainfall in its central basin must always be scanty and uncertain. The desert of California has been redeemed by water from the Rocky Mountains. Irrigation in the centre of Australia would require to be fed from the tropical rivers. This may not be impossible, but it is not a work for this generation. All that can be done at present is to store such rain as falls, and by tree-planting and other methods, conserve it from evaporation.

The seaward side of the Dividing Range presents a very different picture. Numerous rivers,—deep, wide and long,—carry their fertilising waters across the seaboard rim of the saucer continent. Some of these, such as the Victoria in the North West Territory, are navigable for all vessels for a considerable distance; but most of them are blocked at their entrance to the sea by bars of shifting sand, which make navigation intricate and difficult, and impossible for craft which draw more than fifteen feet. The Swan River in Western Australia, the Paramatta and Hawkesbury Rivers in New South Wales, and several of the rivers of the northern coasts are notable exceptions. A characteristic feature at the mouth of these bar-bound rivers is a lagoon of fresh water which is often only separated from the sea by a few feet of sand. Large sums of money are spent by the Government of each State in overcoming the difficulties of entrance to the coastal rivers by means of dredging and breakwaters, but without much success. Still, in spite of all impediments, a considerable trade has sprung up along the rivers, and between the rivers

and the high lands; while the fertility of their banks is attracting a large and concentrated population, and they have already become the centre of the dairying industry.

Scenery and Climate

From this description of the physical features of Australia it becomes possible to form some idea of its appearance. Roughly speaking, the continent is divided into three distinct kinds of country—the forest lands of the coastal rim, the upland plains of the descending downs and the central basin of desert. The coastal districts, rich in alluvial soil, well-watered by rivers, and with ample rainfalls, grow a profusion of trees and vegetation. As the ground rises towards the mountain range, the timber becomes bigger and the forest more dense. On the foot-slopes, creepers, palms and ferns form a screen of luxuriant foliage, which disappears on the uplands, where the eucalyptus grows in open grassy glades, that give the landscape the appearance of a park. Great rolling downs, with frequent clumps of timber, form the beginning of the inland slope from the Dividing Range. Gradually these give place to an expanse of treeless plain, which, at one time only carrying a sheep to ten acres, promises now to rival the wheatfields of Canada. Trees are still found by the river banks, until, as the region becomes more arid, "bushes, scrubs, and dwarf eucalyptus, with belts of pine at intervals, give place to a scant and inferior vegetation."[1] The belt of good land is naturally widest towards the north, where the rivers running into the Indian Ocean drain extensive areas of good land, and is narrowest on the southern coast. In the south-west corner of the continent are extensive forests of jarrah; and Western Australia has another great forest belt, some 350 miles in length

[1] Year Book of the Commonwealth, p. 110.

from 50 to 100 in breadth, which is not on the coastal side of the range, but extends eastward towards the interior. The north-western and northern districts of the continent which are not yet much known, have the characteristic scenery of the tropics, with the peculiarity that behind the coast-line, at no greater distance than 100 miles, runs a plateau of dry and healthy pastures, which is said to be also capable of growing wheat.

It will be perceived from this rapid survey of the principal physical features of an immense continent, that Australia has a great variety of climate. The eastern portion of Tasmania recalls England as much by its seasons as by the hedgerows which divide its fields. The western portion of the island, on the contrary, is a land of perpetual rain, where the forest is so dense, that the roads are built on a tangle of creepers and fallen trees thirty feet or more above the ground. Victoria, across the Straits, has less extremes of temperature than any other State; but it is much exposed to the dry winds —hot in summer, raw in winter,—which, although health-giving, cause much discomfort. The mean temperature of Melbourne is 57·3°, which is 6° less than that of Sydney and 7° than that of Adelaide. The coast of New South Wales, along two-thirds of its length, resembles the Riviera in climate and the coast of Greece in colouring. The other third is sub-tropical and runs into the sugar districts before the northern boundary of the State is reached. The climate loses its humidity upon the inland side of the Dividing Range, and the great plains of the interior, though scorched by the sun for four months of the year, are like Egypt in the winter, for the remaining eight. They are a perfect sanatorium for all pulmonary complaints.[1] The magnificent district

[1] Deaths from tubercular diseases have steadily decreased in proportion to the population from 1·100 per thousand in 1891 to ·808 per thousand in 1905. Cancer, on the other hand, has increased in about the same proportion.

of the Darling Downs marks the beginning of Queensland, and affords a welcome refuge in the summer from the coastal heat. At Rockhampton the climate begins to lose all European characteristics, and, long before the summit of Cape York is reached, it is entirely tropical. Tropical characteristics continue along the northern and north-western coasts, but temperate regions begin again mid-way on the descent of the western coast. Perth, the capital of Western Australia, has the pleasantest climate of all the State capitals. For, although its mean temperature is 63·7, yet, even in summer, it enjoys cool nights and mornings. But the best climate in Australia is to be found in the south-western corner of Western Australia, in the forest district to which reference has already been made. Very similar to the climate of this district is that of Mount Gambier in the eastern part of South Australia. Adelaide, the capital of the last mentioned State, suffers much in summer time from hot winds; but by way of compensation it has beautiful summer quarters upon a range of cool hills within a distance of ten miles. On the whole the Australian climate is not severe; and for some unexplained reason white people thrive there, even in the tropical districts.[1] As Mr. Knibbs, the Statistician of the Commonwealth, points out (Year Book, p. 115) "the continent is less subject to extremes of weather than are regions of similar area in other parts of the globe; and latitude for latitude, Australia is, on the whole, more temperate."[2] Accordingly, although about five-thirteenths of its whole area lies within the Tropic of Capricorn, between this portion and Tasmania there is such variety

[1] Further reference to this will be found in Chapter III, p. 274, "A White Australia."

[2] For example, while the isotherm for 70 Fahr. extends in South America and South Africa as far south as lat. 33, in Australia it only reaches to lat. 30. In the Northern hemisphere the same isotherm reaches as far north as 41.

of climate, that an immigrant from any part of Europe will find, somewhere in Australia, a district capable of growing in abundance any product of the soil with which he was familiar in his native land.

Fertility

Yet the development of Australia was not rapid. A seaboard of precipitous cliffs and bar-bound inlets, and an interior of apparently waterless desert offered little attraction to the early settlers. But as the country became better known, and men learnt to understand its ways, it was perceived that Nature had indeed poured out her gifts with lavish hand upon the island continent. Limitless pastures stretched behind the coastal ranges, and the bars, when dredged, gave admittance to noble rivers; so that the edges of the so-called "desert" receded every year before the advance of man. Then unsuspected stores of water were discovered under and above the ground; sheep were found to thrive best upon the dry western plains: the highlands of the north, the home of the buffalo, proved equally good for cattle: minerals were discovered in the centre, until only a narrow strip of spinifex country in the heart of the continent remains to-day unused. Portions of the earth, as, for instance, Java and Sumatra, are richer than Australia; but no area of equal dimensions contains so much wealth or in greater variety. The soil produces in abundance; all animals improve there and produce a better stock; it is the greatest gold-producing country in the world;[1] silver, copper, tin, and other minerals are found there; its coal supply is inexhaustible, and it has considerable deposits of iron, while its stores of

[1] The Transvaal Colony produces now a larger annual quantity; but Australia has a far larger gold-bearing area, most of which is undeveloped. Up to 1906 Australia had produced £474,913,047 worth of gold.

platinum and many other rare minerals are almost untouched. It is also rich in precious stones and promises to rival Africa as a producer of diamonds. Rich indeed, has been the dowry which Australia has brought to the men who wooed her boldly!

PRODUCTIVENESS

Yet because the coastal districts are the most fertile portion of the continent, and also the most closely settled, while the great interior is comparatively and sparsely peopled, some very erroneous conclusions have been formed as to the fertility of Australia by people who do not realise the magnitude of the continent. A writer in the Melbourne magazine *Life*[1]—Mr. T. K. Daw—has done good service in exposing this fallacy. Referring to a statement that "Australia can never be a great country, because it is incapable of supporting a large population," Mr. Daw points out that the coastal fringe, alone, the fertility of which is universally admitted, is "much larger than all the countries of Europe put together, if we leave out Russia. There is also room," he adds, "on the maritime belt for a portion of Russia, while the whole of the interior does not make up an area one-half the size of the Czar's European dominion. To say that because some portions of the smaller interior are arid, there is not room for large populations upon a maritime territory, larger than Germany, France, Spain, Italy, Austria and the smaller populous countries of Europe, must result from something worse than ignorance." The map which illustrates this statement is here reproduced.

The detractors of Australia have urged that the whole

[1] *Life*, August, 1908. The author acknowledges with thanks the courtesy of Fitchett Brothers Proprietary, Limited, the publishers of *Life*, in permitting him to reproduce the map which appears in this section, with Mr. Daw's explanatory comments.

"A GEOGRAPHICAL COMPARISON

Showing how the countries of Europe and the British Isles might be placed round the fertile "fringe," 250 miles wide, of Australia, leaving in the interior part of Russia.

of the maritime area is not good. Let it be conceded that a portion of it is bad; it should also be remembered that portions of the interior are good. "How much is good," Mr. Daw aptly remarks, "is mainly a question of meteorology. There is no continent on which rich soil has been so widely and evenly distributed as on Australia, and consequently in this country more than any other, productiveness depends on rainfall." Australian experience shows that agriculture can be successfully pursued in districts where the average annual rainfall is not more than twelve inches, and that fifteen inches is a sufficient fall to ensure good returns. Now, in Australia there are 827,000 square miles which enjoy a rainfall of more than twenty inches per annum,—that is to say from five to eight inches more than experience has proved to be necessary for successful agricultural settlement. Mr. Daw adopts a striking method of bringing home to readers the significance of these figures. Canada, he remarks, has claimed that "the nineteenth century was the century of the United States: the twentieth will be the century of Canada," and the claim rests upon the area of land within the Dominion suitable for cultivation. He then compares Canada with Australia in this respect. Canada, it is claimed, has 250,000,000 acres of agricultural land. The figures seem astounding. But if Australia calculated also in acres her 827,000 square miles of agricultural land,—*i.e.*, land over which the rainfall is more than twenty inches a year,—would become 529,000,000 acres, an area which is more than twice as large as the magnificent territory which is expected to shift London to the opposite side of the Atlantic Ocean. It will be observed that their calculation does not include the half-million square miles (320,000,000 acres) with a probable rainfall of from twelve to twenty inches, and leaves out of account the possibilities of settling population in the more arid districts by paying attention to

irrigation, water conservation, the storage of fodder and "dry farming" methods. Even so it is manifest that Australia possesses to-day an area of virgin territory suitable for agriculture, greater in extent than that which is claimed either for the United States or for the sister Dominion. Account must be taken also of the fact that there are 50,000,000 acres of irrigable land within the watershed of the Murray River system, which, when supplied with water can support at least three million people.

Droughts

In comparing Australia with Canada the freedom of the former from frost must not be left out of account. Work can be followed in Australia all the year round, which is not the case in Canada. On the other hand, Australia is liable to droughts from which Canada is comparatively free. This disadvantage must not, however, be exaggerated. Australia has never yet suffered from a general drought; but there have always been localities, even in the settled districts, where sheep and cattle would have flourished had means of transport been available. This climatic feature gives hope for the future, and justifies the extension of railways into pastoral districts without an over cautious eye to traffic returns.

Nor must it be forgotten that the rapidity with which Australia recovers from a drought is one of the most remarkable features of its soil. Even animals feel the impulse to renew their species. Ewes will drop two or more lambs at a birth and have been known to have three lambings in a year after a protracted period of dry weather.

The ravages of drought and the recuperative power of the continent are strikingly illustrated by the happenings of the period 1903-1906. The first of these four years

A BORE

marked the climax of the longest and most extensive drought ever recorded, either in the annals of Australia or the traditions of the aborigines. It lasted, with short breaks, for six years, and affected, in turn, all the settled districts of the continent. During this period sixty million sheep and four million cattle must have died from starvation. Crops failed, and Australia was obliged to import food-stuffs. Mining operations languished for want of water. Commerce fell off, and the spectre of unemployment stalked in every capital. Yet three years later, in 1906, Australia reached the apex of her prosperity. In production, commerce, industry and every outward sign of material growth she excelled all previous records. Figures can only give a vague idea of these events, and yet they are necessary to accurate statement.

In 1901 there were 72,040,211 sheep in the Commonwealth, of which the natural increase should have been, in an ordinary season, at least ten per cent. In the next year, however, the number fell to 53,668,347. That is to say,—reckoning the natural increase at seven millions, which is a low computation—there perished in one year fifteen-and-a-half million sheep. The number of cattle fell in the same period from 8,493,678 to 7,067,242—a loss of nearly a million-and-a-half, without allowing for the natural increase. The wheat production fell in the same season (1902-3) from 38,500,000 bushels to 12,300,000. Yet in the following season (1903-4) after the drought had broken, the production of this cereal rose from 12,300,000 bushels to 74,149,000, which is the highest production yet recorded. The number of sheep recovered more slowly, as the drought continued longer in the pastoral districts. But in four years (1906) the number had increased from 53,668,347 to 83,687,000. Cattle, within the same period, had risen in number from 7,067,242 (1902) to 9,349,000 (1906). As might

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have been anticipated, this vast destruction of productive forces seriously affected the marriage-rate and birth-rate. The number of births in 1901 was 102,945. It remained almost stationary in 1902 at 102,776. But in 1903, at the climax of the drought, the births fell to 98,443. The good season of 1903-4 caused an immediate increase to 104,113, which in 1906 became 107,890. The number of marriages also fell from 27,926 in 1902 to 25,977 in 1903. During 1906 there were 30,410 marriages. In considering these figures, it must be remembered that this drought, though more extensive than any other in Australian history, was, none the less, like all others, partial and of varying intensity. Much, also, is being done to mitigate drought by the use of ensilage, as a substitute for green fodder; and the Government of the State of Victoria is making liberal advances to settlers for the erection of silos. Since the great drought of 1903, pasturage has been too abundant to make resort to ensilage necessary. The conservation of water is another obvious method of fighting drought, but is not always effective, because grass sometimes fails before the tanks dry up. The use of ensilage in combination with water conservation will overcome this difficulty. Finally, squatters have at last learnt the danger of over-stocking, and that a run, which will carry a sheep to three acres in good seasons, will not carry one to twenty acres in a drought. For all these reasons there is good ground for believing that precautions can be taken against the worst dangers of a drought, and that the suffering and loss from this cause will be less in the future.

CHAPTER II

THE PEOPLE

THE Over-sea Briton—The Changed Skies—Characteristics—City Life—Housing—Living—Amusements—Horse-racing—Other Sports—An Easy Life.

THE Englishman who lives in England, rarely understands the Englishman who lives beneath the Southern Cross; and the latter, as a rule, is equally uncomprehending of the former. It follows that the Briton's first visit to the Commonwealth is generally a series of surprises and bewilderments. The people whom he meets are at once the same as and different from those whom he knew "at home;" and their very likeness provokes a sense of irritation at the points of difference. Their best qualities are in antagonism. The Briton's reserve seems arrogance to the Australian, whose hearty, open manner becomes,—in excess,—perilously near to youthful self-assertiveness.

But the difference between the two peoples is not only one of temperament, but also of standpoint. The Briton looks upon Australia as one of "the Colonies,"—with all the suggestion of dependence and inferiority which the term "colony" implies,—while the young Australian knows it to be a growing nation and boasts accordingly. Their ideas, in consequence, move on different planes; and, while each uses the same words, they speak in different languages. The Englishman forgets that the over-sea Briton is no longer the exiled Briton of romance, who pines for home and observes all British customs with a gentle melancholy, but is developing an entirely different type, is absorbed in new interests, and rapidly becoming conscious of a changed and larger destiny. The Australian, repelled by an unsympathetic manner, never guesses that with the suspicion of patronage

which marks a Briton's attitude towards "Colonials," is mingled a deep-seated pride in their achievements and a genuine desire for cordial relations. There is thus a shy offensiveness on either side, which might easily become the precursor of family quarrels. Neither wishes to harm the other; but the one is unconscious of giving offence while the other is watchful for grievances. This latent antagonism is inevitable in an age of transition, because the Colonial idea is too old to the Briton, and the national idea too new to the Australian for either easily to understand the other. For example, the ablest and most influential paper in the Commonwealth—*The Sydney Bulletin*—habitually caricatures John Bull as a Jewish pawnbroker, and mocks at British ways, as though they were a sign of treason towards Australia. Yet how many home-staying Britons have a juster view of the Australian? They admit his powers as a cricketer, a horseman and an athlete; but they will hardly concede that he has any serious purpose in his life, save money-getting, and they harp upon his want of manners and his boastfulness. It is true that manners and culture are not the natural product of a young country; but there is as much of either in Australia as in any English provincial town,—to which, and not to a metropolis, Australia ought to be compared. Nor can anyone, who witnessed the great contest for Australian Union between 1896 and 1900, deny that Australians can be inspired by and pursue a great ideal, at least as readily and tenaciously as Englishmen. "One people, one destiny," "A continent for a people, a people for a continent," are cries which appealed to the Australian's dominant idea of Nationalism more than to his pocket.

The Changed Skies

Perhaps the root of the latent antagonism which

undoubtedly exists between the home and the over-sea Briton, is the change which has been effected in the former by his new environment. The creature of habit and tradition is changed by emigration into a new being, who finds nothing as it was at home and has ever to be relying on his own resources in unexpected emergencies. No social usages shelter him from competition, but every man has an equal chance in the race of life. He who in England used to run between strings, in order not to jostle or be jostled, finds himself suddenly engaged in contests where everyone plays to win, and not for the mere pleasure of the game. The change has not been for the better in all points. Something has been lost, in the process, of that dignity and reserve, which comes of conscious strength, and has been replaced by the assertiveness of youth. The Australian boy who declared in London that the Presbyterian Church at Ballarat was finer than Westminster Abbey, is not entirely an imaginary type, and the same confident ignorance finds an only too easy expression in the press and on the platform. These, however, are the faults of self-conscious youth, when shyness apes audacity, and they weigh light in the balance against the manlier virtues of comradeship, —which is the special virtue of Australians,—courage, hopefulness and honesty. In essentials, indeed, the Australian has well preserved the " ancient and inbred integrity " of the race from which he sprang. What, then, are the distinctive characteristics of the Australian people ?

Characteristics

It is as difficult to describe, as to " draw an indictment " against a whole people, because classes merge so imperceptibly one into another, that a description of any one is as far from reality as an average, and tends to caricature. The best class, too,—that, namely, of men and

women of culture, intelligence and manners,—belongs to no country, but is recognised in all, by the same characteristics. To say that this class is less numerous in Australia than in Europe, is merely to affirm that Australia is a young country which cannot yet make use of a leisured class; while the graces of life seldom sit easily upon men who are engaged in a perpetual struggle with the forces of physical nature.

The same influences of youth and climate, which affect the standard of manners in a new country, necessarily affect also its intellectual standard. This is high in Australia as a standard for the average man,—higher, perhaps, in this respect than in any other country except France,—but it is not in any walk of life the highest attainable. Only great capitals, like London or Paris, where criticism is impersonal, can attract the really best in Art, Letters, Science, or the professions; and Australia, as has been said, is more provincial than metropolitan. Thus, while Australia is a good place to be young in, whilst the stimulus of struggle lasts, a man who has arrived must resolutely test himself by outside standards, if he would not stagnate. In Literature, Art, Medicine, Law and every other pursuit, men are to be found in Australia who, under the same favourable conditions, would hold their own individually in any country; but they are not representative and their isolation tends to make them over-confident and narrow. On the other hand, intellectual isolation encourages an originality of thought, and freedom of expression, which "clears the mind of cant" and often directs enquiry into new fields. The Brennan torpedo and the Wolseley sheep-shearing machine were both Australian inventions; and the *locus classicus* for the treatment of plague in a white community is the Report of Dr. Ashburton Thompson on the outbreak at Sydney in 1901. But in spite of these instances to the contrary—and many others

might be named—there is still a tendency for the brilliant youth in any walk of life to seek his opening in the larger world of London, and for the man who has made money, to spend it in the lands where pleasure is life's business. Every development of the field of Australian industry, and every impulse to the spirit of Australian nationality, tend to check these tendencies to absenteeism and hasten the day of the Commonwealth's maturity. In the meantime she is depending for her growth and influence not so much upon the "intellectuals," who are few in any country, and often pedants, or on the rich, who are seldom patriotic, but on the humbler folk who do their duty without self-questioning, and by their efforts move the world. And of these we must distinguish between dwellers in cities and those who live in the bush; for nowhere is the essential difference between "urbanus" and "paganus" greater than in Australia.

City Life

City life is much the same in every British community. The climate may make changes in externals; but it alters national habits very slowly. Even in the matter of clothing, all classes in Australian cities follow English fashions. The merchant goes to business, in the heat of summer, in the coat and hat which were *de rigueur* in the City of London; and the artisan spurns the clean duck overall of the French *ouvrier* and sweats in cloth or moleskin. Nevertheless the wide distances of the Australian continent are developing different types, which, although they are not yet sufficiently distinctive to admit of precise description, are easily recoguised. Speaking very roughly, and with the qualification that in every city the number of those who depart from the type is probably greater than those who conform to it, one would acclaim the hustling man of business, a mixture of Scotch shrewdness and Yankee push, instantly as

from Melbourne. The easy-going sun-loving philosopher, who does his work without fuss or show and tries to get the most from life, would hail from Sydney, the

City of laughing loveliness. Sun-girdled Queen
Crowned with imperial morning, bejewelled with joy,
Raimented soft like a bride, in virginal sheen,
Veiled in luminous mist, blushing maidenly-coy
In shyly opening dawntide of youthful-sweet beauty :—
Earth, and Air, and the Heavens, and wondering Ocean salute thee.

So she is described by Professor Marshall-Hall in his "Hymn to Sydney."

The South Australian is of the more solid type, who sits contentedly beneath his vine and fig-tree, and rears children to overspread the earth. Western Australia has not yet emerged into a separate individuality. Its native-born population is more English in its ways and thought than any in Australia,—British Columbia and New Zealand testify that this is always so in the extremities of the Empire,—but every State and nationality mix on the goldfields, and have not yet fused into a distinct amalgam. The North West is the land of the pearl-fisher, and the big-boned cattle-king; it is a land where adventure and romance still linger, and whose secrets are unrevealed. The most independent, self-reliant and courageous of Australians is the Queenslander, who fights Nature jesting, because he knows that in a country of such wealth the tide must one day turn. He is the owner of wide areas, who faces the buffets of fortune without repining, and believes in his star and in his State, with a confidence which nothing shatters.

Housing

Living is extremely clean and comfortable in all the Australian capitals. Even the humblest cottages contain bathrooms, which are always equipped with a shower-bath and generally with hot as well as cold water. All

houses also, except those in the few slums—for overcrowding and bad sanitation are evil legacies from former days both in Sydney and Melbourne—have a veranda, or, if of two stories, a balcony. Coppers for washing clothes and a drying yard are considered essentials even in the poorest homes; while, except within the boundaries of the city proper, every house has ground for a garden. Owing to the cheap fares upon the State-owned tramways and railways, workmen, except those who are engaged in callings connected with shipping, find it easy to reside in the suburbs. Tenement houses are unknown in Australia, where English exclusiveness demands that even the poorest family should have its separate home. Rents vary from eight shillings to twelve and sixpence per week, according to the distance from town and the locality. For these prices three-roomed cottages, with kitchen, bathroom, laundry, and yard can be had, and, though they seem high by comparison with English rents, they are reasonable enough in a country where seven shillings a day is the minimum wage.

It is probably true that, in spite of,—or perhaps in consequence of—the higher wages, the cost of living is not less than in England; but the conditions of life are pleasanter and the number who enjoy these is greater. In ordinary seasons beef costs from sixpence and mutton from fourpence per lb., while those who do their own marketing pay even less. Fruit, which is more largely eaten in Australia, can be had for very little. Grapes, peaches, apricots, nectarines, plums, and pears, of the best quality, do not cost more, in the season, than from threepence to fourpence a pound; while the wine-flavoured passion fruit,—most luscious of all fruits,—will grow without cultivation in any garden north of Sydney. Fish, which ought to be a staple article of diet, is plentiful but dear, owing to a bad system of distribution, and tinned salmon is too often used as a substitute.

Vegetables, hawked by Chinamen, can be had in great variety; but the Australian housewife has not learnt to understand their value, and knows nothing of the better kinds, such as sweet capsicums, or egg-fruit (*aubergine*). Even the tomato, which might redeem any dish, is generally, as in America, made into sauce.

Living

The Australian "cuisine" is, indeed, the English at its very worst, because the climate is entirely unsuited to what Dr. Johnson called the "ill-killed, ill-kept, and ill-dressed meats," which, roast, grilled or boiled, are the stand-by of every meal. Poultry is served as a change; but light dishes with rice or macaroni, omelettes, or curries with fresh seasoning, are rarely seen. The soup (if any), will probably be tinned;—for the economy of the Frenchwoman's "stock-pot" is not yet recognised. The heavy food is washed down with strong tea; and dyspepsia, in consequence, has made Australia the happiest of hunting grounds for the medical quack. Tea is the national drink throughout Australia and is much cheaper than in England. The teaching of cooking in the public schools has been a step in the right direction, and there is no lack of good *cuisines* in the better hotels and restaurants of Sydney and Melbourne. The working man, however, in other respects so eager for equality,—is still content with the unwholesome English food, although children would be healthier, household labours lighter and public houses emptier, if a simple system of cooking suited to the conditions of the country were generally adopted. Perhaps the cheap restaurants stand in the way of a change by offering for sixpence a substantial meal of meat, vegetables and pudding.

In his beverages, as in his food, the Australian remains an Englishman—that is to say he drinks tea, beer and whiskey, when he should drink coffee and wine. The use

of wine is becoming more general, now that the removal of State tariffs has allowed the lighter wines of South Australia and Victoria to be sent without restriction throughout the Commonwealth; but wine is not yet given in at meals in restaurants or refreshment rooms, as it is in the wine-producing countries of Europe. Coffee, which, if European experience be a guide, is a better beverage than tea for a hot climate, is seldom made to perfection in Australia.

Custom demands of the Australian woman that she shall dress well, and all wearing apparel is expensive. Fortunately most Australian girls are clever needlewomen, and the light materials, which suit the climate, lend themselves to simple and tasteful attire. Australians, accustomed to the bright colours and pretty dresses of their countrywomen, are always struck by the dowdiness of an English crowd. Certainly Australian women have the American knack of "putting their clothes on well;" and their tendency is rather to over than under-dress. On a Saturday morning in Sydney or Melbourne, a smart, well-dressed crowd of both sexes, may be seen strolling along the principal street. This is called "doing the block," and is a regular meeting-place for those who wish to meet their friends, to change their library books, or to talk over the latest ball at the eleven o'clock "Morning Tea," so popular in Australia. It is always daintily served at any of the numerous prettily decorated tea rooms, and is much appreciated by English visitors. The dresses worn on these occasions may seem more suited to a garden-party than to a morning saunter round the shops, but even when the colours are too bright and the materials too rich, much can be forgiven where the effect is so good.

Amusements

One expense, which figures in every Australian budget,

is the item of Amusements, which form a very distinctive feature of Australian life. Nothing is a surer test of national character. Australian amusements, as might have been expected, are chiefly in the open air; and the home, in consequence, plays a less part in the formation of character than in a country where, owing to the climate, fire-side games are the chief recreation of a family. Picnics are the delight of both old and young, picnics on the water, picnics by rail, picnics on horseback,—it is always a picnic which celebrates a festival—and festivals are numerous in Australia, where Ministries are always ready to proclaim a public holiday on pressure by the local Member.[1] Sundays, too, are *fête* days along the eastern coast, when the harbours are white with sails and camp-fires smoke in every cove. The picnickers have possibly attended an early service in church or chapel, but they are not, on that account, afflicted by any scruples against pleasure on Sunday. In Melbourne, where the Scotch element prevails, Sunday is still a day of gloom. But water—as London has learnt from the Thames—is always a solvent of Sabbatarianism, and Sydney, thanks to her harbour, has never suffered from the dour Scotch Sabbath. And yet it does not appear to be a less religious city than its southern rival.

Horse Racing

But not all Australians live near the sea; and unquestionably the chief amusement of Australia is horse-racing. It has been said that the first care of the surveyor of an Australian town-site is to mark out the cemetery; the second to plan a race-course. Certainly in no other country is racing so popular, or of such absorbing interest. This is partly due to the influence of

[1] In one bush town in New South Wales a half-holiday was declared to celebrate the remarkable occasion of a fall of snow.

fashion, and partly to the gambling spirit of the Australian people. Fashion dictates that twice a year, in spring and autumn, Australian women shall display their dresses on a metropolitan race-course, and betting draws the crowds, for whose comfort Australian courses are specially prepared. Thousands, too, who never attend a race-meeting, follow the doings of a horse with unwholesome interest; for the large prizes offered by the "Consultation Sweeps,"—which have been as high as £60,000 and vary from £5,000 to £20,000,—have infected all classes in Australia with the gambling disease. A "Consultation" is a lottery upon the result of a horse-race, which depends for its success upon the popular confidence in the honesty of its promoter. The price of a ticket varies from five shillings to one pound, and ten per cent. of the subscriptions are retained by the promoter. The balance is divided in money between those who have drawn a "starter" and those who draw the first three winners. Drawers of a starting horse generally get a fixed sum, which may be as high as £100. The winners' receipts may depend on whether the Consultation "filled," *i.e.*, whether the subscriptions were sufficient to allow the advertised prizes to be given. It is hardly possible to over-estimate the mischief of these "Consultations." Viewed as a mere waste of money they, and the betting system which they encourage, divert a sum of at least forty million pounds from the channels of productive industry, while the moral injury which they inflict is hardly calculable. The chance of making fortunes without work is an irresistible temptation. Clerks and shop-girls will stint themselves of food and office-boys pilfer the stamps to buy a ticket or a share in one of these lotteries. The writer, after an experience of twenty-five years at the Bar of New South Wales, and having been Attorney-General—who in that State is also the Grand Jury—for six years, does not hesitate to

affirm that nine-tenths of the embezzlements and forgeries and breaches of trust, which come before the Australian courts, are directly due to horse-racing and its concomitants.[1] The Commonwealth has done its best to put down the evil, by refusing to carry postal matter in connection with a "sweep." Tasmania, however, in the exercise of her State rights and in defiance of the Commonwealth, has established the head-quarters of this iniquity in Hobart under Government sanction, and thus draws a considerable revenue from the national vice.

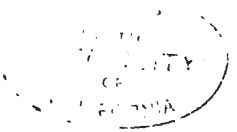
The infatuation of Australians for gambling upon horses is the more remarkable, because no one for a moment pretends that racing in Australia is an honest sport. Owners frankly declare that they run horses for the money they can make, without regard to the public; and even, when an owner races out of sportsmanship, the trainer or the jockey may go "crooked." And, as one Australian writer euphemistically puts it, "incidents take place at some of the minor meetings that would not for one moment be tolerated by the English Jockey Club.[2]

Praise, however, must be given to the arrangements on the principal Australian courses, for the comfort and convenience of the public. Prices of admission are low, and entitle the visitor to many privileges. Terraced hills give every spectator an unimpeded view, and the stands contain all the conveniences of a good club. Friends from all parts of Australia meet each other on "the Lawn" at Flemington on the day of the Melbourne Cup,—which is also the social carnival of the Australian

[1] Mr. Frank Bullen, in his "Advance Australia," calls the "abandonment of the Australians to sport," a "paralysing mania, which pervades every class, and takes precedence of business, of religion, of morality, and is responsible for a host of minor evils."

[2] "Australian Life in Town and Country," by E. C. Buley.

AN AUSTRALIAN RACE-COURSE



world. No pains are spared to beautify the scene. The gardens are gay with flowers, trellised arbours give a welcome shade to many luncheon parties, and in the stand there is even a corps of ladies' maids, engaged by the Club, to provide all the smaller requisites of the female toilette free of charge. Equal attention is paid to the facilities for following a race. The notice boards are visible from every corner, the whole course is always in view, and the horses carry their respective numbers in large figures on the saddle-cloth. It is not surprising that as many as 120,000 persons assemble on the course on Cup-Day. Indeed, many people who would not attend any other race meeting find their way to Flemington on that occasion.

In South Australia and Tasmania an attempt has been made to stop betting by the legislation of the "totalisator." This has the good effect of reducing the temptation to crooked running; but, until it is universally adopted and the sweeps effectually put down, it will not touch the heart of the evil.

Other Sports

Cricket, of course, is, above all others, the Australian game, as every reader of an English paper knows. The matches are watched with interest by crowds, and the newspapers have devised the ingenious plan of recording each run and incident of the game by mechanical devices on notice boards outside their offices. On the occasion of an international or inter-state match the streets will be blocked for hours by crowds, who by these means follow and criticise every feature of the game. Anything that breaks the isolation of Australia is to her advantage, and therefore her cricketers must be counted among those who have rendered her essential service.

In Victoria and South Australia a peculiar game of football, which is declared by its players to be superior to all other forms of the game, but which an outsider seldom appreciates, arouses enormous enthusiasm and is extremely popular. In New South Wales and Queensland the game is Rugby.

The sports of the wealthier classes are golf, yachting and motoring, in the practice of which there is nothing distinctively Australian. Small-boat sailing in Sydney Harbour does, however, require special notice. Probably nowhere in the world are little boats more skilfully handled. Fourteen foot dinghies carry so big a sail, that the boat capsizes from the mere weight of the mast, if the crew get out. Yet these little boats, each with a centre-board, and all the canvas of a racing yacht, will carry a crew of six in lumpy water. The crew, of course, act as live ballast, and lean out against the wind to keep the boat afloat. Nothing prettier than a regatta of these midgets could be imagined. As a rule they are owned and raced by boys or men in partnership, and this division of expense opens the sport to the poorest. The larger boats on the same model, and run on the same lines, go up to twenty-seven feet and are half-decked. Above this size come the half-raters and others which are the pastime of a wealthier class.

Game is not abundant in Australia, though the turkey bustard of the plains, the wonga pigeon, and the wild duck are highly prized for eating. In some seasons there is an abundance of quail, and flight shooting can be had in summer on the Gippsland lakes; but, taken as a whole, the continent offers little attraction to the sportsman.

All classes, rich and poor, share in the amusement of the theatre, to which the highest price of admission is only five shillings. Australians, indeed, are insatiable theatre-goers, and they have seen so many excellent visiting

companies that their taste is extremely good, and their love for good music is well known.

An Easy Life

The above description of some of the more distinctive features of urban life in Australia, though necessarily brief and general, has been sufficient to explain and justify the well-known saying that Australia is "The Paradise of the Working Man," in respect at any rate of his social conditions. Certainly no man who has to work for his living, whatever his position in life, works anywhere under pleasanter conditions than in an Australian city; and the position of artisans in this respect is particularly favourable. Of course men fail in Australia, as they fail everywhere, but the failures are fewer and more deserved. Work is there for every hale man, but not everyone has what, in the provincial speech of England, is called "gumption," which is a quality essential to success in a young country. Yet immigrants who—contrary to a popular belief—are very welcome in Australia, could not try their fortune in a land of better promise. Their material prospects are at once improved, and, what is better, they can become masters of their own future. For no man is hindered from advancement in Australia by barriers of class distinctions. Commerce, the professions and politics are an open field to all, and there is literally no position in the Commonwealth, to which a man of enterprise and character may not attain. It has been truly said[1] that "The Australian workman fully appreciates these possibilities and the absence of class distinction which they imply, and shows appreciation by an independence of conduct which is very noticeable. It cannot justly be said that this independence is allied to any discourtesy of bearing, but he knows

[1] "Australian Life in Town and Country," by E. C. Buley, p. 83.

his own value, and is also fully alive to the importance of the political power he wields."[1]

The attraction of Australia is equally great in other walks of life. In no other English-speaking country is there less of the snobbery of dollar-worship. No one is thought worse of for his want of means, provided that his poverty does not affront the proprieties. Nowhere else, indeed, does poverty less cut off the young people of a family from social pleasures; while economies are not the dreary series of privations which they are apt to be in an English town. The penny tram will take a girl to Government House as safely as a hansom cab, and almost as quickly. The necessaries of life may be dear to buy, but so much is thrown in for nothing that young couples, who are brave enough to begin life on a small income, do not command pity in Australia. And it must be admitted that Australians are not a saving people. To put by only in a policy of insurance and save a minimum of cash for an emergency would seem

[1] The omission of the formal signs of respectful greeting do not imply intentional discourtesy. It is said, and possibly with some degree of truth, that a young farmer, who from real soldierly keenness had volunteered for the African War, passed the General commanding his district without a salute, both being in uniform. It happened that the officer was a household word for his use of vigorous language, an accomplishment in which the Australian is an expert. He was also a first-rate soldier; and therefore doubly dear to the young Australian. The General's A.D.C., shocked at this breach of discipline, brought the offender to his General with the following result: "Do you know who I am, Sir?"—"No," drawled the Australian, "Who are you?"—"Why, Sir, I am General Blank, commanding this District!"—"General Blank," exclaimed the boy, putting his hand promptly to the salute, "My word, Sir, I've often heard of you. My name is Corporal S., of the ———— Contingent. I am proud to meet you, Sir," and he held out his hand. According to the story the General took it, and made the Corporal his galloper, with the happiest results. The failure of some British officers to understand a bearing of this kind caused a few unpleasantnesses during the War. On the other hand, those leaders who did understand these men, never had better followers.

to the thrifty Scotch or English housewife a threatening of the workhouse. But the Australian lives gaily in the sunshine, puts by in insurance more than he can afford, spends his income and gambles his savings on the race-course or a mining venture. If he loses, he has no more to spend; but if, as often happens, he "makes a bit," his wife has more jewellery or he gives more dinners; while, if the "punch" be very good, he moves into a larger house. It seems a careless, reckless life, but there is some philosophy beneath it all, and the men who lead it can face misfortune, when misfortune comes, as bravely as most others.

Let no one, however, imagine that those who have shown these same qualities in England are likely to make good immigrants. Usually they are proof to the contrary. For no place is more fatal than Australia to the English ne'er-do-weel of decent birth. The very virtues of the country aggravate his faults and weaknesses. He is wholly unsuited to manual work,—the only kind which he might obtain easily,—and after the briefest of struggles becomes a loafer in the city, where he is the most despised of outcasts, living on remittances from England—(hence the term "remittance man")—and useless in any capacity. The only salvation for men who have "gone under" in Great Britain would be the severance of all connection with their former life, and the acceptance of employment in the bush,—and this such men have neither the will-power to attempt nor the courage to endure. Those who would see to what depth of degradation English failures can reach in Australia, should read the chapter in the "Wrecker" in which Stevenson describes a night in the Sydney Domain.

CHAPTER III

THE BUSH

A COUNTRY Life—Characteristics of Bush Life—Isolation—The Sundowner—The Squatter—The Cattle-run—The Planter —The Selector—The Country Towns.

"THE experience of all mankind declares," says Froude, in the opening chapter of "Oceana," "that a race of men, sound in soul and limb, can be bred and reared only in the exercise of plough and spade in the free air, with country enjoyment and amusements,—never amidst foul drains and smoke-blacks and the eternal clank of machinery." Had Froude added "high skies and wide expanses" to his list of beneficial forces he would have named the most potent influences in the development of the Australian type. City life does not give to character the same sharp outlines as do the direct influence of soil and climate. It is, therefore, to the country that we must look for the true Australian, the result of a century of growth.

Certainly there is something enveloping and formative in the conditions of bush life, which tends in a very short period to make a distinctly Australian type. "Whether the rural resident," says Sir Gilbert Parker,[1] "is an Englishman or an Australian by birth, by the time he has lived ten years in the country he becomes Australian, as distinct from any other nationality. The Irishman gains direction and industrial confidence; the Scotsman, adaptability and warmth; the Englishman leaves off his insularity and puts on elasticity; and the Australian is slowly evolved."[2]

[1] "Round the Compass in Australia," by Gilbert Parker. London: Hutchinson & Co., 1892. A revised edition of this book is much to be desired.

[2] A jesting Australian saying is that "The Irishman owns the land: the Scotchman has all the good billets: and the Englishman does all the work."

"A SPLENDID ENERGY"

Characteristics of Bush Life

Large-heartedness is the most marked characteristic of the type. Men who watch the stars sparkling in a violet sky, and all day fight Nature face to face, are too near to the essential facts of life to be mean-spirited. Like the Arab or the sailor, the bushman is hospitable, sincere and loyal; but unlike these, he is also suspicious and a little sceptical. Merit must be proved in his presence before he accepts it on anyone else's valuation; and yet he is shy rather than self-confident; although he often affects self-confidence to conceal shyness. Once, however, let his trust be given and he knows no half-measures in his appreciation and generosity. "*Comradeship*" is his characteristic virtue: Mr. Buley, indeed, considers that the social code of the bush is summed up in the brief sentence of Mr. Henry Lawson:—"Drunk or sober, mad or sane, good or bad, it isn't bush religion to desert a mate in a hole." The occasions for sharing comradeship are frequent enough in the Australian bush, where droughts, floods, pests and other unexpected troubles call for immediate action, and good seasons and social gatherings bring together a whole neighbourhood to share in friendly congratulations. The hospitality of the bush is, of course, proverbial. Everybody is hospitable in the heart of Australia; it is only the nature of the kindness which differs, according to the means of those who proffer it. *Energy* is another marked feature of the Australian character—"a splendid energy," Sir Gilbert Parker calls it, "a faith in the possibilities of the country: a persistency behind the pessimism that comes with drought, flood, and mining and land booms." The rest of the passage is equally happy. "Coupled with this energy are self-confidence, freshness, aggressive assertion, and generous warmth. Because these have always been difficult questions to face: because

development has come by leaps and bounds: and because there have been struggles between class and class, there has been produced an upstanding race of men, irascible yet hospitable: strenuous and stalwart yet not robustious: explosive yet not troublesome: uncompromising yet generous: hardy, honest and true. That is the true Australian. . . A curious restlessness also marks his character, due to the vicissitudes of his life and to the speculative spirit of the country. . . It is to this type of restlessness, energy and daring that Australians, by birth and adoption, converge."

Isolation

Bush life makes a severe demand upon moral as well as physical endurance. The struggle with fatigue is, indeed, the least of the bushman's difficulties, the greater of which comes from his isolation. The mind moves slowly when speech is infrequent; and the taciturnity of bushmen is proverbial. Some develop a positive incapacity to live in society, and pass their time entirely alone. Such persons are called hatters in bush parlance; and the typical story of their characteristics is told in many forms throughout Australia. Two hatters, it is said, met on a worked out goldfield where each intended to fossick. To save labour they occupied the same tent, one working by day, the other by night so that they might never be in company. One morning hatter Bill asked hatter Jim, as he passed him on his way back from work, "Who won the battle of Sedan?" and was told "The French." Leaving camp next morning Bill said to Jim "'Twasn't, 'twas the Germans," and on his return found the tent empty, with a note from Jim pinned to the fly, that he couldn't stay in a camp "where there was so much . . . argument!" The temptation to a bushman to "break-out" becomes sometimes irresistible; and the steadiest workman,

maddened by his solitude, will at times ride to the nearest shanty, hand his cheque to its keeper and drink himself insensible. When he is permitted to recover consciousness he may find himself a mile or two upon his homeward track with a bottle of so-called whiskey, and a few shillings of change from the cheque, which he has just "knocked down." The native-born seems better able to endure the solitude of the bush than the European. Drunkenness is not a vice of the Australian born.

The Sundowner

The large-hearted hospitality of the bush called into existence a class of professional vagabonds, called "Sundowners," because they timed their arrival at a station at sundown, when they knew it was too late to send them further on the track, and that by the laws of the bush they must be given "tucker" and a lodging. This class is dying out before the advent of railways; but until recently they were in certain districts a serious tax upon the hospitality of station-owners. These swagmen who "humped Matilda" (*i.e.*, carried their blue blanket) and went upon the wallaby (*i.e.*, on the road), were seldom unintelligent and often philosophers. They accepted idleness as a divine command, and pursued their object of avoiding work, if not always with success, yet with imperturbable good humour. They were professionals, who must not be confounded with the genuine bush-worker who, on foot, bicycle or horseback, passes from station to station seeking for a job, and whose needs also must be supplied if he run short of food. It speaks well for the good relations which exist between people in the bush that this unwritten law of hospitality is seldom abused.

The Squatter

The squatter is at the apex of the social pyramid

of the Australian bush. As a rule he lives on his run in all seasons with his family about him, and so becomes a centre of social activities. Some squatters live in the cities and work their runs through managers, whose tie with the district is naturally less close; while other runs are in the occupation of Banks and Mortgage Companies who only desire to sell at a profit and have no interest in the district. The squatter who lives on his run has never been better described, if allowances be made for differences between the country life of to-day and that of fifty years ago, than by Henry Kingsley in the fine novel of "Geoffrey Hamlyn," and the novels of Mrs. Campbell Praed give vivid pictures of modern life on a station. The elegance and luxury of a station homestead is always a surprise to English visitors, who ought, however, to remember that the English country gentleman has only changed his skies in coming to Australia. Here is a vignette by Mr. Buley's pen, which no apology is needed for reproducing :—

> "The homestead is a substantial house of stone, built after the fashion of a bungalow, with only one storey, and a broad verandah running round three sides of it. Grape vines and passion-flower shade the verandah, and the front of the house looks over a spacious garden and orchard, with a thick hedge of quince trees. On the verandah are easy chairs and lounges. . . . The windows run down to the floor; the doorway is wide and inviting, and opens to a spacious cool-tiled hall. On one side is the drawing-room . . . on the other a dining-room . . . behind is a cheerful morning-room. Bedrooms cool and airy, open on the wide verandah . . . in a group of detached buildings are the bachelors' quarters and the schoolroom, which also serves as a concert-hall and a chapel. One side of the verandah overlooks a large lake of fresh water, formed by damming the

course of one of the boundary streams. Flocks of wild swan and ducks feed in it undisturbed, and even shyer water-fowl, such as the ibis and pelican, may often be observed upon it. From this lake an ingeniously contrived windmill raises water to the level of an elevated platform, on which, protected by a roof of thick wooden shingles, are a number of iron tanks. From this reservoir pipes conduct the water throughout the house and garden. From the other side of the house may be seen the wool-shed, a long building of wood with a galvanised iron roof. . . A ride round the run reveals signs of careful management. Each paddock[1] contains its flocks of carefully graded sheep: in one are wethers of a certain age and in another ewes. The stud flock occupies a domain of its own, and there is a special paddock for the horses and another for the cows. On the flats near the creek a heavy crop of the forage plant Alfalfa is being grown under irrigation. It will presently be cut and converted into ensilage as a precaution against drought. . . . A day's hard work in the saddle ends with a refreshing shower bath and a pleasant family dinner. Sometimes a neighbour drops in, and after dinner the men smoke on the cool broad verandah in the pleasant dusk. The wind sighs through the big she-oaks, and from the belt of tall gum-trees by the creeks comes the doleful note of the mopoke. Great flying foxes flap silently down to the peach trees in the orchard, and tiny bats wheel and turn in the clear air, hawking the plentiful insects. One by one the stars come out until the violet sky blazes with them. Across the lake the curlews are waiting, but in the drawing-room the lamps are lit."

Attractive and true as this picture is, it is not

[1] A paddock may be several square miles in area.

calculated to excite enthusiasm among Australians. Great sheep-runs, such as the one described, abound not only in the Darling district, which is appropriate to such uses, but in the richer coastal and central districts, where the land is suitable for cultivation. A sheep-run in such places is a hindrance to national growth; because it gives employment to so little labour. It is estimated that on a well-managed station only one man is employed for every 7,500 sheep; and the carrying capacity of a run is from one hundred thousand to a million sheep. The occasional work of a station gives irregular employment for fencing, damming and the construction of wells and tanks; but this is generally let to contractors. Shearing also employs large numbers. In earlier days this occasional and periodic work helped the smaller settlers near the run to earn money; and this is still the case to some extent. The present tendency, however, is to do all bush work by contract. Even shearing can be let out upon this system, owing to the variations in climate, which permit a gang to begin their operations in Queensland and follow the season southward. This weakening of the personal relations which previously existed in the bush between employer and employed, is partly responsible for the growth of the Bush-Workers' Union and its uncompromising attitude towards the pastoralists. The remedy is to be found in closer settlement and by the creation of small holdings.

The Cattle Runs

The squatter is a pastoralist who flourishes in the south and west where natural grasses or salt bush are favourable to sheep. Towards the north and west, and, generally in the more unsettled districts "cattle is king," and cattle-raising takes the place of wool-growing. Gradually, however, sheep are encroaching upon cattle, and cattle-stations are pushed further back towards

the tablelands of the North West. The conditions of life become then very hard. Population is very scattered, and the cost of transport is too high to permit of many luxuries. Two or three stockmen, aided by a score or so of blacks, will do all the work of a station under the superintendence of a manager, and life is one long round of hardships and danger; for the "looniness" of bullocks is proverbial, and no one can account for the lunatic impulses to which a mob of them is subject. The runs are often five thousand square miles in extent and, of course, not fenced. Mustering the cattle is therefore always an important and ever critical event upon a cattle-station. Mr. Buley gives a spirited description of the scene.

> "First," he writes, "comes the driving of the various mobs to the 'camp,' a work accomplished with as little whip-cracking and flurry as possible, for the object in view is to prevent the animals becoming excited or unmanageable. When the cattle are all collected the work of 'cutting-out' begins. The cattle are packed together, some of them wild with fear, and disturbing the others by their bellowing and sidelong thrusting of the horns. Into the mob rides the stockman, intent on separating from it some particular animal he has picked out. The well-trained horse forces his way through the cattle, obedient to every touch of knee and rein. Soon he has grasped the master's purpose, and begins to edge the beast singled out towards the outside of the throng. It is dangerous work, but man and horse have confidence in each other and both are alert and watchful."

After the cutting-out is done the mobs are sorted out and counted and the "clean skins" branded. Then, if the seasons hold out hope of grass and water on the travelling routes, the surplus stock will be put in charge

of some experienced drover for their three months' journey to the seaboard market. This life has great attractions, but demands patience and iron nerve of all who follow it; for bullocks are the most unmanageable beasts and are given to stampeding at night without warning, to the imminent risk of man and horse. The only hope of checking a stampede is to get ahead of the mob by forcing through the press and turning it by the lash of the stock-whip. The perils of such an attempt are obvious, but they are part of a drover's regular task.

Transport in the arid interior is by camel team, which has largely supplanted bullocks in the Never-Never country and from mining districts of Western Australia. The drivers are Afghans, and feuds between them and the Australian teamster often break into open violence if they venture into the outskirts of the more settled districts. In the arid interior, however, they have become indispensable, owing to the white man's inability at present to understand camel nature. It may be that these alien drivers will be displaced in time, but their ship of the desert has come to stay.

The Planter

Along the Queensland coast the squatter is replaced by the sugar-planter, who, until the Commonwealth compelled their deportation, worked his plantations by indentured Polynesian labourers. The problem of his economic position, which will be considered in the chapter on the policy of a White Australia, is not yet solved; but at present his traditional state is one of prosperity and the realisation of his gloomy forecasts is postponed. He is the aristocrat of the North as the squatter is of the South:—and is probably, as Sir Gilbert Parker calls him, "the most forceful" of the Australians. Certainly he is less conventional and lives in regard to dress, food,

CAMEL TRANSPORT

and buildings, in a sensible fashion according to the dictates of a semi-tropical climate. The differences between North and South in Australia threaten to become as marked as in the United States, and will always be considerable. The deportation of the Kanakas and the rigid adherence to the White Australia policy, while it may for a time retard the development of the northern portion of the continent, has probably saved Australia from a civil conflict, which, in its way, would have been as destructive and perilous as the War of Secession by the Confederate States.

The Selector

The term selector, which was first applied to those who selected land in New South Wales under the Crown Lands Act of 1861, is become a generic term for the small settler, except in the State of Victoria, where the appropriate term of farmer is in general use. For the selector outside of Victoria does not confine himself to farming, but also keeps sheep or dairy cattle, and in the western districts of New South Wales and Queensland is exclusively a sheep-man,—proving thus the possibility of making sheep pay on a small holding, which at one time was denied. The selector is the classical type of Australian literature; and his solitude and disappointments have been told and sung so often, that it becomes difficult to realise that in most parts of the continent he is a prosperous and contented man. In the West, it is true, he has suffered hardships, which too often make the existence of his wife and daughters a sombre tragedy. For the sufferings of a pioneer's life fall more heavily upon the women than the men. The man has the fierce joy of his daily contests with Nature; the woman, alone in the make-shift home of logs and iron, strives silently, but with ever lessening confidence, to maintain the accustomed seemlinesses of domestic life. The struggle is

too often fruitless; but the honour is to those who persevere—and they are found in every district of Australia, raising up brave sons and daughters and enduring patiently their share of toil. Such women are the unnamed heroines of Australian history.

The selector prospers best upon the coastal districts of New South Wales, which have recently become the principal seat of the dairying industry. The use of separators and the establishment of butter factories and creameries has brought independence and even fortune to many hundreds of men, who had no money fifteen years ago. In the central districts of the same State will be found many men who owe their position as large landowners to the selection first taken by their parent or themselves under the Act of 1861. But as will be seen in a later chapter, this Act did not do all that was expected of it, and many selectors have been glad to sell their holdings to the squatter, as soon as the legal term of residence has been completed.

Selection in the western districts has not been a success. It happened that the discovery that the western plains were suitable for wheat-growing was made contemporaneously with the beginning of the Great Drought. Many men were in consequence ruined, and much land was thrown back upon the Crown. A few men with capital pulled through and it now seems probable, after the experience of the last few years, that men who work themselves and carry on mixed farming will yet be able to make a living in the West, even on so small an area as 2,560 acres. Selection in Queensland is usually in large areas for grazing purposes.

The Country Town

The old saying: "God made the country: man made the town," has been amended by the cynical addition "and the devil made the country town." It is there

that in Australia bush and city meet. They are built on the same type; straight, unlovely streets, lined with pepper trees, and fronting wooden houses with galvanised iron roofs. There are always two and generally four public-houses at each corner. A lock-up, two Churches, a few banks and possibly a convent make up the rest of the town. All who can, live a few miles out, and occupy themselves with some country pursuit, visiting the town as seldom as possible. The selector comes for his mail on Saturday nights and the squatter drives in to Petty Sessions. When the Courts come round, either the District or Supreme, the little place becomes alive. At other times, unless someone happens to "go on the spree," the place is quiet and dull. Yet in all these towns there live one or two men who freely give themselves up to its advancement. Naturally this breeds local jealousies and feuds; but these are not serious, and self-sacrifice and patriotism meet with their reward in public esteem. Perhaps the best and most useful work in Australia is now being done in these unpromising surroundings. Where there is a Municipal or District Council, opportunity is offered for exercising wider influence, but it is questionable if this is more serviceable or better regarded than the unofficial influence of the leading citizen in a country town. The temptations to youth in such places are very great; and banks and other institutions seldom leave unmarried clerks exposed to them for any lengthened period.

Two classes who figure largely in country life, both in towns and in the bush, are the policeman and the civil servant. The policeman in the back-blocks is not only the emblem of law and authority, but he generally holds all the Government offices of the district, except that of Police Magistrate. He may be Registrar of Births, Deaths and Marriages, Clerk of Petty Sessions, Crown Lands Agent, Deputy Warden of the Mines Court, Inspector

of Weights and Measures, Forest Ranger, and have thrown upon him, in addition, every other unconsidered trifle of Government service. If, as is frequently the case, he is a man of good breeding, tact and education, he becomes a *Deus ex machina* to all the neighbourhood. Above him in rank, but further removed from the people is the Inspector of Police, who with the Police Magistrate, the Chairman of the Land Board, and the head of the District Land Office, represents to the county elector the majesty of the State Government. Sir Gilbert Parker gives the following life-like picture of an Australian country town :—[1]

> "They [the country towns] are the centres of a peculiar life—of the variations in the Australian type. The squatter drives in from his station to attend a meeting of the Local Land Board, or to post the editor of the local newspaper on a new phase of the land, or rabbit, question; the homestead lessee, with more modest turn-out, rattles in (all people in the back-blocks drive fast) for his month's stock of tea, sugar, and tobacco;—the great necessities of the far west; the selector comes swinging down the red-sand streets, where even the gum-tree finds no home, and the imported pepper-tree struggles for life, to seek some favour of the agents of a far-off Government; the shearer, on a "brombie" which he has bought for a couple of pounds, shuffles up to the public to knock down his cheque; the sundowner, with his swag on his back, posts through to the nearest station; the stock-rider, "sitting loosely in the saddle all the while," gallops in for a change as he travels his cattle to the south; a daughter of the plains rides swiftly to the post-office for the weekly mail; a mounted policeman in his blue coat and grey breeches, spurred and armed, becomes a

[1] "Round the Compass in Australia," p. 94.

welcome guest at the chief hotel; the local justices of the peace meet in conclave, full of desire for ready justice, and maybe innocent of law; the Inspector of Tanks meets his enemy, the Superintendent of Roads, and they "shout" for each other, while they breathe out violent criticism on their separate departments; and the Mayor, who seldom fails in accepting magnanimously the fealty parties, conspires with all as to what public man shall be the victim of the next banquet."

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CHAPTER IV

POLITICS AND THE WORKING MAN

THE Aim of Australian Democracy—The Paradise of the Working Man—A Contrast of Method—Australian Socialism—Social Progress *v.* Material Advance—A Policy not a Philosophy.

To understand Australia, it is necessary to remember that it is the country of the man who works, and not of the man of leisure. Luxury is rare, because it is difficult to accumulate a large fortune and more difficult to spend it, but capacity of any sort is assured of a competence. There is thus a pleasant equality of condition, which neither excites envy nor depresses ambition. All work, too, is adjusted to the necessities of a more genial climate; so that the hours are shorter and the pressure of competition less urgent than in older countries. At the same time the wide horizons and clear skies give a larger outlook upon life, and encourage the characteristic qualities of freshness, sincerity, and confidence; while nowhere in the world can a man who has to work for his living, work under pleasanter conditions than in Australia.

This, which is true of all classes, is so in a pre-eminent degree of those who live by manual labour, who have used their political power to adjust industrial conditions, with more or less elaboration, by means of legislation to these fortunate circumstances. This fact explains the saying, to which reference has been made above, that "Australia is the Paradise of the Working Man." In no country in the world is political power more widely diffused, or more daring use made of Government action as an instrument of social development. Every man and woman in Australia has a vote, and no tradition limits its exercise to a selection between candidates of a certain social rank. Consequently Members of Parliament are of the same class as the majority of voters and

reflect both the opinions and the prejudices of their constituents, so that their standpoint is always that of the average citizen, who has no definite political creed, but who resents being patronised and is keenly alive to any opportunity of bettering his condition by means of legislation. The dominant idea of the average voter is to make Australia a better country to live in for men of his own class,—for he has learnt by experience that men of wealth and ability are well able to look after themselves,—and, so far from mistrusting Governmental action, he draws legislation into his service as a ready and effective instrument of reform. This does not imply any adherence on his part to a particular theory of the functions of the State; for the Australian is a voter and not a philosopher, and his democracy is not so much a reasoned creed as an instinct.

A Contrast of Methods

This predilection of Australians for action by the State, is the more noteworthy because it is in striking contrast with the inclination of opinion in the other democracy of British origin which margins the Pacific. Contrasts between Australia and the United States will be noticed frequently by an observer of the two countries. This, perhaps, is one of the most intelligible, because it can be traced to a difference in the early methods of government. The United States sprang from the town meeting: Australia from a personal government. The early settlements in New England were, from the first, self-governing communities: the settlement at Sydney Cove was subject to the orders of a naval or military officer for thirty-eight years.[1] The Governor was an earthly providence to the early Australian settlers,—dispensing food, controlling industry, and fixing the rate

[1] Another strange contrast between the two countries is that Australia was first settled on the side most remote from England.

of wages. Nor did the influx of free settlers materially change the situation, because these spread themselves over the vast area of waste land too quickly to acquire that local sentiment which became instinctive in the concentrated settlements on the Atlantic seaboard. There came, indeed, to be a strong provincial jealousy between the Australian Colonies, which has defied even Federation; but this was never incompatible with a very wide exercise of the powers of government within each Colony. Thus while the United States have developed an exaggerated localism and individualism; in no part of the world has the doctrine of *Laissez-Faire* fewer adherents than in Australia. Even Freetraders reject the doctrine as applied to domestic politics; and the "Administrative Nihilism" (to use Professor Huxley's phrase), which would confine the action of Government to preserving order, always seemed treason to busy settlers, who depended upon the state to overcome many of the physical obstacles to settlement, and to provide by means of railways, roads, tanks, etc., those conveniences of civilisation, which, in such a country as Australia, individuals could not obtain unaided. Thus Australian Governments have, for many years, constructed and owned railways, tramways and ferry boats; done their own printing; provided hospitals and parks; subsidised agricultural shows, and, generally, endeavoured to improve the means of communication and transport, and develop the country.

Governments now, in addition, make clothes for the police and military; maintain agricultural farms; own and let the use of batteries for crushing ore; own and let out bulls and stallions; supply seed wheat; sell frozen meat and dairy produce; export wines; send commercial agents to England and the East; undertake the storage and grading of meat and butter for export. They are also expected to test new processes of

production, and supply, free of charge, information as to the latest agricultural and industrial experiments in other countries. Indeed, a settler could hardly get greater assistance than every Australian state is now expected to furnish. These later extensions of State activity have rather been due to the widening of the field for work, than to the influence of any political party; and are acquiesced in by all parties, because Australia was familiarised from its earliest days with the frequent exercise by the State of its organised power, in order to overcome the critical difficulties of colonisation.[1]

Australian Socialism

Yet, with all this extension of State activities, there is less socialist legislation in Australia than in England. Australian legislation is advanced only when the small size of the community and the sparseness of its population, necessitates that being done by legislation which, in England, is done by economic compulsion. For example, whereas in England the chief standard industries are regulated by joint committees of workmen and employers, who determine all disputes, and are able, through the concentration of the industry, to enforce their rulings by the penalty of exclusion from the trade,[2] in Australia, where industries are small and scattered, and men change easily from one employment to another, the same result can only be achieved by the compulsion

[1] It cannot be said that Australia affords any evidence in support of the view that Government action saps individual vigour. Australians are certainly most serious in the pursuit of their individual interests. At the worst there is a certain lack of public spirit and unwillingness to give personal service to the State gratuitously. But this is characteristic of any country where wealth has no traditional responsibilities, and the greater part of the community is necessarily occupied with its own business.

[2] *e.g.*, The cotton and iron trades. See for illustrations Mr. and Mrs. Sidney Webb's "Industrial Democracy."

of law through the awards of a tribunal. It is true that the laws of labour in factories and shops are shorter than in England, but in all other respects factory legislation is less strict in Australia than in England. Again, there is no poor law in Australia; there is nothing like the advanced municipal socialism of such cities as Glasgow; the laws for the protection of workmen are far less stringent than in England; there is no Workmen's Compensation Act, and the doctrine of "common employment" is in full force. In the supervision of food (except meat, milk and butter for export), the sanitation (except quarantine) and regulation of workmen's dwellings and new streets and buildings,—Australia is decades behind the legislation of Great Britain.

Yet, according to the popular view, Australia is a warning to the world by reason of its socialist legislation.

The explanation of this contrast between appearance and reality is due to the fact that the Australian inclination to invoke State aid, which has its origin in the history of the country, has found support of late years, in a more or less defined political creed, which has found in Australia its most vigorous and clear expression, although it is not distinctively Australian, nor of Australian origin.

Social Progress *versus* Material Advance

History from one point of view is only an ever-varying adjustment between the rights of the individual and the claims of society. One school of thought, holding that society grows through an automatic harmonising of many self-interests, would extend the sphere of individual action to the widest limits compatible with the security of life and property. Another school insists that the conflict of self-interests does not produce harmony but anarchy, and it accordingly demands restrictions upon competition in order to preserve society. In the economic

field, disciples of the former school concentrate their efforts on encouraging production, because they believe that unrestricted liberty to produce, secures, by some decree of Providence, a just distribution of the products.[1] The other school (except its socialist section) does not reject competition; but demands that this shall be, in fact, that competition of equal units, which English economists postulate, but which has never existed in any industrial society, except, possibly between wholesale dealers during the thirty years, 1840–70, when there were no Trusts, and foreign states had not begun to organise national industries by means of tariffs, subsidies, and railways.

These views express the divergence of opinion between capital and labour which exists to-day in many parts of the world. In Australia it is widened and accentuated by some distinctive social and historical conditions.

Australia, as has been pointed out, is a country in which every man and woman has a vote. It has also been familiarised from its birth with an active and centralised government. There is accordingly nothing novel or repellent to an Australian in the idea that the organised power of the State should be used to further his ideas of social reform. On the other hand, a young country offers very great opportunities to private enterprise, and tends to develop self-reliance and impatience of control to a high degree. These qualities do not, however, counteract the tendency to rely upon the interference of the State, because the vicissitudes of fortune in a young country, and the haphazard way in which she casts her favours, make the unsuccessful envious or indifferent, while the men of enterprise, who mistrust governments, are too much occupied with their own

[1] See especially Bastiat: "Harmonies Economiques," in which the conclusions of the English school of individualist Political Economy are pressed to their logical conclusions.

affairs to take an influential part in politics. Riches, which imply responsibilities and in appearance reward merit, are more kindly regarded than the sudden acquisitions of Australian speculators which give their possessor very little power over the opinions of others. A writer of a most interesting series of articles on "Australian Ideals," which appeared in the *Times* of July and August, 1908,[1] has very acutely pointed out that "alongside the individual struggle after wealth there was growing in Australia from very early times a different spirit sown by men who sought not so much wealth as ease and competence. . . . . This spirit was helped in its gradual evolution from an instinctive and unconvinced sentiment to the main article in a political faith by the same circumstances, peculiar to Australia, which gave such extensive play to the material ambition of the abler part of the community. If cloistral isolation and peace favoured the concentration of many people upon the business of developing the country and growing rich, it also left their poorer and less enterprising brethren free to speculate upon possibilities of moderate affluence without excessive toil, and of a widespread social well-being, inconceivable to countries less richly endowed, less thinly peopled and less remote. Hidden in a corner of the Pacific, and safeguarded by no effort of her own against the interference of a jealous world, Australia has developed a quality of introspection, a hermit-like pre-occupation with her own dreams, which is now a leading attribute of her political ideas."

A Policy not a Philosophy

It is almost needless to say that, Australia being a British community, ideas are not built up into any consistent theory. Thus, although the division of

[1] See especially Article vi, the *Times*, Aug. 8, 1908. It is hoped that more articles will be published in a permanent form.

sentiment in Australia does run parallel with the cleavage in opinion which has been described above, the philosophy of the matter is little considered, and the conflicts are not between rival schools of thought. Yet there is an essential difference between the ideals of each party, however little this may be generally recognised, which perhaps will be made clearer by a description of the extreme views of either side. Again we may quote the writer of the articles in the *Times*: "At the extreme of one category is a large number of purely selfish individuals, who, regardless of any interest but their own, are merely in a hurry to grow rich. At the extreme of the other is a still larger number of more or less predatory socialists, who demand a share of the general prosperity out of all proportion to their share of effort in creating it. 'Going into one class,' wrote Sir Henry Parkes in his 'Fifty Years in the Making of Australian History,' 'you will find men carefully dressed and sumptuously fed, who are very much disposed to take a short cut to the object which they wish to reach without reference to the feelings, or the reasonable wishes, or even the lawful privileges of their fellows. Going among another class,—almost the opposite—you will see men savagely assail their fellows, because they honestly strive in their own way, as free men, to earn the means of subsistence for their families.'"

The aims of these two classes will always be essentially antagonistic. The one will lay most stress on material advance, the other will place social progress in the forefront of its programme. And as the political power is with the advocates of social progress, we shall expect to find on the Australian Statute Book many protests against unrestrained individualism, which would cause the same estrangement between classes in Australia as in older countries. And in this respect, also, Australia offers another marked contrast to the United States. Indeed, the motto of the Australian supporters of reform

might almost be " To make Australia everything America is not,"—so strenuous is the struggle against the rule of wealth, and so deep-seated are the lessons which have been taught to Australians by the recent disclosures of social anarchy in the United States. Australia, it is claimed, should be so governed that it shall provide work at fair wages to a vast industrial population, afford a fair day's wage to good workers, and provide such comfortable and healthy conditions, that the workers may take an interest in their work and have leisure for culture and recreation. It is thought better that Australia should have a large, well-educated, contented working population, than that it should produce immense yields of wool or cotton by means of servile or low-paid labour. Such views plainly involve the " swallowing of economic formulæ " and suggest that " freedom of contract," " the law of supply and demand " and similar phrases are mere capitalistic shibboleths which mark an arrogant contempt for social rights. Legislation is treated as a means not only of removing inequalities, but of protecting the weak against the strong.

The organised political exponent of these views is the Australian Labour Party, which plays so large a part in Australian affairs, and is credited with playing one so much larger, that an account of its formation and policy cannot be omitted from an account of the Commonwealth, and will form the subject of the next chapter.

CHAPTER V

THE LABOUR PARTY

THE Opportunity—The Maritime Strike—Labour Turns to Politics—A Retrospect—The Caucus—The Programme—What the Party Stands for—Comparison with the English Labour Party.

THE writer in the *Times*, to whom reference has been made above, observes truly that "Labour has won its present position in Australia not by virtue of its organisation, but by virtue of its aims. Other parties have not failed to organise merely because they are too indolent or too proud, but because they lacked the united impulse, the common faith essential to give the method effect. If Labour, when it first determined to organise as a political force had not been able to call to its support a deep-rooted sentiment of the Australian people, it could not have risen to anything approaching its present power." The binding influence of race and the Eight Hours' Day gave Australian labourers an exceptional solidarity and enabled the Labour Party (as the same writer points out) "to become the spokesman of the general wish for some ideal of social progress which would control and rationalise the prevailing doctrine of wealth-accumulation at any price." Other causes worked in the same direction. The want of sympathy with the wealthy classes was changed into resentment and hostility by the social war between squatter and selector, which will be described in later chapters. The memories of that struggle were green when Labour entered politics. The time, too, was otherwise propitious.

The huge expenditure of borrowed money on public works and immigration from 1877-1890 had culminated in an orgie of gambling. Fortunes—on paper—were immense, and wealth had never seemed more flaunting

and unscrupulous. The crash which followed swept away the people's savings and awoke a blind desire for vengeance, which, when wages began to fall, found expression in a general strike. Beginning with the laying up of the Tasmanian Steamship Company's fleet, on account of the dismissal from the *Corinna* of a Union representative without assigned cause—for so do great things spring from small beginnings—this strike spread sympathetically through the ranks of organised labour. It was met and defeated by an equally extensive organisation of employers; and Labour sought revenge in politics.

This strike is a landmark of Australian history, and its issues and conduct illustrate Australian methods and ideas exceedingly well. It will not, therefore, be inappropriate to relate the story.[1]

The Maritime Strike

On August 12th, 1891, the President of the Shearers' Union obtained a pledge from the maritime bodies of workmen and the Trades and Labour Council in Sydney, that they would boycott all wool which had been shorn by non-unionists. The issue thus raised was described differently by the two opposing forces. To the employers it was "freedom of contract;" to the workmen "the right to combine." The pastoralists were alleged to be ousting unionists from employment, and certainly they were refusing to give any preference to unionist shearers, so that all shearers were sharing in the higher wages and improved conditions which the Union had obtained for the class at considerable cost. At least ten per cent. of the sheds in New South Wales were shearing under

[1] An account of the strike is given in the "Official Report of the Labour Defence Committee," and in a supplementary pamphlet by Mr. George Black, giving an account of the Labour Market for 1891-1904.

non-union rules, and some indiscreet employers in Melbourne had publicly avowed their intention to break Trade Unionism. The conviction was thus widespread throughout Australia that action was necessary, because Trade Unionism had been brought face to face with the problem of existence. The affiliated societies consequently entered upon the conflict with the object of maintaining the Shearers' Union in what was believed to be a fight for life.

Still the strike might have been confined within narrow limits had not the Marine Officers' Association decided on August 13th to take part through their Secretary in the deliberations of the Trades and Labour Council. "From that moment," writes Mr. Black, "the basis of the impending strike was indefinitely extended, and its original pretext to some extent forgotten. . . It suddenly assumed the aspect of a battle involving all classes of maritime labour throughout Australia. The shipowners demanded that the officers should sever their connection with organised labour. They refused . . . and left their ships as they came into port. The Seamen's Union called upon its members to support the officers and the strike began in all its vastness and complexity. There was a general boycott of all non-union wool and all ships manned by non-union officers. The conference which had been called to discuss the strike, organised itself into a Labour Defence Committee whose orders were implicitly obeyed." Mr. Black gives a vivid description of the Committee at work. "Up three flights of stairs, the approach to the last flight guarded by toil-stained and often weary outposts, in a large room at the door of which stood another sentry, round a long, narrow table, but half-covered by a piece of old cretonne, gathered the members. For a fortnight or more the work was physically as well as mentally exhausting. All day long, and all night they sat: at first about a dozen, and more

as the days rolled by and other Labour bodies filed into line. . . . Only the unions actually on strike were represented here. Affiliated bodies sent their spokesmen asking for instructions how to act. . . . Then there were deputations from employers asking help to unload perishable goods. . . . Intercolonial traffic had been crippled but not brought to a standstill. A few ships were running the blockades with provoking success; and the Defence Committees in the various Colonies kept the wires busy day and night with comments on their movements. 'A steamer dropping up the Yarra. Anything known about her?' The Chairman would ask as he read the contents of the wire just to hand. 'Yes, as black as your hat,' would probably be the response. 'Then tell them to block her.' And an hour later the leaders in Melbourne would be acting upon the advice." Money poured in freely. Australian Trade Societies contributed £28,662. The London Dockers, in gratitude for the assistance sent to them from Australia in their "strike for the 'tanner,'" sent £2,000, and other Societies in England £2,060 more. Over £36,000 was distributed in relief in which 16,347 persons participated at different times. The expenses of the Defence Committee were £240 9s. 9d., of which the Secretary received £6 6s., the twelve delegates 5s. each per day, and the editor of the daily bulletin of the strike, £15. Men gave themselves freely to the work, and there were no scandals.

But devotion and loyalty could avail nothing against popular hostility. Failure was inevitable when the householder began to fear for his supplies, and the farmer for his market. Special constables, aided by mounted infantry from the country, forced passages for the boycotted goods between the ships and the railway termini; and, as steamer after steamer loaded and discharged, the ranks of the unionists thinned. The strike,

MELBOURNE, VICTORIA

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however, was conducted to the end without disorder ;[1] and the leaders, wisely resisting the counsels of despair, refused to order a general strike of all labour, and surrendered unconditionally after a fortnight's struggle. The shearers had already returned to their sheds,—intimidated by the unequal laws which then made breach of contract by a workman a criminal offence,—and the claims of the officers had been conceded by the shipowners, provided they withdrew from the Trades and Labour Council. Of what use, then, was it to prolong the struggle ? Nothing remained but to bring its operations to an end. The general public was relieved. It sympathised with Labour ; but had not understood the turn which the dispute had taken. Yet the refusal to permit the Officers' Association to affiliate with the Trades and Labour Council,—however necessary in the interests of discipline,—really struck at the root of Trade Unionism, which is freedom to combine ; and the boycott of non-union wool and ships,—however inconvenient to the public,—was the mildest method of protesting against " black-leg " labour.

Extravagant claims were advanced by both sides. The Trade Unionists were too few to assert their claim at that time to the preferential employment, which may now be conceded, under statute, by Industrial Arbitration Courts, and which was secured many years ago by the organisation of both employers and employed in the larger industries of the North of England. The employers in their demand for " freedom of contract " forgot that real freedom to contract implied a freedom to refuse the contract offered, which was impossible to an individual workman unsupported by a Trade Union, because, if he

[1] There was some stone-throwing on one occasion at the Circular Quay, which panic magnified into a riot. A Governor, who was accustomed to the disorder of election nights in some English towns, watched it undisturbed from the window of a public office ; but it was a first experience of street turbulence to Australians.

stood alone, he must find work or starve. Trade Unions are to workmen, what capital is to the employer, they enable him to wait until the market for his labour rises. Nor was it generally perceived that "free" or "black-leg" labour (whichever epithet be preferred) menaced the very existence of Trade Unionism as an industrial force. Cheap labour depresses the standard of wages, which Trade Unions are established to maintain, as inevitably and for the same reason as, under Gresham's law, bad money drives good money out of circulation. It is a notable example of that *attardation* of thought which will be noticed later as characteristic of young countries, that these trite considerations were hardly urged in public except by men who had been trained in European ideas, and that they were denounced as revolutionary by the whole daily Press.[1] Barristers, whose existence as a separate profession is secured by the strictest Trade Union rules—who refuse to work with a "black-leg" and call their overtime "refreshers,"—were especially antagonistic to the other Unions. Sir Alfred Stephen, an ex-Chief Justice, introduced a bill into the Legislative Council, making strikes illegal under almost any circumstances and threatening strike leaders with summary imprisonment at the hands of police magistrates, and other members of the legal profession expressed similar opinions.[2]

[1] *e.g.*, His Eminence, Cardinal Moran, the Chief Justice of Victoria (the Hon. George Higinbotham), the Rev. H. L. Jackson, Incumbent of St. James', Sydney, the Rev. George Walters (Unitarian), and the Rev. Dr. Roseby (Wesleyan) were among the few men of prominence who publicly expressed their comprehension of the issues involved.

[2] Many employers used their victory with great harshness. One of the largest Pastoral Mercantile Houses in Australia required the writer to return a Brief, which he held for them in the Supreme Court, on the expressed ground that he had written a letter to the Press which questioned the doctrine of "Freedom of Contract." If this was done to one who had already held high ministerial office, the treatment meted out to defenceless workmen can be imagined.

THE NEW PARTY

Beaten in the strike, Labour, in the hour of its defeat, turned to politics. "This then," says the Report of the Labour Defence Committee, "is over and above all others our greatest lesson—that an organisation must become a means of education and constitutional power. Already it is half learnt. We have come out of the conflict a united Labour Party. . . . The next General Election must yield us the balance of power." These words were prophetic.

Labour Turns to Politics

At the General Election, in June, 1891, thirty-six members were returned to the Parliament of New South Wales upon the Labour Ticket, out of forty-five who stood as Labour candidates. They held the balance of power, and at their first caucus in Parliament House, decided to support Sir Henry Parkes, who had reluctantly remained in office upon pressure from Lord Jersey, the Governor, who, himself a partner in Child's, foresaw the coming banking crisis. In the debate on the Address, in reply, Mr. George Black, "sick," as he writes, "of hearing Labour members alternately cajoled and bullied" by speakers on both sides, made the dramatic declaration that his party was attached to neither side, but that its policy would be "Support in return for concessions." "If," he said, "you give us our concessions, then our votes shall circulate on the Treasury benches; if you do not, then we shall withdraw our support. But we have not come into this House to make and unmake ministries; but to make and unmake social conditions."

A Retrospect

Looking back now over seventeen years, it must be admitted that the work of the party has not equalled the excessive hopes of its members and the undignified alarm of its opponents. Its influence certainly quickened the

passage of Electoral Reform (1892), Old Age Pensions (1899), and Woman's Suffrage (1901), and prepared the ground for the "Industrial Arbitration Act" (1901), although its members took no part in the preparation of this measure. Most of the measures, however, for which the party how claims credit in the Commonwealth and New South Wales, had already found places in the programme of one or other of the established parties. This, however, is not to detract from its merit, which lies not so much in what it has accomplished, as in the spirit of greater earnestness and sincerity which it has introduced into Australian politics. The party gains support not only because, as the writer in the *Times* points out, it has annexed the policy of all Progressives, but because its purposes are serious and its sympathies Australian.

The Caucus

The one just cause of complaint against the Labour Party and that which has hitherto separated it from other Progressives, is the dominance of the machine outside Parliament and of the caucus within. The first experiences of the party, when members were detached from it on critical occasions, by the specious terms of catch resolutions, compelled the adoption of a cast-iron pledge, by which every member of the party undertook to vote on every occasion as a majority of the caucus should determine. This proved impracticable because the caucus could not be convened to meet every Parliamentary emergency; and the pledge has been several times modified, until, in the Commonwealth Parliament, it only binds members to vote together on questions which involve the fate of a Ministry, or concern a plank in the party's platform, which is no greater obligation than every member owes to the party which he is elected to support. The difference is not in the object aimed at, but in the method. Members of Parliament owe a duty

to their constituents to explain their votes, whether these be given for or against their party. This explanation can be given either on the floor of the House or in the electorate, but no member can shirk the obligation. Labour members, on the other hand, are pledged to keep secret the deliberations of their caucus. They must vote, when the occasion for a caucus arises, as the majority determines, and can shield themselves from the censure of their constituents by alleging this justification. This, in effect, withdraws discussion from Parliament and therefore from the public to the secrecy of the caucus, so that the representative system ceases to exert an educational influence, which is one of its main purposes, either in the House or the electorates. Every year lessens the advantages of this system, which in its present form has outgrown its usefulness. It is only in its early days of weakness that a party need bind all its members by a pledge to obey the majority and require them to accept every plank in its platform, although most of these may be mere counsels of perfection, which are not likely to come within the field of practical politics for many years. When a party has gained strength, and can express its principles in definite and practicable proposals, it is surely a sign of its strength, which involves no risk, to leave a certain freedom of thought and action to its Parliamentary representatives. The Labour Members of Parliament have already realised this need for greater freedom; but the organisations outside insist upon retaining control although this has already forced their leader in Queensland, Mr. Kidston, to seek alliances elsewhere and compelled a ministry of their own choosing in Western Australia to resign office in disgust. The "solidarity pledge" is accordingly still required of Labour candidates, although its stringency has been relaxed, and no working arrangement has yet been come to between the Labour Leagues in the

constituencies, and members of the Progressive party, who are in sympathy with the immediate aims of Labour. This is a source of weakness which may bring temporary failure. But as the party gains in power and responsibility, it should be able to maintain an equally effective discipline by means which are less derogatory to the self-respect and independence of its members. For the present, however, the caucus and the machine expose the party to suspicion and attack.

The Programme

The Programme of the Commonwealth Labour Party as agreed to at the Conference of Labour Leagues in 1908, contains the following proposals :—

AUSTRALIAN LABOUR PARTY

Fighting Platform and General Platform as adopted at Conference, Brisbane, July, 1908.

OBJECTIVE

(*a*) The cultivation of an Australian sentiment, based upon the maintenance of racial purity, and the development in Australia of an enlightened and self-reliant community ;

(*b*) The securing of the full results of their industry to all producers by the collective ownership of monopolies, and the extension of the industrial and economic functions of the State and Municipality.

FIGHTING PLATFORM

1. Maintenance of a White Australia.
2. The New Protection.
3. Nationalisation of Monopolies.
4. Graduated Tax on Unimproved Land Values.
5. Citizen Defence Force.
6. Commonwealth Bank.
7. Restriction of Public Borrowing.
8. Navigation Laws.
9. Arbitration Act Amendment.

GENERAL PLATFORM

1. Maintenance of a White Australia.

THE LABOUR PROGRAMME

2. New Protection—Amendment of Constitution to ensure effective Federal legislation for New Protection and Arbitration.
3. Nationalisation of Monopolies—if necessary, amendment of Constitution to provide for same.
4. Graduated Land Tax—Graduated tax on all estates over £5,000 in value on an unimproved basis.
5. Citizen Defence Force, with compulsory military training, and Australian-owned and controlled Navy.
6. Commonwealth Bank of Issue, Deposit, Exchange and Reserve, with non-political management.
7. Restriction of Public Borrowing.
8. Navigation Laws to provide—(*a*) for the protection of Australian shipping against unfair competition; (*b*) registration of all vessels engaged in the coastal trade; (*c*) the efficient manning of vessels; (*d*) the proper supply of life-saving and other equipments; (*e*) the regulation of hours and conditions of work; (*f*) proper accommodation for passengers and seamen; (*g*) proper loading gear and inspection of same; (*h*) compulsory insurance of crews by shipowners against accident or death.
9. Arbitration Act Amendment, to provide for Preference to Unionists and exclusion of the legal profession, with provision for the inclusion of all State Government employees.
10. Old Age and Invalid Pensions.
11. General Insurance Department, with non-political management.
12. Civil Equality of Men and Women.
13. Naval and Military expenditure to be allotted from proceeds of direct taxation.
14. Initiative and Referendum.

PLEDGE

I hereby pledge myself not to oppose the candidate selected by the recognised political Labour organisation, and, if elected, to do my utmost to carry out the principles embodied in the Australian Labour Party's Platform and on all questions affecting the Platform to vote as a majority of the Parliamentary Party may decide at a duly constituted caucus meeting.

In one sense this programme is Socialistic; but it will be observed that it does not adopt the collective ownership of all means of production, which is the distinctive doctrine of European Socialism. All it urges in this direction is that collective ownership should supersede or prevent monopolies,—which is the creed of the London County Council and the main-spring of the

Municipal activities of Birmingham and Glasgow.[1] In practice this would mean that the Commonwealth would buy out the Tobacco Trust, and thus establish a monopoly in a most profitable source of revenue, similar to that which the British Government now enjoys in Cyprus, and to those which have existed for many years in European states, whose rulers have never been suspected of Socialist tendencies.

What the Party Stands for

The foregoing analysis of the Labour Party's aims ought to disprove the charge, which is frequently urged against it, of being essentially anti-capitalist. On the contrary the party, as a whole, has never considered attacks on capital as a matter of practical politics. Its leaders are men of recognised probity and ability, and its ranks contain a fair sprinkling of men of all social grades,—farmers, professional men, shopkeepers, clergy and University graduates,—although manual workers are of course, in the majority. The majority of Socialists, it is true, work with the Labour Party, though Socialist bodies have opposed it and even run candidates against its nominees. It is also true that some enthusiastic supporters of the party indulge in violent language; but this is no more representative of the aims and methods of Australian Labour than the speeches in Hyde Park on a Sunday afternoon represent the opinion of the working

[1] The *Bulletin* has asked, in reference to the charge against the Labour Party that it advocates "Socialism," "What is Socialism? Is it Socialism to run a factory to make the postman's clothes, and yet not Socialism to run a post-office? Or is it Socialism to light a street and yet *not* Socialism to light a sand-bank? Or is it Socialism to run a mine, and yet *not* Socialism to run a mining battery? Is it Socialism to tax land-values, and yet *not* Socialism to tax building improvements? Is it Socialism to build mail-steamers, and yet *not* Socialism to build a river ferry?"

classes of Great Britain. Unquestionably the Australian Labour Party represents some of the best elements of sane patriotism which the Commonwealth possesses, and its political action has never been influenced by the prospect of personal gain.

This is a different picture from that which is presented to English readers by Australian party newspapers, writing in the heat of an election contest. But it should be remembered, in judging of Australia by the utterances of its politicians or by writings in the Press, that Parliament and the newspapers cry every defect and error of Australians through a megaphone; and that for many years the Labour Party has represented all that is most disliked by a somewhat narrow capitalistic press.[1] The Australian Labour Party advocates compulsory military service as the first duty of citizenship, and extends training to every boy at school, in the belief that a citizen army is the best safeguard of democracy, and that a country which is worth living in is worth fighting for. It also realises that the Empire is the greatest force the world has ever seen for the establishment of peace, justice and freedom. Thus the party is one with a wide outlook and broad sympathies and so holds a high position in the public regard.[2] For the moment, however, the Labour Party in Australia is an offence to persons in authority who have the ear of the Press, and a stumbling-block,

[1] English observers, such as Professor Gregory, or the writer of the Articles of the *Times* on "Australian Ideals" soon form a different estimate of the Labour Party.

[2] The Banks' crisis of 1892 is sometimes attributed to the strike of 1891. This is an error. The boom broke in Adelaide in 1887. The Building Societies, which were a favourite investment for the savings of the working classes began to fail in 1889. The financial crisis was really due to an unsound system of banking. Money was borrowed in London on short terms and lent on mortgage to squatters on long terms. It would have happened many years earlier but for the large sums expended by the several State Governments out of the proceeds of public loans.

through misapprehension of its work and purpose, to many well-wishers to Australia. The extent of these misapprehensions, and the extent to which the principles upon which many of their measures have been founded are misconstrued, will be shown again and again in the course of this book.

CHAPTER VI

EDUCATION

(1) Distribution over States—New South Wales—Victoria—South Australia—Western Australia—Queensland—Tasmania. (2) Amount and Quality; Cost—Attendance—Curricula—Private Schools—Secondary Education—Technical Education—Universities—Summary—Practice and Ideals.

Primary education in Australia has passed through three phases. In the earlier States, the first scheme for education was based on the Irish National System—State provided undenominational, and subsidised denominational schools. Later, the dual system was abolished and all primary schools brought under one control, and in the third phase the system in each State has been made uniform and placed under one responsible minister. New South Wales, as the mother State, has priority in point of date, in educational as in other matters, but each State though influenced by the systems adopted by its neighbours, has developed for itself a system of primary and secondary education, as well as technical and university training. In a brief survey it is confusing to multiply dates and details. Accordingly, for the sake of conciseness, the growth of education in Australia will be described in respect of its distribution over different States; its amount both as regards quantity and quality; and, finally, an attempt will be made to put the systems in operation, to the test of modern educational methods.

(1) Distribution over States

New South Wales

Prior to 1848 all education was in the hands of one or other of the four Churches which received State aid—Anglican, Roman Catholic, Presbyterian, and Wesleyan. The combined efforts of these bodies were only adequate

to give instruction to less than half of the children of school age. They had, altogether, 12,000 in these schools; private schools, of unequal merit, taught about 6,000 more, and about 14,000 got no schooling. In 1848 a Board of National Education was incorporated, and State Schools established under its control. "From that year until 1867," says Mr. Board, the Under-Secretary of Public Instruction in New South Wales, in a paper contributed to Mr. Knibbs's "Official Year Book," "two educational bodies co-existed, created by the same authority, and supplied with funds from the same source, the Public Treasury. The progress of the one was secured at the expense of the other; and, instead of mutual help and co-operation, jealousy of each other's success and division and consequent waste of means were the inevitable results." Sir Henry Parkes in 1867 placed both kinds of schools under the authority of an incorporated Council of Education consisting of five members, who were entrusted with the expenditure of all money appropriated by Parliament for primary education. The schools—under the title of "Public Schools"—still comprised some denominational ones. Instruction was divided into "Secular" and "Religious," but the word "secular" was defined to include undogmatic religious teaching as distinguished from polemical theology. In Denominational Schools the religious teaching might be given by the teachers. In the others it must be given in an hour set apart for the purpose each day in school-time by one of the clergy or some other accredited instructor. The Council took over 259 National Schools attended by 19,461 pupils and 310 Denominational Schools attended by 27,986 pupils.

Sir Henry Parkes again completely transformed the system in 1880. All aid was withdrawn from Denominational Schools, and the control of the whole educational system of the colony was given to a responsible Minister.

The teachers became civil servants and teaching uniform. Attendance at school was made compulsory for all between the ages of six and fourteen years for seventy days in the year ; fees were low and were remitted to the poorer parents ; in 1906 they were remitted altogether ; instruction was " secular " in the sense explained above, and the facilities for religious instruction were retained. Only the Church of England avails itself of these facilities to any considerable extent. The Roman Catholics prefer to send their children to Catholic Schools, and other denominations are content with the " secular " instruction. This measure placed the school system of the colony on a permanent basis which has never since been changed. At the date of the change 101,534 children were receiving instruction, of whom 22,716 were in Denominational Schools.

Victoria

Victoria retained the Irish National System of Education with its vexatious dual control from the date of its separation from New South Wales (1851) until 1862. In that year " The Common Schools Act," anticipating Sir Henry Parkes's Act of 1867, placed all State-aided schools under the control of a single Board of Education. " This Act," says Mr. Board, " was not found to work with entire satisfaction, on account of its failure to provide anything like an equal distribution of educational facilities and it was superseded by the Education Act of 1872." This measure was the highest expression of the educational theories of the day. It accepted the principle of " free, compulsory, and secular " instruction, without any reservation and made examinations the test of the capacity of both pupils and teachers. Masterpieces of English literature were bowdlerised of any word which suggested the unseen or supernatural, and teachers were paid, in addition to their salary, an amount not exceeding 50 per

cent. according to the percentage of marks obtained by their pupils at an annual examination. "Payment by results" was not abolished until 1901. Thus the measure which effected this belated reform increased the necessary school attendance from forty days per quarter to 75 per cent. of the whole number of half-days on which the school was open. The school age was raised from thirteen to fourteen years in 1905. The same Act increased the number of necessary school attendances. Religious teaching is given, out of school hours, by the clergy or duly appointed religious instructors. In each of the 369 school districts there is an Elective of Board of Advice, which determines what facilities shall be given to religious teaching and generally superintends the working of the schools, under the direction of the Minister for Education.

South Australia

The educational system of South Australia passed through the normal stages of Australian growth—from the assisted private school (1847) to the State-aided Denominational School (1851, 1875), and from the latter to the full-blown State School under the control of a responsible Minister (1878). Since that date instruction has been compulsory. Children living near towns must attend at least four-fifths of the time during which the school is open. Children living within three miles of a school must attend for thirty-five days in each quarter. Teachers are permitted to give Bible readings during the half-hour which precedes the statutory opening of the school. In one respect South Australia has always set a good example, namely, by endeavouring to prevent instruction becoming a mechanical routine. A considerable freedom of choice in subjects is allowed to teachers and the methods are elastic, while examinations have never been permitted to usurp the place of education.

OTHER SYSTEMS

The Roman Catholics as a body in this State, as elsewhere in Australia, keep aloof from the public schools, holding that religious instruction is a fundamental and indispensable part of the education of the young. They maintain their own schools, and permit the Government to inspect the quality of their teaching, but, except for this purpose, they do not submit to official interference.

Western Australia

The State assumed control of education in Western Australia in 1893, and abolished aid to denominational schools in 1895. Its system resembles that of New South Wales, in being "free, compulsory and secular" in the sense of the term adopted by that colony. School fees were abolished in 1899. Except that the State in 1905 required the teachers and proprietors of private schools to send returns of attendance every month to the Education Department, there is nothing in the educational system of Western Australia which distinguishes it from other States.

Queensland

The Irish National System survived in Queensland until 1875. In that year the State Education Act abolished the Board of Education and established a State system of Public Instruction on the familiar "free compulsory and secular lines." "Secular" was given the Victorian meaning, but religious instruction was allowed to be given out of school hours by some one other than the teacher. School fees were abolished in 1870. The minimum statutory attendance is for sixty days in each half-year.

Tasmania

Education in Tasmania was organised in 1885 upon the same lines as in New South Wales, but the administration lagged behind that of other States. The reform movement

in the parent colony re-acted on the Island, and in 1904 a complete re-organisation was decided upon. The same changes were adopted which were recommended in New South Wales, notably the abolition of pupil teachers. Sufficient time has not elapsed to see the fruits of this reform.

(2) Amount and Quality

Cost

Australians have never grudged money for educational purposes, it being a tenet of their creed that every child should be given an equal chance in the race of life. None, therefore, must be handicapped by lack of knowledge. The total cost of primary education was £2,216,920, of which £,2,009,991 were spent on maintenance and instruction and £206,929 on buildings. In addition £78,754 were expended in 1906 on technical education, and every State has Secondary Schools and Training Colleges, the cost of which is not included in the above figures. Bursaries are given in every State to enable pupils to pass through each grade of school to the University ; but these, like scholarships at English Universities, tend to be diverted to the boy whose parents can pay for good teaching. They need to be larger in amount and more numerous, before the University can be the goal of any and every pupil in a primary school. The States also contribute £45,315 as subsidies to the four Universities.

Attendance

In 1906 there were 7,308 State Schools in the Commonwealth. These were under the charge of 14,908 teachers, and had an average daily attendance of 442,440 children. The number enrolled was 609,592. Do these figures indicate success or failure ? It is not easy to reply with certainty, owing to the lack of available figures as to the

number of children of school age.[1] But it would seem from a rough calculation that about 40,000 children, or about 16 per cent. of those who ought to be at school, are growing up in ignorance.[2] This is not a large number when the circumstances of Australia are taken into account.

The Education Departments have to face two great difficulties, namely, a scattered population, and truancy.

They have met the first by establishing "half-time" schools in remote districts, which a teacher visits on alternate days: by itinerant teachers in less settled districts: by free conveyance of children everywhere on the State railways and on mail coaches. The latter expedient has the additional advantage of allowing small schools to be closed and concentrating the education of a district in an adequately-staffed and well-equipped central school. An equal success has not been achieved in coping with truancy, which is the peculiar difficulty of Australian cities. This is no doubt partly due to the attractiveness of out-door life, but, partly also (it must be confessed) to parental neglect. The only remedy for the latter cause is to give the State the power, under

[1] The school age in the several States is :

In New South Wales and Victoria	over	6	and under	14
In Western Australia, S. Australia and Tasmania	.. ,,	7	,,	13
In Queensland	.. ,,	6	,,	12

[2] This estimate is arrived at thus :—The children of school age in 1906 would consist chiefly of the 822,041 who were born in the octennial period 1893-1900. Assuming that 20,000 of these children died before 1906, there would be about 800,000 children to provide for. As we have seen, 609,592 were at the State schools. Of the balance 124,510 were at private schools. There are no figures as to the number taught at home, but some well-to-do persons in the cities and many in the country, have tutors and governesses so that 30,000 does not seem an excessive estimate. This would leave about 40,000 children unaccounted for. Mr. Coghlan states ("Australia and New Zealand, 1903-4," p. 872) that 46,000 children were receiving no education in 1901. Since that date the attendance has undoubtedly improved.

certain circumstances, to remove a child from the custody of its parents. For many years—except in South Australia, where, by the exertions of Miss Catherine Spence, Australia's "Grand Old Woman," neglected children became the care of the State in 1887—Australian Legislatures have shrunk from such an interference with parental rights. In 1905 New South Wales passed an Act[1] empowering the State to remove children from the custody of depraved parents, forbidding children of school age to hawk in the street, and making provision for the care and education of all neglected children, except the mentally deficient, who were dealt with in another measure. No other State has as yet followed the example, but in the same year Victoria passed a measure for punishing more severely parents who omitted to send children to school.

Curricula

The curricula in all States are practically the same, and have little which is distinctively Australian.

Reading, writing, arithmetic, drawing, grammar, geography, history (English and Australian), singing, science, manual training, gymnastics and swimming (where practicable) are everywhere compulsory subjects. Lectures, too, are given on the laws of health; and girls are taught, in addition, needlework, cookery and domestic economy. Fortunately there is no reason to believe that the pupils take this long list seriously. Kindergartens are established for infants in most of the larger centres of population, and agriculture is taught in some country

[1] This measure was prepared in 1903 by the then Attorney General, with the assistance of Captain Neitenstein, D.S.O., the Inspector of Prisons, and Dr. Mackellar, M.L.C. It was passed twice through the Legislative Council but failed to enlist the sympathy of other members of the Cabinet and was dropped in the Assembly. It was passed as the first measure of the succeeding Parliament by what had been His Majesty's Opposition.

schools. There is also military drill in Cadet Corps, which will become universal, when the measure for compulsory service shall have passed Parliament. Here it is sufficient to remark that both parents and pupils would prefer to see every other subject expunged from the curriculum, than forego the necessary training in this first duty of citizenship. Certain "extra" subjects for which fees are charged are taught in the larger schools, *e.g.*, Latin, French, algebra, trigonometry, shorthand, etc.

Private Schools

The large number of pupils who attend private schools is a remarkable feature of the education system and is due to two causes, first, that the Roman Catholics and, to a lesser extent, the Church of England, prefer to send their children to schools which have a religious atmosphere; and, secondly, that class feeling creates, especially in the cities, a certain prejudice against the Public School. So far as this prejudice rests on anything but snobbishness, it is due to a preference for the discipline of a boarding school or for the greater individual attention which can be given by a private teacher. But it is not easy to understand why there is not just the same general mixing of rich and poor in the Australian Public Schools as in the common schools of the United States. This is one of many puzzling points of difference between the two democracies.

Secondary Education

New South Wales has three grades of schools: the ordinary Public Schools; the "Superior" Schools, where subjects for the Senior and Junior University examination are taught, numbering 1,429 in 1906; and five High Schools, of which two are for boys and three for girls. The number of pupils at these five schools was 723 in 1906. It is intended to reserve these schools as training

schools for teachers, and use about twenty of the larger superior schools to take their place. The Hawkesbury Agricultural College also trains ten teachers yearly. In Victoria and South Australia what are called "Continuation Schools" and "Continuation Classes" have been established to give preliminary training to persons who propose to become teachers. Neither Queensland, Tasmania nor Western Australia have established Secondary Schools, but in Tasmania the University prepares pupils for the Junior Public Examination.

Technical Education

If one were to judge only from the number of Technical Colleges, technical education in Australia would be thought extremely good. But there is reason to fear that most of them have aimed at teaching a variety of mechanical arts and neglected the essential groundwork in drawing, chemistry and mathematics, without which technical education is a mere sham. At one college in Sydney, for instance, anyone can get instruction—and a Certificate of Competence—in more than fifty different trades. His course of instruction may last a week, and at the end of it he will be able to do, say, simple plumbing, with tools and materials prepared for him in advance. If, however, a Technical College were to attempt to give a thorough technical education it would overlap some of the functions of the University. For facilities have been created of late years in the Universities of both Sydney and Melbourne, for giving both technical and theoretical instruction in engineering, mining, mineralogy, biology, pharmacy and dentistry, in addition to the usual classical, mathematical, scientific, medical and philosophical courses. There is also a good deal of overlapping between Technical Schools and Schools of Art, Working Men's Colleges, and Art Classes. Indeed no branch of the educational system stands in more pressing need of reform,

both in respect of the purpose they are intended to fulfil and the methods they employ. What can be done by a Technical School, which teaches one subject thoroughly may be seen at " The School of Mines," which was established at Ballarat (Victoria) in 1870 " to impart instruction in the various branches of science connected with mining." This school draws students from all the States of Australia, and even from outside the Commonwealth, and its diplomas command responsible positions in every mining district in the world. Queensland gives subsidies to Technical Colleges which are carried on in connection with Schools of Art under the control of Local Councils and Victoria adopts the same practice. South Australia confines its efforts to instruction in mining matters, as do most of the Tasmanian schools. In Hobart there is one institution which almost rivals that of Sydney in the universal character of its instruction. It issues diplomas in twenty-nine different subjects. The Technical School in Western Australia is affiliated with the University of Adelaide and gives serious instruction in applied science.

The Universities

The Universities of Sydney and Melbourne completely overshadow the two smaller Universities of Adelaide and Tasmania. Both of them have fifteen professorial chairs, and the lecturers at Sydney number sixty-one and at Melbourne fifty-five. Beside these figures the nine professors and twenty-three lecturers of Adelaide or the three professors and six lecturers of Tasmania make a poor array. Fortunately, the influence of a University is not determined by its size. All the Universities receive subsidies from their respective States, but two owe the greater part of their income and endowment to private benefactions. The Challis bequest to the University of Sydney was £190,000. Another benefactor, Mr. Peter Russell, gave £100,000. Sir Thomas

Elder gave a like amount in various sums to the University of Adelaide. Melbourne draws a smaller income from this source than either of its continental sisters, but as a compensation the influence of the University is greater there than in any other State. It is not easy to account for this; unless the reason be that the affiliated colleges—Trinity (Church of England, 1892), Ormond (Presbyterian, 1881), and Queen's (Wesleyan, 1888) have always attracted students, while the three colleges of the Sydney University, St. Paul's (Church of England, 1854), St. John's (Roman Catholic, 1857), and St. Andrew's (Presbyterian, 1868) have for some unexplained reason never been popular. Undergraduates who live in colleges develop a stronger corporate feeling than those who are scattered in lodgings through a large city. The value of the Universities to Australia is that they have withstood the utilitarian ideal of education, and insisted on the importance of a ground-work training in what Scotsmen call the Humanities. In rendering this service to the cause of education they have occasionally come into conflict with the Departments of Public Instruction. Better relations have now been established between these two bodies. In New South Wales the Training College for Teachers is to be affiliated with the University. It is to be hoped that in time to come every teacher will have taken a degree. In Victoria since 1902 teachers at the Training College in Melbourne have attended University lectures and taken Diplomas in Pedagogics given by the University.

Summary

It is now possible to make an intelligible survey of the progress of primary education in Australia.

All the States at first left education to their Churches; all, at various periods in their history, brought it under State control: Victoria in 1872, Queensland in 1875,

South Australia in 1878, New South Wales in 1880, Tasmania in 1885, and Western Australia in 1893. This was not a contagious movement, for each State, except Western Australia, which was undoubtedly influenced by Eastern example,—acted independently; but it was a gradual evolution in response to the philosophy of the day, which drew a line of demarcation between "secular" and "religious" duties, and had a concept of "the State," as an abstraction different from the living people who compose it. The idea that common action might be directed to the spiritualisation of national life, as well as to enlarging its capacities, was wholly inconsistent with the current jargon. A great opportunity was thus lost, and there is now a danger lest the springs of life should be choked by materialism.

There has been as much variety in the working of the system as in the dates of its adoption.

Queensland was the first State to make education free (1870), Victoria followed in 1873, South Australia in 1891, Western Australia in 1899, New South Wales in 1905, and Tasmania[1] (partially) in 1904. There has been even greater divergence in the provision of religious instruction.

Victoria and Queensland have made their system frankly secular. Religious instruction may be given as a "fancy extra" in the children's play-time by strange teachers, but no idea must penetrate the schoolroom that all things are not what they appear. In New South Wales, Tasmania and Western Australia the teachers are required to give a general instruction in religious matters to all children, subject to a conscience clause; and facilities are given to the clergy to give dogmatic teaching in school hours. In South Australia the teacher may read the Bible without comment for half-an-hour before the statutory hour of opening school.

[1] Children under seven are educated free. Above that age a small fee may be charged.

Practice and Ideals

Far more important than the subjects of instruction are the efficiency and methods of the teacher. All the Australian States entrust the teaching of junior classes to pupil teachers, and all but South Australia have become enslaved by the examination system.

A young country is exposed to two dangers in matters of the mind. First, lest a system, originally in advance of others, should be retained, after its day is past, from mere self-complacency; and, secondly, lest a certain retardation of thought, caused by remoteness from intellectual centres, should prolong the life of theories which other nations have abandoned. In 1870 the "free, compulsory, and secular" system of Australia was probably the best in the world.[1] But, like all State systems, it had tended to become mechanical. None the less it remained "the best system in the world" to veterans, who recalled what it had replaced, and was accepted as such by the younger generation upon this assurance.

When the control of Australian education passed to the States, a belief in the value of examinations was the mark of an educational reformer. Long before 1900 it was perceived that intellect could not be measured by marks, and there was a return to the ancient view that education meant not the acquisition of facts but the exercise of faculties. These views, however, did not prevail in Australia for many years. Like all Government departments, the Education Departments resented criticism and were averse to change; while politicians would not willingly raise any education question, because of the religious controversies which are involved in its discussion. Every year increased the number of

[1] This statement, of course, depends on the assumption which many people would refuse to admit, that instruction without religion deserves to be called Education.

teachers and officers who had been trained in the system and knew no other. One practice, however, was too absurd to escape criticism and too illogical to withstand a serious attack. The battle for educational reform centred around the pupil teacher.

On this point it is difficult to write without appearing to reflect unfairly on a body of devoted men and women, who have given life-service to the cause of education. Yet there is no subject around which the mind should play more freely than the educational system of a young country, and criticism is directed to the system, not to individuals. Moreover, the movement in Victoria and New South Wales against the pupil teacher is a turning-point in the history of Australian education, and therefore cannot be passed over.

The practice of employing senior pupils to teach junior classes, which was a legacy from the Irish National System, was adopted in the first instance from motives of economy,[1] and maintained, when this plea could be no longer urged, by professional *esprit de corps*. The practice was defended by pointing to the good teachers which it had produced—as if exceptional men would not show their merit under any system—but no attempt was made to justify it by reason. And indeed it is clear that the youngest children need the most experienced teacher, and require a patience and sympathy which boys and girls of fifteen or sixteen cannot possibly possess. The mischief only takes another form, if the " pupil teachers " are assigned to the higher classes. In either situation they lack the power to bring their minds to play upon the pupil's mind, and follow the progress of his growing intelligence. It is true that in the earlier stages of education a child learns by rote, without an apprehension of the meaning of the rules which he obeys. But, even

[1] In New South Wales, e.g., Pupil teachers receive: Males, £40 to £65; Females, £35 to £45 a year.

in this elementary form of mental gymnastics, there is large scope for the intelligence of a trained teacher. Directly teaching becomes dull, the words of a teacher make no more impression on a child's brain than the click of a machine.

The mischief of the system was equally apparent in the Department of Education as in the schools—had anyone wished to perceive it. The practice of the Department was always to discourage the appointment of outsiders to any of its offices. The teachers were drawn from the scholars, and the higher appointments in the Department from the teachers. By this process the Department became a close official hierarchy, all the members of which had passed through the same routine and had been taught on the same system. This tended to create a narrow outlook. Education became a matter of departmental regulation, watched at every turn by departmental officers and administered by departmental teachers, who, if the system had not been altered, would in a few years have had neither enterprise, imagination, nor originality. There was a real risk, which is still present to the majority of the Australian States, lest too elaborate organisation should stifle intelligence, and education come to be estimated by the measurable results of an examination and not by its influence in forming character. By the pupil teacher system, teachers were drilled too quickly into the groove of official routine, and compelled to fix their minds at an age which is peculiarly susceptible to generous impulse, on the sordid cares and narrowing duties of a professional career. Australians are often slow to recognise that the too early acquisition of the "technique" of an art is one of those short cuts to proficiency which proves the longest way round. The Department itself endeavoured to avoid the danger of too early specialisation, by sending pupil teachers after four years to undergo a course in a training college in Sydney.

This, however, was optional, and most pupil teachers at once passed their examinations and took charge of a school.

The movement for reform in New South Wales came from the teachers themselves in 1902. In that year three officers of the Department were appointed as Commissioners to visit Great Britain, Europe, and the United States, and report upon educational methods. They recommended drastic changes, and their Report revived interest in educational matters. The opportunity was taken to re-model the educational system. By an Act passed in 1905 no new pupil teachers are to be appointed. But the chief reform is a new spirit of administration. Examinations are preserved only as a qualifying test, and Inspectors are no longer occupied with classifying schools according to the number of their marks. They have instead to help and advise the teacher to develop the intelligence of his pupils, and lay more stress on teaching a child to think, than on imparting knowledge. The methods of teaching, too, are changed. The concrete is substituted for the abstract, and the old "object" lesson is replaced by courses of nature study, so that the child may learn to understand the nature and significance of the things he has about him in his daily life. Plainly the elasticity and freedom of this system will make a larger demand upon the teacher than a system of routine, and it is here that the danger lies.

Fortunately this has been foreseen, and careful provision made for the training of new teachers. These will be taught in future by the University, under special provisions, to ensure their training as competent teachers and in a college of their own. A somewhat similar system, though not so complete, had already been adopted in Victoria. In time, it is to be hoped, a University degree will be a requisite to entry to the teaching profession. The young people who now become pupil teachers will be

admitted at the age of fifteen upon an examination to a two years' course of study at a high-grade school. On the completion of this course, pupils will be eligible to enter for an examination for admission to the training college. These reforms will take some years to mature, but they proceed on right lines. Indeed, perhaps the highest tribute to the old system is that it created the men who are constructing the new one.

There still remains the question, are the Australians an educated people? Indignation at the doubt may possibly prevent an answer. Tried by the standard of the average man they are; that is to say, they read newspapers, periodicals, good novels, and a percentage of serious books with more avidity even than Americans. But in the sense that the Greeks were an educated race, that is to say, that they have a national standard of culture and an instinctive dislike of what is false or ugly, they are no more educated than the English. They have a small number of educated men, though the crowd is both articulate and powerful. Enquire of painters, sculptors, writers, scientists, musicians, and even skilled artisans, and they will all give the same answer, that while the average standard in Australia is higher than elsewhere, there is little appreciation of the very best. The writer may be permitted to complete his criticism by quoting from a speech which he made at the Conference of School Teachers at Sydney in 1901. "I believe you will agree that our educational system is too exclusively concerned with testing knowledge and falls short in the development of the imagination. We may not be able to teach the technique of any art in our public schools, but teachers whose own minds have been quickened by culture, can do much to waken the sense of beauty in their pupils, and to save Australia from becoming a Democracy without Art—which is Disorder. Certainly the future of the country is in your hands. Governments have

endeavoured loyally to fling wide the portals of the temple and the multitude has entered. They will next make higher education, not the perquisite and prerogative of the few, but the cheap possession of the many. Nevertheless Australia will never gather the best fruit of this policy, unless the teachers form a high ideal of their own calling. Money can never remunerate you, nor ought money to be your object. Yours is the work of a brotherhood united by the same ideals, and as the coming of the Friars quickened England in the thirteenth century to a new life, so may your devotion to the work of teaching make our people less disinclined to thought, less dependent on sensations, and able to find these satisfactions within themselves. What a man *is* will then be of equal importance with what he knows or does."

This quotation may end a critical chapter. One is permitted to express views once on any question, δὶς δὲ *οὐκ ἐνδέχεται*. It had been easier to praise than to criticise, for there is much indeed to praise in Australian education. But within the narrow compass of this work there is not space to do both, and it is well sometimes to depart from the ruts.

CHAPTER VII

THE PUBLIC LANDS: A WASTED HERITAGE

EARLY Land Systems—The Wakefield Theory of Colonisation and the Agrarian War—The Orders in Council of 1847—The Squatters and the People—The Wakefield Experiment in South Australia—An Immigration Policy.

AUSTRALIA is no exception to the general rule that the history of a young country turns on the administration of her public lands. For a hundred and twenty-one years, —from the date of her origin until now,—the rulers of Australia have been passing land laws. All have been directed to the same object,—the prevention of large estates and the settlement of a yeoman population, —and yet the accretion of holdings continues, and absenteeism becomes more frequent as monopoly extends. It speaks little for the capacity of the human race to profit by experience, that the agrarian troubles, which afflict Australia to-day, should be the same as those which vexed the souls of the Gracchi more than twenty centuries ago. Yet, great as the failure has been, it is unfair to put the whole blame upon unsuccessful legislators. Their mistakes and wrongdoings have been numerous, but they were often fighting against economic forces which are stronger than laws. To discuss their efforts in detail would be beyond this volume's scope, but some reference must be made to earlier legislation, before the existing system can be understood.

EARLY LAND SYSTEMS

There was a "land question" within the first year of the settlement at Sydney Cove. Governor Phillip's Instructions (April 25, 1787,) authorised the grant of

land to convicts who had served their sentence ("emancipists,") but were silent on the subject of free settlers.

In this, the Instructions reflected the divided opinion of the time upon the true meaning of the new colony. Governor Phillip himself had never doubted but that "the country will prove the most valuable acquisition Great Britain ever made." Like Sir Joseph Banks—the protector of the colony's infancy—Lord Auckland, and Lord Sydney, he had a vision of a new Empire to replace that lost by the American revolt. On the other hand, according to common opinion, the new settlement was only the substitution of Botany Bay for America as a convict prison. Lord Grenville had inclined to the vulgar view. Land might be given to emancipists; but seamen, mariners and other free settlers could wait until Phillip had reported on the capabilities of the country, and suggested conditions of tenure. The Governor reported promptly in favour of free settlers.

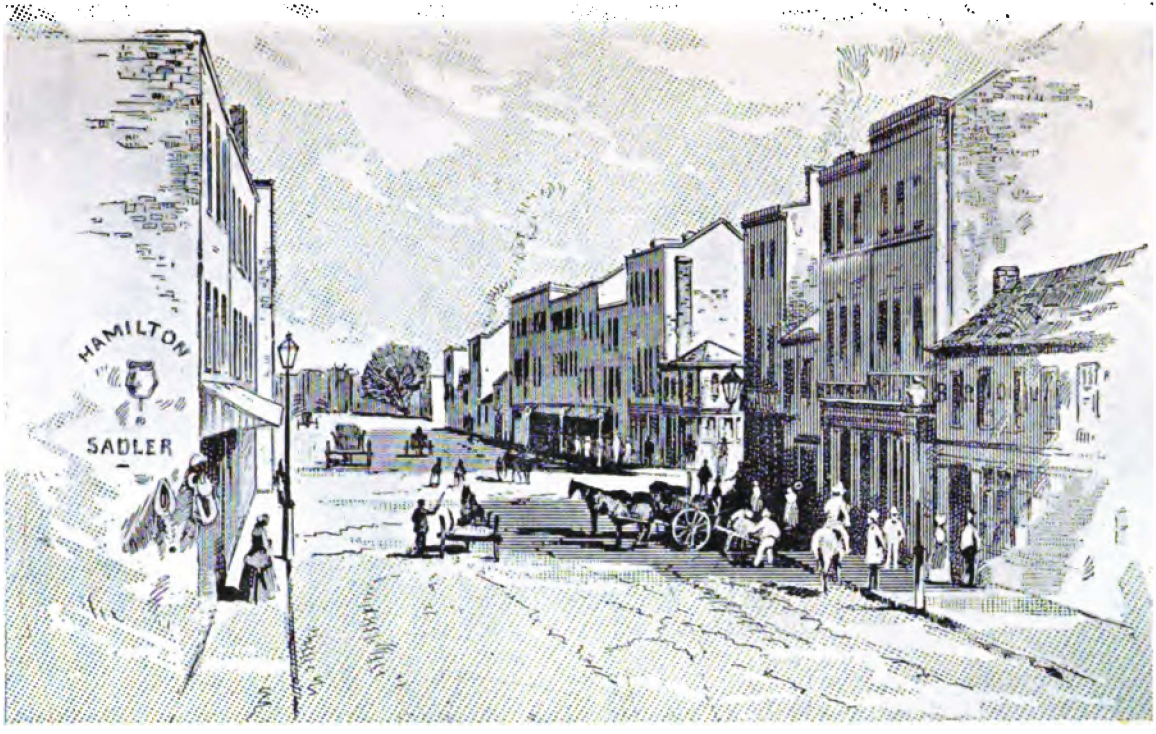
The "Additional Instructions" (August 29, 1789) accordingly directed Phillip to issue a maximum grant of 150 acres to any non-commissioned officer or private of the Marine Corps, who would remain in the colony at the end of his three years' service. The Governor was also empowered to issue similar grants "to such other persons as may be disposed to become settlers;" but the value of this concession to Phillip's insistence was destroyed by a prohibition to extend to the free settlers the same assistance, in sustenance and labour, which the State gave to the emancipists. Phillip was to "encourage free settlers," but he was "not to subject the public to expense." He might make his bricks, but he was to use no straw! Phillip disobeyed the prohibition. He fed all settlers alike from the public store and assigned convict servants to them without distinction,

a course which was approved by Dundas, Lord Grenville's successor.[1]

Even this did not solve the earliest Australian land question. Both sets of Instructions had been silent about commissioned officers; and these now asked for land as a reward for their services. Phillip, however, held strictly to the view that the title to land should depend on actual occupation, and on this point he was again supported by Dundas. Grants of land accordingly were never to be given as rewards for services, but with the sole object of inducing settlement. According to this rule the claims of the Marine officers must be refused; because, as the War Office had already ascertained, none of them intended to remain in New South Wales. The case was different with the officers of the New South Wales Regiment, which Major Grose had been commissioned to raise in order to replace the Marines. Many of these had accepted service with the intention of making new homes and in the belief that they would be given land. Captain McArthur was one of them. Phillip accordingly applied to the Secretary of State for Instructions. Mr. Secretary Dundas' reply reached Sydney a fortnight after Phillip had left for England, and was dealt with by Major Grose,—the Commandant, who had become Lieutenant-Governor.

[1] The same Secretary of State, Lord Grenville, recommended Phillip to remove the settlement from Sydney to Norfolk Island. He took no notice of the Governor's repeated warnings against an influx of convicts, but went out of his way to instruct the Governor upon a matter about which he could not possibly have any knowledge. The selection of Sydney was due to Phillip's sea-training, and that he stood by the site is one of the many gains Australia owes to her sailor Governors.

Mr. Britton, editor of "The History of New South Wales from the Records" (vol. ii, p. 82), states that the voluminous correspondence of Lord Grenville contains no reference to New South Wales. Lord Brougham, who in 1803 published a treatise on "The Colonial Policy of European Powers," is also silent about this young settlement, which had then been formed sixteen years.



PITT STREET, SYDNEY, N.S.W., 1853

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The blame for what followed lies on the Governor and his advisers, and not upon the Secretary of State. Dundas, following Phillip's advice, permitted grants to the officers of the New South Wales Corps, but recommended that these should be made only for the purposes of settlement. Grose obeyed the letter of these instructions; he made the grants and was indifferent to the purpose. Dundas' despatch lays down with wonderful prevision the object at which all later administrators of the public lands have fruitlessly aimed, and his language is as apt to the circumstances of to-day as of his own time. "The grants," he writes, "must be made not with a view to a temporary but an established settlement thereon; that is, comprehending such portions of land and in such situations as would be suitable for a *bonâ fide* settler, should it even come into the hands of another person."[1] In these words Dundas was but echoing Phillip, who had warned him against the mischiefs which must follow, if land became a merchantable commodity. "Experience," he writes on October 4, 1792, "has pointed out many inconveniences attending the receiving of men as settlers, who only look to the convenience of the present moment. With some the sole object of becoming settlers . . . . is to raise as much money as will pay their passage to England and then assign the lands to those who take them with the same view." Phillip would have stopped this traffic in land. Grose complained of it, but would not change a state of things so profitable to his brother officers. McArthur had already got together 1,250 acres, when the maximum of any grant was 150 acres! Surely Phillip's breakdown in health was one of the shrewdest blows that Fate ever struck Australia. It is one

[1] The superior wisdom of the Home Government is illustrated by a clause in Phillip's first instructions forbidding any grant "to extend along the banks of any river." The disregard of this said rule was one of the chief irritants in the social war between squatter and selector.

of many sad wanderings in the land of "might-have-been," to trace the different destiny of Australia, had Phillip remained Governor but six months longer and administered Dundas' Despatch. Under Grose his policy was thrown aside, and the idea of duty permanently divorced from the ownership of land. Land became the chief source of private wealth, and although other circumstances aided in destroying Phillip's high ideals, all, in the last analysis, were connected with the tenure of land. Grose was probably unconscious of the mischief he was doing. His policy was more political than agrarian, and his chief aim the subordination of the civil power to the military. To this end he encouraged every proceeding which gave wealth and influence to his regimental officers; nothing gave more of both than the ownership of land. Grose, accordingly, although he could not give grants beyond the limits set by his instructions, facilitated the occupation of lands belonging to his officers, by an extra-legal assignment to each officer of ten convicts, victualled and clothed from the public stores. But the most profitable favour which Grose granted to his brother officers was the permission to trade on their own account[1] and the right to draw from the Government stores as much spirits as they pleased at cost price. The influence of these "commissioned hucksters" on the fortunes of the colony and incidentally upon the aggregation of estates is one of the most curious episodes in Australian history.

The use of spirits had always been a menace to the welfare of the early settlement. Phillip wrote in almost his last despatch "the permission of spirits among the civil and military may be necessary, but it will certainly be a great evil," and had he remained longer he would

[1] Phillip had allowed the Corps to freight a vessel from Africa on their own account, when famine threatened. Grose allowed this exception to become a rule.

probably have retained the whole supply in his own hands. "The passion for liquor," wrote Collins, the Judge-Advocate, "operated like a mania. . . . Men would do anything to obtain it . . . and while spirits were to be had those who did extra labour refused to be paid in money." A fortnight after Phillip had left, Grose purchased the cargo of an American ship and served rum as a daily ration. Convicts and emancipists alike became like tigers who had tasted blood, and were insatiable for more. Grose conferred the monopoly of the supply upon his brother officers, who alone were allowed either to import spirit or buy it at cost price from the Government stores. Even distillation was forbidden, lest it should trench upon these privileges. As a salve to the public conscience, which even in those days could not be entirely ignored, the officers were forbidden to sell rum to convicts. The prohibition was futile. A Calcutta merchant named Campbell, who had a wharf upon the northern side of Sydney Cove, sold the liquor on the officers' account, and the prohibition of sales still left the officers free to use the spirit in payment of wages or as purchase-money on the sale of grants. Rum, in fact, became the only currency; not only because it gratified appetites, but because it was the only tangible and immediate medium of exchange. There was no metal money in the colony. The £1,000 of silver sent in 1792, the few Spanish dollars brought by traders, and a trifling copper coinage, were used for foreign purchases and had by this time almost disappeared. Officers' notes signed by the Paymaster, and receipts by the storekeeper for goods sent into store, though of intrinsic value, lent themselves easily to forgery or fraud. Rum for the time supplied a real commercial want and only the officers could fill it. They used their position as masters of the labour market, without scruple, to develop their own grants and acquire others

by purchase. The foundation of many large fortunes was laid by this monopoly of what are now suburban lands;[1] and to this also must be attributed the overcrowding in alleys and slums which still exist upon the outskirts of the old town limits. The later history of land sales within city boundaries, though it shows the same incompetent neglect of public interests, lies apart from the main stream of Australian politics, and had no effect upon agrarian legislation. Governor Macquarie (1811) first disposed of the town lots by leasing them for terms of fourteen and twenty-one years. In 1829 grants of the fee were issued subject to a quit-rent, and leasing was abolished. Quit rents were then released (1846, 1849 and 1851) and absolute ownership became the rule. The loss to the State must by this time amount to many million pounds; for the increase in the value of city lands, thanks to the expenditure of public money, has been almost beyond calculation. Indeed, the owner of an allotment in 1851 might have gone to prison for thirty years and emerged a millionaire, to be held up to the young by some Australian Smiles as an instance of "Self Help" and "Thrift."

But it is with the administration of country lands that the history of Australia is bound up, and in this respect Phillip's sound principles were longer adhered to. He had shown in England the wool which had been grown on the natural pasture-land of the country, and the grant was promised him that he might further extend the work of sheep-breeding. Until McArthur returned from England in 1805, with permission to pick 5,000 acres to be held in perpetuity, and also to employ thirty convict shepherds, the value of country lands for sheep growing was unsuspected. Governor King, in 1804, foreseeing the possibilities of this industry, endeavoured to secure a share for all

[1] Allotments within the old town boundary were not sold until 1811.

citizens by establishing a common of pasturage in every district, "where a number of settlements had been fixed in small allotments," to be held "as common lands are held and used in that portion of Great Britain, called England." This device, though it proved unsuited to the large and migratory industry of wool-growing, was revived, perhaps unconsciously, in the South Australian Village Settlements in 1893.[1] The pastoral industry, indeed, rapidly overflowed the old limits of settlement, after Blaxland opened up the Bathurst plains and Hume the Goulburn and Shoalhaven districts. King's regulation was a dead letter at the time, though its effects have survived in the commons which still exist in such old settlements as Campbelltown and Parramatta.

Governor Macquarie (1810-21) met the new situation by a scheme of licenses, which authorised graziers to drive their flocks to and fro, from pasture to pasture,—a system suggested by Sir Joseph Banks, "upon the analogy," says Mr. Rogers,[2] "of what is still done in the Sierra Morena and Abruzzi under survivals of the old Roman Law." Macquarie also gave free grants of land with great liberality. Whereas the whole of the grants by his predecessors only totalled 177,500 acres, he granted 400,000 acres.[3] His system of licenses had the

[1] See p. 131. [2] Historical Geography, p. 115.

[3] Even Governor Macquarie, though he put an end to the career of the military rum merchant, countenanced a deal in spirits in connection with the building of the hospital in Macquarie Street, which is now used as Parliament House. In consideration of finishing the building within three-and-a-half years the contractors were allowed to import up to 45,000 gallons of spirits, upon which their estimated profit was 27s. a gallon. Macquarie erected 250 public buildings and built numerous roads and bridges. He was the first to adopt a bold public works policy to develop the country. He aroused strong feeling in the colony by his almost extravagant attentions to convicts who had served their sentences, which were much resented by the "pure merinos," as the free settlers were called. "Official Year Book of New South Wales," p. 27.

unexpected consequence of rendering itself unnecessary. The expanses of unoccupied land were so great that there was no need to move the flocks, and owners came to settle themselves by long occupation in defined areas. Personal licenses to graze thus became unsuited to the new conditions and were abolished in 1827. Meantime the seeds of a future struggle were being sown. Some far-seeing men perceived the coming conflict, and would have set aside defined blocks for agricultural settlement, and given leases of the pastoral lands subject to the rights of the Crown. The first step was to classify the lands. The territory was divided into nineteen counties, covering 34,501 square miles and forming the "Old Settled Districts." Their inland boundary was defined by a surveyed line known as "The Limit of Settlement," beyond which no colonist might lawfully pass. Had suitable legislation followed, the history of Australia might have been very different. As it was, nothing was done to alleviate the just alarm of the pastoral licensees, who already foresaw in imagination the resumption of their runs by the State for agricultural purposes or on the pretext of non-fulfilment of conditions, such as the obligation to cultivate 120 acres, and maintain thirty convicts for each 2,000 acres, which, suitable enough to the mixed farming of the county of Cumberland or Camden, had become ludicrously inappropriate to grazing areas. The pastoralists accordingly demanded the right to purchase their holdings.

Permission was conceded in 1825. Sales were by private tender at an upset price of 5s. per acre, and of a maximum area of 5,000 acres. Purchases were supplemented by free grants such as had long been made to favoured individuals. Five years later (1831) free grants ceased and auction sales replaced sales by tender. The upset price was 5s., raised in 1839, under Wakefieldian

influence to 12s. and in 1842 to £1. Unsold portions might be taken at the upset price. The stimulus to alienation was very great.

Still the problem was unsolved. It presented a new face. The very strengthening of the position of the pastoralists in the Old Settled Districts by these facilities for purchase, limited the opportunities of new-comers, who were driven, willy-nilly, across the Line of Settlement. There was no reluctance to embark on this adventurous passage. True, the pioneers went in advance of law, but it was for the law to follow them, not for them to wait. The profits were great and the fascination of exploring even greater. The year 1831 inaugurated what is, properly speaking, the first "squatters'" period in Australian history. Mr. George Ranken[1] thus depicts the situation: "The population was expanding, and the sheep and cattle were increasing still faster. . . . Impelled by a common impulse the pioneers headed for the boundary. . . Shortly they were pouring across the frontier in scores, north, south and west. In the course of a couple of years hundreds of adventurous pioneers had crossed the boundary. The Governor could not have prevented this, because all the police and military in Australia could not have guarded an open frontier 500 miles in length." These trespassers,—"a Bedouin Commonwealth in the inland grass country"—soon acquired cohesion and a name. They called themselves "squatters," after the outlaws who infested the inland frontiers of America. Governor Bourke took alarm, and passed an Ordinance in 1833 "to prevent the unauthorised occupation of Crown Lands being considered as giving a title thereto. Still the movement was not stayed, and in 1837 the situation was legalised by admitting the right to graze on payment of

[1] "Our Wasted Heritage," by George Ranken and quoted by Epps, "Land Systems of Australia," p. 15.

a license fee and the appointment of a body of police to maintain the law in the outside districts. This measure closes the first epoch of agrarian legislation, as it closes the first epoch of Australian History.

For Australia was now emerging from her tutelage. Her great needs then, as to-day, were capital and population; and both were on the way. Bigge's Report (1823) had opened the eyes of English capitalists to the richness of the pastoral industry, and capitalists brought free labour into the colony, either at their own cost or aided by bounties. The great Land Companies[1] ("Australian Agricultural Company" (1824): "Van Diemen's Land Company" (1825): "South Australian Company" (1837) led the way; and half the proceeds of the land sales were earmarked in England for the same object. Australia was also being helped by a change of sentiment in England. Under the influence of the economists and various Poor Law reports (1817, 1822, 1824) colonisation became popular. It obviously diminished over-population, *ergo*, it was a cure for poverty. Finally, came a movement against transportation, which was condemned root and branch by a Parliamentary Committee

[1] The A. A. and Van Diemen's Land Companies were formed by Private Acts of Parliament to acquire, the one a million acres round Newcastle and on the Liverpool plains, the other half-a-million acres in the north-west corner of Tasmania. Their prospectuses are a curious medley of philanthropy and business. M'Arthur, who pulled the strings, knew his public. The declared objects were (among others) to import "Germans, Swiss and French in order to cultivate vines," Quakers and Moravians in order to inculcate industrious and moral habits, and "females" for purposes which were not particularised. In the final draft of the A. A. Company's prospectus "useful settlers" were substituted for "Quakers and Moravians," and the Company proposed to "assist the immigration of useful male and female settlers." The tenure of both Companies was Phillip's old system of conditions and quit-rent. The former, as everyone knows, were not enforced, the latter were soon released. (See Rogers' "Historical Geography," p. 111.)

in 1838.[1] It was, however, the land sales which proved the most effective instrument in the promotion of immigration.

The waste lands of a colony have always been regarded in English law as part of the Crown demesne, which could only be dealt with by the local authorities by express permission. Thus, although the Legislative Council of New South Wales had been given control of taxation in 1828, it had no voice in the disposition of the proceeds of Crown Lands. These, in accordance with the prevailing theory, were used by the Crown in trust for the colony, for internal improvements and for promoting immigration. Free passages were given out of this fund and bounties paid to employers who imported labour. There was risk that this would lead to the unloading of paupers upon Australia by hard-pressed Boards of Guardians in England, and that the recipients of bounties would be careless of the quality of their imports. Australia, however, was well served by the English authorities, who exercised a wise discretion in the selection of immigrants.

The increase of immigration under these combined influences was striking and immediate. During the six years, 1821-7, there had only been 600 free immigrants. From 1828-31 there were 1,500; and for the five years, 1832-7, 3,400. In 1838, when immigration to Canada was checked by the rebellion, 14,000 free immigrants entered Australia. Then came 15,000 in the two years, 1839–40, and 32,600 in 1841.

The pace was quick but not, at first, excessive.

[1] The assignment of convict servants ceased in 1838. There was no transportation to New South Wales after 1840. Attempts were subsequently made to found settlements for prisoners who were pardoned on condition of perpetual exile. The best known of these attempts was the disastrous expedition to Port Essington, which was promoted by Mr. Gladstone during his Secretaryship for the Colonies.

Prosperity, however, begat over-confidence, and the colony yielded to a frenzy of gambling, which was stimulated by the loans of English investors and by the ever-growing balances of the Government account. Land being the only outlet for investment, land values rose beyond all reasonable discount of future requirements, until the inevitable crash in the forties put an end to both land-sales and immigration.

It is outside the scope of this volume to describe the incidents of this commercial crisis, which are vividly portrayed in Mr. Tregarther's volume on Australia in "The Story of the Nations" series. It is enough to note that this era of inflation marked an increase in the number of absentee owners, and introduced the new variety, who live in England either on their profits as owners or their interest as mortgagees. It also exposed the futility of the Wakefield scheme of colonisation, which must now be shortly explained, because it came upon the scene during this period as a new influence upon land legislation.

The Wakefield Theory of Colonisation and the Agrarian War

During the second quarter of the nineteenth century England was in the grip of the pedant. The backwash of the French Revolution had brought theorists into favour and, for the first time since the days of the Long Parliament, the policy of England was directed by absolute ideas, which ignored both history and facts. The special object of veneration was the pseudo-science of Political Economy, which taught the gospel of regeneration by greed. While England was in this temper Edward Gibbon Wakefield, whose name deserves to be remembered by all Imperialists with gratitude,—for by his prompting Lord Durham dispatched the expedition which secured New Zealand,—propounded an

elaborate theory of colonisation, which, although it bore no relation to any proved facts, was accepted by other theorists as a scientific truth. It is difficult now to understand the enthusiasm which this theory created. Its central point was that lands should be sold at a high price and the proceeds used to bring out labourers. It was said that this was the intention of the auction sales of 1831, which excited alarm among Australian pastoralists and led them to believe that the Act of 1831 was but the prelude to a future interference with their industry. Indeed, one of the chief causes of the dispersion of pastoralists after 1829 beyond the "Limit of Settlement" was a fear lest Wakefield's ideal of a comparatively closely populated country, consisting of the three classes of proprietors, yeomen and peasants, was about to be established in Australia.[1] There was, indeed some danger. Governor Bourke endeavoured to damp the illusions of the Colonial Office by a douche of cold fact, and wrote to Lord Glenelg that already the fear of the Wakefield system had driven settlers into the back country. He thus explained why the theory would never work in Australia, for "it is only by a free range over the wide expanse of native herbage which the colony affords that the production of wool can be upheld. The colonist must otherwise restrain the increase in his flocks or endeavour to raise artificial food." We shall have occasion to see the Wakefield theory once again exposed by facts in the case of South Australia.

The twenty years which followed the great crisis of 1841-4 were the hey-day of the pastoral industry, and saw a struggle for supremacy between the squatter and the Crown, which left many traces in subsequent legislation. The struggle began with the crisis. The squatters

[1] A "Colonisation Society" was formed in London in 1831 to further the adoption of Wakefield's views.

held that it was caused by raising the minimum price of land to twenty shillings. Sir George Gipps, one of the few Governors of real distinction, who held office before responsible government,[1] took the other view, that land sales had been unduly stimulated by loans.[2] "The colonists' cure was to repeal the Act of 1842; Gipps' cure was to pay debts."[2] Lord Stanley, at the Colonial Office, backed Gipps; but the "political economists" had got the ear of the permanent officials. In 1842 an Act of the Imperial Parliament prohibited free grants, confirmed the practice of auction sales, and raised the *minimum* price to twenty shillings an acre. The proceeds were to be used in opening up new blocks of land for auction sale. This was the Wakefield doctrine *in excelsis*. But once more the situation refused to be controlled by a theory. Land-sales ceased from the scarcity of ready money and the unwillingness of English lenders, and the Act was repealed in 1864 almost before it became operative.

In the meantime, to the vexation of the Colonial Office, the expansion of the pastoral industry continued and proved profitable. It needed, as Gipps saw, not prevention, but control. In 1843 he called for a Report from the Commissioners of Lands as to the best method of retaining for the Crown its title to the waste lands without injury to the occupiers. The terms of this reference expose the difficulties of the situation. The Commissioners were to "consider maturely and report

[1] "King and Gipps were the only financiers whom New South Wales had seen . . . Gipps was unsympathetic towards representative institutions, and those brilliant exponents of the new democracy—Lowe, Wentworth and Lang—never grasped the economic, agrarian or financial problems of the day with half his clearness, so he was hated more than ever, because he was right and they were wrong in matters requiring mind." Rogers, p. 72-8.

[2] Rogers, p. 119.

as to assimilating licenses to leases, the quantity of land which would suffice for 500 head of cattle or 5,000 sheep, and the limitation of runs, for each of which a separate license was to be taken, the encouragement of cultivation by giving an occupier a kind of right to purchase a portion of his run or otherwise, or to obtain secure possession for a term of years after occupation as tenant-at-will for a fixed term—say for five or seven years—and the prevention of irregular transfers or sales which are occurring frequently without the sanction or the knowledge of the Government." On receipt of this Report, Gipps issued a Regulation which required every pastoral licensee to purchase 320 acres of his holding at twenty shillings an acre, and gave in return eight years' undisturbed possession. Each successive purchase of 320 acres was to act as a renewal of an eight years' lease. The Reform was wisely conceived, but aroused democratic clamour, because it had been promulgated without the consent of the Legislative Council. The squatters formed a "Pastoral Association" and expressed their views[1] by a Committee of the Council (1844). This Committee modestly demanded that the squatters should hold their lands for ever at a nominal license fee and that quit-rents should be abolished! Gipps soon after left the colony (July, 1846). He had turned the deficits into surpluses by compelling payment of license fees and quit-rents; he had seen the exports exceed the imports as the foreign loans were repaid; and he knew that land-sales would recover. Under his rule Australia was precipitated into manhood. "Australian extension had raised," Mr. Rogers acutely remarks, "three political storms,—a storm over convicts, a land storm, and a trade storm,—which Australians alone could allay, and which forced Australians to think for themselves either as a nation or as nations."

[1] "Historical Geography," p. 120.

The Orders in Council of 1847

The squatters now changed the scene of the war to London, where a Liberal Secretary of State (Earl Grey) had succeeded Lord Stanley and there won for themselves the rights which Gipps had tried in vain to conserve for the public. A new Act of Parliament allowed leases to be granted, not exceeding fourteen years, under regulations to be afterwards drafted. This was, indeed, a setting of the cats to watch the cream, for regulations, if a Governor be pliable, could be administered with elasticity. They were comprised in Orders in Council, which reached the colony in 1847, and are the foundation-stone upon which every Australian Land Act has since been built.

They divided the lands of the colony into three divisions,—the settled, intermediate and unsettled,—in which squatters could obtain leases for one, eight, or fourteen years respectively, at a rental determined in the two former divisions by the carrying capacity of the land and in the intermediate and unsettled districts by public tender. A pre-emptive right was given to purchase 160 acres in the settled and 640 acres in the intermediate district at £1 an acre, and it was provided that during the continuance of any lease of lands occupied as a run, no one but the lessee could purchase any part of it. Sales by auction were continued. By this means a squatter got a fixed tenure for a long term and the right to purchase any part of his holding at any time at twenty shillings an acre, while at the expiration of his term he had a pre-emptive right over the whole or any part of it.

These Orders in Council mark the supremacy of the squatting interest. The system of tendering led immediately to grave abuses. There being no limit to the number of tenders which might be put in, *bona fide* squatters were exposed to blackmail by bogus competitions,

and to grave risks from the dishonesty of the officials who were charged with examining and reporting upon tenders.

The purchase clauses of the Orders of Council gave an easy means of putting together huge estates. Not requiring any purchase to be in one block, they allowed a squatter to "pick out the eyes of his run," and by dotting it with freeholds at water-courses, on river frontages or at other strategic positions, to render the surrounding land useless to anybody but himself. "There was then placed," says Mr. Epps[1] "in the hands of a comparatively few men a power fraught with incalculable danger to generations yet unborn. Amongst the evils brought to the boom at this time, and which have since grown to the full development of maturity, was an absentee landlordism; the locking up of land in the hands of a few which might have carried a population a hundredfold larger than its existing occupiers, and which would have doubled its productive power; an unnecessary antagonism between agriculturists and pastoralists: and, grossest of all, a highly immoral tendency which has since had a most pernicious effect both on the private and public life of the people."

The truth of these words will be fully illustrated in the recital of the "Social War" which soon broke out between the squatters and the people.

The Squatters and the People

The squatting party did not use its surprising victory with moderation. The Orders in Council confirmed the sheep-lords in possession of their principalities; yet they were not content. They had obtained the three "F's" of the Memorial of the Pastoral Association,—fair (*i.e.* pepper-corn) rent, free sales, and fixity of tenure,—but they wanted the fee simple. They had every reason to expect a satisfaction of this desire. The

[1] "The Land System of Australia," p. 23.

Orders gave a right, during the period of their lease, to purchase, practically as they pleased, any portion of their huge holdings, and a pre-emptive right to buy the unsold portions when their term expired. But long before their leases had run out, the antagonism of the public to the squatting class had become as strong and unreasonable as had been the feeling in its favour during the contest with Gipps. All classes,—sons of settlers, immigrants, disappointed gold-seekers,—wanted land, and the best land was occupied by sheep. After the grant of responsible government (1856) the battle-ground inevitably shifted to the hustings. "Free Selection before Survey" was an obvious political "cry," and not so meaningless as most. After one defeat Mr. John Robertson obtained a clear mandate from the electors to make a trial of this means of "getting back the people's birthright." The panacea was conditional purchase, on credit, without competition, of limited areas of land. But the land, which was to be thus selected by the yeomen class, was simultaneously, but by another Act (the Crown Lands Occupation Act, 23 Vic., No. 2), assigned under lease to another class,—the pastoralists. The leases were for one year in the settled, and five years in the intermediate and unsettled districts; but as every leasehold was open to selection, the tenure in reality was weekly,—that is to say, from Thursday to Thursday,—Thursday being the day when Crown Lands Agents received applications from selectors. "The policy," say Messrs. Morris and Ranken in a Report of an Inquiry into the State of the Public Lands and the Operation of the Land Laws made by them as Royal Commissioners in 1883,[1] "offered for sale to one class of occupants the

[1] Leg. Council papers. C. 66–a, 1883. This report contains full information on the war which was waged for thirty years between the selector and the pastoralist. It is one of the most instructive and interesting documents ever published by an Australian Government.

same land which was simultaneously assigned under lease to another class. There was no partition of the soil to provide for both classes. There was abundant space to satisfy all reasonable wants then, as there is yet (1883); but this self-evident method of meeting the requirement was not adopted. Thus four separate forms of tenure were instituted by law, each authorising the occupation of the same ground. The avowed purpose of the Act was to substitute a large number of yeomen farmers for the squatter, and this was to be effected by each individual selector appropriating such portion of the squatting leasehold as he might choose. . . Thus, a squattage, though a holding recognised by law, could be obliterated at any time if a sufficient number of selectors wanted the land."[1] The remedy was desperate, but so was the disease. A Return obtained by Gipps in 1845 showed that four squatters then occupied between them 7,750,460 acres, and that the fifty-six largest holders occupied 12,110 square miles, and the fifty-six smallest 677 square miles, in what is now the Central Division of New South Wales. The tendency to concentration had increased and not diminished since that date, and protective purchases of picked spots had rendered huge areas useless to any but the run holder.

[1] The main provisions of the Act (Crown Lands Alienation Act, 23 Vic., No. 1), continue to this day in the Land Legislation of every State. It provided, that any person might select from 40 to 320 acres (raised to 640 acres in 1875) of any Crown lands (*i.e.* lands not alienated in fee as town or suburban or reserved lands) at a fixed price of £1 an acre, by paying a deposit, which at first was 5s. per acre, but has been reduced by later Acts to 1s., and paying the balance by annual instalments which later legislation allowed to be indefinitely delayed if interest were paid. The selector had to reside a fixed number of years, at first three, now five, and effect improvements to the value of £1 per acre. All owners of selected or purchased lands were allowed "pre-leases," *i.e.*, a pre-emptive right to lease adjoining land to the extent of three times their freehold. Later Acts contain many complicated provisions to enable a selector to get grazing rights over a sufficient area to maintain himself and family.

In the settled districts, near the coast, the Free Selection Act has justified the expectations of its sponsor. There the squatter had already a secured freehold and only his adjacent grazing right was open to selection. This, though useful to him, was not necessary; and he was thus not under the stringent influences which urged the lessee outside this district to a desperate defence against selection. "The latter had to face the law of 1861, with his whole station liable to be confiscated, excepting such pre-emptive portions as he might have acquired under the Orders in Council. The two classes of properties were thus under totally different conditions. The owner of the first, safe in his grant, when he tried to get more land, acted solely from the instinct of acquisition, and went to no extreme or imprudent length; the last acted under the not ill-founded conviction that he 'had to fight for his life.'"[1] The "Settled Districts" too, were largely a "poor man's country," where good land and proximity to markets made small farming profitable. The selector seldom wanted to acquire his whole square mile and squatters did not need unwieldy areas.

The case was very different in the intermediate districts. There all the important interests of the colony were arrayed against settlement. The lands under pastoral occupation were no longer primitive wastes. Many of them had been held continuously for years, under licenses, before the Orders in Council granted fourteen years' leases; and a steady progress had been made in improving their carrying capacity by means of costly improvements, effected with the money of the banks or mortgage companies, which now saw their security about to be destroyed. The Act of 1861 could not obliterate the financial and business interests concerned in squattages. "Squatting as a

[1] Morris and Ranken's Report, p. 7.

productive enterprise," say Messrs. Morris and Ranken, "had been as it were cemented with the commerce and banking of the colony. In reality, so far from the squatter being a mere nomad or trespasser—as politicians sometimes urged—and his work a mere abuse of the public estate, he was the chief producer in the community, and was carrying on the principal industry of the colony in the way that the law permitted. . . . These stations had a substantial value in a national sense. No more destructive scheme could be devised for their injury as securities, than the law that gave every man the right to appropriate where he chose a portion of the squatting lands; and there was no consequence more certain than that the conservators of the national earnings, the banks, would in their own interests, aid the lessees in defence against selection." Money was poured out like water to secure the runs. Auction purchase was the favourite weapon. In one case, mentioned by Morris and Ranken, the purchase of 27,000 acres, in forty-acre blocks, scattered broadcast over the run, effectually secured an area of 258,000 acres. "It is impossible," remarked the Commissioners, "not to admire the skill displayed in letting these blocks fall exactly where they were wanted. No general ever posted his troops in more impregnable positions." Did a selector once gain a footing he could be harassed by actions of trespass, if he could not be so effectively hemmed in by purchases that he would be compelled to sell to the squatter upon any terms. Some selectors, however, made a business of blackmail and selected in order to be bought out, living meantime upon the squatter's sheep. A "rifle and a harness cask," said one injudicious member of the House of Assembly, "is all the capital a free selector needs." Others selected for the purpose of establishing sly grog shops; or watched until the lessees began to excavate tanks and then,

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before £40 had been expended,[1] selected the ground behind their back. But the number of these robbers was small in comparison with the great number of honest and hard-working men, who needed land, and were frustrated by chicanery and fraud. Such grievances are not forgotten even in a second generation, and still inspire the bitter feelings against the squatter class.

One of the weapons used most freely in this social war was "dummying," *i.e.*, the selection of land by persons friendly to the run, who would sell out to the squatter when he had completed the conditions. The law made this a criminal offence, whereas the bush code considered it an act of duty towards a friend. The selector must make oath on application, that he is selecting only in his own interest and not for another. The oath is made without compunction by men who pay the deposit with money advanced by the station, knowing that the improvements will be paid for from the same source, and that they themselves will sell out for a lump sum directly the law permits. Everyone in the district knows of these proceedings, but condones the perjury. Dummying is almost universal, but only one person has been punished for the "misdemeanour," and that upon his own confession. This is probably the worst effect of the Act of 1861. Besides dividing the rural population into two hostile camps it has, in the words of the Royal Commission already mentioned, "tarnished the personal virtues of veracity and honourable dealing by the daily habit of intrigue, by the practice of evading the law, and by declarations in defiance of fact universally made. It is in evidence that self-interest has created a laxity of conscience in all matters connected with the Land Laws,

[1] Land improved to £40 a section was exempted from selection. Bogus improvements certified to by corrupt Inspectors was a common method of securing a run. In one instance a house on wheels did duty as "the improvements" on many sections.

and that the stain attaches to men of all classes and all degrees."[1]

Nor was the Act a success in settling population on the land, except as has been pointed out, in the Settled District. Of the 62,085 applications for residential selections, which had been made under the Act of 1861 up to 1883, not more than 20,000 represented real settlement. The balance had been transferred to the squatter and helped to swell the eighty freehold estates of 40,000 to 300,000 acres which were put together between 1861-1883. It will be seen that later legislation has not produced a more satisfactory result.

The Act of 1884 (amended 1889) made a new division of New South Wales into Eastern, Central, and Western Divisions, and gave squatters in the former two divisions, renewable leases of half their runs. This leasehold area was closed to selection during the currency of the lease; the other half—"resumed area"—remained open. This was but a patch on the old garment, though it covered half of the worn-out place, for the conflict between squatter and selector continued as before, over an area diminished by one-half. The administration of the lands was decentralised by these Acts and entrusted to Local Boards, presided over by a nominee of the Crown and consisting of two other members, one representing the squatting and the other the selector's interest. This local machinery has worked well. Still the aim of all this legislation was not achieved, and the large estates increased quicker than settlement. From 1895 onwards various tenures have been introduced, too complex for description in this volume, but all directed to securing a "living area" for the small settler and by strict provisions as to residence and improvements preventing alienation. There is a marked tendency to favour the leasing of Crown Lands in small areas for long periods.

[1] Report, p. 29.

The most striking tenure is the Homestead Selection. Lands are measured into blocks, each large enough for one family. They must be taken as measured up to 1,280 acres. Additional holdings may be acquired, not necessarily adjoining the original holding, sufficient in the opinion of the Land Board for the maintenance of the applicant's family in average seasons and conditions. The tenure is freehold subject to a perpetual residence and perpetual rent, assessed every ten years on the unimproved capital value of the land. Transfer is not permitted during the first five years, and each successive transferee is required to live on the land while he holds it. Tenant-right is given in improvements, and the holding is protected against seizure under any legal process. Holders of conditional purchases can convert their holdings into Homestead Selections.

"Improvement Leases" also deserve notice. They are granted for twenty-eight years of an area not exceeding 20,480 acres of "inferior land" at an annual rent. During the last year of the lease the lessee may convert into a Homestead Selection of 640 acres for a dwelling-house.

The Western Division is administered separately by a Board of three Commissioners, and is held on forty-two year leases reappraisable every ten years and not less than 2s. 6d. per square mile or more than 7d. a sheep on the determined carrying capacity of the run. Auction sales have been limited to 200,000 acres per annum.

The land legislation of Victoria, Queensland, and Tasmania has followed the same lines as that of New South Wales, and practically the same form of conditional occupation with deferred payments is in force. The feuds between selector and squatter have not, however, been so bitter in any of these three States,—in Victoria, because the best land had been already acquired by purchase before free selection was introduced (compare the settled

districts of New South Wales, *sup.* p. 112): in Queensland the area is sufficiently large for both, and their interests do not clash in the pastoral country: in Tasmania, because the only land not purchased was suitable for small holdings. In all these States, however, the best lands are classified or surveyed before selection is allowed or else limits are set beyond which selection is inadmissible. The mischief of indiscriminate selection before survey has thus been avoided. The land systems of South Australia and Western Australia demand separate notice.

The Wakefield Experiment[1] in South Australia

South Australia was established to carry into effect the theories of colonisation which were so persistently expounded by Gibbon Wakefield, of whom mention has already been made. In order that the colony should be self-supporting from the start, the Commissioners entrusted with its foundation were to sell £35,000 worth of land and raise a guarantee fund of £20,000. The land was to be sold in sections of eighty acres at £1 an acre, with a town allotment added, making the total cost £81. The Act authorising the venture was passed on August 14th, 1834, but by December 2, 1835, not more than £26,000 worth of land had been sold, and the price was reduced to twelve shillings an acre. One of the Commissioners had by that date negotiated a loan of £30,000 at ten per cent. The Commissioners, though enthusiasts, were men of business. Two or three of them, including Mr. George Fife Angas, conceived the idea of financing the scheme by means of a "South Australian Company." They made up the balance of the purchase-money, buying from £9,000 to £10,000 worth of land at

[1] The materials for the history of the foundation of South Australia are to be found in Mr. John Blacket's "Early History of South Australia," which has been freely drawn upon.

twelve shillings an acre and sold this to the Company for a pound. The required money having been thus obtained, the pioneers left England, after a farewell meeting in Exeter Hall to found "the Holy City"[1] in the southern hemisphere. They reached land on July 27, 1836; but, as Colonel Light, who was to fix the site of the capital and lay it out, did not arrive for a month later or come to a decision hurriedly, the Wakefield doctrines could not be put into force immediately. The theorist had declared that, if the price of land was fixed sufficiently high and the proceeds spent on immigration, there would be a constant supply of hired labour for the cultivation of the land. The colonists found that large areas of land were being bought for speculative purposes; and that the proceeds of the sales, instead of being employed on reproductive public works, were spent in bringing out new mouths to feed. The immigrants were not capitalists; and men and women without means could do better on their own allotments than by working for others. Later, in 1840, when the British Government advanced the Commissioners £200,000, the situation became more puzzling—to the theorist. It then became more profitable to work for wages than to cultivate the soil; and men, who should have been growing wheat, were employed in building public offices! "Immigrants keep pouring in," complains "a gentleman from Adelaide," in the London *Times*, and yet the increase of population seemed but to increase the rate of wages. In truth, the colony was living on its borrowed capital. The inevitable result followed. The Governor's drafts on England were dishonoured and but for the fortunate discovery of copper (1842) and other minerals the colony must have been abandoned. The Wakefield system had proved a mere delusion. If new settlers have capital they can employ it most profitably on the land. In Australia the

[1] Adelaide is so called by reason of the number of its churches.

KING WILLIAM STREET, ADELAIDE

profitable uses of land required then, and in many parts requires still, a large area. But, if the upset price of land be fixed unduly high, either the capital of the employer is diminished or his means of giving employment are straitened. If, on the other hand, the immigrants, as is usual, are people of little means, what becomes of the nicely-graded society of landlords, yeomen, and labourers, which the Wakefield scheme was guaranteed to reproduce in a young country? In South Australia the people hung about the city and refused to cultivate their lands, in spite of the utmost efforts at compulsion of Governor Gawler (October, 1838—May, 1841). Even persons who were willing to go upon their lands were delayed by the difficulties of survey.[1]

The lands at this time were disposed of by sealed tender at a fixed minimum of 12s. per section, which was soon raised to 20s. By 1843, 323,000 acres had been sold by this method. When the colony had come through the crisis, thanks to the discovery of copper, the lands came under Earl Grey's Waste Lands Act of 1846, which brought such disaster to New South Wales. The Governor was of a different stamp to Sir Charles Fitzroy, who had presided in New South Wales over the administration of the same Act, and his advisers were not squatters. The colony was divided into districts

[1] "It was innocently believed that these pioneers would at once settle down into an old country groove, with distinct lines of demarcation between the various professions and occupations; but the site of the capital city having been decided upon, the people, instead of cultivating the available land, formed themselves into a town community and speculated in town lots which rose rapidly in value. Few seemed to think of the future. . . . . When the inevitable smash came, two years later, most of those who had arrived in the colony with considerable means were penniless, everything having been spent in the cost of living." (Epps' "Land Systems of Australia," p. 118.)

There were not wanting critics to expose the fallacy of Wakefield's proposal. The *Times*, for instance, from the first, attacked the scheme with ridicule and argument.

as the Act required. The method of disposing of land by tender was not allowed in the settled districts, which already enjoyed Local Government. Outside of "the hundreds," lands were leased for fourteen years at rates varying from 10s. to £1 per square mile. Thus far the administration of the Act was not different from that in New South Wales. But Sir Henry Young held firmly to Gipps' doctrine that the rights of the Crown in the waste lands ought to be preserved. Accordingly every lease in South Australia reserved "the right of the Governor at any time to sell, reserve or otherwise dispose of the whole or any part of the land so depastured"; no pre-emptive right was given to the lessee; he could claim neither renewal or compensation for improvements; and as the march of population brought any portion of a lease within "a hundred" it automatically ceased to be part of the run. The lessees were content to rely on the good faith of the Crown not to exercise these powers arbitrarily to their detriment. One of the first Acts of the first elected Parliament (1856) was to provide for the offering of land in 640-acre blocks, which could not be put up to auction until after survey. The practice hitherto had been to dispose of lands only by sale for cash, either at auction or by tender. This, while advantageous to the revenue, was felt to be a hindrance to small settlers, and in 1869 Strangway's Act introduced sales on four years' credit (extended to five in 1870), coupled with a condition of residence. Purchase before survey was not allowed. The Land Act of 1872 allowed selection inside of an imaginary line, which was supposed to separate the country of good from the country of insufficient rainfall. After 1874 this limit was removed. Still no selection was permitted until after survey. Yet even these precautions did not stop the aggregation of large estates. The absence of restriction on the number of credit purchases which one man might make, and the allowance of

such purchases in areas unsuitable for agriculture gave the monied men, with the aid of the banks, the opportunity they needed. At the same time bad seasons brought failure to those whom no warning would deter from credit purchases in lands which lay beyond the limit of reliable rainfall. Parliament granted relief to these unfortunates from time to time by remitting their payments, and Ministry after Ministry attempted to devise a tenure which would be suitable to the hard conditions.[1] The laws were consolidated in 1903. The system differs from that of the eastern States in not recognising conditional purchase. The favourite tenures are leasehold, either perpetual, with periodic reappraisements, or with a right to purchase. Auction sales are practically confined to town and suburban lands. That the land laws have worked with less friction in South Australia than elsewhere is partly due to the character of the soil, which, while in parts suitable for wheat-growing and involving no expense in making ready for the plough, is, in the greater part of the State, owing to the irregular rainfall, more suited to pastoral occupation. Credit, however, must not be refused to those political leaders who had the good sense to avoid the mistakes of other colonies and the courage to protect the public interest.

An Immigration Policy

Western Australia was "the horrible example" of the Wakefield doctrinaires, who, eight years later, founded South Australia, warned by these failures. Founded hurriedly in 1829, in order to anticipate the French, the land system of the new colony was crude and unintelligent. Free grants of immense areas were given to the founders on the understanding that they would introduce

[1] Detailed information on the early disposal of Crown Lands is contained in a Report by the then Surveyor-General, Mr. G. W. Goyder, which was published as Parliamentary Paper, No. 60, of 1890. The writer has made free use of Mr. Epps' Summary.

immigrants at their own expense. Captain Stirling, the first administrator, was given 100,000 acres, and Mr. Peel, the leading spirit in the enterprise, 250,000 acres, in return for which he undertook to bring out 400 settlers. Others were treated with equal liberality. The whole area granted was a million-and-a-half acres, and as every grant was marked off at the Colonial Office from the boundary of the proposed site of the capital city, the only land available for new comers lay outside the boundaries of an irregular parallelogram, at a great distance from the city and the port. Even when they were thus planted in the wilderness, settlers were so scattered that they lost one another, and immigrants brought out to work could not find their employers. Still hope made promises. Grants of land were offered freely in London to intending settlers at the rate of forty acres for every £3 of capital, and 200 for every labourer introduced into the colony. By 1830 nearly 1,800 immigrants had landed. "They camped in sight of the shipping and remained there; for they could do nothing else. The farming implements lay on the beach, and the families, who had come to form the society of the place, attracted by the fictions of the pamphleteers, found that they were turned adrift without the necessaries of life on the edge of a wilderness. There was neither live-stock nor any other means of turning the soil to immediate use. Scenes of destitution followed. Young ladies spent their time catching fish as they saw the black "gins" do, to save their parents and themselves from starvation. Numbers left in despair. The others forged slowly ahead. At every turn, however, progress was delayed by the free grants. In 1832 the Colonial Office adopted the New South Wales method of selling land by auction at the upset price of five shillings an acre. "The immediate result," reported a Parliamentary Committee in 1838, "was a sudden and almost

total stop to emigration. From that time up to the present (1838) few people have arrived except those that have come to join their friends or have been in some way connected with the place."[1] Up to 1838 only 20,663 acres had been sold by auction. Lord Glenelg tried to tempt labourers by free grants to all who would pay their own passage, and a Western Australian Company formed (1838) on the model of the South Australian, sold 100 acre lots at £1 per acre. When the purchasers reached the colony they found the market price was 2s. 6d.—so eager were the first grantees to sell! Nothing, however, convinced the theorists, and, under Wakefieldian influence, the upset price was raised to 12s. in 1839 and to 20s. in 1840. Naturally this put a stop to all sales of land except by private owners. After the lands had been divided into towns, suburban and country (1843) they became subject to Lord Grey's Waste Lands Act of 1846. The merit of this measure was its elasticity. It could be perverted, as in New South Wales, to the profit of one class, but it could also, as in South Australia, be used to protect the public. Everything depended on the Regulations. In 1849 Lord Grey took the wise step of referring these to a Committee of leading men in the colony before they were promulgated. There was a division of opinion. All, however, agreed in favour of "tillage leases" and a division of the colony into agricultural and pastoral districts. The suggestions were accepted and the country divided into A lands and B lands. The latter were open to lease for pastoral purposes for a term of eight years at a rental of £5 per 1,000 acres and 10s. per 1,000 for every additional area of that size. The A lands were leased in amounts not exceeding 320 acres at 1s. an acre per annum for eight years, and subject to conditions as to cultivation. The B lands were leased for pasture purposes in larger areas. The tillage leases

[1] Quoted by Epps' "Land System of Australia," p. 105.

were for many years a notable feature in the land system of Western Australia. The details of this measure were modified, without affecting its principles, in 1864, and special inducements were offered to pastoralists to stock the northern portion of the colony. In 1898, eight years after the colony had been granted responsible government, it adopted the principle still in force, of free selection before survey, in pursuance of its policy of offering settlers greater facilities than those which were offered in any other state. Thus land can be acquired by conditional purchase, either for agriculture or grazing, either with or without residence, and either on credit or for cash. Homestead farms of 160 acres are granted free to any person, who does not already own 100 acres in the colony. This provision is proving a great attraction to immigrants both from England and the eastern States. A lease for pastoral purposes does not put the land beyond the reach of an intending settler, but, as in New South Wales before 1884, all such leases are open to selection. The mischief of this creation of conflicting interests is much mitigated by a provision which gives the squatter,—as against the selector but not as against the Crown,—a tenant right in his improvements, the value of which, as ascertained by arbitration, must be paid by the selector before entry.

The dispersion of population by these wise measures, and the social and industrial changes brought about by the discovery of the goldfields, have considerably diminished the influence of the descendants of the original landowners. But, until the introduction of responsible government, they were supreme, and "five families" controlled the State. Land gives a greater political influence in a growing country even than in England. The original free grants were an obstacle to progress, which Western Australia did not overcome for sixty years.

CHAPTER VIII

"BACK TO THE LAND"

THE Cry for Land—Experiments in Settlement—Assistance to Settlers—How the Land is Held To-day.

THE CRY FOR LAND

THE common objective of all Australian land systems was, as has been said, Settlement. In the late 'eighties, and more deliberately throughout the 'nineties, a new impulse stirred all Parliaments. The land was to be the great instrument of social amelioration; and Mother Earth the refuge from all social tyranny. "Back to the land" was a cry in every mean street; and city dwellers, indifferent to the secular struggle between squatter and selector, demanded land for themselves on suitable conditions. The public lands were not to be dealt with commercially and for a profit, but as the birthright of all, so that every man might have a chance to earn his living and none be unemployed. And if Parliaments responded too slowly to these demands, there was always Lane's "New Australia" in Paraguay,[1] where Socialism was to make a new heaven. The new movement was not a selfish one. It was a time of dreams and enthusiasms. The Labour Movement, which has given Australia its distinctive place among the nations, was born in those days of illusions and still owes its force to the faith of those who believed their dreams to be true, and the self-sacrifice with which they tried to make them so.

EXPERIMENTS IN SETTLEMENT

The agrarian-social legislation, of which we must now

[1] In 1893 William Lane left Queensland with some 300 followers to found a Socialistic Community in Paraguay. The movement had been incubating since 1889.

speak, synchronised in every state with the collapse of credit which obtained between 1890 and 1893.

The pace throughout the 'eighties had been too quick, and railways and other public works had been constructed out of the proceeds of land sales and loans, beyond the requirements even of the influx of assisted immigrants. The land laws also played a part, by compelling the financial institutions, for the reasons which have been already mentioned, to make large advances to squatters for the protection of their securities. To meet this demand for cash they took money on deposit from English and Australian investors. These being for short terms and the advances being necessary for long periods, a crisis was inevitable, whenever the depositors might demand their cash. For the time, however, the discovery of new mines (*e.g.*, Broken Hill and Mount Morgan), the conquest by the pastoral industry of the illimitable west, and the general increase in production during a series of good seasons, justified confidence. Australia had again become popular; and foreign capital filled its channels of investment. All might have gone well if the people could have resisted the temptation to speculate in land. Profits, however, seemed so certain—from the rise in value, which was inevitable if population had continued to increase at the same rate—that this was not to be expected of human nature. Unhappily the banks fostered, instead of discouraging, this form of gambling. At first they financed companies, which, calling themselves "Building Societies," bought city and suburban land in blocks and sold it in allotments on credit. The profits, on paper, were enormous, and at last the banks advanced money directly to their customers to be used in the same way. A warning came from Adelaide in 1887 but was ignored by the Melbourne speculators. Then the building societies went down (1891) and in 1893 seven banks suspended payment in Victoria, two in New South Wales, and three

in Queensland. The future had been so freely discounted that Melbourne did not for a dozen years grow into the buildings which were erected in these years of "boom."

With the financial crisis came a labour crisis. The public works policy of the preceding decade had raised the wage-earning class to the zenith of their prosperity. The inevitable retrenchment brought them to the "nadir of their discontent."[1] A general strike of seamen in 1890 and another of shearers in 1891 were defeated after a long and bitter struggle. The workmen, beaten in the use of this weapon, sought victory by political action, and the Labour Party suddenly became a power in every state.

Its influence was at once felt in agrarian legislation, and Socialist experiments in land-holding date from this period.

The first step was made, on individualistic lines, by South Australia in 1888, in the passage, at the suggestion of Mr. Cotton, of an Act to leave Crown Lands with the right of purchase, in blocks not exceeding 20 acres, to "men who gained their livelihood by their own hands." The idea of these "Workmen's Blocks" was to provide artisans with an alternative means of livelihood and give them an opportunity of making homes for themselves in their spare hours. The experiment has achieved considerable success. In six years 1,544 of these blocks had been leased, representing an area of 24,731 acres and returning a rental of £2,208, or nearly 1s. 10d. per acre. There has, of course, been some "dummying," but the majority of the block-holders are *bonâ-fide* occupiers.

When the crisis occurred in the other States the day for individualistic measures had gone by and therefore the South Australian example was not followed until a full trial had been given to Socialist remedies. Western Australia (1898), Victoria (1900), and New South Wales (1902) have now all passed similar enactments. The

[1] Rogers, p. 169.

measure has not yet succeeded in Western Australia and New South Wales as it has in Victoria, where population is more concentrated and good land adjoins the towns. Three areas there have been set apart for Workmen's Blocks since 1900. That at Brunswick, a suburb of Melbourne, has abundantly justified the scheme. Fifty-six holders have been settled on 91 acres; none are in arrears, and the value of their improvements exceeds the cost of the land. Other settlements further from the capital (Warnambool and Leongatha) have not been so successful. The Leongatha settlement was only kept open for five months (April to Sept., 1903). It is now used as a place of relief for casual destitutes, who are allowed to earn a few days' livelihood by light field work. No one may remain after he has earned £2. In this way the colony has been of service to the deserving destitute, and a deterrent to the professional "unemployed." The Closer Settlement Acts (1904, 1906) also make provision for establishing Workmen's Blocks on portions of resumed estates.

It has been observed that the other States did not follow the example set by South Australia until the Labour movement had spent its first force. Until that time their remedial measures were drawn on Socialist lines. Yet, even during this period, the "Socialism" of the Australian Labour Party, as manifested in its agrarian legislation, was different in principle and practice from the Socialism of Europe. It was a Socialism more of instinct than of reason. "Mateship" was its dominant idea, not spoliation; and the belief was strong that the "New Australia," from which self-interest should be exorcised, need not be sought so far as Paraguay.

In one and the same year Queensland, New South Wales, Victoria, and South Australia—Tasmania lay outside of the industrial crisis—sanctioned sales or leases of land to "village communities."

"co-operative communities," "homestead associations," and "labour settlements." Their object was expressed, perhaps a little crudely, by the Minister for Lands for New South Wales, as being, "to allow people of, say one religious persuasion or one nationality, or any other particular fad, to go together, frame their own social laws, and have their own community."[1]

Expression was given to this desire in New South Wales by the establishment of "Labour Settlements." These communities were to consist of selected persons, who were to merge all their individual rights in the common welfare. Although each settler had his own allotment and received a maximum advance of £25 from the State to enable him to work it, his profits were to be pooled and he received no more than one man's share of the total profits made by the community. The distribution of the profits was regulated by a Board of Trustees, who chose the settlers, prescribed the work which each one was to do, and generally made regulations in the common interest. Every member of the community was jointly liable to the Government for the repayment of all the capital advanced after the lapse of four years by yearly instalments.

On June 30, 1906, only two of these settlements had survived: one at Bega in the Illawarra district, the other at Wilberforce in the county of Cumberland. At Bega thirty-one settlers occupied an area of 1,360 acres and supported 171 dependents and labourers. A sum of £2,421 had been advanced by the State, and the value of the improvements exclusive of crops was £2,296. At Wilberforce eleven members occupied 409 acres and supported forty-one dependents. The State had advanced £2,495 and the improvements exclusive of crops were £2,360. In both settlements the communistic regulations

[1] This speech did not escape Mr. J. D. Rogers. "Historical Geography," p. 198.

had been relaxed; and, except that there was a joint liability for the sums advanced by the State, every settler worked independently and for his own profit.

Victoria in the same year (1893) provided for three kinds of rural settlement: "homestead associations," "labour colonies," and "village communities." The "homestead association" was a modification of the Wakefield idea of concentrated settlement. Blocks of land not exceeding 2,000 acres were subdivided into allotments of fifty acres and set apart to be let on improvement leases, at a nominal rent, to associations of not less than six persons, who might wish to settle near each other. The number of persons to be located on each block could not be less than one to every 50 acres of its area. Except for this restraint upon the choice of his neighbours, the settler was in the same position as any other landed proprietor. The scheme proved a failure and the part of the Act allowing Homestead Associations was repealed in 1904.

"Village Settlements" were also framed upon an individualist basis. Indeed they amounted to nothing more than the cutting up of suitable land into small holdings, at first of 20 acres each, and increased in 1901 to an area which, with the original holding, should not exceed £200 in value. This tenure is the country form of the suburban Workmen's Blocks. It has been a great success in Victoria, where it has settled 1,752 holders on a total area of 54,404 acres, giving an average of 30 acres for each holding. The Closer Settlement Acts of 1904 and 1906 have effected a large increase in the number of small holdings, for which Victoria is specially adapted in consequence of the proximity of its good land to the markets of the sea-board. As might be guessed from the individualist character of these two measures, the Labour Party was at that time weaker in Victoria than in any other State. Only one of the new forms of rural

settlement passed in 1893 had a socialist basis. This was the Labour Colonies Act which was framed upon the New South Wales model and proved no more successful.

South Australia, under the impulse of the prevailing public sentiment, devised a more ambitious scheme of co-operative association. Areas of land suitable for orchards or farms, or capable of being irrigated, were set apart in thirteen districts for settlement by associations. The land in each district was divided into 10-acre blocks, of which no person could hold more than two. Every person by leasing such a block became a member of the association of the district in which it was situate. This imposed a joint liability with the other members to pay interest to the State upon the agreed value of any irrigation works or other improvements of public utility. In return each member acquired a commoner's right in a considerable area which was set apart as commonage in each district. The debt to the Crown was a first charge on all the lands in the district and repayable at 4½ per cent. by instalments spread over 42 years. In the event of an association defaulting, the members were to be liable for their proportion of the unpaid balance. The commonage lands were under the control of trustees elected by the members, subject to the direction of the Commissioner for lands, and were to be worked for the common good and benefit of the members upon the principles of co-operation and equitable division. Each member of the association was required to contribute labour or a cash equivalent to the cultivation of the commonage, and the upkeep of the irrigation plant or other works of public utility.[1] Accounts were to be kept of the expense and profits of such work, and after a provision had been made for a sinking fund to cover depreciation, etc., the balance, if any, was to be divided among the members. Regulations for the good

[1] This re-appearance of the "corvée" in the most democratic of Australian States is very noteworthy.

conduct of the members and the profitable working of the common properties and for the general purposes of the association were made by the Commissioner for Lands. Each association is a legal corporation with perpetual succession.

This ingenious combination of individualist and collectivist ideas has only been successful in so far as the latter has been subordinated in practice to the former. Between 1896 and 1903 seven of the settlements were abandoned, and only six are in existence at the present time.[1] On these there are 84 settlers and 306 dependents and employees. A sum of £102,116 has been advanced to the settlers, while the value of improvements effected up to 1904 was only £41,869.

These figures, however, are not conclusive against the experiment. Mistakes were made at first in the selection of suitable land, the cost of which ought not to be put to the debit of the associations in suitable districts. Probably the true verdict on the South Australian Village Settlements is, that they have succeeded where private owners would have succeeded, and failed where these would have failed, and that their success is more due to the assistance given by the Government in irrigation plants and other public works than to their co-operative character. Any settlement of private owners having the advantage of the same assistance would perhaps have done better.

The efforts of Queensland to satisfy the new demand for land were represented by an Act setting apart 10,000 acres for a Labour Colony, upon the New South Wales lines, and the "Co-operative Communities Land Settlement Act of 1893." This is not a distinctly socialist measure. Like the South Australian Act, it provided for the transfer of the individual right of a citizen to take up land to an association which was empowered to do so on

[1] At Kingston, Lyrup, Moorok, Pyap, Rameo and Waikere.

his account. The association must consist of not less than thirty members, and the area taken up cannot exceed 160 acres for each member. The association may register under the Friendly Societies Act of 1876, and its rules must be deposited with the Minister for Lands. The area required will be set apart by proclamation, and the conditions of the tenure—except that the statutory requirement of the expenditure of 2s. 6d. per acre during each of the first four years cannot be dispensed with—are to be then determined. When once the association has entered upon its area, it is free to manage the property as it pleases, subject to the terms of its lease and its own rules. The special feature of the South Australian Legislation—Government control—is not found in the Queensland Act. These group settlements have been as great a success in Queensland as the similar Homestead Associations were a failure in Victoria. While the Victorian measure was repealed in 1904, in Queensland, in 1906, no less than 228,654 acres were settled in this way by 260 persons owning 278 farms. Each member of the group is given an allotment in the township in addition to his farm, and residence there is taken as equivalent to residence upon the latter. By this means a settler escapes the inconveniences of isolation. His children can get good schooling and himself the social comforts of intercourse with friends. It is the most interesting as well as the most successful method of settlement which Australia has yet contrived.

Neither the philanthropic nor the commercial devices for settling people on the land would avail to attract the poorer class of settler, unless some provision were made to assist him with capital. If this, as the Crédit Foncier and similar institutions everywhere testify, has been found desirable in Europe, it becomes a necessity in a young country. Accordingly every State, as it began to pass from the pastoral into the agricultural epoch, has devised some means for giving pecuniary assistance to

cultivators of the soil, both to enable them to purchase holdings and to make improvements.

Victoria, being the principal agricultural State, led the way in this direction. The Savings Bank of 1890 authorised loans upon mortgages of farm lands. The amending Act of 1896 gave express power to lend to " farmers, graziers, market gardeners, or persons employed in agricultural, horticultural, and viticultural pursuits," upon the security of any land held under the Crown, whether conditionally or in fee. Western Australia followed this example in 1894 and South Australia later. New South Wales passed an " Advances to Settlers Act " in 1899—hoping by this terminology to avoid controversy with experts in currency. Queensland came into line in 1901 ; Tasmania is about to do so.

In all the States the capital is provided by the sale to the general public of mortgage-bonds or debentures, carrying a less interest than the rates which are charged for advances. Each of these distributions should, therefore, show a profit. The amounts beyond which advances may not be made vary in different States. Victoria and South Australia authorise the lending authorities to raise £3,000,000 for this purpose by the issue of mortgage bonds, which the Savings Bank is permitted to purchase. New South Wales and Queensland put the backing of the State most directly in evidence by authorising the Commissioners or Trustees to raise by the issue of Government debentures—the Commissioners £2,000,000, and the Trustees (as the directors of the lending body are called in Queensland), £250,000.

The terms of the advances also vary. The rate of interest is now everywhere five per cent., but the terms of repayment are not the same. In Western Australia and Queensland no repayment of the principal is required during the first five years. After that date it must be repaid in twenty years by half-yearly instalments of

HARVESTING AT COLEBROOK, TASMANIA

principal and interest. In Victoria, South Australia, and New South Wales the usual term of repayment is thirty-one years, but by agreement it may be shortened.

The purposes for which loans may be made vary slightly according to the conditions of the several States and the forms of tenure in vogue. Generally speaking, a settler can obtain an advance: (*a*) to pay off existing encumbrance on his land; (*b*) to pay the instalments due to the Crown in respect of his holding; (*c*) to make improvements or develop the resources of the land; (*d*) to build homes on his land; (*e*) to purchase land from the Crown. The amount advanced to enable persons to purchase land must not exceed 80 per cent. of the official valuation. Advances on land and buildings may be made up to two-thirds of the value of the borrower's interest in them. The utmost amount which may be advanced to one borrower is in New South Wales and Victoria, £2,000; in Queensland, £800; in South Australia, £5,000; in Western Australia, £500. No apprehension is felt lest the repayments should not be duly made. The experience of every State is that these are very regular and arrears few. Thus of the total amount of outstanding advances in Victoria on June 30th, 1907, of £2,111,308, only £46 of principal and £69 of interest was in arrears, and that was divided between nine borrowers.

The States in Australia do not confine their assistance to settlers with loans of money and easy conditions of tenure. There is probably no other country in which more attention is paid to the education of the farmer, or a more careful study made of the resources of the soil and the best methods of cultivation. Every State has its agricultural colleges and model farms, to which admission may be had on terms within the reach of any settler. The agricultural departments distribute gratuitously any information likely to be useful. Careful inspection

is made of orchards and stock farms, and assistance given to destroy pests. Commercial agents are appointed in London and in the East to push the sale of Australian products. Meat, milk, butter, and cheese are inspected by Government officers before they are exported. The mail contracts require the provision of cold storage on the mail steamers and the carriage of produce at reasonable freights, and generally, shipments are supervised to ensure them being placed on the market in the best possible condition. The seed of new plants is distributed gratuitously, and South Australia also distributes without charge the seeds of those varieties of wheat, barley, oats, and grass which are most likely to suit the various soils and climates of the State. The carriage of agricultural produce by the Government railways is at low rates, and practical lectures are given in farming districts on matters of interest to agriculturalists. Prizes, too, are given for model farms. In short, the State endeavours to supply to the farmers of a young country the knowledge which experience and research have made available to those in an older land. The result is seen in the recent development of agriculture to which reference has already been made.

How Land is Held To-day

We are now in a position to summarise the results of these multifarious devices for procuring settlement. For, as the preceding chapters will have shown, there are as many varieties of land-tenure in Australia as there are States, and although the object of all is the same—to promote settlement, to decentralise, and to substitute agriculture for pasture—the principles which underlie them have varied at different periods.

In the first epoch of Australian history, when the Crown's title to waste lands was more than a constitutional fiction, the tenure of land was a privilege which imposed duties towards the public. The grantee was obliged to

render services to the Crown and recognised the permanence of his obligation by payment of a fixed irredeemable rent. In the second epoch, which begins (as to country lands) with auction sales in 1831, all sense of duty attaching to ownership disappeared. In the prevalent philosophy of the economist an individual only had "rights." Accordingly the Crown lost all control over alienated land. The quit-rents were commuted, and all grants were of the fee. The hands of the clock are coming now full round. Perpetual leases, or leases-in-perpetuity, which are perpetual leases without periodic re-appraisements of rent, are to-day the most favourite tenure. They are "only Phillip's tenure by rent-service under another name."[1] They achieve the same object if the conditions are enforced of conserving the public interest by enforcing the good uses of the land and preventing it from being sold to swell a large estate. A lease can always be forfeited for breach of a condition and the Crown is under no obligation to accept a transferee as tenant. South Australia has already adopted perpetual leases as its normal tenure. Conditional purchases are no longer permitted and auction sales are confined in practice to town or suburban lands. Even the grants which issue under a form of deferred payment, known as "agreement to purchase," contain the same reservations of Crown rights and the same restrictions on sub-letting or assignment as perpetual leases. Every other State is feeling its way in the same direction; although only Victoria has as yet definitely adopted the "perpetual lease." In other States the tendency is shown by the multiplication of leasehold tenures and the facilities for acquiring them. Yet even perpetual leases will fail to check the accumulation of large estates, unless they are accompanied by other measures. In New Zealand no person in the future will be allowed to acquire more than

[1] See Rogers' "Historical Geography," p. 200.

2,000 acres of Crown lands, and several proposals are being discussed there, and in the Commonwealth, for making use of taxation to compel the sub-division of unwieldy holdings.

The results so far may now be described. The total disposition of the public estate of the Commonwealth at the end of 1906 was 87 million acres. Of this amount 35 millions were in process of alienation. This gives an average of 30½ acres per head of the population. The area held under lease or license at the same date was 746 million acres, and 1,034 millions were unoccupied. These figures make it easy to realise the sparseness of Australian population. The total private holdings represent a country nearly twice as large as Great Britain, and Great Britain supports a population ten times as numerous. Or if the comparison be made with Spain, France, and Germany, which have populations of 17½, 38, and 60 millions respectively, the immense disproportion between the number of the people and the extent of the alienated land becomes even more striking.

Its distribution suggests equally disturbing thoughts. In New South Wales there are 18 freeholds above 40,000 acres each. Of the whole area alienated in that State nearly one-half—46·65 per cent.—is held by 720 persons, whose total holding aggregates 22,734,915 acres or an average of 31,576 acres. Treating the land devoted to agriculture as being held in holdings of from 31 to 40 acres in extent, only one-ninth of the alienated land, 11·13 per cent. comes under this category.

It has been estimated that less than 2,000 persons own an area of land equal to that of Great Britain. Such a result cannot be quoted as a proof of the success of the Land Acts in settling on the land a yeoman class. The object has, however, been achieved in respect of pastoral settlement. "Large areas, pronounced even by experienced men to be uninhabitable wilds, have since been occupied by thriving flocks, and every year sees the great

Australian desert of the early explorers receding step by step."[1] Of late years, too, there has been a substantial advance in agriculture, and, although much of this is due to the cultivation of large areas by squatters, yet it marks a stage in the development of the country and extends employment. According to the figures collected in the "Year Book of the Commonwealth," the extent of land under cultivation was nearly nine times as large in 1906–7 as it was in 1861. The figures are: 1860–1, 1,188,282 acres; 1906–7, 9,545,856 acres. This is a rate of increase more than double that of the population. The chief progress has been made since 1891. From 1881 to 1891 the population increased nearly twice as fast as the agricultural industry. Since that date every year has seen a larger area under crop. The assistance given by the State in various ways to agriculturists must be credited with some of this advance.

The favourite device of the day for overcoming the mischief of "latifundia," is the compulsory purchase by the State of large holdings—whose owners in their day did good service in developing the country—at a fair price fixed by a tribunal, for purposes of subdivision among lessees or purchasers. The State having in the first place alienated the pick of its land for not more than £1 an acre, has by means of roads, bridges, and railways, and other improvements at the expense of all taxpayers, increased the value of these lands to £4 or £5 an acre. The exact amount of this increase is estimated by a Court, and the State buys back for (say) £5 what it sold at £1. The proceedings have another element of comedy. The State, at the hearing before the Court, cheapens the land as much as possible. "It is naught, naught, saith the buyer." Having paid a sum in excess of what its experts thought the land to be worth, the State then extols its excellence and cheapness to the purchasers from whom

[1] Coghlan's "Australia and New Zealand, 1903-4," p. 342.

it makes its profit. No wonder that the scheme is breaking down, because, as the county councils are finding in England, the State is raising the price of land against itself by every purchase that it makes. It would be more logical and simple and more just to the taxpayer to impose a heavy land-tax on every area of uncultivated land beyond a certain value, which was situated within the agricultural districts. Every settler should be allowed, free of tax, enough land to make him a living, and any area above the determined value, which was kept unlet and unused, should be taxed into the market. And all leases should be for not less than seven years and twice renewable on terms to be approved or settled by the Local Land Board. Only by some such measure as this will the people of Australia recover the use of their wasted lands.[1]

[1] At present Land Taxes are levied in every State except Queensland. In New South Wales, South Australia and West Australia the basis of the tax is the unimproved capital value. In Victoria and Tasmania the tax is levied on the capital value of the land as improved. New South Wales imposed one penny in the £, with an exemption of lands the unimproved value of which is under £240. In Western Australia the rate is the same, but the exemption is only of £50. In South Australia the tax is progressive and no exemptions are allowed. The rate is—

On land the unimproved value of which does not exceed £5,000	1d. in the £
On land the unimproved value of which does not exceed £5,000	1¼d. ,,
On land owned by absentees a surtax is imposed of 20 per cent.	

In Victoria all lands belonging to the same owner of which the capital improved value is under £2,500 are exempt. The lands are classified according to their sheep-carrying capacity into four divisions valued respectively at £4, £3, £2 and £1 per acre. The tax is 1¼ per cent. of this valuation. City lands are not taxed.

In Tasmania the tax is progressive at the following rates :—

Where the total capital value is under	£5,000 ..	¼d.	in the £
do. do.	£5,000 and under £15,000	½d.	,,
do. do.	£15,000 ,, £40,000	¾d.	,,
do. do.	£40,000 ,, £80,000	⅞d.	,,
do. do.	£80,000 and over ..	1d.	,,

CHAPTER IX

MATERIAL GROWTH

PRIVATE Wealth—Diffusion of Wealth—Savings—Production—The Pastoral Industry—Farming and Dairying—Agriculture—Mineral Production—The Manufacturing Industry—Internal Trade—Over-sea Commerce—The Balance of Trade—Indebtedness—Banking—Summary.

PRIVATE WEALTH

IN material wealth Australia stands high among the world's communities and her advance since Federation has been remarkable. According to an estimate, which is necessarily approximate, but which is accepted among statisticians, Australia stands second in respect to the private wealth of its citizens, with a total of £1,043,840,000[1] and an average of £260 per head. Only the United Kingdom stands above her, with an average per head which exceeds £300. The United States and Canada come far behind.

DIFFUSION OF WEALTH

Of greater importance than the aggregation of wealth is its diffusion among all classes of the community. Figures on this point must be necessarily estimates, but a fair idea may be obtained of the distribution of property by comparing the number of persons who leave property at death with the number of adults dying. Mr. Coghlan,[2] working on these lines, finds that 28·5 per cent. of the adult males and females, who died in the Commonwealth during the period 1895-1900, left property behind them. That is to say, seven out of every twenty-five grown-up people own property. Their ratio to the total

[1] About two-thirds of this is represented by Land, House and Improvements.

[2] "Australasia and New Zealand," 1903-4, p. 518.

population was 17·23, which is nearly one in six, and it has been increasing steadily in every State. Figures are not available which will determine exactly the average amount owned by each person, but an estimate made by Mr. Coghlan for New South Wales is probably correct for the whole Commonwealth. This states that 987 persons[1] in that State had properties of over £50,000 in value. These fortunate ones owned among them £130,521,000, or 35·4 per cent. of the whole property of the State, themselves being only 0·13 of the population. A further 2,086 persons held £168,782,800, or 45·8 of the total. Mr. Coghlan adds that "probably" half the State is owned by 3,000 persons. Only 544,972 persons had less than £200. These figures, it must be remembered, include children. Moreover, 120,798 persons owned between £200 and £500. There is no reason to think that the circumstances of New South Wales differ greatly as regards the distribution of its wealth from other States, so that these figures may be taken as showing the diffusion of property throughout the Commonwealth.

Savings

The figures as to savings tell the same story. In the year 1907–8 there were 1,258,689 depositors in savings banks, being in the ratio of 304 to each thousand of the population. Their total deposits amounted to £42,098,289, being an average for each depositor of £33 8s. 11d., or £10 3s. 8d. per head of the population.[2] Thus, while, as we have seen, one person in six in Australia owns property, one person in three has a savings bank account.

Australia also holds the world's record for life insurance, which is another form of saving. In 1906-7 there were

[1] The population of New South Wales at that time was 1,354,846.

[2] Interest-bearing deposits are restricted to £200. This rule is usually relaxed in favour of Friendly Societies.

in force with the eighteen companies doing business in the Commonwealth, 446,894 life policies, insuring a total amount, without bonus additions (which have amounted to about £13,000,000), of £107,809,911, and carrying a total annual income for premiums of £3,648,914. In addition there were in force during the same year 346,283 industrial policies, covering a total amount of £7,301,581, and requiring £389,451 a year in premiums.

Friendly Societies are another important factor in inducing thrift. They flourish in Australia almost as well as life insurance companies, having a total membership of about 340,000 distributed among 3,948 lodges. The revenue of these societies is £1,105,279, and they have £4,093,581 of accumulated funds.

The figures given above as to the savings of the people give convincing evidence of the stability of Australian society. If Australians have an inclination to improvidence and gambling, it is because they have money to spare for extravagances, and not that they neglect to make provision for the future.

Production

The wealth and income of Australia come from the production,[1] handling, carriage and shipment of articles grown or made within the Commonweath. Her production, her industry, and her commerce should accordingly be dealt with separately in order to ascertain and measure the sources of Australian wealth.

Australian production may be conveniently classified, in order of importance, into pastoral, mineral, and agricultural. The figures which express the results in each of these directions are bewildering by their magnitude. There is, however, no other way by which the material importance of Australia to the Empire can be adequately indicated.

[1] In the text the term Production refers only to Primary Products of the soil.

The Pastoral Industry

Australia is pre-eminently "the Land of the Golden Fleece." The amount of wool, which she produced in 1906 amounted to the gigantic total of 552,156,737 lbs., which had a value of £22,600,000. The number of sheep increased that year from 83·6 to 87·7 millions, and the receipts from her wool, owing to high prices, were £7,000,000 more than in any other year.[1] Only one-and-a-half per cent. of the clip is retained within the Commonwealth. The rest is exported and swells the figures of Australian commerce. Large as this output is, there is no reason to anticipate that it will not increase. The supremacy of Australia in wool-growing is unassailable because she can have no serious rival in the production of the finest merino wool.[2] There seems to be a quality in her wide, dry pastures, which is as suitable to wool and as local, as the waters of the Trent to Bass' Ales. Mr. Coghlan estimates that, under existing conditions, with allowance for the extension of agriculture, the country could carry 300,000,000 more sheep.

The magnitude of the wool industry has many indirect results. Although it gives employment directly to very few,[3] nearly half Australia lives on wool; and wool is the chief cause of that concentration of the people in the seaboard cities which is so remarkable a feature of Australian life. Trace a bale of wool from the run to the hold of the ship, and the mystery becomes apparent. Except the trunk lines and a few cock-spurs in Victoria,

[1] It is estimated that the fall of 1d. a lb. in wool means the loss of a million sterling to Australia. Owing to the break in prices Australia will receive about £5,000,000 less for the 1908 clip than for that of 1907.

[2] Since 1851 the export of wool from Australia has reached £669,500,000.

[3] The average is one man to 2,500 sheep. Probably not 100,000 persons of both sexes find regular employment at runs. This, of course, does not include shearers or other nomadic bush labour.

the railways were built for wool. The Lands Department and other branches of the public service owe their present numbers to the same cause. Wool must be shipped; therefore the cities must be at the ports and all who handle or dispose of wool must be there too.

Meat production is the second branch of the pastoral industry. Besides sheep (87,780,819), there were 10,112,262 cattle, 1,869,674 horses, and 748,000 pigs in the Commonwealth in 1907. The export of frozen beef and mutton returned £1,667,000, and the total exports of all pastoral products was £27,001,877.

Farming and Dairying Industries

Between pastoral and agricultural production come dairying and farming. Butter-making is the chief industry in this group. In 1906, Australia produced 159,870,662 lbs. of butter and 14,778,658 lbs. of cheese. She exported, chiefly to the United Kingdom, 75,732,713 lbs. of butter of a value of £3,236,930. Her cheese was nearly all consumed at home. She also exported, principally as ship's stores, £182,941 of milk concentrated and preserved. Pigs are fed on the bye-products of the farm and dairy, and in 1906 41,165,914 lbs. of bacon and ham were cured in the Commonwealth. The total export value of all farm and dairy products was £3,357,069.

The dairying industry has grown up under State-aid. Experts are employed to give instruction in approved methods of production, to examine animals, to inspect the buildings used for milking and separating, and to examine the marketable produce. Cream separating and butter-making are generally carried on under a co-operative system in large central factories. The Governments also import stud bulls and their officers inspect the quality and grading of butter before it is exported. The Commonwealth has also made provision

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in its mail contract for its carriage in refrigerating chambers at a freight of not more than 1½d. a pound. In consequence, the butter industry is making great advances, and it is certain that the United Kingdom will draw more and more of her supplies of this commodity from the Australian continent.

Of the minor farming industries, bee-keeping and poultry-farming show promise of expansion. London is a market for Australian honey and there is a large demand there for frozen poultry, which will be supplied by Australia, when local prices fall. The States have therefore begun to extend their assistance to that industry.

AGRICULTURE

The most remarkable progress is in Agriculture. The total area under crops has increased from 8,414,054 acres in 1901-2 to 9,339,566 acres in 1907-8. The principal crops were wheat, oats, maize, barley, potatoes and sugar. The areas under cultivation in each case, with the total products, its value and the average per acre are given in the following table:

PRINCIPAL AUSTRALIAN CROPS, 1906.[1]

Crop	Total Yield	Area under Crop in Acres	Cash Value	Average Yield per Acre
	Bushels		£	
Wheat ..	66,100,654	5,997,794	9,777,629	11·06
Oats ..	13,611,987	581,843	1,366,815	21·22
Barley ..	2,248,432	106,436	343,535	20·40
Maize ..	10,172,154	305,857	1,326,071	23·86
Beans, Peas ..	655,167	30,824	—	21·26
Rye ..	137,471	9,738	—	14·12
	Tons			Tons
Potatoes ..	507,153	146,681	1,502,779	3·46
Onions ..	31,756	5,378	—	5·9
Other Root Crops	122,659	12,146	—	10·10
Sugar Cane ..	1,950,340	153,885	—	17·96
Hay ..	2,256,140	1,654,399	5,916,980	13·6
	Gallons			
Wine ..	5,891,945	62,546	—	—

[1] See "Year Book," pp. 300–1.

WHEAT PRODUCTION

The figures which are of greatest significance in the above table are those relating to wheat.[1] It will be seen that the production of this crop was 66,100,654 bushels, and that its cash value was nearly ten million pounds. Nor is this the fortunate result of one good season. The production for 1905-6 was larger by two million and a half bushels, and in 1903-4 it totalled 74,149,634 bushels. It is true that in 1902-3 the production was only 12,378,068 bushels, and that Australia then imported wheat. But it would be a mistake to conclude from this that the seasons are too irregular for wheat-growing in Australia. There has been no year like 1902–3 since 1860. After that date the production was fairly stationary for twenty years. From 1880 onwards, except in 1895-6 and the year already mentioned there was a steady increase. When Federation broke down the inter-colonial tariffs, wheat production jumped ahead (1900–1), and the increase has continued ever since.

PRODUCTION OF WHEAT, 1860-1—1906-7.

(See "Commonwealth Year Book," p. 302.)

	1,000 Bushels
Before Federation.	
1860-1	10,245
1865-6	9,654
1870-1	12,084
1885-6	18,712
1890-1	23,356
1895-6	27,431
After Federation.	
1900-1	48,353
1901-2	38,561
1902-3	12,378
1903-4	74,149
1904-5	54,535
1905-6	68,520
1906-7	66,100
1907-8	44,588

[1] There was a decline in these figures for the year 1907-8. The statistics, however, are not yet complete for this period.

The quality of Australian wheat is excellent. Mr. Jago, in "The Science and Art of Bread-making," states that it is "of a choice colour and sweet flavour," that it grows well and yields from 72 to 76 per cent. of flour as against 70 to 73 per cent. for Canadian wheat. Its grain is of a bright clear texture, rich in gluten and of a fine milling quality. Its average price in the London market is 6d. a quarter higher than Canadian and 1s. 3d. higher than Argentine.

Apart from the importance of agricultural development to Australia itself, it has an Imperial significance. Australia has been always known to clothe the Empire; the part she plays in feeding it is often ignored. Yet no other portion of the Empire produces the necessaries of life in greater abundance. Butter and meat, as was seen in the preceding section, go to the United Kingdom in large quantities. Canada is known to be a supplier of bread, but it is not generally recognised that Australia runs Canada close. In 1906 Australia exported 20,138,149 bushels of wheat and 26,796 tons of flour to the United Kingdom. She also supplied other parts of the Empire with 4,930,094 bushels of wheat and 76,144 tons of flour. Unlike Canada she has also foreign markets for her flour. She sent Chile 2,212,410 bushels, and Peru, Italy, Spain, the Manillas and Portuguese East Africa all draw supplies from this granary. Her total exports are, wheat, 30,262,335 bushels; flour, 166,881 tons. The export value of all Australian agricultural produce was £7,707,281, and this included such diverse articles as coffee, cotton, flax, ginger, sugar, tobacco and wine in addition to cereals, pulses and roots.

Mineral Productions

The mineral production of Australia received a temporary set-back through a fall in the price of metals due to the American financial crisis. But this soon passed, and except gold there was an increased output of all the leading minerals in 1906. The figures are subjoined:

MINERAL WEALTH

Minerals	In £000's. 1903	1904	1905	1906	1907
Gold	16·294	15·297	15·550	14·631	13·511
Silver and Lead ..	2·112	2·599	3·093	3·344	4·719
Tin	·770	·804	1·014	1·509	1·502
Coal..	2·616	2·323	2·314	2·669	3·302

Australia produces 13 per cent. of the world's silver, 17·61 of the gold, 5 per cent. of the copper, and 6·9 of the tin. Until the production of the Transvaal jumped from £7,000,000 in 1902 to £25,000,000 in 1906, Australia's share in the world's production of gold was much greater, being 26·56 per cent. in 1901. The following figures relating to gold production explain the change :

Year	Australian Gold Production in £000's	Percentage of World Supply %
1901	15·759	26·56
1902	16·763	24·61
1903	18·322	24·35
1904	17·884	22·32
1905	17·644	20·13
1906	16·902	17·61

The variety of minerals in Australia is very great. Among the more valuable, which are at present hardly worked, are platinum, osmicum, iridium, and iridosmine. Cobalt, nickel, manganese, chromium, tungsten, molybdenum, mercury, antimony, bismuth and zinc have all been found, some in considerable quantities. Valuable opals are found in the west of New South Wales and in Queensland. Diamonds of good quality have been discovered in New England (New South Wales), and, it is believed, are in considerable quantities ; but the fields have not been explored owing, it is said, to the action of agents of competing groups, who fear an increase in the supply. Rubies and other precious stones exist in the Macdonell ranges and elsewhere. This long

list might lead to the belief that Australia had been thoroughly prospected, which would be altogether erroneous. The greater part of the continent—even of the settled districts—is almost virgin soil for the prospector of rare minerals and very little of Central Australia has been prospected even for gold. It is probable that the proposed Trans-Continental railway, connecting Coolgardie with the eastern seaboard, will open access to several unsuspected fields of mineral wealth. In the meantime only two quartz reefs[1] are being worked in New South Wales, in spite of the certainty that where there has been alluvial gold there must be gold-bearing reefs. If the people of New South Wales took to mining ventures, like the Victorians, the deep mines of Ballarat would be copied in several districts.

The total production of minerals in 1907 was valued at £28,367,202.

The Manufacturing Industry

Manufacturing is still in its infancy. Prior to 1900, the tariffs of each State fostered a few industries for the supply of a local market; others sprang up to meet immediate necessities, such as iron-working, brick-making, or quarrying; there were others, such as furniture-making, which had always the protection of high ocean freights; but in the main, manufactured articles were imported. The Commonwealth tariff, which came into force on November 4, 1901, gave some protection, which was increased by the tariff of 1907,[2] but it is not possible yet to speak of Australia as a manufacturing country. She has only captured a foreign market in the two lines of agricultural implements[3] and mining

[1] Cobar and Wyalong. [2] As to Tariffs see Part III, Chap. I.

[3] In 1907 £228,000 worth of working agricultural machinery was exported. £29,652 worth of "Stripper Harvesters" was exported to the Argentine. This is an Australian invention, which combines a stripper with a mechanism for winnowing and bagging grain. Mowing machinery is sent to the Straits Settlements.

TRANSPORTING TIMBER

machinery. Most of the so-called "factories" are very small, since the term, as used in the statistical records, includes "any factory, workshop or mill where four or more persons are employed or power is used." A dressmaker who employs three hands becomes under this definition a "factory owner." Indeed, there are 1,759 "factories" which employ less than four people, and 1,290 which employ only four. At the other end of the scale are 392 factories employing altogether 81,230 persons, and 479 employing 43,996. This classification makes it difficult to estimate the growth and importance of the manufacturing industry.

The power employed furnishes some guide. In 1903 this was 180,296 horse power; in 1906 it was 212,000. The value of the plant and machinery increased during the same period from £18,639,000 to £21,731,000. It is noticeable that there is an increasing ratio of female employment in the two principal manufacturing states,—Victoria and New South Wales. The figures, as given in the Year Book, show that the number of females per 100 males in Australian factories has increased steadily from 32·65 in 1903 to 35·58 in 1906. This is due to a large increase since the tariff in clothing and tailoring establishments and factories. "Certain trades, too," says Mr. Knibbs, "are specially known as women's trades, such for example as clothing and textile trades, preparation of food, printing and book-binding and lighter work connected with the drug trade, such as wrapping. Large numbers of women are also employed as clerks and typewriters."

The industries which are concerned with metals are a good index of manufacturing development. In Australia these employ 18·99 per cent. of the factory hands and occupy 12·04 per cent. of the "factories." They comprise the manufacture of agricultural implements, brass and copper, cutlery, engineering, galvanised iron

works, iron works and foundries, lead mills, railway carriage and locomotive making, smelting and chlorinating, the making of stoves, wire-working and other metal works. This is a longer list of high-class industries than many persons will be prepared for and it indicates great possibilities. The value of the machinery and plant used in this group was £3,354,007, of which £1,403,312 was used in engineering works. Woollen and tweed mills have plant and machinery valued at £340,008 and pay £102,458 a year in wages. There is also a considerable industry of ship-building and repairing and the furniture trade has an annual wage bill of £351,580. With these exceptions, Australian industries are those which are immediately concerned with the primary products of agriculture and wool-growing—such as tanning, wool-scouring, soap-making, brick-making, saw-milling, cooperage, brewing, butter and cheese, meat chilling and preserving, biscuit and jam making, sugar refining, confectionery and tobacco making, etc., etc. The Australians, however, realise that no nation can be great which does not contain within itself an outlet for every activity, and are, therefore, giving great attention to enlarging and diversifying its manufacturing industry.

The value of the output of manufactures for 1906 was estimated at £31,172,000.

Internal Trade

Figures of exchange and distribution must always bear a close relation to those of production. Consequently Australia, as she produces much, does a large trade. That between the States themselves amounted in 1907 to £42,280,980—a convincing proof of the wisdom of abolishing State tariffs.[1] The average of this internal trade during the five years preceding federation (1896-1901) was only £26,381,000. The wine industry is among those

[1] The uniform tariff came into force Oct. 4, 1901.

which have benefited most by the removal of internal Customs barriers.

Over-sea Commerce

"The over-sea trade of the Commonwealth," writes Mr. Knibbs (Year Book, p. 497), "during 1906, both as regards imports and exports, is by far the greatest yet recorded. From a total of £56,000,000 in 1886, equal to £20 7s. 8d. per inhabitant, the trade grew by somewhat irregular movements, until in 1891 it amounted to £73,753,000 or £23 1s. 6d. per head. The year 1892 marked the beginning of a period of acute financial stress culminating in the commercial crisis of 1893. The collapse of these years, confined by no means to Australia, but affecting in varying degree many countries, is plainly reflected in the records of the trade of that period; for the trade in 1894 had fallen to £54,028,227, a decline of no less than 26·75 per cent. in three years. In 1895 there was slight recovery, and a continuous upward movement until 1901, when the trade reached £92,130,000 or £24 5s. 10d. per head. A decline, due to drought, in the exports of agricultural, pastoral, and dairy produce, reduced the trade of 1902 to £84,591,000; but, although in the next year there was a further shrinkage in the exports of agricultural produce, the increase in the value of the exports of metals, specie, butter and wool was so large as to effect an increase in the total trade. From 1902 the increase has been continuous, reaching in 1906 the amount of £144,482,000[1] equal to £28 0s. 5d. per inhabitant."

No apology is needed for this long quotation, because, in the present stage of Australian development, the figures of the over-sea trade are the best index of her material position. They are not, however, easy to interpret.

[1] Imports, £44,737,763. Exports, £69,737,763.

TABLE

BALANCE OF TRADE OF AUSTRALIA
and
PERCENTAGE OF EXPORTS AND IMPORTS
and
ANNUAL LOAN EXPENDITURE, 1886-1906,
IN £000's.

Year	Balance of Trade	Percentage of Exports to Imports	Loan Expenditure	Loan Expenditure per head of Population
1886	[1]–12·478	63·9		
1887	–6·151	79·2		
1888	–7·980	78·4		
1889	–8·024	78·6		
1890	–5·846	83·4		
1891	–1·668	95·6		
1892	3·262	110·8		
1893	9·460	139·8		
1894	10·233	146·7		
1895	10·449	145·0		
1896	3·305	111·1		
1897	5·824	118·2		
1898	8·683	127·6		
1899	14·269	141·6		
1900	4·568	111·0		£ s. d.
1901	7·262	117·1	9·465	2 9 6
1902	3·239	108·0	8·862	2 5 8
1903	10·438	127·6	4·633	1 3 7
1904	20·465	155·2	3·424	17 2
1905	18·494	148·2	3·556	17 7
1906	24·992	155·9	3·882	18 10
1907	21·014	—	—	—

THE BALANCE OF TRADE

The first noticeable feature of these figures is the rapid increase in the value of exports as compared with imports. In the earlier periods the balance of trade was in favour of imports; but from 1892 onwards the reverse has been the case. To quote from Mr. Knibbs once more, "The increase in the value of imports from 1886 to 1906 is

[1] Note.—The minus sign (–) denotes excess of Imports.

equivalent to an annual rate of 1·36 per cent., whereas the exports during the same period show an increased value equal to 6·01 per cent. per annum, the annual rate of increase of the total trade being 3·65 per cent."

The explanation is that Australia was increasing her indebtedness in the earlier years and reducing it in the later. Excess of imports meant an influx of new capital. Excess of exports represents interest and profits on the investment of outside capital, payment of freights, both inwards and outwards, and the repayment of debts.

To make this point clear it must be possible to compare the values of imports and exports on the same basis. This cannot be done without correcting the official figures. In all returns exports are entered at their cost f.o.b.; while the value of imports includes freight and all other charges, together with the profits of the manufacturer and every intermediate distributor. Probably not less than ten per cent. should be deducted from the declared value of imports upon this account. Both exports and imports can then be compared at their cost value f.o.b.

Under normal conditions of profitable trade imports ought to exceed exports by the amount of the exporters' profit; because no country sends away £100 without expecting to receive back more. Ten per cent. is a fair allowance upon this account, and equilibrium would be maintained if imports exceeded exports only by that amount. This amount should be deducted from the declared value of imports in addition to the fifteen per cent. for costs, charges and profits, in order to arrive at the balance, which is available on either side for the adjustment of financial relations between the exporting and importing country. An allowance of not less than five per cent. must also be made upon the other side for the cost of freights. Australia does not do her own carrying trade, and therefore a portion of her exports represent payments for freight. Accordingly, in order to ascertain

the amount which Australia pays each year in repayment of principal and interest, or receives in the form of public or private loans, the declared value of the exports should be reduced by five per cent. for freights, and the declared value of the imports by twenty-five per cent., being fifteen per cent. for costs, charges and profits, and ten per cent. for the exporters' profit.

If, then, the balance is in favour of exports, whatever remains after payment of all interest charges will be a repayment of principal. Or if the balance is less than sufficient to pay interest, then the difference, together with the excess (if any) of imports, will represent an addition to Australia's indebtedness.

This explains the paradox that both in England, the creditor country, and Australia, the debtor country, imports were at one time in excess of exports. England's excess represents payments for services rendered, and interest on foreign investments; Australia's excess represented advances of the capital she needed for the development of her resources.

Indebtedness

The balances in the foregoing table are gross. To ascertain the exact position of Australia in regard to her over-sea trade it would be necessary to reduce them to net, by deducting all interest charges from the export side of the account and loan monies from the imports. This is easy up to a point—that is to say, the interest charge on all public loans, state or municipal, can be exactly ascertained; but there is another large source of indebtedness which is in a different category. Australia has no hoards. She has to look abroad for capital; and her private indebtedness, in consequence, is very large. Mr. Coghlan estimated it at £147,000,000 as at June 30, 1904. Certainly most Australian enterprises are financed from England, and the Income Tax returns

will show what profits they make. There must also be much money borrowed for investments which make no return, or not sufficient to pay interest. This part of the interest charge, like that which is payable in respect of public loans, is payable irrespective of production and is a dead charge upon it.

The aggregate indebtedness of the Australian States on June 30, 1907, was £240,149,000, or £57 15s. 2d. per head. The annual charge for interest was £8,654,299. But £54,570,338, or 22·7 per cent. of the total indebtedness was owing in Australia, and therefore the interest charge on this portion would not be paid by exports. Allowing £2,000,000 on this account, the yearly liability of Australia to the creditors of the States who live outside the Commonwealth for interest is £6,700,000. Borrowings by municipalities and others of the total sum of £10,000,000 constitute another form of public indebtedness. But as two-thirds of this sum have been taken up in Australia, not more than £200,000 a year need be remitted abroad as interest upon that account.

To arrive at the yearly sum which is required as interest upon the private indebtedness of Australia is much more difficult. Imports, even after the allowances referred to have been made, are an unsafe guide, because in the pre-Federation days, the State records made no distinction between goods arriving over-sea from another State or by the same entrance from an outside country. There was also an analogous defect in the record of exports. Goods despatched from one State to another State for transhipment to an over-sea country, were simply recorded in the former as an export to the trans-shipping State; and thus no proper record was made of the export as over-sea.

Melbourne, for instance, financed all the other States for many years, by importing foreign capital into Victoria. This would appear again as an over-sea import in the Official

Returns of any State to which it might be transferred. Thus the same import might figure in the records of every one of the six States. Analogously, New South Wales shipped large quantities of wool to Melbourne, which were entered only as an export to Victoria. By these errors the import figures prior to 1903 are largely over-stated, while those relating to exports are understated—both errors increasing the apparent indebtedness of Australia[1].

It would seem, therefore, impossible to accept Mr. Coghlan's high estimate of £147,372,000. Judging from the capital of the Banks and Finance Companies, which has been subscribed in England, and the deposits which these hold from persons outside the Commonwealth, and making allowance for the investments of private persons in stations and city lands, £100,000,000 would appear a high estimate of the total private indebtedness of Australia. The annual interest charge on this at five per cent. would be £500,000.

Thus on the three sources of indebtedness—State, local and private—Australia has to pay annual charges for interest of about £6,700,000, £200,000 and £500,000, making a total of £7,400,000.[2]

It will be seen from the table on p. 154 that in the four years, 1903-6, the declared balances of exports over imports have totalled £74,389,000. From the import side ten per cent. must be deducted to equalise the basis of comparison between the two sets of figures. This would increase the actual balance to £78,389,000. Another ten per cent. of the imports represent exporters' profits, which must also be added to the balance of exports, if we wish to ascertain the amounts available for liquidating debts. This gives a sum of £82,389,000, from which

[1] See "Year Book of the Commonwealth," p. 497.

[2] The incomes remitted to Australians visiting Europe may be set off against the monies spent by over-sea visitors in Australia.

must be deducted the £7,400,000 payable as interest. This leaves about £75,000,000, which represent the reduction of Australia's outside indebtedness during the four years 1903-6. To put the matter in another way. Under normal conditions of trade, and when there is an equilibrium between the introduction and withdrawal of capital, Australia ought to show an excess of exports of £7,400,000, representing interest on her total outside indebtedness. This excess should be diminished and perhaps turned into a deficiency by whatever is the value of ten per cent. of the total imports, representing the exporters' profits. If this profit exactly equalled the charge for interest—exports and imports would balance.

BANKING

A great volume of trade requires corresponding banking facilities, so that banking statistics furnish a reliable index of the commercial situation. The distinctively Australian banks have a paid-up capital of £16,616,827 and a reserve fund of £7,332,593. Their total liabilities on June 30, 1907, both to the public and their shareholders were £117,507,488, and their assets were £125,740,000, or £8,000,000 more than at the same date in 1906. The total of the deposits and advances since 1904 are shown in the following table:

	1904	1905	1906	1907
	£	£	£	£
Total Deposits[1]	91,548,103	98,143,385	106,515,266	113,743,059
Total Advances	87,705,227	85,768,259	87,889,121	94,990,435

Warned by the crisis of 1893, 47·10 per cent. of the total liabilities are represented by coin and bullion, a ratio which indicates an almost excessive caution.

[1] The deposits per head of population were £27 2s. 1d. in 1907.

These figures show that Australian material interests are really in the sound and healthy condition which was suggested by the figures of production and trade. For the last complete year the increase in the advances exceeded the increase in deposits by nearly one million sterling; and it is believed[1] that the next returns will show even a more pronounced tendency in the same direction. No better evidence could be afforded of the industrial expansion which is taking place than this demand of money for new enterprises. There is moreover no sign of unsound commitment; and there is no boom.

Summary

Figures must of necessity be dull reading, but by no other means was it possible to express the wonder of Australia's wealth. Judged by any standard, whether natural resources, climate, individual prosperity, production, trade, or commerce, a comparison with other parts of the Empire is in favour of Australia. She has only 4,119,000 people. Yet the produce in agricultural and pastoral industries is £84,349,000: in forestry and fisheries, £4,879,000; in minerals, £26,643,000; and in manufactures, £31,172,000; making a total production of £147,043,000, or £35 19s. 10d. per head. At the same time her internal trade is £76,428,000, and her over-sea commerce £114,482,675, making a total per head of £46 14s. 7d., or of £28 0s. 5d. per head for over-sea commerce alone. No one who grasps these figures will question Mr. Frank Bullen's statement that "Australia is by far the richest of all the colonies."

[1] From the *Times*, Aug. 1, 1908. Report from the London office of the *Commonwealth*.

PART II. THE GOVERNMENT

CHAPTER I

THE FIGHT FOR UNION

PROVINCIAL Divisions—The First Steps—The Convention of 1891—The Draft Bill—The Convention of 1897–8—Note on the Contest.

No people in the world would seem to be more plainly marked out by Nature to be under one government than the homogeneous British inhabitants of the isolated island of Australia. "A continent for a people, a people for a continent."[1] Yet,—such is the perversity of fate and prejudice,—Australia, until the first day of the twentieth century, was divided into six self-governing communities, each separate from the others and seeking its own advantage without regard to the common interest. New South Wales, Tasmania, Western Australia, South Australia and Queensland each had its[2] "own legislature, its local corporate life, with no small local pride in its own history and institutions, super-added to the pride of forming part of the English race and the great free British realm.[3] Between the various colonies there was no other political connection than that which arose from their all belonging to this race and realm, so that the inhabitants of each enjoyed in every one of the others the rights and privileges of British subjects." This

[1] This fine phrase of Sir Edmund Barton's—to whose faithful hands Sir Henry Parkes committed the leadership of the Federal movement—will live with his leader's "Crimson thread of kinship," among the literary mementoes of the struggle.

[2] These words are used by Professor Bryce, "American Commonwealth," p. 22, of the American Colonies before 1765.

[3] Froude found, in 1887, that Mr. W. B. Dalley—a true Imperialist—was opposed to Australian Union, because of this feeling. (See "Oceana" *passim*.)

however did not prevent each State from imposing tariffs against its neighbours' products,[1] or trying to divert their trade to its own ports by means of differential railway rates. There was, too, such a sullen and deep-seated hostility between New South Wales and Victoria, that at times it seemed as if the history of the South American republics might repeat itself. The waste, confusion and irritation became at last insupportable. There was fear, too, of foreign complications, owing to the entry of Germany into the Pacific.

The First Steps

An opportune report by Major-General Edwards insisted upon the necessity, both on the ground of economy and efficiency, of combined military action for defensive purposes.[2] Sir Henry Parkes, who had brooded for many years upon the larger questions of Australian politics, saw that his long-watched-for time had come. In October, 1889, he chose a moment of political calm to make a speech at Tenterfield, on the borders of Queensland and New South Wales, which stirred Australian feeling to its depths, demanding "a Dominion Parliament in the Dominion of Australia—that the colonies should be erected into a Dominion, and that an elective Parliament should govern them." The

[1] Even the so-called "Free Trade" tariffs of New South Wales put duties on the agricultural produce and wines of the other colonies.

[2] In 1878 there was a Russian scare, followed by a Royal Commission on Defence (1879) and a Conference of Premiers (1880). Queensland seized New Guinea in 1883. In 1885 Lord Derby, then Secretary of State for the Colonies, put forward a scheme of Naval Defence (1885). Admiral Tryon, as Commander-in-Chief of the Australian Station, negotiated Naval Subsidies with the Premiers of Queensland, New South Wales, and Victoria (1886). The first Colonial Conference was held in London in 1887. The Organisations of the Protestant Churches became inter-colonial during the Nineties. Labour Unions were federated in 1890 and Pastoralists' Unions in 1891.

reception of this speech showed with what unerring instinct Sir Henry Parkes had chosen his occasion. The movement passed at once from the politicians to the people. An effort was made, which was partly sincere and partly prompted by Victorian mistrust of Sir Henry Parkes, to turn the current of public feeling towards a strengthening of the moribund Federal Council,[1] which

[1] The Federal Council was established in 1885 by an Act of the Imperial Parliament. It consisted of two representatives from each participating State, appointed by the Ministry of the day It met biennially at Hobart and was charged with legislative powers over (1) The relations of Australia with the Islands of the Pacific; (2) Prevention of the influx of criminals; (3) Fisheries in Australian waters beyond territorial limits; (4) The service of Process; (5) The enforcement of Judgments beyond the limits of a colony. It had also derivative power over (1) Defence; (2) Quarantine; (3) Patent Law; (4) Copyright; (5) Bills of Exchange; (6) Marriage and Divorce; (7) Nationalisation, and (8) other matters which any four or more States might agree to refer to it. The original legislative powers affected all the participating States; those which were conferred by reference, only the reforming States. Sir Henry Parkes, who had supported the formation of this Council in 1880 soon perceived that it might be an obstacle to closer union. New South Wales, consequently, always held aloof from it. "I am convinced," said the statesman, "that the whole matter is wrongly based. It is impossible for any body constitutionally feebler than the Colonial Parliaments to stand any strain in legislation against any strong public feeling in any one of them. . . . The Federal Council is based on the idea of initiating Federation, . . . but as it stands, it wants the elemental strength of election. It wants the highest authority, which is the authority of the people of the several colonies. No Federal Council is capable of putting out strength unless it is a Convention elected by the representatives of the people." The writer, in an article which appeared in *Macmillan's Magazine* in 1885, described the Federal Council in these terms:—"It originated in no Colonial Parliament and was suggested by no popular movement. It is inferior in all the attributes of a governing body. It makes no provision for an executive; it has no power of taxation; it cannot appropriate a penny of the Federal revenue; it contains no provision for an appellate judiciary to decide conflicts between federal and local authority. It is thus a Cabinet without responsibility; a Government without authority; an Executive without a revenue. . . It must give rise to numberless occasions for dispute."

might have been successful, if Lord Carrington, the Governor of New South Wales, had not himself supported and encouraged Sir Henry Parkes to persevere with the larger scheme of Union, against strong pressure by his brother Governors.[1] In 1890 a Convention was held in Melbourne, chosen, according to the suggestion of Sir Henry Parkes, out of the Parliaments of each colony, half representing the Ministerialists and half the Opposition, for the purpose of devising and reporting upon an adequate scheme of government. The proceedings were entirely deliberative, and were directed to obtaining expressions of opinion on the policy of Federation and what should be the leading features of a Federal Constitution. The eloquence and personality of Sir Henry Parkes dominated this assemblage, which was at first suspicious and half-hearted. After a full and useful discussion, it adjourned to Sydney, where it met in 1891 for the purpose of framing a Constitution.

The Convention of 1891

Sir Henry Parkes presided there, and a series of resolutions were submitted to the Convention as the basis of a Draft Bill. The discussion upon these revealed an overwhelming provincial feeling in favour of a Union after the model of the United States. Sir Henry Parkes urged in vain that the Canadian type was preferable, in which the Central Government delegated limited powers to the States, and exercised the residue itself. The Convention, however, determined that the Commonwealth should be carried out of the States, the latter retaining all powers which they had not expressly parted with. The personal

[1] Earl Carrington has preserved the correspondence of this period between himself, Sir Henry Parkes, Sir Henry Loch, Governor of Victoria, and others at this period. This will be of great value in helping historians to understand the cross-current of the early Federal movement. More of its success is due to Lord Carrington than the public guesses.

element played a large part in this decision. Mr. A. Inglis Clark, the most learned constitutionalist in the Convention, and Sir Samuel Griffith, the keenest lawyer, were both admirers of the United States, which the former knew by observation as well as by books. Both of these leaders too came from small States, where the fear that the Central Government would be dominated by the cities of Sydney and Melbourne was very real. Most of the members, unfamiliar with constitutional problems and regarding with traditional reverence the Constitution of the United States, which was then only known to Englishmen by Mr. Bryce's book,[1] were content to follow these leaders and vote for the less centralised form of Union. No other decision was possible at the time on account of local fears and jealousies, which the advocates of a more powerful central government were not able to allay by any appeal to experience, because no other people had tried to create a National Government out of such unequal units as the six Australian States, and neither in Canada nor the United States had the several interests been apparently so irreconcilable. It was as if two New Yorks and four Delawares or Marylands had tried to make the United States, and, although Canada had to face a rivalry between Ontario and Quebec neither of these provinces menaced the independence of any other. Nevertheless, the mistake thus made in 1891 will have to be corrected, when the growing sense of Nationality demands fuller expression, by re-modelling the Federation on Canadian lines.

The Draft Bill

When the Convention separated it was intended to submit a Draft Bill, which had been prepared by Sir Samuel Griffith, Mr. A. Inglis Clark, Sir John Downer and Mr. Barton,[2] to the Parliaments of all the States,

[1] "The American Commonwealth," published 1883.

[2] Afterwards Sir Edmund Barton.

which were to suggest amendments for consideration at another meeting. But these anticipations were not realised, because this Convention never re-assembled.[1] After 1891 the public mind was too much occupied with the problems of the commercial and industrial crises, to give consideration to constitutional changes. The Labour Party too was at that time indifferent to union and a section of it was hostile. Nevertheless the seed which had been sown was bearing fruit. Sir Henry Parkes and Mr. Barton never lost hope. Small groups of men, unconnected with party politics, formed Federal Leagues in every city constituency[2]; and Mr. Barton owes his succession to the Federal leadership to the persistency with which, undismayed by small attendances and popular indifference, he instructed the people in Federal matters during the four dark years which followed 1891. Notwithstanding that he was then Attorney-General and the real leader of the Assembly, he found time, during

[1] Even while the Convention was sitting Mr. Reid had denounced Federation, comparing, in a parable, Free Trade New South Wales, preparing to unite with five Protectionist colonies, to a teetotaller proposing to keep house with five drunkards! He was defeated in an amendment to the Address on Reply, proposing that the Draft Bill should not be considered, by 67 to 35 votes; but next week, with another Free Trader, the late Mr. J. H. Want, joined the Protectionist Opposition in a Vote of want of confidence which resulted in a defeat of the Government by four votes and a consequent Dissolution. The Labour Party appeared for the first time in the New Parliament, demanding priority for local measures of reform. Sir George Dibbs, a consistent opponent of any form of Federal union, succeeded Sir Henry Parkes, who never again held office.

[2] Most of the workers for union at this time were in humble circumstances, and very few had previously taken part in politics. The late Mr. S. A. Byrne, a sign-painter by trade and an indefatigable organiser and speaker, and Mr Thompson, of Paramatta, a printer, who ran at his own cost for three issues a weekly paper called *The Australian Federalist*, are two of many who rendered yeoman service in those days, without any reward or recognition. It was, indeed, a time of stirring of hearts, when it was good to be alive.

this period, to deliver nearly two hundred scholarly addresses on constitutional points to audiences which often numbered less than fifty. Gradually public opinion crystallised in favour of some form of union. But there was still to be another period of delay. Since the Convention had dispersed, local questions had come to the front. Chief among these was a tax upon land values, which was supported, both as a measure of finance which might save the Free Trade policy of New South Wales, and as a powerful instrument of social and economic reform. Sir Henry Parkes, with ampler vision, refused to divide parties upon the lines of local politics, insisting that no true friend of Federation would choose such a time to alter the local tariff or make other fiscal changes, which would further complicate the problem of Federal finance by widening the difference between the financial system of New South Wales and that of the other colonies. Everyone now admits that these were the words of wisdom, but unhappily they fell at the time upon deaf ears. Many of his supporters deliberately chose to put the policy of land value taxation even before Federation, and most of them have now realised that they grasped at the shadows and lost the substance. The effect of this action was to shelve the question of Federation for three years.

The Convention of 1897-8

The movement was re-started from the beginning upon lines originally suggested by Sir Henry Parkes in 1885, and earnestly advocated in 1894 by Sir John Quick at a meeting at Bendigo (Victoria) of the " Australian Natives' Association "—a body of young men to whose loyalty and devotion to the cause of Union its ultimate success may be due. Ten representatives of each State, elected by popular vote, met at Adelaide in March, 1897—after the death of Sir Henry Parkes—to frame a Federal Constitution.

The session was interrupted by the departure of the Prime Minister for London to attend the Jubilee, and was resumed in August at Sydney. In the interval each House of Parliament in the several colonies had suggested amendments in the Draft Bill that had been prepared at Adelaide, upon the lines of that of 1891. Another adjournment took place in September on account of the imminence of a General Election in Victoria, and the final sitting took place in Melbourne between January 20th and March 12th of the following year (1898). Altogether the Convention was engaged for four-and-a-half months in the work of framing a Federal Constitution. Its proceedings were marked by a dignity, eloquence, and knowledge which deeply impressed Australian opinion and have won the admiration of all foreign critics. According to the original agreement come to between the Premiers at Hobart in 1895, the Bill, as finally approved by the Convention, was to be submitted to a popular vote and to be considered carried if a majority of electors voted in its favour. Every colony passed the Act which authorised this Referendum upon the faith of this understanding; but the Parliament of New South Wales, with the acquiescence of Mr. Reid, carried a measure while the Convention was still sitting, repealing that part of the Enabling Act which provided that a majority of votes should carry the Bill, and substituted a provision that the Bill should be considered lost in New South Wales if at least 80,000 votes were not recorded in its favour. As the rolls then stood, a poll of 150,000 was as large as could be expected; so that by this breach of faith the wishes of the majority were thwarted and provincialism gained a new lease of life. None the less, at the first Referendum, June 18, 1898, 71,595 votes were cast in New South Wales for the Bill and 66,228 against. In every other colony the Bill was carried by overwhelming majorities, except in Western

Australia, where, by agreement between the Premiers, the poll was to be taken a year later. The majority in New South Wales, though ineffective to carry the Bill, took the sting out of the opposition to it, and when after Mr. Reid had met the other Premiers in Conference, and a slightly amended[1] Bill had been re-submitted to the popular vote in 1899, it was carried in New South Wales by a large majority. The spade-work of the Federalists had told. The movement itself had taken charge and the people had become Federalists without knowing why.

The final stage was the submission of the Bill to the Imperial Parliament, which passed it without further amendment than that affecting the clause which prohibited appeals to the King in Council. This was modified by giving the High Court the final word in the interpretation of the Constitution and giving suitors the option of appealing from a State Court either to the High Court or the Privy Council. The first Government was formed at the end of 1899 and Ministers were sworn in on January 1, 1900, in the Centennial Park at Sydney. The Prince of Wales opened the first Parliament in Melbourne under the King's Commission in May of the same year. The ten years' fight was ended, a fight of which the published and secret details—the characteristics of the leaders on either side, the varying phases of the contest, the nature of the obstacles to

[1] The Bill as submitted contained the following alterations :— "The Braddon Clause" was retained for a definite period of ten years; the capital was not to be in Sydney; nor anywhere within a radius of 100 miles, but it was to be in New South Wales; at the joint sitting of both Houses, in the event of a deadlock, a bare majority was substituted for a three-fifths majority, with the addition that it must be an absolute majority. None of these alterations, except the first, affected the provisions which had been the special object of attack before the first Referendum. They were together less than the alterations which Mr. Barton and the Federalists offered to obtain at the General Election of 1898, but which the "Antis" then rejected as inadequate.

be overcome,—will be investigated in years to come with the same reverential curiosity which is now directed towards the details of the struggle for American Union, which is the only political movement of modern times among English-speaking people equal to this in permanent importance. When history is fully written, the names which will be held in remembrance are Parkes, Carrington, Barton, Deakin, O'Connor—and the writer hopes—his own. Many others lived before Agamemnon ; and others would have striven as hard, had there been any serious contest in their own State.

NOTE TO CHAPTER

"The Struggle for Union"

Some account[1] may be given of this memorable struggle without interrupting the narrative. In each colony an important section of the Press was oddly critical, the politicians were indifferent, a Labour Party was suspicious, and powerful provincial interests formed active centres of hostility. In each colony also the statisticians and financiers condemned the financial proposals of the Bill, but this unanimity was the less terrifying, because these critics in each province foretold the exaltation of the other provinces upon the ruin of their own and no two of these agreed upon the causes of the coming disaster or the methods of escape. The Australian Natives' Association of Victoria struck the key-note of the contest in that State in a demonstration at Ballarat, March, 1898, which Mr. Deakin attended, of such importance that it forced the *Age* (the leading Protectionist newspaper) from an attitude of open hostility into a sulky acquiescence. From that moment the success of the Bill in Victoria was assured. Mr. Higgins, now a Judge of the High Court, led the Opposition with good temper and ability ; but only succeeded in securing 22,099 negative votes against 100,520 ayes. Tasmania, where the leading newspaper (*Hobart Mercury*) opposed the Bill, and whose interests were undoubtedly exposed to risk by the financial clauses, was captured by her young men, who, fired by the enthusiasm of Victoria and helped from New South Wales, conducted a spirited campaign in every part of that reputedly sleepy island. The votes were : Ayes, 11,706 ; Noes, 2,716. In South

[1] See for a further account of the struggle for Australian union an article by the writer on "The Commonwealth of Australia" in *The National Review*, July, 1899.

Australia the Ayes were 35,800, the Noes, 17,320. The interest and risks of the struggle centred in New South Wales. Of all the colonies she (like New York), from the extent and variety of her resources, could best afford to stand alone. She was proud of her comparative fiscal freedom, and Federation meant a certain raising of the tariff. She had smarted for many years under the unneighbourly taxes imposed upon her trade by hostile tariffs and was inclined to look upon Victorian overtures for Union as a wish to enlarge her glutted market. The magnitude of her income from the public lands and the pernicious practices of supplementing deficiencies in revenue by paying items of ordinary expenditure out of Loan Funds made it easy for provincialists to draw misleading comparisons between her financial condition and that of other colonies. Thus nowhere in Australia was it easier for ignorance to appeal to local patriotism or for malice to excite provincial jealousies. Speakers and writers, who were conveniently blind to the daily loss which she was suffering from disunion, exhausted themselves in lamentations over the sacrifices which were demanded of the Mother Colony and in denunciation of her avaricious neighbours. Mr. Reid, saying that he would vote for the Bill, led the campaign against it and gave a new term to Australian political slang. It was called the "Yes-No" attitude. "His Aye shall be Aye, and his Nay, Nay; and his Yes-No *shall be* Yes-No." The Press organ of the Government—*The Sydney Daily Telegraph*—exhausted the resources of the printer's art in pictorial and literary scare-lines on the unsuspected risks of union. On the eve of the poll it dispatched a terrifying supplement to every elector in the colony containing a collection of these awful prognostications.

The most serious—but possibly a less effective—opposition came from a curious alliance between the Labour Party and the wealthier classes. The Labour Party objected to the constitutional clauses and the "classes" took alarm at the financial. The cry was raised against the Bill that the equal representation of the States in the Senate destroyed majority rule, although without this provision there would have been a Unification not a Federation. These advocates of "majority rule" were the first to insist that the wishes of the majority as declared by the first Referendum should be disregarded. The wealthier classes, on the other hand, denounced the Bill as ultra-democratic and some of them particularly objected to the clauses which would prevent the centralising railway policy, by which trade was forced from its natural channels into Sydney; the majority were afraid of increased taxation.

CHAPTER II

THE NATURE OF THE FEDERAL GOVERNMENT

THE double aspect of Federation—Distinction between a Federal and a Sovereign Government—The Sphere of the Commonwealth—The National Sovereignty—Federal Powers—Special Provisions—Navigation and Irrigation—Differential Railway Rates—Railway Construction.

THE Proclamation of the Commonwealth on January 1, 1900, gave Australia for the first time a National Government which could act directly for every citizen. Until then the legislative power of a separate State had ceased at its borders and matters of common concern, such as a tariff or a system of defence, could only be dealt with by agreements, for breach of which there could be no penalty, between governments whose *personnel* and policy was constantly changing. This was an intolerable inconvenience. A Federal Government however could exercise by its own inherent authority, all those powers which no single State was able to possess or discharge, and this was the primary purpose of the Australian Commonwealth. There were also other matters, such as the administration of Post and Telegraphs, which could be undertaken more satisfactorily by a central authority, and which the States surrendered to the Commonwealth for reasons of convenience. The discharge of these functions was a subsidiary purpose of the Union.

Thus the problem of Australia, as of every other form of Federal union, was twofold:—to create a Central Government, which should have all the powers of an independent government, so long as it acted within the scope of its inherent authority, and secondly, so to fix the relations of this Government to the separate States, that it might exercise, within the fixed limits of the

bargain, the powers which they have surrendered to it. In neither case is it a complete scheme of government, exercising all the functions and duties undertaken by a civilised community, because it is always itself subject to the Constitution, and because the Constitution presupposes the existence of the States and assumes their wide and constant activity. Nor are the State Governments less bound than the Federal by the Constitution. In all matters within its inherent powers or assigned to it, the Federal Government is supreme; in other matters a State retains its former legislative power which is of course still united by its territorial bounds[1] and by the terms of its own Constitution. Even so there is a residuum of power which cannot be exercised either by the Commonwealth or by the States.

Distinction Between a Federal and a Sovereign Government

This great distinction between the Commonwealth and a State Parliament,—which within the very wide limits set by its physical boundaries and its Constitution, is a sovereign body, exercising not a delegated but an inherent power,—has not yet been fully grasped in Australia. The public mind has been so familiarised with a parliament, which, in Coke's quaint phrase, "can do everything but make a man a woman," that it received a rude surprise when, on two recent occasions, the High Court held that legislation to extend the advantages of a protective tariff directly to the workmen in a protected industry[2] was beyond the powers of the

[1] It was at one time thought that the State Parliaments exercised a delegated authority from the Imperial Parliament. The Privy Council in Powell *v.* Apollo Candle Company (1885) held that within the limits of its Constitution a State Parliament was supreme. This must be read now subject to the Federal Constitution.

[2] See *infra*, p. 272.

Commonwealth. Indeed, the limited range of the Commonwealth's legislative power is so little understood that the Prohibition question and other local issues, in respect of which the Commonwealth has no powers, frequently figure in Federal elections. This essential distinction between the Commonwealth and a sovereign legislature must be constantly kept in mind during the following discussion of the Federal Constitution.

The Sphere of the Commonwealth

The Constitution was based on resolutions, passed at the opening session of the Convention, held at Adelaide in 1897. The terms of these are emphatic in recognition of the higher purposes of Australian union. A Federal Government was not desiderated merely as an amalgamation of business interests, but, in the stately language of the preamble to the resolutions, "in order to enlarge the powers of self-government of the people of Australia." For this purpose it was declared "desirable to create a Federal Government, which shall exercise authority throughout the Federated Colonies subject to the following principal conditions." The preamble to the Constitution Act strikes an equally high note "Whereas the people of New South Wales, Victoria, South Australia, Queensland and Tasmania,[1] humbly relying on the blessings of Almighty God, have agreed to unite in one indissoluble Federal Commonwealth under the Crown of the United Kingdom of Great Britain and Ireland, and under the Constitution hereby established."

The conditions of union referred to in the preamble to the Adelaide resolutions, reflect the temper of the day. The first two, placed out of logical order in deference to susceptibilities, declare "that the powers, privileges and territories of the several existing colonies shall remain

[1] Western Australia came in as an "original State" at a later date.

intact, except in respect of such surrenders as may be agreed upon to secure uniformity of law and administration in matters of common concern" and "that after the establishment of the Federal Government there shall be no alteration of the territorial possessions" [*e.g.*, Lord Howe and Norfolk Islands, which were dependencies of New South Wales] "or boundaries of any colony without the consent of the colony or colonies concerned." Then followed a declaration of those larger purposes of government for the sake of which the union was about to be formed:—"(3) That the exclusive power to impose and collect duties of Customs and Excise and give bounties, shall be vested in the Federal Parliament. (4) That the exclusive control of the military and naval defences of the Federated Colonies shall be vested in the Federal Parliament. (5) That the trade and intercourse between the Federated Colonies, whether by land or sea, shall become and remain absolutely free." The machinery by means of which these objects were to be achieved was thus described—"(*a*) A Parliament to consist of two Houses, namely, a States Assembly or Senate, and a National Assembly, or House of Representatives: the State Assembly to consist of representatives of each Colony, to hold office for such periods and to be chosen in such manner as will best secure to that Chamber a perpetual existence combined with definite responsibility to the people of the State which shall have chosen them. The National Assembly to be elected by districts formed on a population basis, and to possess the sole power of originating all bills, appropriating revenue or imposing taxation. (*b*) An Executive, consisting of a Governor-General, to be appointed by the Queen, and of such persons as from time to time may be appointed her advisers. (*c*) A Supreme Federal Court, which shall also be the High Court of Appeal for each Colony in the Federation."

The National Sovereignty

The framers of the Constitution gave effect to these instructions in a manner which makes the double purpose of a Federal Union sufficiently clear. They wisely left uncatalogued the larger and inherent powers which belong to the Commonwealth as a National Government, in reliance upon the doctrine laid down by Chief Justice Marshall, and ever since acted upon in the United States, that "the creation of a National Government implies the grant of all such subsidiary powers as are requisite to the effectuation of its main powers and purposes."[1] This doctrine equally applies to the exercise of those powers which have been conferred upon the Commonwealth by the States. "When once the grant of a power by the people to the National Government has been established—(and the search for the power must be conducted in a spirit of strict exactitude)—that power will be construed broadly. The people,—so Marshall and his successors have argued,—when they confer a power, must be deemed to confer a wide discretion as to the means whereby it is to be used in their service. For their main object is that it should be used vigorously and wisely, which it cannot be if the choice of methods is narrowly restricted; and while the people may well be chary in delegating power to their agents, they must be presumed, when they do grant these powers, to grant them with confidence in the agent's judgment,

[1] This confidence received a rude shock from the decision of the Privy Council in the case of Webb *v.* Outtrim (the Income Tax cases), which denied the applicability of Marshall's doctrine of "implied powers" to the Australian Constitution. The High Court of Australia has refused to adopt this view; and, as appeals from State Courts to the Privy Council on questions which involve the interpretation of the Constitution are now forbidden, the American rules of interpretation will in future prevail. Mr. Bryce calls attention to the rigidity with which the Privy Council has interpreted the Dominion Act, in contrast to the flexibility of American construction.

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allowing all that freedom in using one means or another to attain the desired end which is needed to ensure success."[1] This, which would in any case be the common-sense view, is fortified by the governing words of Sect. 51, which enumerates the legislative powers of the Commonwealth Parliament:—"The Parliament shall, subject to this Constitution, have power to make laws *for the peace, order, and good government of the Commonwealth* with respect to," etc. . . . And by the last subdivision of the same Section "(xxxix) Matters incidental to the execution of any power vested by this Constitution in the Parliament or in either House thereof, or in the Government of the Commonwealth, or in the Federal Judicature, or in any department or offices of the Commonwealth." This sub-section is the nearest approach in the Constitution to an enumeration of the inherent powers, which vest in the Commonwealth by the mere fact of its existence, but it does not include all. These are rather to be gathered from the whole Constitution than from any single clause. Thus, in addition to the inherent powers of the Commonwealth to legislate in respect of its Parliament,[2] Government,[3] or Judiciary,[4] referred to in Sect. 51 (xxxix), similar power is somewhat illogically conferred upon it, by Sect. 52 and 122, in respect of Federal Territory by Sect. 52 in respect of the Federal Civil Service, and by Sect. 90 in respect of duties of customs and excise and bounties. Sect. 119, which imposes upon the Commonwealth the duty of protecting any State against invasion—a duty which existed without any statutory imposition—also gives scope for the exercise of the inherent power of legislation. As, however, no one can foresee the future, or foretell the circumstances

[1] The above is Mr. Bryce's summary of the doctrines which were just explained in *McCulloch. v. Maryland.*

[2] Sections 1, 3, 7, 8, 9, 30, 49, 50.

[3] Sections 3, 4, 61, 70.

[4] Sections 71, 72, 73, 74, 76, 77, 80.

which may require the exercise of its powers by a National Government, the Constitution, in this particular as in others, is purposely a skeleton, which time will cover with flesh and blood. No one can yet say what powers of development lie within its pregnant phrases.[1]

Federal Powers

A list of matters which come within the purview of the Federal Parliament is contained in Sect. 51 of the Constitution, which is in these terms :—

51. The Parliament shall, subject to this Constitution, have power to make laws for the peace, order, and good government of the Commonwealth with respect to :—

(i) Trade and Commerce with other countries and among the States ([2])

[1] The American doctrine of development, which shocks English lawyers, must be recognised by the Judges of a Federal Court, if the Constitution is not to lie, like a dead hand, upon the people and prevent progress. "The cases which arise as to the construction of these general words" (*i.e.*, the Constitution) cannot be foreseen until they arise. When they do arise the generality of the words leaves open to the interpreting Judges a far wider field than is afforded by ordinary statistics which, since they treat of one particular subject, contain enactments comparatively minute and precise. Hence although the duty of the Court is only to interpret, the considerations affecting interpretation are more numerous than in the case of ordinary Statutes, more delicate, larger in their reach and scope. They sometimes need the exercise not merely of legal acumen and judicial fairness, but of a comprehension of the nature and methods of government which one does not demand from the European Judge who walks in the narrow path traced for him by ordinary Statutes." Bryce, "American Commonwealth," i, p. 339. Ed. 1882.

([2]) A similar clause in the United States Constitution has been held to include legislation regarding every kind of transportation of goods and passengers, whether from abroad or from one State to another; regarding navigation, maritime and internal pilotage, maritime contracts, etc., together with the control of all navigable waters which lie in more than one State, the construction of all public works helpful to commerce, etc., etc. See Baker's "Annotated Constitution of the United States" and Bryce's "American Commonwealth," vol. i, p. 504. (Ed. 1883.)

(ii) Taxation, but not so as to discriminate between States or parts of States.(1)
(iii) Bounties in the production or export of goods, but so that such bounties shall be uniform throughout the Commonwealth.
(iv) Borrowing money on the public credit of the Commonwealth.(2)
(v) Postal, telegraphic, telephonic, and other like services.
(vi) The naval and military defence of the Commonwealth and of the several States, and the control of the forces to execute and maintain the laws of the Commonwealth.
(vii) Lighthouses, lightships, beacons and buoys.
(viii) Astronomical and meteorological observations.
(ix) Quarantine.
(x) Fisheries in Australian waters beyond territorial limits.
(xi) Census and statistics.
(xii) Currency, coinage, and legal tender.
(xiii) Banking, other than State banking; also State banking extending beyond the limits of the States concerned, the incorporation of banks, and the issue of paper money.
(xiv) Insurance, other than State insurance; also State insurance extending beyond the limits of the State concerned.
(xv) Weights and measures.
(xvi) Bills of exchange and promissory notes.
(xvii) Bankruptcy and insolvency.
(xviii) Copyrights, patents of inventions and designs, and trade-marks.
(xix) Naturalisation and aliens.
(xx) Foreign corporations, and trading or financial corporations formed within the limits of the Commonwealth.
(xxi) Marriage.
(xxii) Divorce and matrimonial causes; and in relation thereto, parental rights, and the custody and guardianship of infants.
(xxiii) Invalid and old-age pensions.
(xxiv) The service and execution throughout the Commonwealth of the civil and criminal process and the judgments of the Courts of the States.

(1) The American Constitution adds the further limitation that taxation must be equal. This renders an Income Tax unconstitutional.

(2) No money has yet (1908) been borrowed by the Commonwealth. The Labour Party has steadily resisted any such proposal.

(xxv) The recognition throughout the Commonwealth of the laws, the public Acts and records, and the judicial proceedings of the States.

(xxvi) The people of any race, other than the aboriginal race in any State, for whom it is deemed necessary to make special laws.

(xxvii) Immigration and emigration.

(xxviii) The influx of criminals.

(xxix) External affairs.

(xxx) The relations of the Commonwealth with the islands of the Pacific.

(xxxi) The acquisition of property on just terms from any State or person for any purpose in respect of which the Parliament has power to make laws.

(xxxii) The control of railways with respect to transport for the naval and military purposes of the Commonwealth.

(xxxiii) The acquisition, with the consent of a State, of any railways of the State on terms arranged between the Commonwealth and the State.

(xxxiv) Railway construction and extension in any State with the consent of that State.

(xxxv) Conciliation and arbitration for the prevention and settlement of industrial disputes extending beyond the limits of any one State.

(xxxvi) Matters in respect of which this Constitution makes provision until the Parliament otherwise provides.

(xxxvii) Matters referred to the Parliament of the Commonwealth by the Parliament or Parliaments of any State or States, but so that the law shall extend only to States by whose Parliaments the matter is referred, or which afterwards adopt the law.

(xxxviii) The exercise within the Commonwealth, at the request or with the concurrence of the Parliaments of all the States directly concerned, of any power which can at the establishment of this Constitution be exercised only by the Parliament of the United Kingdom or by The Federal Council of Australia.

(xxxix) Matters incidental to the execution of any power vested by this Constitution in the Parliament or in either House thereof, or in the Government of the Commonwealth, or in the Federal Judicature, or in any department or office of the Commonwealth.

This Section does not as might be imagined withdraw from the control of the States the matters which are mentioned in it. The mere grant of a power to the Commonwealth does not of itself, unless it is conferred

as an "exclusive" power, imply a prohibition upon the States to exercise the like power. It is not the existence in the National Government of the power to legislate upon any of the matters mentioned in the Thirty-Nine Articles of Sect. 52, but the exercise of any of them, which is incompatible with the exercise of the same power by a State. This is made clear by the provisions of Sects. 107, 108 and 109,[1] which expressly preserve all the legislative powers of a "colony which becomes a State," except in so far as this "may be vested exclusively in the Commonwealth Parliament or withdrawn from the Parliament of the State" (Sect. 107), and continues all laws of the colony, which were in force at the date of its becoming a State (*i.e.* a member of the Commonwealth), with permission to alter or repeal any which has not formed the subject of Commonwealth legislation (sect. 108). In the event of any inconsistency between the law of a State and that of the Commonwealth, the law of the former to the extent of the inconsistency is invalid (sect. 109). This latter provision effectually establishes the supremacy of the Commonwealth over the States in respect of every matter which is legally within its purview.

In addition to the subjects of legislation mentioned in Section 52, over all of which, except (iii) and (xxxix)

[1] Sect. 107. Every power of the Parliament of a colony which has become or becomes a State, shall, unless it is by their Constitution exclusively vested in the Parliament of the Commonwealth or withdrawn from the Parliament of the State, continue as at the establishment of the Commonwealth, or as at the admission or establishment of the State as the case may be.

Sect. 108. Every law in force in a colony, which has become or becomes a State, and relating to any matter within the powers of the Parliament of the Commonwealth, shall, subject to this Constitution, continue in force in the State; and until provision is made in that behalf by the Parliament of the Commonwealth, the Parliament of the State shall have such powers of alteration and of repeal in respect of any such law as the Parliament of the colony had until the colony became a State.

the States have a concurrent legislative power until this is withdrawn in respect of any of them by the exercise of the Commonwealth of its legislative power in that behalf, the Commonwealth has a power of legislation which is exclusive of that possessed by the States in certain matters which have been already mentioned in the discussion of the Commonwealth's inherent powers.[1]

The powers, which are mentioned in Sections 51 and 52 and implied in other portions of the Constitution, are the only ones which justify the Parliament in making, or the Executive in enforcing, a law of the Commonwealth. All other legislation and administration is left to the States without power of interference by the Federal Legislature or Federal Executive. The subjects comprised in these powers,—either because all parts of the nation are alike interested in them or because it is only by the nation, as a whole, that they can be satisfactorily undertaken,—correspond with the powers of Congress as they are thus summarised by Mr. Bryce :[2]—" (1) Army and Navy ; (2) Federal Courts of Justice ; (3) Commerce, foreign and domestic ; (3) Currency ; (4) Copyright and patents ; (5) Postal communication ; (5) Taxation for the foregoing purposes and for the general support of the Government ; (6) The protection of citizens against unjust or discriminating legislation by any State."

Yet, although the Constitution of the Commonwealth follows in its main lines that of the United States, its framers have avoided some of the latter's narrowness. Parliament, for instance, unlike Congress, can deal with marriage and divorce. It may pass an Income Tax and *ex post facto* legislation, and is not haunted by the dread lest any of its measures should " impair the obligation

[1] See *supra*, p. 175.

[2] " American Commonwealth ". (i, p. 41. Ed. 1883.) In addition the United States have the power of war and peace.

of a contract."[1] Indeed, two of the matters within its jurisdiction,—Old Age and Invalid Pensions, and Conciliation and Arbitration in Industrial Disputes which extend beyond the State—are clear departures from the eighteenth century doctrine of Freedom of Contract. On the other hand, the powers of Parliament are very inconveniently restricted in some directions. Thus, although the Central Government controls immigration, the States own the land, which is a chief inducement to settlement in a new country, and up to the present the States have refused to consider any scheme of co-operation with the Commonwealth for the purpose of attracting population. Industrial matters are another subject of legislation which should properly belong to a National Government, in order that the conditions of competitive production should be the same, with the necessary allowance for climatic variations throughout the continent.[2] Equalisation of the industrial standard throughout the continent would seem to be a corollary of that free commercial intercourse without discrimination which is an underlying principle of the Constitution, and an amendment of the Constitution in this direction is now contemplated. The most important power retained by the States is the control of the police, which, if American experience be a guide, may prove a useful instrument for encroaching upon Federal authority.[3]

[1] Much of the social and industrial legislation of England and Australia could not be passed in America either by the States or Congress in consequence of the constitutional prohibition against laws " which impair the obligation of a contract."

[2] The High Court has declared (1907) that the Commonwealth has no power to make it a condition of a protective tax that the protected industry shall pay fair wages. The States have no effective machinery for enforcing such a condition, even if they all desired it.

[3] Many Acts which seem to impinge upon Federal authority have been justified in the United States by involving the doctrine of " Police power," *i.e.*, that a State should preserve order within

Education is another large subject which lies outside the scope of Federal action, and the Commonwealth could not even establish an Australian University. Obviously it could not have the Canadian power of legislation upon all matters not coming within the classes of subjects assigned exclusively to the legislature of the provinces, for that would change the basis of the Union and deprive the States of the residuum of power—but it cannot even, like the German Bundesrath, pass factory legislation, or a press-law, or a law controlling the right of association, nor unify legal procedure nor consolidate the civil and criminal law,—unless, indeed, it be held that some of these powers are implied in those which have been expressly granted.

The functions of the Commonwealth may be enlarged at some future date, if any State surrender any portion of its legislative power (Sect. 108) or of its territory (Sect. 111), or if it prefer a request to the Commonwealth to exercise "any power which can at the establishment of their Constitution be exercised only by the Parliament of the United Kingdom or by the Federal Council of Australia."[1] Any two or more States may refer any matter to the Commonwealth and give it legislative power over that matter within their own boundaries (Sect. 52, xxxvii). The laws of the Parliament have force within the Commonwealth and "on all British ships, the Queen's ships of war excepted, whose first port of clearance and whose port of destination are in the Commonwealth."

The principal expressed restrictions on the Commonwealth power are those which forbid any interference

its own limits. To English lawyers this doctrine seems to have been stretched very far.

[1] New South Wales Courts, by the Charter of Justice (1826) have jurisdiction over crimes committed in the Pacific Ocean. This is a larger jurisdiction than that of the Federal Judiciary. Courts of Vice-Admiralty also exist in the separate States. These are left unchanged by the Constitution.

with freedom of trade and intercourse within the States, and those which are intended to prevent any alteration in the position of the States to their prejudice; *e.g.*, Parliament cannot alter the equality of State representation in the Senate or reduce the number of representatives below six for each State (Sect. 7), nor can it allot to any State less than five members in the Representative Assembly (Sect. 24). In a Constitution framed on the principle of specifying the powers of the Federal Government such expressed restrictions are illogical, but they serve as reminders that it originated from a compact between independent States.

Special Provisions

The inclusion of some powers among those belonging to the Commonwealth is as noticeable as the omissions of others to which attention was called in an earlier page. Their presence is explained by historical causes, which require elucidation.

The subject, "Influx of Criminals" (xxviii of Sect. 52), and "non-aboriginal" races for whom it may be deemed necessary to make special laws (xxvi of Sect. 52) are notes of local and transitory difficulties, the former in respect of escapees from New Caledonia, the French penal settlement, the latter in respect of the Kanakas in Queensland. Others reflect more serious controversies.

Navigation and Irrigation

Section 100, for instance, which limits the power of the Commonwealth to deal with navigation (Sect. 98) by conserving the right of riparian owners to use river water for irrigation, was the outcome of a serious struggle in the Convention between South Australia on the one side, and New South Wales and Victoria upon the other, as to the rights of each in the waters of the Darling and the Murray. By grant of the Imperial Parliament,

New South Wales owns all the waters of the Murray up to the Victorian border, and this river rises in her territory, through which also the Darling runs for the greater portion of its course. By Common Law, New South Wales has the right of a riparian owner to an undiminished flow of the Murray through her territory. South Australia has the same right in respect of her territory. But Victoria owns the largest feeders of the Murray and diverts their waters for irrigation. New South Wales threatens to do the same with the northern tributaries, the Darling and the Murrumbidgee. This would mean that South Australia could not receive enough water to maintain the fleet of steamers which now bring trade to Adelaide from half-way up the river courses. To such a country as Australia, navigation upon a bar-bound river would seem a trifling importance in comparison with the development of agriculture by the use of its waters. But the South Australian delegation was the ablest in the Convention, and by persistency and skilful bargaining it procured the subordination of the larger interest to the smaller by forbidding the Commonwealth to impair the navigability of any river. It is hoped that the three States concerned will jointly construct works by means of which the levels of the Murray and the Darling will be maintained, while at the same time the waters can be freely used for irrigation.

Differential Railway Rates

An even more serious conflict is reflected in the several clauses which forbid the discrimination between States and require any preferential rates to be approved by an Inter-State Commission, constituted *ad hoc* (Sections 92, 99, 101, 102 and 103.) This is an historical echo of a long struggle between the four eastern States to divert trade, each to its own capital, without regard to geographical position. The railways were the instruments

in this provincial game of "beggar-my-neighbour," and the States of New South Wales and Victoria the worst offenders. Each made free use of differential rates, Victoria to secure and New South Wales to keep, the trade of the Riverina district. The Victorian railways would carry goods to the border, if these were consigned to places on the other side, for merely nominal rates, and New South Wales would charge excessive rates from its border station to the places in question, and low rates for the longer distance between these and Sydney. South Australia took a hand by quoting a still lower combined steamer and railway rate and Queensland cut her rates to Brisbane to get the trade of the North Western district of New South Wales. The beneficiaries were the residents within the zone of this competition, but the rest of the inhabitants paid heavily to further the business interests of a small class in every capital. Unfortunate as such a struggle was from many points of view, it was not wholly indefensible. Although the natural outlet of most of the trade in question was to Adelaide, Brisbane, or Melbourne, it came from territory in regard to which New South Wales bore all the cost of Government and which had been developed by New South Wales Railways, which made Sydney for practical purposes their nearest market. In one instance a Victorian Government quoted so low a rate from its border station to Melbourne, that practically this paid the whole of the difference in cost of the land and river transport of a clip to the border station, a distance of about 100 miles and its transport to Sydney by the New South Wales Railway, although the loading station on this latter line was only four miles from the wool-shed.[1] Instances of preferential and differential rates of the New South Wales and South Australian railways could be given which are equally scandalous.

[1] Uardry, on the line from Sydney to Hay. This was in 1885-6.

Yet, anxious as the Convention was to end this foolish struggle, the halting language of the Constitution reflects the difficulties of the task. Although "preference and discrimination by any State" is forbidden, this is only if it is "undue or unreasonable or unjust to any State," and of this the Inter-State Commission is the final judge (Sect. 102). Even Parliament may not declare any rate unlawful for carriage of goods on a Government railway, if the rate is deemed by the Inter-State Commission, "to be necessary for the development of the territory of the State, and if it applies equally to goods within the State and the goods passing into the State from other States" (Sect. 104).[1]

Contrast these hesitating and involved provisions with the direct prohibition to the Commonwealth. "The Commonwealth shall not, by any law or regulation of trade, or commerce, or revenue, give preference to one State or any part thereof over another State or any part thereof" (Sect. 99). The provincialists were ready enough to condemn their own practices, when it became a question of permitting them to the Commonwealth.

Preferential and differential rates were not the only matter in connection with the railways, with regard to which provincialists preferred the interest of the States to the common welfare. The harmless looking provision in number xxxiv of Sect. 52 empowering Parliament to make laws in respect of "Railway construction and extension in any State *with the consent of that State*," enshrines the memory of another bitter controversy within its last six words.

Railway Construction

In pursuance of her centralising policy, New South

[1] Working agreements as to traffic have now been made between the competing States. Probably however "cutting" of rates continues, though not to the same extent.

Wales refused to carry any railway but her portion of the trunk line between Brisbane and Adelaide, to the north bank of the Murray; she preferred instead to build railways from east to west ending nowhere, in order to divert to Sydney the trade which in a natural order of things would go to Melbourne or Adelaide. The Riverina furnishes two conspicuous examples of this "dog-in-the-manger" policy. A long spear from the trunk line runs along the Riverina, in a parallel course to the Murray and ends at a town called Hay. Ninety miles further on the Victorian railways, by means of a private line from the border, connect the town of Deniliquin with Melbourne. Hitherto no representations have been able to induce the New South Wales Government to permit of a connection being made between Deniliquin and Hay. The same Government has run another spur from the trunk line into the southern portion of the same district. It stops at Jerilderie, thirty miles from a port on the southern bank of the Murray to which a railway runs from Melbourne. Another spur runs from Albury to Germanton. The rate to Sydney from these places is made low enough to counteract the advantage of proximity possessed by Victoria. In the same spirit, New South Wales has stopped the railway which connects her northern rivers a quarter of a mile from the Queensland border, to which a railway runs from Brisbane. At the Convention it was proposed to settle all these difficulties and at the same time the problem of finance by federalising the railways. For this, public opinion was not yet ripe. The proposal however put the provincialists on guard; and the words "with the consent of the State" were added to Subsection xxxiv to prevent the linking up of the New South Wales with other systems. The proposal received the silent vote of the South Australian delegation, for reasons which have become apparent since the scheme of a trans-continental railway from east to west has

been before Parliament. South Australia is now in a position to block the scheme by refusing a passage for the line, unless she can get her own terms.

Having thus dealt with the nature, sphere, and special provisions of the National Government, it remains to consider in what manner it is constituted and of what departments it consists.

CHAPTER III

THE EXECUTIVE

THE Crown—The Executive Council—Responsible Government.

THE Australian Constitution follows the American, in dividing the system of government into three departments—Executive, Legislative, and Judicial, but unlike its model, it maintains no clear line of demarcation between Executive and Legislative.

THE CROWN

The people of the Australian States having united "in one indissoluble Federal Commonwealth under the Crown" (Preamble), the King, whose office is the symbol of Imperial Unity, is their natural head. But every Constitution, which is granted to a colony, is *pro tanto* an abandonment, by the Crown and other Estates of the Realm, of a portion of their sovereignty. In this case, by the Australian Constitution Act, the Crown has abandoned all its rights and powers, as regards the Commonwealth, except the supreme power of Peace and War and the right to refuse assent to or annul certain Acts of the Australian Parliament. Those which must be reserved for the Royal Assent used to be specified in the Instructions to the State Governor, but the Instructions to the Governor-General are silent on the point.[1] The power to annul is, in the interests of the Empire, left general and unspecified. In all other matters the Crown acts in Australia through the Governor-General :—"The executive power of the Commonwealth is vested in the Queen and is exercisable by the Governor-General, as

[1] Probably the Governor-General in the exercise of his discretion would be guided by the rules laid down for the State Government. See below, p. 198.

the Queen's representative, and extends to the execution and maintenance of this Constitution and of the laws of the Parliament" (Sect. 61).

As such Representative, the Governor-General has the command in chief of the naval and military forces of the Commonwealth (Sect. 68), and, in the same capacity he chooses, summons and dismisses Federal Executive Councillors, who hold office during his pleasure (Sect. 62). He also exercises all the powers and functions in regard to the Commonwealth, which were possessed by any State Governor in regard to his State, at the establishment of the Commonwealth[1] (Sect. 70); and the King can further confer upon him the right to exercise, subject to the Constitution, any powers or functions of the Crown (Sect. 2). He is appointed by the King for a fixed term, which has been hitherto five years, but may be recalled at any time. A salary of £10,000 is attached to the office (Sect. 3). This may be reduced or increased by Parliament; but may not be altered during any term of office, lest the independence of the holder might be brought into question. In the exercise of the powers which have been already mentioned, the Governor-General acts upon his own responsibility as representative of the King. In other matters he acts with the advice of the Federal Executive Council;—that is, he is the constitutional head of a responsible government on the English model.

The Executive Council

The Constitution places no limit to the Federal Executive Council, which might legally be increased to any number which the Governor-General deemed necessary. In practice, however, it is limited to the seven "King's Ministers of State," who administer the seven departments,

[1] *e.g.*, The Prerogative of Mercy in cases of offences against the Laws of the Commonwealth.

which the Governor in Council has established[1] (Sect. 63) and must be members of the Council, and also be, or become within three months of appointment as Ministers, members of one or other House of Parliament (Sect. 64). Parliament may increase the number of Ministers and prescribe their offices (Sect. 65). The total of the ministerial salaries may not exceed £12,000 per annum, until Parliament makes other provision (Sect. 27). Ministers on quitting office cease to be Executive Councillors, according to present practice; but this is not a constitutional requirement.[2]

These few provisions contain the key to the Australian Constitution, for which however an American or foreigner would search the text in vain, unless he were acquainted with the practical working of British Government. For they presuppose a familiarity with the methods of government, which then existed in every Australian State, and the continuance of responsible government is assumed without being specially enacted. At the same time, the provisions which enable its continuance are sufficiently wide to allow of other systems, should this one prove unsuited to a Federation. Except that Ministers

[1] The Departments already established are those of External Affairs, the Treasury, the Attorney-General, Home Affairs, Trades and Customs, Defence and the Postmaster-General. The seven Ministers of State preside over these departments with the Vice-President of the Executive Council and, sometimes, an Honorary Minister from the Cabinet.

[2] No Australian or English reader will need to be told that the Governor-General's apparent liberty in choosing his Executive Council is virtually restricted by the constitutional usage, which requires that the Ministry shall have the confidence of the House of Representatives. The practice is for the Governor-General to send for some prominent member to form a Ministry. He arranges the distribution of portfolios and submits these to the Governor-General for approval. Theoretically the Governor can disapprove of any name, and doubtless a tactful Governor can often influence a Premier in the formation of his Ministry; but he is by usage required to accept the whole list when it is formally presented for his approval.

must sit in Parliament, there seems no limit to the changes which might be made with the acquiescence of the Governor-General, in the method of appointment, tenure of office, or function. No part of the Constitution evinces greater sagacity and foresight. Consider for a moment the nature of the problem which the framers of the Constitution had to solve.

Responsible Government

Most of these men had been Ministers of the Crown in their respective colonies, and all were so familiar with the practice of responsible government that they would not willingly have established any other. Yet many doubted whether it would be possible to preserve responsible government in a federal system.[1] One of the ablest representatives of the smaller States, Sir Richard Baker[2] (South Australia), was a convinced disbeliever in the compatibility of the two systems. "Either federation," he wrote, "will destroy responsible government, or responsible government will destroy federation! . . . There cannot be a responsible government which is responsible to two Houses." There seemed no logical outlet from this dilemma.

Driven to make a choice, the Convention, as we shall see in the next chapter, preferred rather to preserve the practice of responsible government, than the logical cohesion of the Federal idea. The future however was by no means clear. The Senate, although it might be ultimately driven to admit the supremacy of the House of

[1] Responsible government requires (1) the collective responsibility of the Cabinet; (2) that Ministers should have a majority in the House which controls supplies; (3) that they should have a common and concerted policy; (4) that they should recognise the Leadership of the Prime Minister; (5) that the resignation of the Prime Minister should carry with it the resignation of the whole Cabinet.

[2] Afterwards the first President of the Senate.

VIEW OF PERTH

Representatives, yet retained so much more power than the Upper Chamber of any colony, except Victoria, that its obedience to a majority in the House of Representatives appeared problematical. Drawing their power from the same source as the House of Representatives, namely adult suffrage, but drawing it in the concentrated form of support from large constituencies,[1] and holding office for six years instead of three, might not Senators develop an unmanageable corporate pride? And as a State House were they not bound to place State interests before everything? No Cabinet can live in perpetual constitutional conflict. Therefore, while retaining responsible government, it seemed wise to leave the way open for its modification or abolition, should new conditions make either necessary.

Responsible government, then, with the collective Cabinet responsibility which it implies, is the cardinal and distinctive feature of the Australian Constitution.[2] Will the experiment succeed? Even such enthusiastic federalists as the late Mr. David Syme and Mr. Inglis Clark often felt doubts on the subject.

The discussion of such a question involves a discussion of the character of Parliament, because, as Mr. Bryce has

[1] Senators are returned by the vote of each colony voting as one constituency, except in Queensland, where there are three electoral divisions for the Senate.

[2] In the United States the Executive is completely separated from the Legislature to the harm of both. No Minister can hold a seat in Congress. The Cabinet is responsible individually to the President, and collectively neither leads a party nor frames a policy. Congress thus deprived of leaders, flounders in a chaos of business, which covers up much incompetence and corruption. Its members, as Mr. Bryce puts it, are "architects without science, critics without experience, censors without responsibility." In Canada, which also has responsible government, the difficulties caused by the composition of the Australian Senate are absent. Canada is an example rather of a limited unification than a Federation; and its Senators are appointed by Ministerial nomination.

pointed out, one consequence of the system is the merging in Parliament of the legislative and executive powers. The right of the majority of the House of Commons to displace a Ministry, whose actions it disapproves, indirectly makes the House a dictator of Ministerial policy. Parliament is the real government of the country, only it acts through Ministers whom it has itself chosen. It is forced by its unwieldy size to leave so large a measure of its discretion to its trusted agents that they appear distinct from it, but the real Executive is the majority which keeps him in office. And as the legislature is in a sense executive, so the Executive, or Cabinet, has legislative power, because the initiation and passing of measures rests mainly with them. They are legislative leaders as well as executive agents. Accordingly the enquiry into the working of responsible government will be properly postponed until the nature of the Commonwealth Parliament has been explained.

CHAPTER IV

PARLIAMENT

THE Governor-General—The Senate—The House of Representatives—Relations between the two Houses—The States House—Money Bills—Deadlocks—Tacking—Limitation of the Legislative Power—The Prerogative—Fundamental Laws.

THE first section of the Constitution provides that "The legislative power of the Commonwealth shall be vested in a Federal Parliament which shall consist of the Queen,[1] a Senate, and a House of Representatives."

THE GOVERNOR-GENERAL

The King by English law is part of Parliament, as well as head of the Executive. All laws are made in his name[2] and must receive his assent.

The legislative functions which the King still exercises in the Commonwealth are limited, as has been already explained, to giving or withholding assent to reserved Bills, or annulling within one year of its passage any Act which might be prejudicial to the larger interests of the Empire. In all other respects the Governor-General performs the legislative as well as the executive functions of the Crown as representative of the King.

Thus all Bills are presented to the Governor-General

[1] This Act was passed in 1900, before the death of Queen Victoria.

[2] "Be it enacted by the King's Most Excellent Majesty by and with the advice and consent of the Lords Spiritual and Temporal, and Commons, in this present Parliament assembled at. . . ."

The corresponding enacting clause of the Commonwealth Acts is as follows:—

"Be it enacted by the King's Most Excellent Majesty, the Senate, and the House of Representatives of the Commonwealth of Australia, as follows. . . ."

for his assent in the King's name and do not become Acts of Parliament until this has been given. His Instructions do not require him to reserve for His Majesty's consent any Bill. But probably he would be guided in the exercise of this discretion, to assent to or reserve for His Majesty's pleasure, any Bill which came within the class of measures to which a State Governor is prohibited from assenting by his Instructions, namely, (1) any Bill dealing with divorce; (2) any Bill whereby any donation or grant of money or gratuity may be made to himself; (3) any Bill affecting currency [the power to legislate about currency is, however, expressly granted to the Commonwealth Parliament]; (4) any Bill which is inconsistent with the obligation of a Treaty; (5) any Bill of an extraordinary nature and importance whereby the Royal Prerogative or the rights and property of residents in the State, or the trade and shipping of the United Kingdom and its Dependencies may be prejudiced; (6) any Bill containing provisions to which the Royal Assent has been once refused or which has been disallowed by His Majesty.[1]

Further, as stated above, any Act, although it has been assented to in the King's name by the Governor-General, may be annulled by the King, within one year from the date of such assent (Sect. 59). The Governor-General also, as representative of the King, summons, prorogues, dissolves Parliament, subject to an obligation to hold a session once in each year, and not to allow twelve months to intervene between two sessions (Sect. 6). Writs for the election of members of the House of Representatives run in the name of the Governor-General, since it is fitting that the representative of the National Government should summon the National House.[2] Writs for the

[1] These Instructions are dated Oct. 18, 1900. They permit the Governor to assent to any of these measures in case of urgency.

[2] So-called in the Convention Resolutions. See *infra*, p. 175.

Senate, which is the State House, are appropriately issued by the respective State Governors, at the request of the Governor-General (Sect. 12). A power is also given to the Governor-General, which is unknown to the British Constitution, of taking a direct part in legislation by returning any proposed law to the House in which it originated, and "transmitting therewith any amendments which he may recommend. And the House may deal with the recommendation" (Sect. 58). This power would doubtless only be exercised under exceptional circumstances; but its existence in the Constitution indicates the confidence of the Australian democracy that the Crown will always select a fit representative.

The Senate

The two Houses in which, with the King, the legislative power of the Commonwealth is vested, bear a superficial resemblance, in their respective functions, to the Senate and House of Representatives of the United States, or the House of Lords and House of Commons in Great Britain. But the differences between the Australian Parliament and Congress or the British Parliament are so considerable, that readers should be cautioned against applying American or English standards to the examination of the Australian system.

The Senate consists of six senators from each State,[1] directly chosen by the people of the State, voting, until the Parliament otherwise provides, as one electorate (Sect. 7),[2] and must be at least twenty-one years of age, electors of a State, for three years at least resident in the Commonwealth, and subjects of the King, either

[1] Senators in the United States are elected by the State Legislatures: in Canada they are nominated for life by the Ministry of the day.

[2] The same section allows the Queensland Parliaments to divide the State into three electoral districts for the election of Senators.

natural born or for five years naturalised (Sect. 34). A candidate must not be under certain disqualifications, viz., a subject or citizen, or under any acknowledgment or allegiance to, a foreign power; attainted of treason or under sentence to a term of imprisonment for longer than one year; an undischarged bankrupt or insolvent; the holder of any office under the Crown or a pensioner of the Crown out of the revenues of the Commonwealth, except Ministers of the Commonwealth or of a State, or naval and military officers in receipt of pay or pension, whose services are not wholly employed by the Commonwealth; any person contracting directly or indirectly for the public services of the Commonwealth, except as a member of an incorporated company of more than twenty-five persons. The seat becomes forfeited if a senator comes under any of the above disqualifications; becomes bankrupt or insolvent: directly or indirectly takes or agrees to take any fee or honorarium for services rendered to the Commonwealth, or for services rendered in the Parliament to any person or State (Sects. 44 and 45). A senator sitting after his seat has become forfeited incurs a penalty of £100 a day, which may be recovered by a common informer (Sect. 46). Senators are elected for six years and are eligible for re-election. One-half retire every three years, so that the body has a perpetual existence, and the whole of it is never renewed at the same time (Sect. 13). In the event of a vacancy occurring during the currency of a triennial period, it is filled by the Houses of both branches of the Legislature of the State, for which the vacancy has occurred, sitting and voting together. If this legislature is not in session the Governor of the State, in Council, nominates a person to hold the place until the expiration of fourteen days from the next session of the State Parliament. At the next general election of Members of the House of Representatives, or at the next election of senators for the State,

whichever first happens, a successor shall, if the term be not then expired, be chosen and fill the vacancy until the expiration of the term (Sect. 13). Questions arising in the Senate are determined by a majority of individual votes, and the President has in all cases one vote (Sect. 23). One-third of the Senate constitutes a quorum, but Parliament may reduce or enlarge this (Sect. 22).

The Senate, unlike the Senate of the United States, only possesses legislative functions. It has to concur in all measures before they can become law, and their powers except as to certain bills are the same as those of the House of Representatives. The significance of this restriction will be considered in the discussion of the relations between the two Houses.

House of Representatives

The House of Representatives is chosen directly by the people of the Commonwealth (Sect. 24), voting on a population basis in electorates defined by the respective State Parliaments (Sect. 29)[1] on a uniform adult suffrage. Five members at least must be chosen from each original State, and the total number of representatives is as nearly as practicable seventy-two, or twice the number of the Senators (Sect. 24). The quota for each constituent State is determined by dividing the number of the people of the Commonwealth by twice the number of Senators. This works out at about 50,000 voters to each representative. The present apportionment of members to each State is,—New South Wales, 27; Victoria, 22; Queensland, 9; South Australia, 7; Western Australia, 5; Tasmania, 5:—Total, 75 members. The qualifications and disqualifications of representatives are the same as those of senators (Sects. 34, 43, 45, 46). Writs are issued

[1] If the States did not define electoral districts, the Commonwealth Parliament could do so. Failing this the State would form one electorate; and Senators and Representatives would be elected by the same constituency.

in the name of the Governor-General (Sect. 32), and the duration of the House is three years from its first meeting, but it may be dissolved sooner by the Governor-General (Sect. 28). The Speaker, unlike the President of the Senate, has no vote (Sect. 40). The powers, privileges and immunities of both Houses and of the members and committees of each, are such as shall be declared by Parliament and until declared shall be those of the House of Commons and its members and committees at the establishment of the Commonwealth (Sect. 49). Each House has power to make Standing Orders (Sect. 50).

Relations Between the Two Houses

A correct understanding of the relations between the Senate and the House of Representatives requires some familiarity with a long-standing constitutional struggle which was transferred from the political arena of the States to the floor of the Federal Convention.

Every colony, following English example, had two Houses of Parliament, the one—the Legislative Council, usually representative of the mercantile and landed interests—the other—the Legislative Assembly—elected on a wide suffrage and democratic in opinion. The struggles between these two Chambers had been frequent and bitter, and many devices had been tried to overcome the opposition of the Council to the more radical measures of the Lower Houses. The most effective was undoubtedly the constitution of the Upper House by nominees of the Governor-in-Council. This plan gave the Second Chamber something of the influence and attributes of the House of Lords. It was constrained by its own traditions to yield before any clear manifestation of the popular will, and could at any time be coerced by the appointment of new members. On the other hand, the apparently more democratic device of elective Upper Chambers, as in Victoria and South Australia, had proved

a constant source of political trouble. On whatever suffrage or by whatever electorate a Legislative Council was elected, it could resist any measure of the Assembly, so long as it retained the support of its own constituents, and this could only be ascertained by a General Election, which would be punitive to the Assembly also. Deadlocks between the two Houses were consequently frequent. One in particular in Victoria, between 1868 and 1873, had brought the colony to the verge of revolution. The last weapon in the armoury of the Assembly was the power of refusing supplies or imposing taxation. Consequently any attempt by a Council to interfere with a money bill was jealously watched and invariably resisted. The possession of the " money pawn " became at last the deciding factor in these constitutional struggles.

In spite of these difficulties in the way of harmonious working between the two Houses, no proposal for a single chamber had found favour. It became, consequently, from the first, a matter of general agreement that there must be two Houses in any form of Federal union. There was not, however, the same unanimity as to their relative powers.

The States House

From the beginning of the Federal movement a party had advocated what was called to the end of the controversy " majority rule," which meant that a majority of voters on a population basis should be able, through their representatives, to enforce their wishes upon all occasions. Queensland, Tasmania, and South Australia were inexorable against this or any other form of limited unification, which they feared would mean, in practice, the supremacy of the two large cities, Sydney and Melbourne, whose inhabitants, out of touch with their own country districts, knew nothing of the many difficulties of the remote States. They insisted, too, that on historic

as well as theoretic grounds, the union must be Federal, and made it plain that they would prefer to continue separate, unless their identity as States was preserved in the union. It is evident now, after eight years' trial of union, that these demands undervalued the national sentiment and were based on the delusion that parties would divide upon the issue of Commonwealth *versus* States. In fact, party divisions have never been upon State lines and are not likely to become so, while nothing indicates that the States will ever group themselves, as a body, in opposition to the Commonwealth. In 1891, however, and onwards, the apprehensions of the smaller States seemed less unreasonable, and at any rate it was plain to all that without the required concession, there could be no union. Thus, from the outset of its deliberations, the Convention of 1897 was pledged to a system of Federal union, which meant in practical working that before any measure became law, it should be approved by a majority of federating States, as well as by a majority of the people of Australia.

Accordingly the most conspicuous and what was at the time deemed the most important function of the Senate was that it should be, in the language of the Adelaide Resolutions, a "States House," which should represent the several States, as States, in the Federal union. It logically followed from the conception of a national union which was based upon the consent, not of the people as a whole, but of the States, that each State—the smallest with the biggest—should be on equality with the others in the States House. The equal representation of States in the Senate is thus a fundamental principle of the Australian union. No law of Parliament can ever alter it—although Parliament may increase the number of Senators—and no State can be deprived of its equality of representation without its own consent (Sect. 7). Not reassured by these provisions, the delegates from the

smaller States carried the doctrine of State equality in a States House to the extreme of an insistence that the power of each House of Parliament should be identical.

Money Bills

The first struggle raged at Adelaide over the question of Money Bills and the fate of the Constitution hung in the balance for many days. At one time the hope of settlement had been almost abandoned and had a division been taken at the anticipated hour, a majority would have been recorded in favour of the States Right doctrine that the Senate should have an equal power with the House of Representatives in respect of taxation. Calmer heads suggested an adjournment until next day, when three representatives from Tasmania[1] and one from South Australia,[2] whose names deserve grateful remembrance, rejected the urgent representations of the delegates from Victoria and New South Wales, and voted, for the sake of union,[3] in favour of the supremacy of the House of Representatives in money matters.

As might have been anticipated in a British assembly, the final result was a compromise. The House of Representatives retains the power of the purse, as an essential instrument of national sovereignty. Consequently all Appropriation and Taxing Bills[4] must originate in that Chamber, and cannot be amended by the Senate, although they may be rejected. The Senate however may return any such Bill with suggestions[5]—a distinction which is not, as some critics have thought, without meaning, but

[1] Messrs. Henry, Lewis, and Brown.

[2] Mr. Glynn.

[3] The late Sir Joseph Abbott, then Speaker of the New South Wales Assembly negotiated the concession.

[4] "Proposed laws appropriating revenue or moneys, or imposing taxation, shall not originate in the Senate." (Sect 53.)

[5] This provision was copied from the South Australian Constitution.

one which retains to the House of Representatives full responsibility for the final shape of the measure. The Senate moreover cannot amend any Bill so as to increase any charge or burden upon the people. In all other respects it has equal legislative power.

The same struggle was renewed over the provisions which dealt with cases of conflict between the two Houses, and was not decided until the final session of the Convention in Sydney.

Deadlocks

On the one side it was urged that to deprive the Senate of a power of veto rendered the equal representation of the States an illusory safeguard and was taking away with the one hand what had been given with the other; that conflicts were not likely to arise over any of the thirty-nine subjects within the legislative power of Parliament, and that if they did occur, a majority of Senators, who it was assumed would represent a majority of States, ought not to be coerced by the representatives of larger populations. "Deadlocks," it was argued in words borrowed from Mr. Bryce,[1] "are not always disadvantageous; they are also the price that must be paid for Constitutional freedom, and can only be avoided in a Despotism." True, however, to its belief in the necessity of maintaining the supremacy of one House, as an essential condition of national sovereignty, the Convention, on the motion of the writer at Adelaide, made both Houses liable to simultaneous dissolution if the Houses of Representatives twice passed a Bill to which the Senate declined to agree. This, it was argued, was a sufficient safeguard against factious opposition to ministerial proposals, or imperviousness to popular ideas from excess of senatorial dignity. It was not, however, sufficient to satisfy Victoria and New South Wales. In

[1] "American Commonwealth," Vol. I, Ch. IX.

both these colonies the equal representation in the Senate had met with strong opposition. The anti-Federalists, fixing attention only on the Senate, and conveniently ignoring the fact that representation in the House of Representatives was on a population basis, artfully declared that Tasmania had six times the voting power of New South Wales, although their respective populations were as 200,000 to 1,200,000. In both colonies the ghosts of dead controversies between the two Houses of the local legislature still walked the political field, and Liberals and Conservatives alike discussed the functions of a Federal Senate as though it were a local Upper House. Memories of traditional conflicts so overpowered the popular judgment, that a Senate to be elected by all the people of every State on the widest possible suffrage, was pictured as a body of Conservatives, the limitation of whose power became a democratic cry. The thought may have been confused, but the aim was direct enough. On the question of the final supremacy of the national will there could be no concession. To allow even the people of a majority of States to thwart the wish of a majority of the Australian people would ensure the rejection of the Bill by Victoria and New South Wales, the two States whose adhesion was essential to any union. Accordingly it was agreed that if after the dissolution of both Houses, which had been already agreed to, the difference between them was still unsettled, a joint sitting should be held, at which a majority of three-fifths of the members present and voting could pass the Bill in dispute. This provision was accepted the more readily by the delegates from the smaller colonies, because they believed that no difficulty would be likely to arise between the two Houses, which would not be settled by the joint dissolution. The majority of three-fifths was changed after the first Referendum into an absolute majority. This had been proposed at the Convention by Sir George

Turner (Victoria), but was opposed at that time by Mr. Reid (New South Wales).

Tacking

The delegates of the smaller States secured some important provisions for the protection of the Senate against a wanton exercise by the House of Representatives of its superior power. Section 54 of the Constitution is an example. It provides that "the proposed law which appropriates revenue as moneys for the ordinary annual services of the Government shall deal only with such appropriations." Again Section 55 provides that, "Laws imposing taxation shall deal only with the imposition of taxation, and any provision therein dealing with any other matter shall be of no effect. Laws imposing taxation, except laws imposing duties of customs or of excise, shall deal with one subject of taxation only; but laws imposing duties of customs shall deal with duties of customs only, and laws imposing duties of excise shall deal with duties of excise only." These provisions are of historic interest, because they recall the great contest in Victoria between the two Houses, in which the final victory rested with the Assembly by the use of the device of tacking, which these provisions have forbidden in the Commonwealth. The Senate can never, like a Legislative Council, be placed in the invidious position of either rejecting the Appropriation Bill and thus leaving the public service unprovided for, or accepting some obnoxious measure, which has been tacked to it. Nor can it be forced to accept a tax, which it dislikes by inserting this in a measure of taxation which in other respects it favours. The combined effect of the provisions of the Constitution which affect the relations of the two Houses is to secure the ultimate supremacy of the House of Representatives in all matters in dispute between them, and to keep the power of taxation with the direct representatives of the

people, while giving every fair opportunity of criticism to the States House, and even permitting it as a revising Chamber to give the people, who are the final arbiters, an opportunity of re-consideration: Up to the present time there have been no conflicts between the two Chambers.

It must not be supposed that Federalists favoured equality of State representation in the Senate from conviction of its soundness as a principle. No alternative was left them, if they wished for union because without equal representation in that House the smaller States would never have entered into a Federal system. That the device has produced none of the anticipated consequences, is due to the fact that the apprehensions which caused its adoption had no substantial basis. The usefulness of the Senate as a revising and legislative Chamber has been due to the obliteration of its original function as a States House. And in this sense responsible government is "killing Federation." The loss is not mourned.

Limitations of the Legislative Power

The Commonwealth Parliament, being in a Federal system, is not, as has been explained,[1] sovereign like the British. It remains to state its limitations.

In the first place, the Prerogative of the Crown, except in so far as this has been abandoned by assent to Acts of Parliament limiting its exercise or delegated to the Governor-General, remains in full force in Australia as in England. Neither Commonwealth nor State could declare war, and members of the Australian military forces—as has been decided by the Privy Council in a recent case,[2] which, although it has not yet attracted much attention, is a constitutional landmark—are none

[1] *Supra*, p. 197.
[2] *Howarth v. Walker*, 1905, Appeal Cases.

the less "soldiers of the King," because they serve the Commonwealth. The Constitution itself recognises the Prerogative in the sections which refer to the power of the King to annul Acts, although these may have been assented to in his name by the Governor-General, within one year from the date of such assent. Probably this power would only be exercised to protect the larger interests of the Empire, but, in its terms, it is unrestricted. The King also assents or refuses assent to all Bills which the Governor-General by his instructions is required to reserve for the Royal pleasure. All these measures are reserved and dealt with by virtue of the Prerogative, which may be found in practice to limit the powers of the Commonwealth in unexpected ways.

Secondly, restrictions are placed upon the legislative power by the terms of the Constitution.

Fundamental Laws

No Act of Parliament can alter the fundamental basis of the union—the equal representation of States in the Senate—by six senators to each State—although it may increase the number of Senators (Sect. 7). Nor can it reduce below five the number of Representatives to be apportioned to each State on a population basis (Sect. 24). Nor could it abolish the office of Governor-General or the Judiciary, because these are as much a part of the Constitution as Parliament itself. Nor can any Act of Parliament amend the Constitution, without concurrence of a majority of both people and States (Sect. 128). Nor can it alter the salary of a Governor-General during his term of office (Sect. 3), nor construct a railway in a State (Sect. 52, xxxiv), nor deprive it of territory (Sects. 123 and 124), except for the purpose of forming a Federal capital (Sect. 125), or with its consent. Nor can it impose any kind of tax upon the property of a State (Sect. 114); or establish or prohibit any religion or establish

a religious test (Sect. 115). Another group of limitations on the legislative power is directed to the preservation of freedom of intercourse of trade and persons between the States and the prevention of invidious discrimination between States or their citizens (Sects. 92, 99, 117). All the limitations in this group are equally binding on the States, who are further expressly forbidden to maintain a military force without permission from the Commonwealth (Sect. 114), or to coin money or make anything but gold and silver coin a legal tender in payment of debts (Sect. 115). They are also under a prohibition to tax Commonwealth property (Sect. 114), and have no jurisdiction over any of the matters which, by the Constitution, belong exclusively to the Commonwealth or are withdrawn from the State Parliament (Sects. 107, 108). Any law of a State which is inconsistent with a law of the Commonwealth is invalid to the extent of the inconsistency.

CHAPTER V

THE JUDICIARY

THE Judiciary and the Constitution—Appellate Jurisdiction—Original Jurisdiction—The Guardian of the Constitution.

BY Sect. 71 of the Constitution "the judicial power of the Commonwealth is vested in a Federal Supreme Court, to be called the High Court of Australia, and in such other federal courts as the Parliament creates, and in such other courts as it invests with federal jurisdiction. The High Court shall consist of a Chief Justice, and so many other Justices, not less than two, as the Parliament prescribes." These words make the High Court as much an essential part of the Commonwealth as the Governor-General or the Parliament. The judicial functions of the Court can never therefore be encroached upon or interfered with either by the Legislature or the Executive, nor can any duties be assigned to it which are not properly judicial and to be performed in a judicial manner. In this respect the High Court differs from the Supreme Court either of the Dominion of Canada or of any Australian State, because all of these are created by legislative enactment and can therefore have their powers amended or defined by the same power.

It would seem to follow from the nature of the High Court, that any law which purported to reverse one of its decisions would be unconstitutional and inoperative, since the rights of citizens can only be determined by the authority which possesses the judicial power. Parliament could no doubt enact the law for future cases, but it could not deprive a litigant of rights which he had acquired by a decision of the High Court.[1] That is to

[1] See on this point "Annotated Constitution of the Commonwealth," by Quick and Garran, p. 722.

say, the Legislature may over-rule a decision but may not reverse it.

The distinction between Executive, Legislative and Judicial powers which runs through the Commonwealth Constitution would seem to deprive the High Court of all right to interfere with the exercise of the political discretion of the Executive. Thus, it could not grant an injunction to restrain a Minister of State from taking any action which did not interfere with the personal or civil rights of a citizen.

The Federal Courts, other than the High Court, are created by Parliament and are not, like the former, an essential part of the Constitution. They can therefore be called into existence or abolished at the will of Parliament but in other respects they will have the purely judicial functions of the High Court.

Appellate Jurisdiction

The High Court of Australia differs from the Supreme Court of the United States, in being a Court of Appeal from the Supreme Courts of the several States. Its decisions are final except in so far as they are liable to be reversed by the Privy Council. Every citizen of the Empire has a right, of which he cannot be deprived by any legislature, of submitting his case to the final adjudication of the King in Council. It does not however follow that the King, as the fountain of Justice, will exercise his prerogative right to review the decision of any of his Courts in every case in which it is involved. The Commonwealth Constitution for instance requires that a litigant must obtain special leave from the Privy Council, before the Judicial Committee will entertain an appeal from a judgment of the High Court, and it empowers Parliament to limit the matters upon which such leave may be asked. But every proposed law containing such limitation must be reserved for the Royal Assent. The Constitution

further limits the right of appeal to the Privy Council by prohibiting all such appeals "from a decision of the High Court upon any question, howsoever arising, as to the limits *inter se* of the Constitutional powers of the Commonwealth and more of any State or States, or as to the limits *inter se* of the Constitutional powers of two or more States, unless the High Court shall certify that the question is one which ought to be determined by Her Majesty in Council" (Sect. 74).

Original Jurisdiction

The original jurisdiction of the High Court is either conferred by the Constitution or derived from Parliament. The Court has original jurisdiction by the Constitution "in all matters, (i) Arising under any Treaty: (ii) Affecting consuls or other representatives of other countries: (iii) In which the Commonwealth, or a person suing or being sued on behalf of the Commonwealth, is a party: (iv) Between States, or between residents of different States, or between a State and the resident of another State: (v) In which a writ of mandamus or prohibition or an injunction is sought against an officer of the Commonwealth" (Sect. 75).[1] Parliament may also confer original jurisdiction upon the High Court "In any matter (i) Arising under this Constitution or involving its interpretation: (ii) Arising under any laws made by the Parliament: (iii) Of Admiralty, and maritime jurisdiction: (iv) Relating to the same subject-matter claimed under the laws of different States." (Sect. 76). Parliament has as yet only exercised this power in respect of the first class of matters in this group. The others remain within the jurisdiction of the State Courts. Parliament can also, under Sect. 71, invest the State Courts with Federal

[1] The reader is referred for a detailed explanation of these matters to Bryce: "American Commonwealth," Pt. I, Chapter XXII.

jurisdiction. Congress in the United States has no such power.

The procedure of the High Court has been prescribed by Parliament but no other Federal Court has as yet been created. The Court sits periodically at the capital cities of the several States, and up to the present time the bulk of its business has been the hearing of appeals from the State Courts. The Judges (five in number) are appointed for life and can only be removed upon an address of both Houses of Parliament. Their salaries are: the Chief Justice, £3,000; the Justices, £2,500 each. By an ill-judged economy no pensions attach to the offices, and the salaries are less than those paid to the Judges of the Supreme Court in New South Wales and Victoria. This inferiority in the emoluments has fortunately not yet affected the standing of those accepting the offices, but it cannot be considered desirable that the less important judicial post should be better paid.

The Guardian of the Constitution

The High Court is at once the guardian and the interpreter of the Constitution. Its function is to restrain the operations of each organ of the Constitution and of each constituent part of the Commonwealth within their proper ambits, and to refuse to give effect to any direction of a Minister of the Commonwealth, or of the Parliament itself, or of the Parliament or Minister of a State, which goes beyond the powers of the directing authority. This is the inevitable function of a Court which is called upon to interpret a written Constitution—just as it is the function of a Court in England to decide whether a public body exceeds its statutory authority or a Limited Liability Company acts beyond the power conferred upon it by its Articles of Association. Simple and obvious as this function is, when it is exercised in regard to subordinate authorities, it seems novel and surprising to most Englishmen

when it is exercised in regard to an Act of Parliament. Yet a legislative body, which owes its existence to a statute, —as both the Parliaments of each State and that of the Commonwealth owe their existence to Acts of the British Parliament—can no more go beyond the powers which the statute confers upon it, than a municipality in England can pass bye-laws upon matters which are outside the scope of its authority. English people are so accustomed to the supremacy and unrestrained powers of the British Parliament that it shocks their sense of fitness when the Court declares an Act of Parliament unconstitutional, because this seems to fetter liberty of action and transfer the legislative authority from the elected representatives in Parliament to the Judges. Yet, as Mr. Bryce points out in explaining the similar functions of the Supreme Court of the United States, "There is really no mystery about the matter. It is not a novel device. It is not a complicated device. It is the simplest thing in the world if approached from the right side." The appearance of novelty and complication is caused by the fact that the Constitution has assigned certain powers of legislation to the Commonwealth Parliament and certain others to the State Legislature. Consequently, the Court in applying any statute is compelled to enquire whether it is within the powers of the Parliament by which it was enacted. If it is a statute of a State Parliament, which is inconsistent with a statute of the Commonwealth Parliament, then, as the nation takes precedence of the State, the statute of the Commonwealth is preferred to that of the State. Or again, if the statute of the Commonwealth exceeds the power which the Constitution has conferred upon the Commonwealth Parliament, it is of no more effect than the unauthorised act of any other body of limited authority. "In all this," as Mr. Bryce points out, "there is no conflict between the law courts and any legislative body. The conflict is

between different kinds of laws." And the State Courts are equally bound with the Federal Courts to exercise their judicial determination as to the validity of the laws which they are called upon to administer. The questions are always the same, viz., Whether an Act of the Commonwealth Parliament is compatible with the Constitution and whether an Act of the State Parliament is compatible with an Act of the Commonwealth Parliament and whether it deals with a subject matter within the legislative authority of the State Parliament. The following passage from Mr. Bryce's book elucidates this important matter :—

" The so-called ' power of annulling an unconstitutional statute ' is a duty rather than a power, and a duty incumbent on the humblest State Court when a case raising the point comes before it no less than on the Supreme Federal Court at Washington. When therefore people talk, as they sometimes do, even in the United States, of the Supreme Court as ' the guardian of the Constitution,' they mean nothing more than that it is the final court of appeal, before which suits involving constitutional questions may be brought up by the parties for decision. In so far the phrase is legitimate. But the functions of the Supreme Court are the same in kind as all other courts, State as well as Federal. Its duty and theirs is simply to declare and apply the law ; and where any court, be it a State Court of first instance, or the Federal Court of last instance, finds a law of lower authority clashing with a law of higher authority, it must reject the former, as being really no law, and enforce the latter.

" It is therefore no mere technicality to point out that the American Judges do not, as Europeans are apt to say, ' control the legislature,' but simply interpret the law. The word ' control ' is misleading, because it implies that the person or body of whom it is used possesses and

exerts discretionary will. Now the American Judges have no will in the matter any more than has an English court when it interprets an Act of Parliament. The will that prevails is the will of the people, expressed in the Constitution which they have enacted. All that the Judges have to do is to discover from the enactments before them what the will of the people is, and apply that will to the facts of a given case. The more general or ambiguous the language which the people have used, so much the more difficult is the task of interpretation, so much greater the need for ability and integrity in the Judges. But the task is always the same in its nature. The Judges have no concern with the motives or the results of an enactment, otherwise than as these may throw light on the sense in which the enacting authority intended it. It would be a breach of duty for them to express, I might almost say a breach of duty to entertain, an opinion on its policy except so far as its policy explains its meaning. They may think a statute excellent in purpose and working, but if they cannot find in the Constitution a power for Congress to pass it, they must brush it aside as invalid. They may deem another statute pernicious, but if it is within the power of Congress, they must enforce it. To construe the law, that is, to elucidate the will of the people as supreme law-giver, is the beginning and end of their duty."

CHAPTER VI

THE WORKING OF THE SYSTEM

Requisites of the Cabinet System—The Party System—Members—The System in Working—Elective Ministries—The Referendum—Members and the Constituencies—"Reckless Legislation"—Misunderstandings.

The ground is now cleared for the postponed discussion on the working of responsible government in the Australian Commonwealth.

As has been already shown, the difficulties which were anticipated from a Federal system have never affected responsible government, because the Senate has never performed its original function as a States House. It has always been divided by the same party lines as the House of Representatives, so that each year establishes more firmly the supremacy of the National Chamber, and strengthens any Ministry which commands its confidence.

But the working of the system is beset with other difficulties of a more subtle kind, which according to some critics, can never be overcome in any Parliament, except the British.

Requisites of the Cabinet System

Responsible government, it is said, depends for its success upon a nice balance between what is lawful and what is expedient, which is only maintained in England, because government is in the hands of a ruling class, who have been trained at the great Public Schools in reticence and magnanimity and are controlled by the unwritten law of an inherited tradition. Next they urge that even if Australia has the leaders, she has not the clear-cut party-system without which responsible government cannot work. There is truth in both these criticisms, but they do not conclude the matter. Let us deal with

each in turn. First as to the qualification of Australian political leaders.

It has been said that Australian politics are the politics of great questions and little men. Like most generalisations this is far from accurate. Sir Henry Parkes and Mr. Kingston,—both now dead,—and Sir Edmund Barton and Mr. Deakin would have taken a prominent place in any deliberative assembly. In Parliamentary skill the late Mr. Gillies, of Victoria, had possibly no rival in the Empire; while Sir Samuel Griffith has a genius for practical legislation, which has made the Queensland statute book a model. Indeed, if the names of Australian public men were known in England, as they will be when a real unity of sentiment exists between the countries, no question could be raised of their ability to handle with success any political question. These men and their fellow-workers have had a long training in the practice of responsible government.

This is largely due to the dominating influence over all Australian Parliaments, during their formative period, of one of the greatest Parliamentarians who ever lived and worthy to be ranked with Peel, Gladstone, and Macdonald[1]—Sir Henry Parkes. A master of constitutional lore by study and instinct, he, more than any single individual, established the practice of responsible government in Australia and maintained it at a high pitch for forty years (1856-1896). From New South Wales his influence passed to Victoria, where Sir Graham Berry showed a similar mastership of the art. In Queensland the same tradition was maintained by Sir Thomas McKurack, a man of commanding power, and the lawyer-statesman Sir Samuel Griffith, now Chief Justice of the Commonwealth.

In Tasmania and South Australia, Mr. Inglis Clark and Mr. C. C. Kingston were of the same school; but their

[1] The well-known Canadian statesman.

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influence as Constitutionalists was less, because the conventions of responsible government are not easily observed in small colonies, where judgments are more swayed by personal feelings, and two distinct Ministries of equal efficiency are not easily found. That there is risk in transplanting from its native soil an exotic so delicate as the Cabinet no observer of Australian Parliaments could deny, but he would also admit that the Cabinet system has been worked hitherto by honourable men, whose perception of its claims and limits has been as delicate as that of English leaders, and who have reflected, in the observance of its self-imposed restrictions, the self-restraint and good feeling of Australian Parliaments.

The Party System

In every representative system it is difficult to reconcile the duty of a member towards his party or constituents, with that independence of judgment and discretionary action, without which responsible government is a sham and parliaments are no parliaments at all. But this difficulty is no greater in Australia than in England. The solution of it, which has been adopted in the United States, namely, that members should be mere delegates, so that one man is as good as another for a parliamentary representative, has never found favour with an Australian electorate, which, like the British, believes that the business of legislation requires both independence and ability. When the American view prevails in Australia it will be time to close the Parliaments. For the public can never be well served if it degrades its public men, and no democracy will long retain its own liberty, unless its leaders are permitted to claim theirs. It is true that no high degree of mental power or insight is needed for three-fourths of the concerns of government, but there is a residue, as Australians have always seen, which demands the exercise of the highest faculties, and which

it is the test of statesmanship to handle properly. Thus, in the absence of some disturbing local feeling, constituencies, as a rule, choose the best man that offers ; and they prefer an educated man to an uneducated. They are therefore vexatiously exacting about their members' votes. Being in closer touch with them than an English member is with his constituents, he can more easily avoid misunderstanding ; and independence, provided it is not self-seeking, is not less popular in the one country than the other. Australian Parliaments, indeed, are a fair reflex of Australian life, and if they are not better the fault does not lie with the constituencies. Are they, then, competent to work the delicate machinery of responsible government ? The casual reader of a newspaper, or the visitor to one debate, would answer without hesitation in the negative. Yet such an answer would be exceedingly erroneous.

Members

Mr. Gladstone was wont to say that Cabinet government could not exist in England for a week, if every Member of Parliament "played the game to win," that is to say, if he used every pawn, which the Constitution gave, to embarrass and impede it. The safeguard in England is the party system, which gives control of Parliament to a few picked men on either side, on whom responsibility imposes caution, mutual sympathy, and forbearance. This safeguard is not wanting in Australia ; the Opposition has been itself in office and hopes to be again, and Ministers know that, in their due time, they too will sit in the cold shades. The daily business of Parliament can therefore be carried on by arrangement between the two leaders and honourable understandings between the Whips of either party. Yet these are more difficult to arrange in Australia, where every Member is a politician and potential Minister, than in the House of

Commons, where a silent flock obeys the bidding of each Whip.

The Australian Member, before he enters Parliament, has been absorbed in some occupation or has fought his way through Municipal or Labour Councils by the free use of every lawful weapon. At first the collective responsibility of a Cabinet seems to him an empty fiction and restraint on speech hypocrisy. The new Member generally begins as a free lance. His fault is inexperience. He is anxious to do well, but he will begin before he has learnt the business of legislation. Payment of Members is remedying this defect by creating a class of professional politicians, who, like professionals in any other walk of life, do their work better than amateurs ; but an Australian Parliament still lacks that knowledge of public affairs and instinct for government, which has become the heritage, by tradition, of the English leisured class. Partly as a result of this inexperience, and partly owing to the small number of Members, there is considerable waste of time in aimless motions and long speeches. There is none of that intolerance towards bores, which is a feature of the House of Commons, so that every Member can rely upon being permitted to hear himself talk for any number of hours. The Chambers are too small and the number of Members too few to admit of drowning a Member's voice by noise. In the House of Commons, where several hundred men can gather under dark galleries, organised expressions of the general disinclination to listen to a tiresome speech can easily be made, which would be impossible among the smaller numbers scattered sparsely on the benches of a Colonial Assembly. Thus the public opinion of the House is not quite the restraining force that it is in England. Disorderly scenes however are not frequent and when they occur are made the most of by the Press. Some things it is true are permitted to pass unnoticed, but others are brought into

undue and unnecessary prominence. Nevertheless it must be admitted that, when disorder does occur, it goes further than would be permitted in the House of Commons. One Parliament, too, has an evil notoriety for the unrestrained license of its language. Personal corruption is almost unknown. Such improper influencing of votes as does occur takes the form (not altogether unknown in England, of spending public money in the Member's constituency. On the whole, the standard of Australian Parliaments is high.

In one respect they have an advantage over the House of Commons. The saying that, "No man is a hero to his own valet," strictly applies to Australian politics. A man cannot pose in Australian public life. Owing to the smallness of the community and the narrow circle in which he lives, he is speedily found out.[1] A man cannot get into office upon the credit of qualities which he does not possess; for his strength and weakness are known to everyone. It may be questioned if this be always the case in England. Judicious mediocrity loves a crowd.

This may not seem such a picture of the average Member of Parliament as would justify much confidence in his capacity to work responsible government. But it must be remembered that, just as the House of Commons is better than any individual in it, so even the smallest of Australian Parliaments establishes a higher standard for every member. And although no Australian Parliament can have the weight and dignity of the House of Commons, yet, being smaller, they perhaps educate their Members more rapidly, because each individual is of more consequence in a small body and feels a livelier

[1] Also, and for the same reason, a public man in Australia (although he is not subject to the open and envenomed falsehood which seems to pursue a public man in the United States),—is much exposed to malicious gossip. Lying tongues, although not more busy in a small community, are more audible and troublesome, than in a larger one.

sense of the significance of his own action in bringing about the action of the whole.

The System in Working

Australian Parliaments may be turbulent because passions run high and the facilities for disorder are great, but they have a corporate pride which insensibly lifts their Members to a higher perception of their duties. They respond readily to good leadership and have the respect of the public because they believe in themselves. No Australian Parliament at its worst has ever sunk to the level of the Legislature of an American State. Australians have shown an almost instinctive capacity for working the British Parliamentary system.

Certainly the idea of the collective responsibility of the Cabinet shows no sign of waning. In 1903 when a vote of censure seemed likely to be carried against the Ministry of Sir John See, in New South Wales, because the writer, as Minister of Justice, had recommended the remission of a sentence on a prisoner, of whom the Judge who tried the case had reported that he was innocent and wrongly convicted, the Premier refused his colleague's proffered resignation and accepted responsibility for the whole Cabinet. Yet by the Instructions to the Governor the duty of advising remission in such a case was imposed upon the Minister of Justice individually and he had acted without the knowledge of his colleagues. The party system, on which responsible government depends, shows the same vitality. Indeed its excesses in the Commonwealth Parliament have created a new difficulty, because there are now three parties instead of the historic two, viz., the Free Trade Provincialist, the Protection Federalist, and the Labour Party. Fortunately the Federal sympathies of the Labour Party have enabled it, except for a short period, to work with Mr. Deakin, who leads the Federal Protectionists. But, as he has himself

said, "You cannot play cricket with three elevens in the field." Probably the line between the two last-named of the three parties will tend to disappear, and Federation *versus* Provincialism become the dividing issue. But no wise man attempts to calculate the future of Australian politics. It is sufficient to note that men still vote together as a party in support of or in opposition to a Ministry, on account of a general agreement about certain large issues, and not because loyalty to party gives a title to the spoils of patronage.

Elective Ministries

Nevertheless at times in every Parliament the party system falls into discredit because, in the absence of vital issues, it lacks reality. This happens frequently in Australia, where the political pulse is never steady, and cold fits follow times of turmoil with remarkable rapidity. In prosperous times, for instance, when voters are making money, politics are usually dull. A season of depression follows and parties form themselves about another Ministry. Immense activity ensues—to the profit of the other side when good times return. During every lull, party ties relax and strange alliances are formed, which inspire plain people with disgust at what appears to be the insincerity of politicians. At such times, especially if the fusion of parties has produced, as it usually does, an amalgam of mediocrities—men regard favourably any device which promises a more rational and honest system. Two alternatives to responsible government are most frequently discussed—the one, election of ministers by Parliament, the other, the Referendum.

The advocates of the election of ministers look upon the collective responsibility of a Cabinet as a mischievous absurdity. "Why," they ask, "should a Member not be able to vote against one incompetent Minister, without displacing others who may be the best men for their

respective posts?" Or, why cannot he oppose one measure of the Government without imperilling the success of other measures in which he believes? The questions are speciously framed to appeal both to the member who hopes to be elected as a Minister, and to the elector who is ignorant of Parliamentary ways. In practice members are not often called upon to swallow their convictions in order to maintain a Government in office, because every Bill passes through many stages in which amendments can be moved to meet their wishes. No Government would proceed with a Bill of minor importance to which any number of their followers objected. Only a Bill which gives effect to the declared policy of the party could justify such conduct, and in that case members of the party would have no complaint. It is true that these considerations do not affect the case of a vote of censure on a particular Minister for an administrative act. In such a case the Cabinet system demands a collective responsibility, and party discipline, a solid vote. "I will always support you, when you are right," said a conscientious new Member to a whilom Premier of New South Wales. "D—n it, sir," was the reply, "any fool does that. I want you to support me when I'm wrong!"

The truth is that in politics there is no *best* course. The right way is always a choice between two evils, so that a system must be judged not only by its openness to criticism but by its superiority in this respect to any alternative. Turn the guns, accordingly, upon the elective system.

All who have experience of a Cabinet know that administration is not conducted in water-tight compartments, but the functions of Ministers overlap and cannot be satisfactorily performed without mutual aid and a common policy. The difficulties in the way of this co-operation are great as it is. They would be insuperable, if every Minister was playing for his own hand.

How—to give a simple illustration—is money to be found for each department? "By the vote of Parliament," replies the innovator. But supposing that the revenue fails to come in or that unexpected emergencies, such as a flood, or an outbreak of plague, or a strike, require that the expenditure should be reduced below the estimates, —who, under the new system, is to apportion the reductions between the spending departments? Under the Cabinet system, the Treasurer holds the purse for all the Government, and the Prime Minister in the last resort adjusts differences between his colleagues. It is not therefore surprising, but very significant, that the election of Ministers by Parliament has not received the support of any ex-Minister who has learnt by experience the difficulties of government. Nor ought it to be favoured by anyone who wishes to preserve the dignity of Parliament. In some States five Members have to be elected in each Parliament to fill salaried offices upon the Public Works Committee. The result is that these offices tend to pass in rotation among those who give their votes upon an understanding that the recipients will return the favour on the next occasion. In the same way the election of Ministers by Parliament would probably result, after a few years, in a scramble for the emoluments of office without any consideration of fitness for administrative posts.

The Referendum

The mischief of the Referendum is of a different kind and lies below the surface.

It is recommended in Australia, as an exit from deadlocks, when the two Houses of Parliament cannot agree,—that the measure in dispute between them shall be submitted to the direct vote of the whole electorate, which shall say Aye or No in favour of or against its passage. This, it is said, is not likely to be used often, as

deadlocks are infrequent. It will be "the medicine of the Constitution, not its daily food."

This phrase conceals the fact that when this device is once adopted, neither House will be constrained by fear of consequences, to compromise its opposition, but, by persisting in it to the end, will shelve its own responsibility upon the shoulders of the people. When parliaments prove failures, the Referendum may be necessary, but it is well to realise that every argument in favour of its use rests upon mistrust of Parliament. Direct legislation by the people overrides legislation by their representatives and is a substitute for their corruption or incompetence. This is the justification of its use in the United States, where it is advocated for the avowed purpose of controlling State legislatures.[1] Such arguments have no validity in Australia, where the people hold their Representative Assemblies in well-founded respect.

Suppose however that the Referendum has become a part of the constitutional machinery and that everything is ready for setting it to work. A controversy has arisen between the two Houses, the Upper House having added amendments to a Bill which the Lower House will not accept. In what form is this measure to be presented to the country? In the form in which it left the Assembly or in the form in which it left the Senate? If in the latter, the Senate has the power to dictate the particular question to be asked; if, in the former this power is given to the House of Representatives. In either case the question may be so framed that no body of voters will be able to obtain the law which they desire by a simple answer in the affirmative or negative. Again, what course is a Ministry to take when the popular vote has been given in favour of a Bill which it opposed as against one which it favoured? Presumably it would resign. Suppose then that the Bill, accepted by the Referendum, had been

[1] *e.g.*, "The Referendum in America," by Prof. Oberhaltzer.

supported by the Senate and opposed by the House of Representatives, the result of the vote would be to shift political power from the House of Representatives to the Senate. Nor would a Ministry be any longer under any obligation to accept responsibility for any of their measures. These might be introduced merely to find favour with a section of supporters, in confidence that they would be rejected by the people. It is clear that Parliamentary government and Ministerial responsibility, as these are understood to-day, cannot continue if the final voice in legislation is transferred from Parliament to the direct decision of a popular vote. Such an extreme expression of the doctrine of the sovereignty of the people sweeps away the safeguards of liberty, and is an appropriate instrument of despotic power. A Referendum properly defines the limits of a constitution, but has no place within it if the constitution is framed upon a British model.

Now Parliaments in Australia have not failed. They reflect public opinion with fidelity and have always proved themselves its worthy and effective instrument. If they have not proved brilliantly successful upon all occasions, they have at least shown high spirit and integrity. The defects of Parliamentary government (and there are defects in every system) have not yet bred evils in Australia which justify the substitution for it of another system. They are doing good work and their faults have received a disproportionate attention.

Members and the Constituencies

The preceding pages will have drawn an imperfect picture of Australian parliaments, if they have not created the impression that public life in the Commonwealth has great attractions. Not only are the questions of policy large and far-reaching, but the influence of the individual Member in their decision is very great. Nowhere, whether

in public or private affairs, does the individual count for so much as in Australia. There is no helpless fluttering against the iron bars of class or tradition. Every stroke of work tells. A man can use his strength in Australia, whether it be strength of muscle or of brain. The daily victory over the forces of Nature in the material world gives confidence in other directions. This feeling of energy and hope is strengthened by an experience of office. So much in a new country depends on good administration, and so little of administration is as yet, settled into a routine, that more responsibility and power attaches to a Minister of the Crown in an Australian State, than is the case in England, except in such positions as Foreign Secretary or Premier. There are few official traditions handed down from one Permanent Secretary to another; there are seldom precedents in important matters; whatever is done must be done upon the direct responsibility of the Minister. Fortunately, considering that most Australian Ministries are short-lived, the Civil Service is singularly efficient, and no Minister need go wrong for want of competent advice. It is indeed a matter for constant wonder that the State should be able to secure so many able and educated men at the low salaries which are paid to Australian civil servants. The chief drawback to public life is the exigent demand it makes upon a member's time. Sittings are late and sessions prolonged, perhaps because the Chamber is to many of the members a social club and its sittings their only hours of business. They feel bound to work in return for their salaries, which, in the State Parliaments, are £300 a year, and £600 in the Federal Parliament—a competence to many members, but less than a living wage to those who have an office to maintain. Lawyers, as in America, are the class which most affect politics, because the prizes of the profession may be won through its pursuit, which is not incompatible with

practice in the Courts. The Labour Party has introduced the new element of Labour Memqers, but it would be erroneous to assume that these are necessarily what, for want of a more intelligible term, must be called "workingmen."[1] Payment of members has certainly brought politics within the reach of those who were excluded in earlier days. It has also been of service in increasing the stability of Ministries. Paid Parliaments, although they have shown no unwillingness to face the country when a question of principle is involved, are less likely than those which are unpaid to risk a dissolution by turning out a Ministry for frivolous causes.

The relations between a member of parliament and his constituents are sometimes inconveniently close. The Member for a country district finds his time fully occupied in attending to the wants of his electorate.[2] Local government does much to reduce this sort of labour, but so long as the central Government disposes of loan funds there will always be work for a true " Roads and Bridges " Member, whose political capacity is measured by the amount of public money which is spent in his constituency.

To save themselves as much as possible from this annoyance, and to protect the public interest, most Australian Parliaments refer the construction of public works, involving more than a certain sum (generally £20,000) to a committee of members or independent board, who must recommend the expenditure before it can be submitted to Parliament. The Departments of Lands and Public Works are, however, in constant relations with country districts in many matters of smaller importance, to which the member is expected by his constituents to

[1] See Chapter above. " The Labour Party."

[2] A member in New South Wales who had been too obliging, received a letter one day from a constituent written in all seriousness, asking him to order some fish for the writer's household dinner.

attend. One advantage of a practice, which is otherwise troublesome, is that it keeps members in touch with their constituents, and often creates close ties of personal friendship.

The most serious defect of Australian Parliaments is the readiness of Members to take up trifling grievances and insist on legislation to meet special cases. This, however, is a manifestation of the confidence in the power of legislation, which is general in Australia, and which has made its Statute Books laboratories of political experiment.

"Reckless Legislation"

This is often made the basis of a charge of recklessness against Australian legislators, and there is much which seems disturbing in their temper. But it must be remembered, in weighing the justice of this charge, that Australia is the Cinderella of modern nations, whom Democracy has just claimed for his bride. It is a land of political faith and ideals, of democratic principles which are a matter of habit and instinct, and not adopted by intellectual conviction or in a spirit of philanthropic benevolence. Every adult has a vote,[1] and nowhere is there such unity of purpose or greater freedom from distracting cares. Thus the dreams of the study are soon translated into Acts of Parliament, and whatever Democracy can accomplish will be accomplished in Australia, for good or ill. To-day national prosperity, the buoyancy of youth, the novelty of political power, combine to dissipate misgivings, and the day of disillusionment—if it should ever come—is still far distant.

Misunderstandings

At present other countries hardly understand Australia, and even in England there is jealousy and some suspicion

[1] In Victoria not for the State Parliament.

of the bold, new ways. The capitalist class is timid and others are doubtful. Australia, too, has enemies within her own household, and no story circulates in England to her discredit, which has not originated in some article in an Australian newspaper or some speech by an Australian politician.[1] In Australia, Parliament and the Press cry every error of Australians through a megaphone. Australian politicians are accustomed to use language towards one another which is startling to a stranger. And the Press, too, while it loyally avoids mere personalities or the imputation of motives, is free to the verge of license in its criticisms of public men and events. Nevertheless alarmists and critics may possess their souls. Australians have not lost their heads. They have neither forgotten their responsibilities towards the Empire, nor passed any law which threatens property or countenances attacks upon capital. They are sober, level-headed men, with a reserve of sagacious patriotism, which can always be relied upon to take the side of order.

[1] During the electoral campaign of 1906, when "anti-Socialism" was made a party-cry, speeches were made and articles written by men, who were at heart quite loyal Australians, which did infinite mischief to Australian credit by the lurid colours in which they painted the condition of the country, and their dismal forecasts of the consequences of Mr. Deakin's victory at the polls. Canada is said to have a law which punishes libels on Canada; and, according to the newspapers, a speaker who declared that Manitoba was no place for immigrants was fined forty dollars in 1907, at the suit of the Attorney-General of the Province. Such a law would have augmented the Australian Revenue.

CHAPTER VII

THE FINANCIAL PROBLEM

THE Financial Problem—A Uniform Tariff—The Surplus and its Distribution—The Transferred Expenditure—A Commonwealth Budget—The Return to the States—The Public Debt.

ONE of the greatest obstacles to Federation was the difficulty of adjusting the finance of the Commonwealth to meet the necessities of the several States. The uniform tariff, which was a *sine quâ non* of union, meant in practice the abandonment of revenue by the States in unequal proportions, on account of the varying degrees of their dependence upon Customs and Excise. Tasmania, for instance, derived nearly half her total revenue from this source, while New South Wales only derived one-sixth. The proportion of this to the total in the case of Queensland, Victoria, and Western Australia was about one-third, and of South Australia one-fifth. A further difficulty arose from the varying proportions of Customs revenues which each State derived from duties upon the produce of other States. This was largest in Tasmania and Western Australia. Two things were therefore plain—one, that no State could surrender its tariff without an equivalent and the other that a *per capita* distribution of the proceeds of a common tariff would not meet the case. The subjoined table expresses in figures the position of each State in regard to these matters during 1899, the year preceding Federation.

TABLE I

Table showing (*a*) The total revenues; (*b*) The revenues from Customs and Excise; (*c*) The amount raised by

Customs and Excise per head of the population of each colony in the year 1899 immediately preceding Federation.

Colony	Total Revenue	Revenue from Custom and Excise	Amount per head of Population
	£	£	£ s. d.
New South Wales	9,973,736	1,650,333	1 4 9
Victoria	7,378,842	2,224,811	1 17 6
Queensland ..	4,174,086	1,568,744	3 5 10
South Australia ..	2,731,208	641,181	1 15 11
West Australia ..	2,478,811	859,915	5 1 5
Tasmania	908,273	447,036	2 12 6
Commonwealth ..	£27,244,585	£7,392,020	£2 0 0

The differences between the States, shown in this table, are due to several causes. In the first place, the influence of good or bad seasons on the producing power of the people is felt directly in the returns from Customs. This has specially affected Queensland during the first three years of Federation. Secondly, the influx of capital, whether in consequence of public or private borrowings, is reflected in the Customs revenue, because loans reach the colony in the form of goods. Thirdly, the States draw unequal proportions of their revenues from the public lands. New South Wales draws most from this source and Victoria least. Lastly, the preponderance of males in a State, over females, and the habits of the people, cause variations in the consumption of the highly-taxed narcotics and stimulants, which, as is very noticeable, in the case of Western Australia, greatly affects the *per capita* returns of the Customs Revenue.

A Uniform Tariff

In addition to these financial considerations, the fiscal policies of the several States had also to be taken into account. Victoria had developed manufactures under a protective tariff, and in a greater or less degree other

colonies had done the same, but New South Wales, owing to her large revenue from public lands, was, in the main, a Free Trade country, and her average rate of duties was very low. These two colonies were at the extreme of the fiscal scale ; but it was, obviously, a less drastic change to raise the rate of duties in New South Wales, than to lower the rates of the other States to her level, because the latter operation would have endangered many industries, which had come into existence under the direct or incidental protection of the higher tariffs. It was therefore evident, from the first, that the uniform tariff of the Commonwealth could not be lower than the average of the six States, that is to say, that it must return at least £2 per head of the population of Australia. And, since a portion of the Customs revenues of each colony was derived from duties on the products of other Australian States, the Commonwealth tariffs had to be large enough to replace the loss occasioned to each State by inter-colonial free trade. It must, therefore, be more than £2 per head. It was certainly this which prompted most of the opposition to Federation in New South Wales.

The Surplus and its Distribution

Yet another complication was introduced into the problem by the smallness of the Commonwealth's financial needs. The office of the Governor-General, the administration of the Ministerial departments, the cost of the Commonwealth Parliament, with the few other items, which made up the whole of the new charges imposed by Federation, could not exceed £400,000 for some years. But the uniform tariff, for the reason stated, had to produce at least seven million pounds, which would leave an enormous balance every year at the disposal of the Commonwealth. The distribution of this surplus was the crux of the financial problem. It is still one of the most difficult questions in Federal politics.

Provincial prejudices prevented the adoption of the obvious method of applying the surplus towards payment of interest on the State debts, because this involved the exercise by the Commonwealth of some control over State borrowings. The same reason prevented the Commonwealth from taking over the State railways, which would have consolidated the union more effectually than any other measure, and provided a use for the surplus in improving communications throughout the continent. A combination of these methods—that is, taking over both debts and railways—was strongly advocated even by some who opposed union ; but the state of public feeling made this impossible. Some means had therefore to be devised for utilising the surplus for the benefit of the States without relieving them of equivalent obligations.

It would be tedious to enumerate all the schemes which were proposed. That which was ultimately adopted is contained in Sections 87, 89 and 93 of the Constitution.

First, in order to ensure some revenue to the States, an obligation was imposed upon the Commonwealth not to expend more than one-fourth of the net revenue of Customs and Excise, the balance to be returned to the States or applied towards payment of interest on these debts. This clause which was proposed by the late Sir Edward Braddon, was perversely misrepresented during the Federal campaign. Dubbed " the Braddon blot "—and indeed it is a " blot," although the writing underneath was always legible !—it was declared to impose upon the Commonwealth the obligation to raise 20s. for every 5s. that is required. Mr. Reid, therefore, after the first Referendum, obtained the consent of the Premiers to amend the Bill by limiting the operation of this clause to ten years. Provision was then made for the period prior to, and for five years after, the imposition of uniform duties of Customs. The principle of this arrangement, which is complicated in its operation, was that each State

should be credited with the revenue it contributed to the Commonwealth and debited with the expenditure which the Commonwealth incurred upon its behalf. This system of debit and credit which is known as "the book-keeping" system expired, by effluxion of time, on October 8th, 1906, but Parliament has not yet established a substitute.

With one further explanation, the ground will be clear for the comprehension of a Commonwealth Budget.

The Transferred Expenditure

It will be remembered that the Commonwealth, besides being an organ of national sovereignty, provides a uniform administration in certain matters of common interest which can be administered more conveniently by a central authority. To this end the Constitution provided that the departments of Customs and Excise, which had been administered previously by the colonies, should pass to the Commonwealth upon its establishment (Sect. 69), and the Departments of Naval and Military Defence, of Post, Telegraphs and Telephones, of Lighthouses, Light-ships, and Beacons and of Quarantine, on a Proclamation by the Governor-General in that behalf (Sect. 69). In the exercise of this power the Departments of Defence and Post Offices were transferred to the Commonwealth on March 1st, 1901. No Proclamation has yet been issued in respect of Lighthouses or Quarantine. In addition to these departments of the public service, which pass automatically or by proclamation from the States to the Commonwealth, there are others, of which the Commonwealth is empowered to undertake the duties after Parliament has legislated in that behalf. This power has already been exercised in respect of patents, trade-marks, copyright and designs (1903), so that one registration now gives protection to a patent, etc., in all the States, and in respect of the Naturalisation of

Aliens, (Jan. 1st, 1904), and of the creation of a Bureau of Census and Statistics[1] (Dec. 1905), and of Meteorology (1907). Parliament is on the point of legislating for a uniform system of invalid and old-age pensions. Mr. Deakin has attempted also, but in vain, to induce the States to enter into an arrangement with the Commonwealth for a general scheme of immigration.

The total cost of these transferred departments largely exceeds their revenues,[2] and this balance to the debit of the Commonwealth will be increased considerably when old-age pensions become a Federal charge. The best method of meeting these charges is now exercising both State and Federal financiers. The tariff which, with Excise, returned in 1907-8 £2 15s. 6d. per head of the population, cannot be relied upon for great expansion, and direct taxation, which is erroneously claimed to be the exclusive right of the States, would be exceedingly unpopular.

There are two conflicting currents of opinion. The treasurers of the States, unwilling either to retrench their own expenditure or transfer to the Commonwealth any of their obligations, demand that the principle of the Braddon clause shall be embodied permanently in the Constitution, and that they shall receive a larger and fixed contribution from the Commonwealth Treasury. The strong Federalists on the contrary, who have always

[1] The publication of the admirable Year Book of the Commonwealth is an ample justification of this measure. The writer desires here, once for all, to acknowledge his indebtedness to this excellent work. Together with Mr. Coghlan's "Australia and New Zealand," to which also the writer owes much, it is an indispensable text-book for all who take an interest in Australia, and the recognition of its merits will become more hearty as acquaintance with the politics and life of Australia deepens. If Federation had done nothing else than produce this record of Australian life and progress it would have been justified.

[2] The expenditure of which the States have been relieved by the Commonwealth amounted to £5,045,171 for the financial year 1908-9. (See Hansard, p. 1337, Oct. 20th, 1908.)

regarded the attempt to adjust the distribution of the Federal surplus to the respective needs or contributions of the States as a weak concession to provincial feeling, object to any entanglement of Federal and State finances, and demand that the Commonwealth shall be the head of her own household. They point out that the difficulty is caused by the refusal of the States to federalise the railways and the public debts.

The decision of the controversy rests with the Federal Parliament, which will probably determine to gain financial independence. It is enough in this brief survey to note the imminence of this change, which hangs over all Australian politics.

THE COMMONWEALTH BUDGET

These preliminary observations will serve as a guide through the intricacies of Federal finance.

The Commonwealth revenue for 1907-8 amounted to £15,015,798, of which £11,645,409 was derived from Customs and Excise. This represented a sum of £3 11s. $6\frac{8}{11}$d. per head of the population, of which Customs and Excise returned £2 15s. 6d. per head.

The expenditure amounted to a total of £6,158,893, or £1 9s. $4\frac{1}{4}$d. per head of the population, leaving a surplus of £8,859,596.

Before dealing with the distribution of this large surplus it will be necessary to explain the principal items of expenditure. These are classified under three heads: "new," "other," and "transferred."

The "new" expenditure, as the name imports, is that which is immediately and directly caused by the establishment of a Federal Government, *e.g.*, the Governor-General's establishment, the cost of Parliament, and the Ministerial Departments.[1] This amounted in 1907-8 to £410,127, and represents the whole of the new charge

[1] These are seven in number. See above, p. 192.

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imposed upon the taxpayer by the establishment of the Commonwealth; and it represents less than 2s. per head of the population, which is indeed an insignificant amount to pay for the advantages of union—being (as was said by a Federal speaker during the New South Wales campaign), "just sixpence less than it would cost to register a dog!" This expenditure for the direct purposes of the Commonwealth is likely to increase, but up to the present it has been kept down in a spirit of almost penurious economy.

The second heading is "other expenditure." Unlike the "new" expenditure, the "other" expenditure is not caused immediately and directly by the establishment of the Commonwealth, and unlike the "transferred" expenditure it does not represent charges which were borne by the several colonies before union. It represents the outlay upon services of the Commonwealth which are necessitated by the expansion of Australia and the proper exercise of the functions of a National Government. For instance, the expenditure on Papua, the vote for the sugar bounties, the cost of re-arming the military forces, all come under this heading. All these items must have been borne by one or more of the separate colonies without Federation, unless, indeed, the separated colonies had been unwilling to incur any expenditure for common purposes. In 1907-8 the "other" expenditure amounted to £1,705,077, of which no less a sum than £876,366 was provided for defence purposes, which in pre-Federal days were always charged to loans, and £584,630 for sugar bounties, in execution of the White Australia policy.

"Transferred" expenditure speaks for itself. It represents that outlay upon the departments of Government which the Commonwealth has taken over from the States; and manifestly represents no new charge upon the taxpayer. This amounted in 1907-8 to £4,043,689.

THE SURPLUS

The total of the year's expenditure was thus :—

"New" Expenditure	..	410,127
"Other" ,,	..	1,705,077
"Transferred" ,,	..	4,043,689
Total	..	£6,158,893

THE RETURN TO THE STATES

It will be remembered that, by the Constitution, the Commonwealth is prohibited during the first ten years from spending more than one-fourth of the net revenue from Customs and Excise, and is required to return the balance to the several States, in proportion to their contributions.

In 1907-8 one-fourth of the net revenue from Customs and Excise was £2,842,097 ; so that the Commonwealth was obliged by the constitution to return to the States £8,526,292. Deducting this sum from the surplus for the year of £8,859,596, there was a balance of £333,304, which the Commonwealth might have retained legally for its own purposes. Instead of doing this, it returned to the States a further sum of £330,613. This action was strictly in accordance with the practice of previous years. The Commonwealth has always treated the States with great liberality—having returned to them since its establishment no less a sum than £6,058,637, over and above the amount legally due under the Constitution.

THE PUBLIC DEBT

The Constitution empowers the Commonwealth to assume responsibility for the public indebtedness of the States as it stood at the date of the establishment of the Commonwealth ; but it gave no right of control over the borrowings of the State. Up to the present time no debts have been taken over, and the assumption of some responsibility will probably form a term in the new

financial arrangements, which the Commonwealth must make with the States when the term of the Braddon clause expires in 1910.

The total public debt of the Australian States on June 30th, 1907, was £240,149,727, or £57 15s. 1d. per head of the population. On this sum the annual charge for interest was £8,654,299, or £2 1s. 7d. per head. Sinking Funds had been provided amounting to £3,731,275. Of the total of the loans, 22·72 or £54,570,338 have been floated in Australia; the balance is due in London at various dates.

Of the monies thus raised £231,108,346 have been spent for public purposes; viz., on railways and tramways, 61·13 % of the total; on water supply and sewerage, 13·02 %; on telegraphs and telephones, 1·62 %; on harbour rivers, roads, and bridges, 10·99 %; on defence, 1·04 %, and the rest on other more or less reproductive items.[1]

It is claimed with truth that the character of this expenditure differentiates Australian indebtedness from that of a European State, whose public debt has been principally incurred for war purposes. But when this contention is pushed further and it is asserted that the public debt is no burden, because it is represented by tangible assets, it becomes both an exaggeration in point of fact—because at least ten per cent. of the total is represented by no visible assets—and a misunderstanding of the nature of credit. Even granted that the railways and other public works are to-day worth the whole of the public debt, there is no means of testing their saleable value, because there is no market in which they could be sold. No private company, for instance, would care to work the Australian railways unless the Parliaments were first deprived of all power over railway matters. The

[1] The difference between the amount of the total debt and the amount of the monies spent represents the cost of flotation.

real security for the public creditors is not the assets, in which his money is invested, but the character of the people to whom he lends. Australian credit stands high because the world knows that Australians respect obligations and so will never repudiate their debts. For the same reason it is a needless exercise of ingenuity to distinguish between the credits of the several States. One may have borrowed too rapidly, so that the underwriters of the loans have not been able to unload, and the price of its stock will in consequence be low; another may have borrowed more than a legitimate anticipation of the future justified; but ultimately, the credit of each State rests upon the credit of them all. No State could permit —much less could the Commonwealth permit—that any State should fall behind in payment of interest as it fell due.[1] Nevertheless, it is an important proof of the wisdom with which loans have upon the whole been spent, that the railways,[2] after paying working expenses and all other charges, should have returned for 1905-6 and 1906-7 respectively £383,625 and £992,947, or plus 0·28 % and plus 0·72 % over and above the interest on the £141,271,521 spent upon them out of loan monies. Nor must it be forgotten that the chief reason for borrowing has been that Australian Governments

[1] During the years of financial stress, 1899-1903, arrangements were more than once made between New South Wales and other States for the temporary use of each other's credit balances in London.

[2] The mileage of the Australian railways open for traffic is 15,238, and 732 miles are in course of construction. It is characteristic of the jealousies which Federation has to overcome that there should be five different gauges in use. The New South Wales is the standard 4 ft. 8 in. gauge; the Victorian is 5 ft. 3 in.; the Queensland, South Australian and West Australian is 3 ft. 6 in.; and Queensland has a short line on the 2 ft. 6 in. gauge and Tasmania another of 2 ft. The gross revenue per train mile was 86·37 pence, and the gross cost per train mile 49·50 pence, and the net return on the capital invested, after payment of all expenses was 4·35 per cent. or 37·07 pence per train mile.

undertake many functions which, in England or America, are left to private persons or local authorities. This fact explains the large figures of the State Budgets, which make no separation between receipts for services rendered and receipts from taxation, and thus swell both sides of the accounts. One of the reforms advocated by the *Sydney Bulletin* is a change in this system of keeping the accounts, in order to bring home to the people a lesson much needed, namely, that they are living to a considerable extent upon their national capital, by bringing the receipts from the sale and occupation of the public lands into the ordinary Revenue Account. The *Bulletin* urges that all public borrowing should cease and the revenue from the land should be spent in the construction of public works. Such a change would have many beneficial consequences outside the region of finance.

PART III—LEGISLATION

CHAPTER I

TARIFFS AND PREFERENCE

THE First Tariff—The Effect on Industry—The National Policy—Imperial Preference—The Displacement of British Trade—Should Trade Follow the Flag?—The Value of the Gift of Preference—Preference to British Ships—Extensions of the Policy of Preference—Preference and Imperial Union.

THE fiscal policy of the Commonwealth has been determined from the beginning by the conditions of union. Before 1900 every colony had its own tariff, and each was financially dependent, athough in varying degrees, upon its Customs receipts. One of the chief impulses towards union was the desire for a common tariff. No colony, however, had been willing to surrender its revenues from Customs without a guarantee that it would receive at least an equal amount from the Commonwealth. A calculation of the total receipts of the six States from Customs duties on over-sea goods, showed that after deducting the new charges in respect of the Commonwealth, there would remain a balance, on the assumption that the Commonwealth tariff would return a corresponding amount sufficient to insure each State against serious loss. Accordingly the Constitution contained the provisions which have been already referred to in the chapter dealing with finance, directing the Commonwealth to return to the States three-quarters of whatever sums they received from Customs duties, in certain prescribed proportions.

The financial obligations towards the States, which the

Constitution imposed upon the Commonwealth, explain its first tariff (Nov. 4th, 1901). Roughly speaking, these required a revenue of six million pounds. Out of this the new charges in respect of the Commonwealth were not expected to exceed £300,000—a sum of 1s. 6d. per head of the population. The balance, after discharging the expenses of the services which the Commonwealth took over from the States (*e.g.*, Post Office and Customs), was to be returned to the States according to the provisions of the Constitution. The situation was further complicated by the existence in every State of industries which owed their existence to protective duties, and had to be preserved. To this extent the new tariff was intentionally protective, but in other respects it was a compromise between the high duties of Victoria and the lower duties of New South Wales. The range, however, was still sufficiently high to be incidentally protective to many industries, and a great expansion of manufactures followed. Several new industries were also started by American and English firms, which had hitherto consigned their products to agents.[1] New channels were opened by these means in many directions for the investment of capital and the employment of labour.

The Effect on Industry

The increase in manufactures since the tariff is shown in the table on the next page, which is compiled from the "Year Book of the Commonwealth."

Reference to the figures given above in the chapter on "Material Progress" will show that this great development of manufacturing industry synchronized with an immense increase in over-sea trade, thus illustrating afresh

[1] The tariff had the same effect in establishing industries in the Commonwealth which had previously been conducted abroad as Mr. Lloyd George's Patent Act has had in attracting industries to Great Britain.

A MOB OF SHEEP

TABLE SHOWING INCREASE IN MANUFACTURES SINCE THE TARIFF OF NOV. 4TH, 1901, AND PERCENTAGES OF INCREASE [1].

Year	Value of Plant and Machines,[2] with Percentage of increase	Number of Operatives in Factories	Salaries and Wages paid
	£		£
1903	18,639,778	126,137	10,829,026
	8·88 % ([1])		10·50 %
1904	20,294,788	131,491	11,966,135
	1·92 %		3·24 %
1905	20,683,945	139,959	12,353,840
	5·07 %		6·96 %
1906	21,731,554	150,168	13,213,467
1907			

the experience of the United States and Germany, that protective duties do not necessarily reduce imports.[3] Such an object lesson was not lost, even upon many who had hitherto opposed protection. In the meantime, Australians were watching closely the movement started by Mr. Chamberlain towards Imperial Preference, upon which most of them believe that the consolidation of the Empire depends.

THE NATIONAL POLICY

Consequently the tariff was re-modelled in 1907 with the double object of protecting Australian industries and granting a Preference to British goods—a combination

[1] Mr. Knibbs thus sums up the manufacturing position. "There is evidence of general prosperity and rapid development. Australian manufacturing is now upon a firm basis with respect to many articles, and there is an increasing export business in many commodities." (Year Book, p. 483.)

[2] Excluding South Australia, from which the figures are not available.

[3] This is because a scientific tariff has an extensive free list, or because prosperity increases the demand for foreign as well as home-made goods. Tariffs only "restrict" trade in the same sense that the Assouan dam "restricts" the life-giving waters of the Nile, namely, in order to divert them into new channels. The experience of the United States and Germany is conclusive on this point.

of National and Imperial aims which, although very characteristic of Australia has been much misunderstood.

The new nations which have grown up beyond the seas no longer live in the ideas of tutelage, but are building for themselves a new fabric of thought and habit, and claim to be uncontrolled masters in their own household. Each is developing its resources in its own way, and all, to this end, make use of tariffs to obtain revenue and diversify industry. Let it be assumed that Australia would have done better to adopt Free Trade—an assumption which is warranted neither by the experience of Canada nor by the teaching of John Stuart Mill,—it has still to be proved that it was possible for her to do so. If Professor Rabbeno[1] be correct in his theory that Protection is forced upon a young country by the exhaustion or appropriation of its superior lands, then the protective system of Victoria, which determined the fiscal colour of the first Commonwealth tariff, was a necessity of economic law.[2] Certainly most politicians believed that it was a necessity of politics, because no Free Trader was able to suggest any other means by which the colony could raise sufficient revenue.[3] However

[1] See "The Commercial Policy of the United States," by Professor Rabbeno.

[2] The introduction of protection into Victoria (in 1864) was due to the same interaction of political and economic forces, which Professor Rabbeno traces in his "Commercial Policy of the United States." The available land had become insufficient to maintain the increasing number of those who, since 1851, had found employment on the gold-fields, most of whom had been trained in England to some mechanical pursuit. Very interesting figures are given in the earliest Victorian Statistical Register, edited by Mr. Archer, and published in 1854, on the distribution of population in that colony from 1841 to 1851. This work of authority is now rare.

[3] Direct taxation is seldom possible in an undeveloped colony. Victoria, it must be remembered, is the smallest State in the Commonwealth except Tasmania, and in 1864 the Legislature was under the control of the great landowners and their allies. New South Wales used to be quoted against Victoria as the

this may be, the time is now arrived when all who wish to understand Australians, and do justice to their actions, must accept the fact that Protection is the fixed policy of the Commonwealth, as it is of Canada or the United States.[1] When once this fact is grasped, the idea that an Australian tariff is framed in any spirit of hostility to British traders will find no credence.[2] Nor need the determination of Australia to develop her potential capacity as a manufacturing country cause the Imperialists any alarm. The best support to the Empire is the strengthening of its component parts, and Australia will be a more valuable Imperial asset, when the tariff has made her self-contained, than if, under Free Trade, she produced only raw materials. The interests of the Empire may best be served by decentralising its manufacturing power.

Imperial Preference

In this view Mr. Deakin and his party in 1907 deliberately re-adjusted the tariff for the preservation and encouragement of Australian industries, even against British competition; but, at the same time, Preferential treatment was accorded to several important lines of British goods, in order to give an advantage over

classic example of the superiority of Free Trade; but the remarkable development of that State in manufactures since the uniform tariff has convinced many that her previous position was due to natural causes, and to the large revenues which she received from loans and from the sale or use of public lands.

[1] Party cries survive long after they have lost their meaning; so that in New South Wales there is still a "Free Trade" party. But as leader, Mr. Reid has professed his readiness to accept Protection.

[2] In July, 1907, a number of merchants in the City of London addressed a protest to the Colonial Office against the proposed increase of duties. This was an echo of similar protests which were raised until 1884 against every increase of the Canadian tariff. (See Porritt's "Sixty Years of Protection in Canada," pp. 196–8.)

competing foreign goods.[1] This, which is the Imperial aspect of the tariff, must be now discussed.[2]

Australia stands to gain so much from favoured treatment in the market of Great Britain, that the policy of Imperial Preference is hardly a party question. Indeed, the unanimity upon this point has brought upon Australia the reproach of selfishness. Justice accordingly demands that her actions and motives shall not be misunderstood.

There was certainly nothing selfish in the first grant of Preference, for it was made immediately upon the refusal of the British Government to accord reciprocal treatment. "But," the critics of Australia say, "the gift was small, and the method of making it shows that the motive was higher protection and not regard for England." Both these statements have found credence in England and need careful examination.

First as to the money value of the Preference accorded. This must be to some extent an estimate, because no one can foretell how prices will be adjusted to the new system. But the presumption is that a Preference of from 8 to 15 per cent. should exercise an effective influence in diverting trade. The Australian tariff gives a Preference of that amount on goods which, according to

[1] Preference to the products of the South African Colonies had been given in 1906. Negotiations for reciprocal preference with Canada are in progress.

[2] At least £150,000,000 a year is spent by Great Britain in the purchase from foreigners of products which Australia could supply. A mere fraction of this enormous trade would establish her industrial position. Under a system of Preferential trade her exports of butter, cheese, flour, cereals, meat, sugar and fruit would largely increase, and many thousands of acres would come under cultivation, to the advantage of all her other industries. It is true that she must share these advantages with Canada, South Africa and the British farmer. It is true also that Canada from her proximity to the market, might profit most. But the very magnitude of the market is a sufficient guarantee that all can share it, and as the Empire is one, it is immaterial that its parts benefit unequally.

last year's figures, should give England new trade, at the expense of foreigners, to the amount of about £1,500,000, and should retain this for her in the future with all its natural increase. The amount is no doubt small in comparison with the total volume of British trade, but its magnitude is to be measured by the future growth of Australia, and it is only intended as a beginning. The attitude of the British Government made a larger gift impracticable. That any gift was made at all, under the circumstances, was somewhat magnanimous; but when it was made, as this was, avowedly as a mere intimation of the willingness of Australia to negotiate with Great Britain for other and larger Preferences, on reciprocal terms, ungracious criticisms of this nature miss the mark. They are also based on ignorance of the position of English trade with Australia, which is more easily perceived by the public in a small community living on the seaboard, than among a population with the complex and varied interests of the inland cities of Great Britain. During the last twenty years Australia has been witness of a steady increase in her trade with foreign countries at the expense of Great Britain, a reversal of the proper order of things, which is brought home to every voter in the capital cities by the visible displacement of the red ensign by foreign flags. If Preference were only to succeed in arresting the decline it would be a real advantage to British trade. This cannot be fully appreciated until some features of Australian trade, during the last twenty years, have been explained by figures.

The Displacement of British Trade

Since 1886 the volume of imports from the United Kingdom, including the produce of other countries re-exported into Australia, has remained almost stationary, while the imports of British produce have steadily decreased. During the same period the imports of foreign

goods into Australia have steadily increased in volume. As a result, the proportion of the total trade, imports and exports, done by the Commonwealth with the United Kingdom, is yearly lessening, and the proportion of it which is done with foreigners is yearly growing. Australia buys every year less British goods and more foreign goods, and sends every year less raw materials to Great Britain and more raw materials to foreign countries. In other words, while British trade is decreasing, foreign trade is increasing. Presumably this increase in the foreign trade is at the expense of the British.

The first illustrative table in this connection is taken from the "Commonwealth Year Book," and shows the decline in the exports of British produce.

TABLE I

The value of United Kingdom produce, exported from the United Kingdom to Australia from 1887-1906 (quinquennial averages).

Year	Value
1887-1891	£20,119,000
1892-1896	£14,533,000
1897-1901	£19,045,000
1901-1906	£18,046,000

During the same period the value of produce of other countries which was re-exported from the United Kingdom, remained almost stationary at about £3,300,000. During the first quinquennial this was 14·52 per cent. of the total exports from the United Kingdom to Australia, during the last (1901–6) it was 15·06 per cent. It is, therefore, apparent that the decline in the value of the total exports from Great Britain to Australia has not been due, as has been sometimes suggested, to the increase of direct shipments from foreign countries, but to a falling off in the sale of articles of British production.

This decline in the export of British goods might be attributed to the development of Australian industries,

TABLE II

TABLE SHOWING THE VALUE, PERCENTAGE TO THE TOTAL, OF THE IMPORTS INTO AUSTRALIA FROM THE UNITED KINGDOM, BRITISH POSSESSIONS, AND FOREIGN COUNTRIES

UNITED KINGDOM

——	1891	1892	1893	1894	1895	1896	1897	1898	1899	1900	1901	1902	1903	1904	1905	1906
Amount—million £ ..	26·4	21·2	17·2	15·7	16·6	20·2	21·1	21·0	21·2	25·3	25·2	23·8	19·8	22·4	23·	26·5
Proportion of total imports per cent. ..	70·1	70·7	72·7	71·9	71·6	68·2	66·2	66·7	61·8	61·2	59·4	58·6	52·5	60·6	60·1	59·4

BRITISH POSSESSIONS

Amount—million £ ..	4·3	3·4	2·8	2·5	2·6	3·1	3·4	3·3	4·0	4·6	4·7	5·3	4·9	4·5	5·3	6·7
Proportion of total imports per cent. ..	11·4	11·3	12·1	11·9	11·4	10·7	10·7	10·7	11·7	11·2	11·2	13·2	13·1	12·2	14·	15·

FOREIGN COUNTRIES

Amount—million £ ..	6·9	5·3	3·5	3·5	3·9	6·2	7·3	7·0	9·0	11·3	12·4	11·4	12·9	10·	9·8	11·4
Proportion of total imports per cent. ..	18·3	17·8	15·0	16·1	16·9	20·9	23·0	22·5	26·4	27·4	29·2	28·1	34·3	27·1	25·7	25·5

were it not that during the same period the export of foreign goods has increased. The following table, which gives the values as entered in Australian ports, shows the relative growth of British and foreign trade since 1891, and the percentage of each for each year to the total value of imports into Australia. The same information is given as to imports from British possessions, which show a very satisfactory growth.

These figures cannot be regarded as satisfactory from any point of view. They show that, whatever year be taken as a starting point and whether the enquiry be limited to the fluctuations in the imports of United Kingdom produce, or extended, as in the last table, to include all produce shipped from the United Kingdom, there has been a steady expansion of foreign trade at the expense of British, which has been especially marked since 1897. England, which in 1891 did 70·1 per cent. of the Australian trade, did only 59·5 in 1906, while foreigners have increased their percentage since 1891 from 18·3 per cent. to 25·5 per cent. The percentages during the quinquennial periods and for 1906, of the import trade into Australia done by the United Kingdom, British Possessions and foreign countries, are given in the next table, which is taken from the "Commonwealth Year Book."

TABLE III

Average Percentages of the Imports into Australia from (*a*) The United Kingdom, (*b*) British Possessions, (*c*) Foreign countries, during quinquennial periods, 1886-1906.

	1889-91	1892-98	1897-01	1901-06	1906
	per cent.	per cent.	per cent.	per cent.	per cent.
The United Kingdom	70·14	70·92	62·77	58·30	59·39
British Possessions	12·41	11·48	11·18	13·60	15·00
Foreign Countries	17·45	17·60	26·05	28·10	25·52
Total	100	100	100	100	100

It will be observed that the year 1906 shows a recovery in favour of England.

Mr. Knibbs, the statistician of the Commonwealth, gives another striking illustration of the displacement of British trade. Grouping together leading lines of articles which represented 66·50 per cent. of the total imports for 1906, and the import of which has increased since 1886 by £7,250,000, he enquires into the share in this increase of, respectively, Great Britain, the United States, and Germany. The result is that 18·034 per cent. of the increase was from the United States, 25·54 per cent. from Germany, and only 22·82 per cent. from the United Kingdom.

During the same period Australian exports have in increasing quantities been diverted from the United Kingdom to foreign countries. The figures for quinquennial periods are given in the enclosed table, compiled from the " Year Book "—

TABLE IV

Table showing the relative quantities and percentage of the total of exports (including butter and specie) from Australia to (*a*) The United Kingdom; (*b*) British possessions; (*c*) Foreign countries.

Country	Yearly average of Quinquennial Periods				Year
	1886-91	1892-96	1896-01	1902-06	1906
(*a*) The United Kingdom Total in	£	£	£	£	£
£000,000	22·60	23·03	25·33	26·46	32·85
Percentage	74·74%	69·65%	57·01%	46·09%	47·12%
(*b*) British Possessions Total in	£	£	£	£	£
£000,000	2·49	2·82	6·89	13·87	13·85
Percentage	8·46%	8·53%	15·52%	25·11%	19·86%
(*c*) Foreign Countries Total in	£	£	£	£	£
£000,000	4·95	7·21	12·20	15·90	23·03
Percentage	16·80%	21·82%	27·47%	28·80%	33·02%

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Some part of the deviation of Australian exports is due to direct shipment of wool purchased in Australia by foreign buyers to France and Germany which at one time was shipped *viâ* London. But not enough allowance can be made upon this score to explain the change in the destination of such large quantities of Australian exports.

Should Trade Follow the Flag?

The bearing of the facts, which these figures illustrate, is plain and direct upon the attitude of Australians towards the policy of Preference. Rightly or wrongly—and these pages are an explanation, not a justification—Australians believe that it is better to do business with kinsmen than with strangers; and, convinced of their present importance and future greatness, they cannot agree that it makes no material difference to England whether she or Germany does the Australian trade.[1] Accordingly they desire by means of Preferential duties to restore to England the trade which she has lost, owing to the action of her trade rivals in using the organised power of the State to facilitate the operations of private persons, through cheap railway rates and subsidised lines of steamers. The effort may not succeed, but the making of it should not be censured or derided in Great Britain.

[1] England's chief competitors are Germany and the United States. Each of these countries places serious impediments in the way of Australian commerce. The United States forbid an Australian steamer from carrying any cargo between the Philippines or the Sandwich Islands and the United States. The German Government has inserted a clause in the contract with the North German Lloyd,—whose heavily subsidised vessels are doing most damage to British shipping—prohibiting any steamer of the Company from bringing an ounce of Australian meat or pound of Australian flour, or indeed any food or primary products of the country except wool and minerals, into Germany, on pain of forfeiting the subsidy. These examples offer a fair measure of the desire of these countries to trade with Australia.

The Value of the Gift of Preference

The complaint that the method and motive of Australian Preference were unworthy needs to be examined next.

This rests upon the fact that Preference was given by a surtax on the new duties which the tariff proposed, in respect of foreign goods, and not by a rebate of the old duties in favour of British goods, and is the old misunderstanding of Australian fiscal policy in a new form. Under a protective system, duties cannot be reduced below the level at which they are effective. Accordingly rebates can only be granted by a country which has adopted Protection, when the duties are already higher than are necessary for protective purposes. "Give me," said Mr. Deakin, "a tariff at the Canadian rates, and I can introduce Preference by the Canadian method of reducing duties." As things were, it was not possible to reduce rates in favour of British goods without abandonment of the protective principle, because the Australian tariff already pressed less heavily upon British goods than any tariff in the world. According to the estimate of the Board of Trade the average duty levied by the 1901 tariff upon the principal articles of British export was only 6 per cent. This table brings other rates under comparison.

Table V

Table showing the estimated average *ad valorem* equivalent of the Import Duties levied by the undermentioned countries on the principal articles of British export from the United Kingdom :—

Country	Per Cent	Country	Per Cent
Russia ..	131·0	Canada ..	16·0
United States ..	73·0	Belgium ..	13·0
Austria Hungary ..	35·0	New Zealand ..	9·0
France ..	34·0	The Commonwealth	6·0
Italy ..	25·0	South African Colonies	6·0

Another consideration precluded any lowering of the tariff, namely, the shortage in Queensland and Tasmania

between the sum received back from the Commonwealth under the Braddon clause of the Constitution, and the sum which they had formerly raised by their own tariffs. Any reduction in the Commonwealth revenue by rebates on the excise duties would have still further increased the financial difficulties of both the States and the Commonwealth. The provisions of the Constitution thus placed great and probably insuperable difficulties in the way of Preference by means of rebates. The only alternative was a surtax on foreign goods above the rate at which British goods were admitted. It may happen that in some instances the duties were raised so high that they will prove prohibitive of all imports, so that the Preference in such cases will be operative. But the belief and intention is and was that the normal rate should not be too high to admit British goods while the surtax should be sufficient to exclude foreign goods. As has been said, time alone can test the experiment; but it is right even now to appreciate its nature.

Preference to British Ships

The method of Preference which would be most effective and which, it is greatly to be regretted, was not adopted in 1907, would be a reduction of the surtax on foreign goods provided they were carried in British ships. One of the planks in the platform of the "Australian Preferential League," which was founded in Sydney in 1903, was to confer some direct advantage upon British ships by the policy of Preference. This, indeed, should be the essence of any Preferential scheme. The Empire depends upon commerce; commerce depends upon the Empire: but the effective instrument for the security of both is British shipping. Consequently whether the method of Preference be by rebate or surtax, goods which are carried in British bottoms should receive some favouring treatment. Either the rebate should be

increased; or if the method is by surtax, an additional charge should be levied on goods, which have been carried in foreign ships. Probably an additional surtax of 10 per cent. on such goods would entirely check the displacement of British by foreign produce, and would give an immediate and much-needed stimulus to the mercantile marine, which is the nursery of the Navy. Foreign vessels are already securing an increasing proportion of Australian trade, although the greater part, 72·84 per cent., is still done by vessels of British nationality. The respective tonnages and percentages are given below.

TABLE VI

Nationality of vessels entering and clearing from the Commonwealth over-sea.

	Year 1904	Year 1905	Year 1906
British.			
Tonnage in 000 tons	5·035	5·545	5·802
Percentage	75·35 %	74·49 %	72·84
Foreign			
Tonnage in 000 tons	1·646	1·899	2·163
Percentage	24·65 %	25·51 %	27·16

Mr. Knibbs remarks upon these figures:[1] "Of the increase in tonnage in 1906 as compared with 1904, viz., 1,284,647 tons, 767,930 tons (*i.e.*, 59·78 per cent.), was British and 516,717 tons (*i.e.*, 40·22 per cent.) was foreign, and the increase of 1906 over 1905 was only 49·32 for British ships. But to sustain the proportion of British tonnage as in 1904 it was necessary that 75·35 per cent. should have been British."[2]

[1] "Commonwealth Year Book," p. 533.

[2] The shipping business of Sydney and Melbourne is only exceeded by four ports in the United Kingdom, namely, London, Liverpool, Cardiff and Newcastle.

Extensions of the Policy of Preference

The policy of Imperial Preference is not, however, exhausted by encouraging British goods and British shipping in Australia, Canada, and South Africa. It could be applied with equal advantage to the Empire in the Crown Colonies of Hong Kong and the Straits Settlements, which are the two distributing ports for the great markets of the Far East. A preference to Imperial flour in either of these would win back the Eastern trade in that commodity, which is now monopolised by an American Trust, financed by the magnates of "Standard Oil." English merchants would benefit also in their competition with Germany for the Chinese trade, since no other port along the coast of China can offer the advantages of Hong Kong. When the Empire becomes conscious of itself, or men of business seriously attempt to organise its powers, Preference will be found a useful instrument for many unsuspected purposes. In the meantime all portions of the Empire owe gratitude to Canada, South Africa, and Australia for maintaining preferential treatment for British goods in the face of neglect and discouragement. It is early yet to judge of the effect of Preference in Australia; but it would seem from the figures of the past ten months that, as in Canada, the decline in British trade is being arrested, and that England will, before long, regain the ground which she has lost to foreign rivals.

Preference and Imperial Union

The policy of Preference, as understood in Australia, is only one part of a large policy of constructive Imperialism. It is the first step towards that "free union of free commonwealths," which is the ideal of the new Imperialism and includes every means by which the parts of the Empire may be brought into closer relations. Not the least important of these is the diffusion of knowledge

about each part, so that all may be united by a common sympathy. No single means would more effectually remove many causes of friction and misunderstanding[1] than improved cable communications. The day is long passed since intercourse by post was sufficient for ordinary requirements. Events now move so quickly that States and individuals need to be in constant touch, and affairs can only be followed with a common interest, when the facilities for observation are the same. People will not read intelligently about events which are six weeks old, but need to follow them in detail, as they develop from day to day. The ablest pressmen—and the Australian cable service is well served—cannot condense the affairs of twenty-four hours into a few hundred cabled words. Such condensations must be, at best, conclusions from data which the reader should himself see and judge, and cannot give (to take only one illustration) even the spirit of a great speech. Yet, if the Empire is to remain one, the doings and sayings of its leaders in every part of it are of interest to all its members, and should be brought within their knowledge. An American newspaper catering for a public of sixty millions, can give in the same issue verbatim reports of speeches by an English, French, or German Minister; an Australian paper has perforce to summarise the three in half a column. No one can forecast the difference in habit, thought and policy, which might be effected throughout the Empire by a state-owned cable service, at an Imperial rate of one penny a word. This would be a greater, because a more

[1] The causes of difference or misunderstanding are innumerable between remote countries with diverse, and at times, conflicting interests; and each successive Australian generation is further removed in sympathy from England and more inclined to concentrate its interest upon local affairs. True, the old ties remain of race and language; but time and distance are disintegrating influences, which "the crimson thread of kinship" by itself cannot hold back. The most bitter quarrels are, proverbially, those of kinsmen.

far-reaching reform than penny postage. The present cable rates, 2s. 6d. a word, are prohibitive of social messages and very hampering to the Press, which, owing to the cost of cables, has in Australia syndicated its foreign despatches. In plain English, this means that the four millions of Australians only read such English and foreign news as one gentleman in Fleet Street chooses to put before them—"and what he knows not is not knowledge!" However well the work is done, the task would be too great for human ability. Australia will never be in the main stream of civilisation until a cheap cable service informs and stimulates the national mind and quickens the national sympathies.

Other facilities for intercourse and the spread of knowledge need improvement; and this, too, is part of the policy of Preference. "Every time," said Mr. Deakin in introducing into Parliament the proposal to grant Preference to Great Britain, "I have touched upon this subject. I have, from the first, included improved cable communication, mail communcation, and the diffusion of commercial intelligence, the multiplying of commercial agencies in the country—all as parts of one system. I have never severed them. Preferential trade, with me, means all these things, as well as promoting our dealing with each others' commodities. But of course the centre and pivot is tariff Preferences."

Perhaps the time will come when knowledge of the Empire shall be deemed so indispensable to a legislator that the House of Commons and the Parliaments of Australia, Canada, New Zealand, and South Africa, will vote monies to provide every Member with the opportunity of visiting all parts of the Empire at least once in his public life. The ideal of Imperial unity cannot be appreciated without knowledge; nor the amplitude of the resources of the Empire, nor the part it plays in civilisation as representing the ideas of order, liberty,

and progress. There is danger too in the isolation of any part of this great whole. For it must be remembered that, as there are "Little Englanders," who believe that a small community like Holland is most conducive to the welfare of a people, so there are "Little Australians," whose vision is not lifted beyond the horizon of their own Commonwealth. To break down barriers by connecting self-governing communities by the tie of commercial interest is the first work of a tariff Preference.

This is no place to state the case for Preference—which will prove as advantageous to Great Britain as to the dominions over-sea—but two considerations from an Australian standpoint may fittingly be pressed in a book about Australia.

In the first place, did not the last Imperial Conference show the lesson, that every scheme for closer union hinged upon tariff Preference, because there is no inducement to concerted action without a common interest. Lacking this, the Conference wholly failed to obtain any outward sign of the existence of the Empire. Mr. Deakin tried in vain to get a formal recognition of the equality of its component nations, by the establishment of a Secretariat for Imperial purposes, which should be responsible to the Conference, as representing the Empire, and not merely to Great Britain. Nor was it possible to obtain agreement on any other definite proposal for securing union. Even such an important question as that of Imperial communications roused slight interest.

Tariff Preference, then, in Mr. Gladstone's phrase, "holds the field," for there is no other proposal by which the same end can be effected.

CHAPTER II

"THE NEW PROTECTION"

THE Problem of Commerce—The "Harvester" Case—The Australian Industries Preservation Act—Tariffs and Labour—Tariffs and Corruption.

THE preceding chapters will have made clear the intense conviction of Australians that Parliament ought to secure to manual workers a high standard of wages and living. Obviously, however, this would not be possible, if Australian workmen had to compete against the low-grade or sweated labour of foreign countries. Tariffs are one obvious method of securing protection against this danger. But experience shows that tariffs may become a shield for trusts and combines, which may reap the benefit of monopoly prices, while keeping the wages of workmen at a low level. Is it, then, impossible to encourage native industries by Customs duties, and yet at the same time secure a share in the advantages of higher prices to the workmen in the protected industries? This is one of those problems in the discussion of which the Australian Parliament is at its best, for Australian methods are generally as ingenious and original, as they are simple and direct.

THE "HARVESTER" CASE

The problem in this particular case was presented to Parliament in the concrete form of an attempt by an American Trust to destroy an Australian industry, by selling imported agricultural machines at cut rates, and the handling of it by Parliament presents a typical example of Australian methods and policy. The matter arose in this way.

After thirteen years of arduous and rather disappointing

work an Australian manufacturer had devised a combined "stripper harvester," which is so peculiarly adapted to the agricultural conditions of Australia and America, that it not only commanded a large sale in the Commonwealth, but in 1905 was being exported to the Argentine Republic. The making of these machines gave employment in that year to 2,500 men, and one firm in the trade paid £45,000 a year in wages. Before the local manufacture took firm root—it was planted in Victoria under the encouragement of a tariff,—the sale of agricultural machinery was controlled by a ring of importers. The result was that, before Federation, agricultural machinery was dearer in the Free Trade colony of New South Wales, where there was no local competition, than in Victoria, where the local manufacturer competed with the importer. After Federation, when the interstate tariffs disappeared, prices fell in New South Wales to the Victorian level.

In America the manufacture of agricultural implements is in the hands of a combine known as "The International Harvester Trust," of which Mr. Rockefeller, of Standard Oil notoriety, is reputed to be the controlling spirit. According to sworn testimony before the Tariff Commission, on April 26th, 1905, this Trust copied ("pirated" was the word used in evidence) the Australian machine, and men set to work to oust the Australian manufacturer from his own home market. The Trust, according to a representative in Australia, does 90 per cent. of the world's trade in harvesting machinery, and is "after the other ten." "We are determined," one of their agents is sworn to have said, "to get hold of the trade in harvesting machinery, and it is only a matter of a little time until we knock out all the local men. We have unlimited money behind us, and even if we work at a loss for three years we are bound to win. . . . We don't care what money it costs; we will secure the trade. McKay" (the leading Australian manufacturer in this line) "had an

offer from us to buy him out, and he will live to regret the day that he refused the offer. We are going to close him up."

In pursuance of this policy machines were imported from America and sold in Australia below cost. What was the Australian to do? Was he to stand by while the American Trust destroyed this peculiarly Australian industry by unfair means, and rejoice that the farmer was getting a cheap machine? If he followed this advice, what was the "something else" which the 2,500 workmen in his trade could find to do? Ought he not, rather—recognising that the first need of Australia is population and that employment is the magnet to population—to have determined to preserve this industry, even if, in order to do so, he must infringe the "Laws of Political Economy"? If he took the view that the home industry might perish rather than deprive the farmers of cheap machines, was it so certain that the American Trust would not raise its prices directly it controlled the market? According to a witness before the Commission, the price the Trust charged for a stripper harvester in America was £140. The same machine was sold in the Argentine for £60. Would the Trust have sold in Australia at £140 or at £60 if local competition were destroyed? But tariffs, we are told, must raise prices. No doubt they would do so in Dr. Pangloss' economic world, but in Australia, as a matter of fact, they lowered them. Before the tariff, the importers' ring charged £50 for a binder; when the tariff came they dropped the price to £25. Yet, theoretically, an Australian Trust might be formed, behind the tariff wall, to exploit the farmers in the same way as the International Harvester Trust, so that Parliament had to guard against creating one evil by remedying another.

Parliament accordingly in 1906 set itself to the double object of combating the National Harvester Trust, and

safeguarding the interest of the consumers of agricultural machinery against monopoly and dumping.

The Australian Industries Preservation Act

The Act by which this double object is attempted is one of the most original and interesting of Australian experiments. Known under the title of the "Australian Industries Preservation Act" (1906, No. 9), it is divided into two parts, the first of which is intended to "repress monopolies," the second "to prevent dumping."[1]

The clauses of the first part of the Act contain very stringent provisions against "combinations to restrain trade or commerce to the detriment of the public or with intent to destroy or injure by means of unfair competition any Australian industry the preservation of which is advantageous to the Commonwealth," and makes the participation in such a combination, whether as principal or agent, an offence punishable by a fine of £500. The definition of "unfair competition" is exceedingly ingenious. Competition is deemed to be "unfair," unless the contrary is proved, whenever the competitor is a "Commercial Trust" (*i.e.*, a combination of persons whether wholly or partly within or beyond Australia for commercial purposes), or whenever the competition results in an unfair reduction of Australian wages, or displaces workmen, or whenever the competitor gives rebates or other inducements to encourage exclusive dealing. Another clause forbids any combination with intent to monopolise any trade to the detriment of the public under a penalty of £500. Stringent provisions are added to ensure the detection and punishment of offenders against these clauses.

The second part of the Act empowers the Comptroller General of Customs to prohibit or impose conditions upon

[1] "Dumping" is the term used in the Australian Act of Parliament.

the entry of dumped goods into the Commonwealth. Dumped goods are goods which are imported with intent to injure an Australian industry by means of unfair competition, and "unfair competition" is defined in the following words—

Sect. 18 (1). "Competition shall be deemed unfair, unless the contrary is proved, if—

"(*a*) under ordinary circumstances of trade it would probably lead to the Australian goods being no longer produced or being withdrawn from the market or being sold at a loss unless produced at an inadequate remuneration for labour or

"(*b*) the means adopted by the person importing or selling the imported goods are, in the opinion of the Comptroller-General, or a Justice as the case may be, unfair in the circumstances; or

"(*c*) the competition would probably or does in fact result in an inadequate remuneration for labour in the Australian industry; or

"(*d*) the competition would probably or does in fact result in creating any substantial disorganization in Australian industry or throwing workers out of employment; or

"(*e*) the imported goods have been purchased abroad by or for the importer, from the manufacturer or some person acting for or in combination with him or accounting to him, at prices greatly below their ordinary cost of production where produced or market price where purchased; or

"(*f*) the imported goods are imported by or for the manufacturer, or some person acting for or in combination with him or accounting to him, and are being sold in Australia at a price which is less than gives the person importing or selling them a fair profit upon their fair foreign market

value, or their fair selling value if sold in the country of production, together with all charges after shipment from the place whence the goods are exported directly to Australia (including Customs duty).

"(2) In determining whether the competition is unfair, regard shall be had to the management, the processes, the plant and the machinery employed or adopted in the Australian industry affected by the competition being reasonably efficient, effective, and up-to-date."

In addition to this Act, which was of general application, a special duty was imposed on harvesters for the protection of that threatened industry. These measures have achieved considerable success, and the Standard Oil interests have received an important check, although they have not yet been defeated.

The value of these measures is, however, to be estimated almost as much by their intention as by their achievement. Australia has been the first country to face the most difficult problem of modern industry in endeavouring to secure society against the danger to which it is exposed by the concentration of commercial power in a few hands. In fighting for her own "harvester" industry, she has been fighting for true liberty of trade throughout the world. Mr. Rockefeller already controls the lighting of the world; were he to succeed in the avowed object of the "International Harvester Trust" he would also control the world's food supply by controlling the essential means of agricultural production. Such a situation would be charged with incalculable danger to society.

Tariffs and Labour

It will have been observed that the Australian Industries Preservation Act, although its primary object was the restraint of foreign Trusts, applies equally to Trusts within the Commonwealth. For Australia would have gained

little by escaping from the American Trust if she fell at once into the grip of an Australian one.

Consequently, in order to ensure that a protected manufacturer should charge a reasonable price for the products which the tariff enables him to make, and also that the benefits of a Protective duty should not be monopolised by an employer but shared with his workmen, it was provided, in the Act which raised the duties upon harvesters, that machines made in Australia should not be sold at a higher price than the Act fixed, and that if this price should be exceeded the Executive might reduce the rate of duties, even to the extent of withdrawing the tariff protection. By another Act of the same year (No. 16 of 1906) an excise duty of one-half the duty payable upon imported agricultural machinery was imposed upon similar machinery manufactured in Australlia. But it was provided at the same time that the latter duty should be remitted, if the manufacturer paid such wages and manufactured his goods under such conditions as might be approved by the President of the Industrial Arbitration Court. Another Act carried into effect similar provisions in regard to distilleries, and it was proposed to apply the system of removable excise duties to all industries which received Protection under the Commonwealth tariff. The Act relating to agricultural machinery (No. 16 of 1906) was, however, declared unconstitutional by the High Court in July, 1908, and a new method must now be sought for giving effect to the desires of Parliament. The Legislation, however, although now ineffective, remains on the Statute Book as the pioneer effort of any Parliament to apportion the benefits of a protective system fairly between employers and employed, and prevent advantage being taken of the tariff to raise prices unduly. Even a failure is creditable in such a cause.[1]

[1] It is now proposed to amend the Constitution to bring such legislation within the powers of the Commonwealth Parliament.

Tariffs and Corruption

Such legislation as that which has just been described shows an Australian legislature at its best. There is an air of business about the discussion of such measures and a refreshing directness of aim, which justifies and enlivens even the long wrangle over the items of a proposed tariff. Obviously the opportunities, which such a measure as the Excise Tariff Act offers for corrupt trafficking in votes are numerous and the temptation is great. The Members of the Australian Parliament are mostly poor in this world's riches, and collective business interests are not more scrupulous in Australia than elsewhere. Yet such is the restraining force of a high Parliamentary tradition, that votes directed by improper influences are as rare in Australia as they are frequent in America. Indeed, the House is so sensitive of its honour that it resents even legitimate attempts of manufacturers to bring their interests under notice. A duty on pianos was almost rejected, because a manufacturer—to confute a public statement by a member that no good piano could be made in Australia,—sent one for inspection and use to Parliament House. The belief, indeed, in the close connection between tariffs and corruption, is a hazy generalisation from the experience of the United States and of Canada influenced by American example. It is the more necessary to emphasize the contrast in this, as in other respects, between Australia and the United States, because Mr. Bryce in his apologetic account[1] of the dishonesty and corruption of American politics, suggests that this is a necessary feature of democracy. "Democracies will be democratic. Equality will have its perfect work." The experience of Australia furnishes no ground for such a gloomy view of popular government.

[1] "The American Commonwealth," Vol. II, p. 439.

CHAPTER III

"A WHITE AUSTRALIA"

THE Policy—Its Administration—The Language Test—Coloured Crews—Kanaka Labour and the Sugar Industry—The White Man and the Tropics—Conclusion.

NOTHING has more perplexed foreign observers or been the object of more ill-natured criticism than the determination of Australians to clear their country of the taint of coloured labour, which has been represented as a selfish attempt to close the labour market against dangerous competitors and as exhibiting a reckless disregard of Imperial interests. In truth it is a policy of high patriotism, conceived and executed in loyalty to the Empire and calculated to conserve its strength, which is supported with passionate conviction by the majority of native-born Australians, from a belief that they owe it as a duty to civilisation to preserve their land for the white races. It is well that Englishmen who wish to understand Australia should realise this, because upon this part of Australian policy there can be no compromise. Again, however, it is probably the point of view, and not any want of sympathy which causes misgiving and difference. Let us, therefore, examine the question as it presents itself to an Australian.

Australia, it will be remembered, has an almost homogeneous people of British origin. "It is the one continent of great natural wealth, most of which has a healthy, temperate climate, which can be occupied by white men without any serious change in their habit of life and which was found practically unoccupied. Except in the waterless waste of the interior and the narrow belt of low coast lands on the north, all the work necessary to develop the continent could be done by white labour. Australia offers a unique opportunity for the development

of a prosperous industrial community; for it is a rich field only partially occupied: it is sheltered by its distance, but easily accessible to trade: while it is unhampered by hereditary interests or servile conditions."[1] So writes Professor Gregory—who, like every observer on the spot, believes in a "White Australia"—in words which contain the key to the whole problem. Australia has an opportunity of developing a white continent for the British race, if she only has the courage to make a temporary sacrifice. Let black labour gain any footing and either a low standard of living will replace a higher, or a section of the continent will be peopled by white masters and black slaves, whose instincts and interests will always be anatagonistic to those of the rest of the Commonwealth. It is true that the tropical portions of Australia may, in consequence, remain undeveloped for many years, although this is not certain; but Australians are prepared to make this sacrifice, rather than endure the evils of a mixed race, or create a repetition of those difficulties which nearly severed the United States.

Its Administration

At the same time, the policy is administered with a due regard to the susceptibilities of Asiatic States. No respectable traveller is excluded or in any way inconvenienced on account of his colour; and during the four months of the Labour Ministry, under Mr. Watson, arrangements were made with the Japanese Empire to admit Japanese merchants, students or visitors, who did not contemplate settlement, provided they were furnished with the credentials from the Foreign Office of the Mikado's Government.

Nor have Australians, in their zeal for their national ideal, been oblivious of the higher duty which they owe

[1] Introduction to Vol. II of "The Historical Geography of Australasia," in the "Compendium of Geography," Stanford.

the Empire. Parliament at first proposed to enact the direct exclusion of all coloured aliens and restrict the entry even of coloured British subjects. At the request of the Colonial Office the law was modified to achieve the desired result in an indirect fashion, by the use of a language test, namely, the writing from dictation of fifty words in any European language which the Immigration Officer may select. This device, which has been the object of much cheap derision, already existed in the law of Natal and was only adopted by Australians in deference to the wish of the British Government.

Coloured Crews

The prohibition of coloured labour upon ships engaged in the coastal trade was a logical extension of the " White Australia " doctrine. This was effected by the indirect means—direct compulsion was impossible,—of requiring that Australian rates of wages should be paid on all ships which carry cargo between Australian ports in competition with Australian vessels. The carriage of passengers by these steamers is not forbidden. A clause has been inserted also in the mail contract, prohibiting the employment of black labour on board the mail steamers. It happened that, at the time when this condition was proposed, there was a dispute between the Commonwealth and the Orient Steamship Company, which then held the Australian mail contract. This was made the ground of many hardy fictions to the discredit of the Australian Government, which kept in circulation even after the secretary of the Company had written to the *Times* on March 30, 1905, explaining that the question of black labour had not entered into the dispute. The door is always open however for negotiations by the Government of India ; and the object of Australians would be achieved with less friction, by insisting that the equipment of all subsidised steamers should be up to a prescribed standard, which

would make the employment of Lascars too costly and ensure the proper treatment of efficient British sailors.

Kanaka Labour and the Sugar Industry

The policy of a White Australia was exposed to a severe strain when the Commonwealth Parliament passed the Pacific Island Labourers Act of 1901 (amended 1906), prohibiting the further importation of Kanaka labour for the sugar plantations, and providing for the gradual deportation of those already in Australia. To soften this blow to the sugar industry, the Excise Tariff Act of 1902, for which the Sugar Bounty Act was substituted in 1903, gave bounties on sugar grown by white labour, equal to four shillings per ton on cane giving 10 per cent. of sugar. In 1905 the rate was increased to six shillings per ton, and the payment of bounties continued until the end of 1912, with a progressive reduction in the rate during the last two years.[1] The cost of this experiment to the people of Australia has been over a million pounds during the last five years; but the prophecies of ruin to the sugar industry have not been fulfilled. In the first year of the new system the yield fell from 1,367,000 tons to 825,000 tons, but after the first apprehensions had been dispersed, it increased yearly, until in 1906-7 the yield was 1,950,340 tons, which is the largest recorded. This increase is mainly due to improvements in the methods of production, which the greater cost of labour has made necessary.[2] The question in the future seems to be one of wages. It has been proved that—contrary to a widespread expectation—white men can work in

[1] There was an Excise duty on manufactured sugar from March, 1902, until Dec., 1905, of three shillings per cwt. Until the introduction of the direct Bounty in 1903, a rebate of 4s. per ton was allowed on white-grown sugar. From Jan. 1, 1907, the duty has been 4s. per cwt.

[2] The acreage under cultivation for sugar has remained practically stationary since 1902-3 at about 150,000 acres.

the cane fields : it has yet to be seen whether the industry can support the cost of their labour without bounties. The same considerations apply to the cultivation of rice and cotton, for which the climate and physical features of Northern Queensland are very suitable. In other words, can white men colonise the tropical portions of Australia—that is to say, can they live and make their homes there ? This is, at the present time, the most important problem in the political geography of Australia.

The White Man and the Tropics

Professor Gregory, in discussing this question, cites many examples and authorities, which tend to show that the idea that a tropical climate is, *per se*, inimical to the health of Europeans, is a popular prejudice, which rests upon no adequate foundation. Dr. J. C. Elkington, of Hobart, in a paper entitled " Tropical Australia : Is it Suitable for a Working White Race ? " read before the Royal Society of Tasmania and published by the Commonwealth as a Parliamentary Paper,[1] concludes that this is certainly true of the inhabited districts of Northern Queensland ; and agrees with the view expressed by Dr. Sambon in a paper contributed to the *British Medical Journal* for January 9th, 1907,[2] that " acclimatisation is a mere question of sanitation and of protection against diseases which are due not to climate but to parasites." " The human race," he says, " was probably originally evolved in the tropics, and there seems no reason why the residence of the white races in temperate regions should have so altered them constitutionally, that they cannot again live and work, under favourable conditions, in their original home." It was at one time believed

[1] 1905. No. 59.

[2] " Remarks on the Possibility of the Acclimatisation of Europeans in Tropical Regions." Quoted by Professor Gregory. Introduction to Vol. II Australasia in Stanford's " Compendium of Geography."

A BANANA GROVE

that Algeria could never be colonised by the French. Sambon quotes General Duvinier : "*Que les cimetières sont les seules colonies toujours croissant en Algérie.*" And in another place the same writer says : "The high death-rate of the tropics can be reduced greatly by care and sanitation. It has been due not to heat or climate, but to the prevalence of parasites and germs, such as those of malaria, yellow fever, dysentery, beri-beri, elephantiasis, etc. And when these parasites are discovered and their life histories known, there is no more reason why these tropical diseases should not be easily cured, and even wholly destroyed, just as leprosy has been driven from England, as trichinosis has been eliminated by meat inspection, hydrophobia by control of dogs, malaria has been driven from Essex by drainage, and the scourge of small-pox removed by vaccination. Current research on tropical diseases tends to remove climate as a factor limiting the occupation of the tropics to white races." That the moist atmosphere of the tropics causes some muscular relaxation is true ; but this can be met, in the case of women, by a longer rest after child-birth, and in the case of men by strict attention to diet and exercise. Men do not need to work at manual labour in the tropics so hard as in a temperate climate. "A man in the tropics," to quote Professor Gregory again, "would no doubt plough a shorter furrow or shovel a smaller load of earth than the same man would with an equal amount of exertion in a cold country. But the same amount of labour put into a tropical soil would produce a more valuable crop." Tropical cultivation needs assiduous attention, but does not require great muscular exertions, except for trashing sugar-cane. Dr. Sambon further points out that the idea that European children cannot be successfully reared in the tropics is also out of date. Children are sent to England from India more to escape the associations of native life than because the climate

injures them. "The infant mortality among the European children in Calcutta is lower than that of many English towns, and seven times less than that of Hindoo or Mohammedan children in the same city."

The foregoing observations and opinions, although they justify hope, offer no immediate solution of the problem of tropical development. The tropics have not yet been purified by sanitation; and much research has still to be made into the causes of disease in these regions, before the white man can permanently make his home there.

Conclusion

The error of those who condemn the White Australia policy, is in treating it as an economic question, whereas it is essentially a political one. No one denies that the north of Australia could be developed much more rapidly by coloured labour, or that some crops, of which cotton is one, can never be profitably produced there without an abundance of cheap labour; but such considerations are beside the question. Australians keep out coloured labour for political and not for economic reasons. They intend at all costs to preserve the purity of the white race. Nor is the economic loss as great as it might seem. Australians have already more work than they can do in the more temperate portions of the country. The development of the tropical North can well wait. In time a denser population will diminish the danger of miscegenation. Then, when the idea of a white race has grown into a traditional faith—but not until then,—it may be possible to make some arrangements for the leasing of coloured labour for spells of work in fields of rice or cotton. At present, Australians are quite content that the development of tropical productions should be delayed.

CHAPTER IV

THE COMMONWEALTH AND IMMIGRATION

THE Dictation Test—Contract Immigrants—Strike-breakers—Ambiguity Removed—State-aided Immigration.

THE White Australia policy found its first expression under the Commonwealth[1] in 1901 in the unhappily entitled "Immigration Restriction Act." The original intention of the Government which introduced this measure was to legislate directly for the exclusion of coloured aliens, but in deference to the wish of the Colonial Office, as has been already mentioned,[2] the indirect method of a language test applicable to all races was substituted for this. The Act accordingly contained no reference either to the colour or nationality of any immigrant, but by its terms, empowered a Customs Officer to exclude any immigrant who could not write from dictation fifty words in any European language which he chose to select. A person unable to comply with this test was liable to be excluded as a "Prohibited Immigrant"; and no exception to this rule was made by the Act which might be applied to every person coming to the Commonwealth.

The Government, however, on the introduction of the bill, which was passed hurriedly towards the end of a Session, had given an assurance which had been accepted by Parliament, that the language test would only be applied to coloured persons or other obviously undesirable immigrants who were not covered by the clauses which prohibited the landing of persons, who by reason of poverty or physical or mental incapacity were

[1] The States had passed Chinese Restriction Acts so far back as 1887.

[2] Above p. 134.

likely to become a charge upon the State. Thus it was common knowledge that the Act would not be used to exclude any respectable white person of whatever nationality. None the less, and in spite of this assurance and general understanding, the opponents of the Government persisted in the assertion that white immigrants would be excluded, and succeeded in giving a widespread currency to this mischievous falsehood. In fact, however, the promise given by the Government to Parliament was faithfully observed; and from the day of the passing of the Act until the present time (1908) *no white person has ever been submitted to the language test, nor has any white person been refused admittance to the Commonwealth.*

Contract-Immigrants

The possibility of abusing the language test was not the only stone flung by Australian provincialism against the unlucky Immigration Restriction Act.

The section of this Act which defined "prohibited immigrants," very awkwardly included criminals, lunatics, paupers and other classes of undesirables, with manual labourers coming to Australia under contract. It was idle to point out to opponents of the Bill that the next section empowered the Minister to grant a permit of exemption to *any* prohibited immigrant, and that in this respect also, a pledge had been given to Parliament that the permit would never be unreasonably withheld. As already stated, it has not been withheld on one occasion.

"Why, then," it may be asked, "insert such a clause in the Act?" For many years before the Commonwealth came into existence the States had been compelled to legislate against indentured English labour, and had declared that contracts made in England for service in Australia should be either void or voidable. Such measures were necessary in the interest of the immigrants themselves, who, from ignorance of local conditions would

have been trapped into engagements which were unfair according to Australian standards. The Commonwealth reached the same object by less drastic means. Instead of annulling contracts of service made abroad, it required that these should be submitted to the Minister before the workman landed,[1] in order that it might be amended if necessary. Obviously such a provision would, in practice, exclude no one, because if an employer refused to amend the contract, the workman would be released from it, and therefore be no longer within the category of a "prohibited immigrant." So far, then, the Commonwealth was establishing no new principle, but only following a beaten track. In another direction, however, the Immigration Act did impose a new restriction by forbidding the landing of workmen who were under contracts made abroad in view of an industrial dispute in Australia.

Strike-Breakers

This was a logical extension of the Australian doctrine that fair wages should, if necessary, be compelled by a legal tribunal, on account of the national importance of a high standard of living. Such a doctrine, when it is confirmed by a legal tribunal, almost involves the prohibition of the right of workmen to strike, and, in any case, demands in justice that contests between workmen and employers should be fought to the end without extraneous aid to either side. Consequently there has been a consensus of opinion in Australia, that to permit employers to import labour under contract, when an industrial dispute was in progress or contemplation, with a view to coercing their Australian workmen, was contrary to Australian ideas and interests. Pinkerton's "strike

[1] These provisions only applied to manual labourers. Skilled workmen or domestic servants were always outside the Act, and required no permit.

breakers" have achieved too evil a notoriety in the United States to justify Australians in opening the gates of the Commonwealth to such a class. The Minister therefore has always assumed the right to refuse a permit to any contract immigrant whose presence was required to assist employers in a dispute with their workmen. In this case and when the conditions of the contract are unfair according to the Australian standard,—and in no other,—it was intended that the Minister should have the power to refuse a permit for the immigration of manual labourers under contract.

Neither assurances nor practice satisfied Australian anti-nationalists. There stood the letter of the law to be cited to Australia's prejudice by every ill-wisher. "It was plain," they said, "that the measure was designed to protect Australian workmen against the competition of new-comers." And thus arose one of the many praradoxes of the Antipodes, viz., that British sentiment was aggrieved by what in its essence was an attempt on the part of Australia to prevent British workmen being made the victims of an unfair bargain, through ignorance of Australian conditions. This misunderstanding was inflamed by a ridiculous story of "six hatters"—(why is something of the ludicrous associated with the occupation of a hatter?)—who "were not allowed to land in Australia," which has made the tour of the world[1] and cost Australia an incalculable loss in the weakening of her credit and the discouragement of settlers. It is enough to say that the story, in so far as it had any meaning, was a partisan invention for election purposes, and that no "six hatters," nor any white persons whatsoever have ever been prevented from landing in Australia

[1] The writer heard the story in Athens in July, 1908, when it was advanced by a member of the Greek Parliament as a reason why the stream of Greek Emigration could not be diverted from America to Australia.

and making their home there since the Commonwealth has been established.[1] Yet the "six hatters" incident and the mythical accretions to it have probably done Australia as much injury as the drought itself. To this day the belief is widespread that British subjects were not allowed to land in Australia; and only last year an Australian Senator wrote to the *Times* that the law of the Commonwealth forbade the entry of contract labour and cited in proof these famous "six hatters."

Ambiguity Removed

In 1905 Parliament removed the last pretext for misrepresenting the Australian Immigration policy by passing an Act which expressed in plain words what had previously rested on an understanding. The new Act provides in plain terms (No. 199, 1905, sect. 4): "Every contract immigrant [*i.e.*, immigrant under contract to perform manual labour], may land in the Commonwealth if the terms of the contract are approved by the Minister." And the Minister can only refuse his approval, if the

[1] Six hatters left England under a contract to a Sydney manufacturer, before the Immigration Restriction Act became law. The Royal Assent was given to this measure while they were on the water, and on their arrival at Sydney their "permit" was demanded. The manufacturer at once, with his solicitor, visited the Attorney-General of New South Wales, and was officially informed that the men being skilled workmen did not come within the Act. Two courses were open:—either to apply to a State Judge for a *Habeas Corpus*, or to telegraph to Melbourne to the Minister for a permit. Possibly, because it was Saturday, nothing was done. The newspapers, who were looking for a stick with which to beat the Barton Government, took the matter up next day; and then the whole world rang with the woes of the "six hatters who were not allowed to land"; and the new hat factory monopolised Australian attention. A permit could have been obtained from Melbourne in a few hours. But no business man could be expected to put a premature end to so good an advertisement, and the permit was not presented to the Custom Officer until the following Wednesday. In the meantime the six men had been walking about Sydney without restriction, but sleeping on board.

contract is made "in contemplation of or with a view of affecting an industrial dispute," or if "the remuneration and other terms and conditions of employment are as advantageous to the contract immigrant as those current for workers of the same class at the place where the contract is to be performed." If the contract immigrant *is not a British* subject, the Minister must also be satisfied that "there is difficulty in the employer's obtaining within the Commonwealth a worker of at least equal skill and ability." This last provision is designed to keep in check the influx of those European races whose standard of living is below the average, and whose invasion of the United States has been a cause of many industrial evils. In practice, Europeans are freely admitted. Spaniards, Austrians, and Italians have entered under contract to work in the Queensland sugar-cane fields. The total number of contract immigrants who entered Australia in 1907 was 972. During the five years, 1902-7, 267,159 persons of all nationalities entered Australia without being subjected to any test. Fifty persons during the same period were admitted after having passed the dictation test and 1,143 (all persons of colour) were excluded. Among those who were admitted were 6,250 Chinese, who were supposed to have previously acquired an Australian domicile, and about 2,500 Japanese, Malays, Philippinos, and other Asiatics either returning to Australia or paying it a visit. For by an arrangement made during the tenure of office of the Labour Party visitors or students from Japan or China are freely admitted to the Commonwealth upon the production of proper credentials from their respective Governments.

These figures should dispose once for all of the idea that the Australian law discourages immigration. Such a statement never was true, and since 1905 it has been demonstrably false.

State-aided Immigration

One difficulty in the way of Immigration on a large scale is the unwillingness of the States to co-operate with the Commonwealth. By the Constitution the National Government is given the control of Immigration, but the States retain the ownership and control of the lands, so that unless the two authorities arrive at an understanding, it would be impossible to settle the immigrants as they arrived. Three States, Queensland, Western Australia, and New South Wales give assisted passages from London or Liverpool to selected emigrants, and Western Australia also offers free grants of 160 acres. Assisted immigrants are met upon arrival by Government officers, who make every effort to secure them employment. The cost of a passage is about £3, but the conditions of assistance vary. Information can be obtained from the Agents-General whose addresses are given in the Appendix.

CHAPTER V

INDUSTRIAL LIFE. DIVISION I

THE Eight Hours' Day—Early Closing—Victorian Efforts—The New South Wales Act of 1900—Legislation in other States—Factory and Shop Legislation—General Industrial Legislation—A Paradox explained.

THE impulse to legislative efforts on behalf of the poorer or weaker sections of society, having been considered in the earlier chapters, and the misapprehension of the Australian attitude having, it is hoped, been removed, the more distinctive features of industrial and social life within the Commonwealth must now be explained. There is no standard by which Australia would rather be judged, nor any which would place her on a higher level.

The first requisites to any amelioration in the condition of a class, are money for the means of self-improvement, and leisure to make use of it. Consequently, Australian efforts have been directed from the first to maintaining a higher wage-rate and shortening the hours of labour—

> Eight Hours' Work, Eight Hours' Play,
> Eight Hours for Rest and Eight "bob" a Day,

which was the motto of the Eight Hour movement, condenses many sound arguments in its doggerel antitheses. The limitation of the hours of labour, which was in point of time the first achievement of organised Labour is the cardinal point of Australian industrialism.

THE EIGHT HOURS' DAY

The demand for an Eight Hours' Day, which was first put forward at Sydney in 1855 by the operatives in the building trade, was soon conceded by the force of popular opinion, which recognised that the climatic conditions justified a shorter day. This idea, indeed, became so firmly fixed and the limitation of the hours of labour

was so fully justified by its practical results, that eight hours came to be gradually established as the standard day in all the organised trades, without being affirmed by legislation. Legislation was, however, required in order to extend this boon to the unorganised trades. Even in Australia the individual workman proved unable to protect himself under a system of free contract; and operatives who belonged to no Trade Union were unable, for nearly thirty years, to participate in the benefit of shorter hours which public opinion had already recognised as the Australian standard. A Royal Commission, appointed by the Government of Victoria, in consequence of an exposure of the conditions of factory life by the *Melbourne Age*, reported that some men worked for eighteen hours a day. Other evils of the old world had been reproduced, such as bad sanitation, filthy surroundings, low wages, and sweating. The reason for this state of things was the inability of the workmen to combine, owing to the small numbers in each industry and the scattered buildings in which they worked. It is very noticeable that even under these circumstances the Victorian Parliament, while it legislated against the other abuses, made no attempt to shorten the hours for male operatives, though the hours for women and children had been fixed at forty-eight per week in 1873, and in 1874 the hours of miners had been reduced to the same number. The confidence in public opinion was not completely justified, although the graver scandals of previous years were not repeated. In 1893 the age limit for children was raised to thirteen and women and boys under sixteen were forbidden to work for more than ten hours in any one day or after nine o'clock at night. Still no mention was made of the hours of men's labour.

All legislative recognition of Eight Hours as a general standard day has been indirect. Both the Wages Boards in Victoria (1896) and South Australia (1900) and the

Industrial Arbitration Courts in New South Wales (1901) and Western Australia (1900) have assumed the existence of this standard in fixing the wages of labour, and have applied it in all their awards, except where it was manifestly unsuitable. By means of these agencies almost all manual workers in Australia who are engaged in the manufacture, transport, or handling of goods; all maritime labour; all operatives in the building trades and all miners, are now paid overtime for any work beyond eight hours, just as a barrister is paid a "Refresher" under similar circumstances.

Early Closing

The good results which followed from the adoption of Eight Hours as the standard day for manual workers prompted many attempts to extend the boon to the unorganised, and therefore ill-paid, class of shop assistants. None of these attempts achieved more than a partial success until the Government of New South Wales, in 1900, boldly enacted the closing of all shops of certain specified classes at a fixed hour without permitting any exceptions, and refused to give power to any authority to suspend the operation of the Act. Probably no political experiment which Australia has made deserves more careful study or contains more instructive lessons to other countries.

Victorian Efforts

The earliest attempt at Early Closing was made by Victoria in 1885, by an Act which directed the closing of shops in towns—except those which dealt in food and perishable products—at seven o'clock on five evenings a week and at ten p.m. on Saturdays. This well-intentioned measure was left, however, to be administered by the Municipal Councils, who applied it with varying degrees of laxity. In border streets which separated two

municipalities, shops on the one side might be closed and those upon the other open. The Act accordingly fell into disrepute, and few municipalities applied it. In 1900 a new attempt was made upon different lines. Instead of closing the shops, Parliament enacted that the hours of male employees should not exceed fifty-two per week—carters, porters, and night-watchmen being excepted. This measure was supplementary to, and not in substitution for the previous Act. But the shop assistants benefited very little, because the Municipalities were still entitled to refuse to put in force the Early Closing Act, and, no effective means existing of compelling obedience to the limitation of the hours of labour, New South Wales solved the problem by a bolder measure.

The New South Wales Act of 1900

The New South Wales Early Closing Act of 1900 avoided both the errors of the Victorian legislation. It laid down a general rule, which no local authority could evade, and it provided for the closing of every shop within the specified classes. Evasion thus became extremely difficult. Shops were compelled to close at six p.m. on four days in the week, at one p.m. on one day, and at ten p.m. on another day. The particular days could be selected by a vote of the trades concerned. No exception was made, as in Victoria, in favour of the small shopkeeper, although his cause was pleaded very eloquently by the Free Trade opposition. Experience had proved that the drastic inclusion of all shops in the trade without exception is the only effective method of securing early closing. Cases of hardship, which are easy to imagine, have proved few in practice; but even were they more numerous, private interests must give way. To allow even "the poor widow," who always figures on these occasions, to keep her small shop open after hours, would be unfair to the other shops in the

neighbourhood. Nor must it be forgotten that many of these small shops, either already are or might easily become maintained by wholesale houses or large retailers as an outlet for their surplus stock. Australian experience is a warning also against an attempt to secure Early Closing by an Act which confines itself to limiting the hours of labour. This might be effective if extraordinary efforts were made to prevent evasions; but it is certain that no defenceless shop-assistant would complain against over-work, unless he is in a position to enforce obedience to the law, without fear of dismissal. Even an Early Closing Act, which aims directly at its object, is difficult to enforce, when shop assistants are unorganised and inspection is almost impossible. Who can give evidence in any prosecution of what goes on behind the shutters of a "closed" shop, unless he is himelf a witness? The difficulty has been met in New South Wales by the Industrial Arbitration Court, whose awards have greatly improved the industrial status of shop assistants. Besides providing for a minimum wage,—which is the only effective instrument against sweating—the Court has so regulated the practice of apprenticeship as to destroy the great abuse of engaging so-called "learners," or "improvers" who, after working for two or three years on a nominal salary, would be dismissed on any pretext to make room for other "learners," who were dismissed in their turn, so soon as they became entitled to receive wages. By these protective provisions, shop assistants have gained a new economic strength, which they are not likely to neglect. Certainly no Act of Parliament of recent years has been productive of greater and more direct advantages than that which has given the shop assistants of New South Wales a weekly half-holiday and their evenings to themselves.[1]

[1] The five years, 1899-1904, when the Progressive Party was in power in New South Wales, is one of the most memorable

Legislation in Other States

Queensland and South Australia passed Early Closing Acts upon the New South Wales model in 1900. A measure on the Victorian lines has been in force in Western Australia since 1897 and its provisions were reinforced in 1902 by the creation of an Industrial Arbitration Court. Tasmania is the only State in which the hours of labour in shops are not regulated by some legislative method. The evils of over-work are not, however, very pronounced in the island State.

From the foregoing account, it will be seen that the hours of all urban labour have been limited throughout Australia, either by custom or enactment, eight hours having been accepted as the standard day of manual work, and all occupations approximating to this. No one in consequence need lack leisure for enjoyment or self-improvement; and all, thanks to the climate, can take their recreation by daylight for nine months in the year.

periods of legislative achievement in the history of Australia. The following are among the principal measures :—The Advances to Settlers; Early Closing; Limitation of Attachment of Wages; Regulation of the rise of Coal Lumpers' Baskets; Old Age Pensions; Provision of Accommodation for Shearers; Industrial Arbitration; Woman's Suffrage; Coal Mines' Regulation; Mining on Private Property; Prevention of the Influx of Criminals. During the same period important measures of legal reform were passed and the Acts relating to Prisons and Neglected Children were beneficially amended. Sir William Lyne led the party until he resigned to become a Minister of the Commonwealth (Mar. 28, 1901), when he was succeeded by the late Sir John See, who resigned from ill-health on June 14, 1904, when the Ministry was broken up. During this quinquennium the wharves water frontages of the City of Sydney were resumed, and the Ministry had to face the difficulties of the drought, which contracted all sources of public revenue, and of the Boer War which imposed upon unpractised men the duty of providing and transporting 6,000 soldiers and an equal number of horses.

This record,—which will give the reader some idea of the nature of the duties cast upon an Australian Ministry,—is the more remarkable because the Progressives had antagonised both the powerful Sydney newspapers.

The universal acquiescence in limitation of the hours of labour as well as the reasons which induce it are a marked characteristic of Australia.

Factory and Shop Legislation

The Factories Acts of the Australian States do not differ in principle from those which are in force in England, but they are more limited in their scope, and much more tender of the rights of property. Only South Australia has had the courage to define a factory as any room where anyone is working in an owner's employ; and no State has ventured to insist upon the strict provisions to secure the health and safety of the workmen, which are required by the English Code. General provisions as to ventilation; sanitation; the safe-guarding of dangerous machinery, etc., certainly exist, but they are less detailed and consequently more easily evaded than in Great Britain. Nor do they extend, as in England, to the processes of manufacture, but are confined to the building in which the factory is situated, except that they require that out-workers shall be registered and a record of outwork kept. The timidity which all Australian Parliaments have shown in dealing with factories is probably due to the rudimentary development of Australian manufactures and the inexperience of Members of the industrial conditions to which factories give rise. The difference between the legislation of Australia and Great Britain on this subject is at present very noticeable. One of the most important functions of the Industrial Arbitration Courts and in a less degree of the Wages Board has been to supply the deficiencies of factory legislation by the terms of their awards. In this way a Court frames regulations analogous to those of the Board of Trade, and by use of the common rule makes them applicable throughout the industry in question.

Industrial Arbitration Acts are, then, elastic Factory Acts, whose clauses can be limited or extended to meet the conditions of every industry.

Australian Factories Acts generally comprise retail shops. In all the States shopkeepers are required to provide proper seating accommodation for their female employees, and public opinion would not allow this Act to be made a dead letter by any private recommendation to the shop-women to avoid using the seats. In Victoria provision is made for the stamping of furniture, in order to disclose the manufacturer's name, and whether it has been made by European or Chinese labour. The Commonwealth Parliament in 1905 gave an extension to the principle of this enactment by authorising the use of a "Union Label," *i.e.*, a trade-mark, peculiar to the manufacturer who chose to affix it to his goods, to indicate that they have been made by Trade Unionists working under Union conditions. This Act has been declared unconstitutional.

General Industrial Legislation

Except the tribunals for regulating wages, which will form the subject of a separate section, the limitation of the hours of labour, with the Early Closing Acts which follow from it, is the only distinctive feature of Australian legislation upon industrial matters, which demands attention. There is evidence, indeed, of great readiness to meet the wishes of any particular class, such as shearers or miners, but there is a noticeable lack of many measures for the protection of the public interest, with which the British Parliament has been long familiar. The shearers, for instance, obtained an Act from the Parliament of New South Wales in 1901, requiring squatters to provide them with proper accommodation during the shearing season, but no State has

followed the example of England in regulating, generally, the construction of cottages in the country or workmen's dwellings in towns. Again, certain classes of purchasers of small areas of Crown Lands, have their homesteads protected against seizure under any legal process; but no such exemption is conferred upon the property of any other person. Wage-earners are a specially favoured class; they have a right—which is denied to any other class of creditors—to attach monies due to a contractor who employs them, to satisfy a claim for wages, without resort to the expensive process of an action at law. They have also, in some states, a lien for their wages over the material upon which they were working, even although this has ceased to be in their possession and has been sold to a customer. The mere painter or sculptor would try in vain to assert such a lien over the picture or the statue which he has sold on credit. At the same time the wages of workmen are themselves protected against attachment by any process of law. Many other instances could be given of the class or sectional character of much Australian legislation. And yet in the two large States of New South Wales and Victoria, where such laws as those just mentioned hardly excite comment, it has been found impossible to pass a Workmen's Compensation Act,[1] such as has been the law of England since 1897. The reason is that a large measure, which affects the interest of all workmen has not the earnest backing of any particular class, while it arouses the unanimous opposition of employers. Australian Parliaments, it must be remembered, are more easily moved than the British by the cry of confiscation or oppression.

[1] This measure has been three times introduced into the Parliament of New South Wales, once by Mr. Heydon, M.L.C., in 1900, and twice by the writer. Each time it had to be abandoned. The measure is, in principle, the law of Queensland, South Australia, and Western Australia.

A Paradox Explained

There is, however, one group of Australian Acts,—namely, those which attempt to fix wages and prevent strikes,—which are not only general in their scope, but of great interest as social experiments.[1] The paradox that a country, which boggles over a Workmen's Compensation Act should be ready to submit the conduct of every industry to the control of the State, is explicable by its economic conditions. Neither employers nor employed can organise in Australia as effectively as in England, where the leading industries are confined to particular districts, and the processes of each are many and complex. Australia is still in the rudimentary stage of manufacturing development, in which there is little demand for specialised skill, and machinery and buildings can be adapted to a new use with comparative ease. It is impossible, under such conditions, to establish any of those Joint Boards of Control, consisting of representatives of workmen and employers, which direct the textile trades and other standard industries in the North of England.[2] The directions of these Boards have all the effect of a legal decree, because every employer in the trade belongs to the Employers' Federation and every workman in it is a Unionist. "Freedom of Contract" in these industries is unknown; and membership of a Union or Federation is an essential condition to the right of either workman or employer to engage in any of them. But that which in England can be effected by

[1] The French, Swiss, United States and British Governments have each sent representatives to Australia to study these measures. Switzerland and Austria have adopted them in a modified form.

[2] Many instances are given of the methods of these Joint Boards in Mr. and Mrs. Sidney Webb's "History of Trade Unionism." Sometimes they sit in daily session adjusting every difficulty as it arises and regulating the conduct of the industry in detail. In other cases they settle a "log" at weekly or fortnightly meetings.

economic compulsion, can only be effected in Australia by legal compulsion. The object in both countries is the same,—namely to secure the stability of every industry by perfecting the organisation of both employers and employed; but the methods are necessarily different. Australia must resort to legal tribunals, while England can rely on voluntary combination. The next division, which discusses the Wages Boards of Victoria and South Australia, and the Industrial Arbitration Courts of New South Wales and Western Australia, will illustrate this difference.

Division II

Wages Boards—Industrial Courts—Collective Bargaining—Industrial Unions—Industrial Agreements—The Determination of Disputes—Conciliation—Preference to Unionists—Membership of Unions—The Court and its Powers—The Common Rule—Prohibiting of Strikes and Lock-outs—Underlying Principles—The Act in Operation—Is it One-sided?—A New Measure—Wages Boards and Courts Compared—Effect on Trade Unionism—The Scope of the Acts—Note to Chapter.

Australia has adopted two distinct methods of regulating industry, with a view to securing a high rate of wages and preventing strikes and lock-outs—the indirect method of Wages Boards, which is in force in Victoria and South Australia, and the direct method of Industrial Arbitration Courts which was adopted later by New South Wales and Western Australia. Each rests upon a different principle and must be discussed apart.

Wages Boards

The Maritime Strike of 1890,[1] although it failed of its immediate purpose, stirred the dry bones of many industrial problems. And when it was followed three years later by a strike of shearers, which brought Queensland

[1] See above, p. 60.

to the verge of civil war and was only suppressed by military force, many minds were directed towards the discovery of some less barbarous method of settling industrial disputes. The outlook was particularly disquieting in Victoria, on account of her dependence upon manufactures. That colony accordingly took the first step.

Wages Boards

The storm-centres were the four industries of clothing, furniture-making, bread-making, and butchering, in which the conditions of labour were notoriously bad and sweating was prevalent. Parliament accordingly, in 1896, empowered the Governor in Council to appoint four Boards, one for each of these industries, to consist of from four to ten members, half elected by the employers and half by the employees, and also a chairman, in the event of any Board not agreeing upon the nomination of some outside person. Except the Chairman, who must not be connected with the industry, all the members must have practical experience. Each Board was empowered to fix the minimum daily wage, the rates for piecework, and the number of "improvers"[1] in the particular industry for which it was appointed. The determination of the Board took legal effect as the rule of the industry, and was enforced by the Inspector of Factories who was given all necessary power for this purpose. The effect of these Boards in improving the condition of labour was immediately apparent. Wages in 1896 had reached their lowest point and men worked in many trades, notably in the clothing factories and bakeries, under conditions which shocked the public when they became known. Bakers' wages were at once raised from

[1] The Victorian Wages Boards have no power to determine the number of apprentices. Apprentices for less than three years are reckoned as "Improvers."

32s. 6d. to 41s. 3d. per week; wages in the clothing trade from 20s. to 26s. 6d.; and in the furniture trade, which had been depressed by Chinese competition, from 29s. 1d. to 45s. 10d. per week. The declaration of a minimum wage had also a most beneficial consequence in that it put an end immediately to sweating. Employers found it unprofitable to employ out-workers and took them instead into factories where they were paid piece-rates. The effect on women's wages in this industry was extraordinary. In 1896, according to Mr. Knibbs, 4,164 females received less than 20s. a week, the average being 8s. 8d., and worked more than twelve hours a day. The Board for the clothing trade fixed a minimum wage of 16s. a week, and limited the hours to forty-eight. "It was," says the same authority, "almost a revolution."

Such results justified an extension of the Wages Board principle. Consequently the scope of the original Act was extended in 1900 and again in 1907 and at the present time a Wages Board can be appointed for almost every trade, process and business. Members of the Board are no longer elected, but appointed by the Governor.[1] In 1907 a Court of Appeal, consisting of a Supreme Court Judge, who has power to call in two assessors, was established in order to review the determinations of the Wages Boards. Four appeals have been heard, in three of which the decision of the Board was varied. On June 30, 1908, there were in existence fifty-five special Wages Boards, whose determinations affected over 51,500 persons.

South Australia adopted the Wages Board system in 1900, but it did not become operative until 1904. Since

[1] This change was made on account of the difficulty of compiling an electoral roll of persons entitled to vote. One-fifth of either employers or employees may still demand the election of a substitute for any nominee of the Governor, except in the furniture trade, where elections are entirely forbidden on account of the preponderance of Chinese.

THE QUEEN'S WHARF, LAUNCESTON, TASMANIA

1906 it has been worked upon practically the same lines as in Victoria. Eight Boards are now in existence. New South Wales and Western Australia, following the example of New Zealand, have preferred the system of Industrial Arbitration Courts.

Industrial Courts

The first Act of Parliament which brought the parties to an industrial dispute before a Court of Law, and made them subject to its Order as in any other legal process, was passed in New Zealand on August 31, 1894, at the instance of Mr. Pember Reeves.

This date marks the beginning of a new era in civilisation.

In 1899 the Attorney-General of New South Wales in the "Progressive" Ministry[1] introduced into the Assembly a measure upon the same lines,[2] but of wider scope and more drastic. It would be to no purpose to examine in detail the differences between this measure, of which many provisions were adopted by the New Zealand Parliament in 1900, and the original or existing New Zealand Acts. The credit for the original idea is with Mr. Reeves.[3] Its extension to the more complex conditions of New South Wales necessarily required some new methods and machinery. The objects aimed at were the same in both countries, namely the encouragement of collective bargaining, and the compulsory reference of industrial

[1] See above, p. 292.

[2] A similar measure was introduced later into the West Australian Parliament which became law in 1900. The N.S.W. Bill was rejected once by the Legislative Council. The Attorney-General then resigned his seat in the Assembly, and was appointed to the Council to pilot through the measure which became law in 1901.

[3] Mr. C. C. Kingston proposed a somewhat similar measure in the South Australian Parliament in 1890, but did not proceed with it until 1894. This, however, was so limited in scope and carried out the main idea so imperfectly that it cannot deprive Mr. Reeves of the title to originality.

disputes to the adjudication of a legal tribunal. In New South Wales, where the Act excited very bitter party feeling, public attention has been persistently directed to the second of these objects, almost to the exclusion of the first.[1] It will be desirable, therefore, to begin the enquiry into the New South Wales Act by an explanation of its provisions for the encouragement of collective bargaining.

Collective Bargaining

While the Act was under discussion, the decision of the House of Lords had not been given in the Taff Vale case; and it was generally believed that Trade Unions were in the anomalous position of exercising collective action without legal collective responsibility. In order to appreciate this properly and to understand the object of the Industrial Arbitration Acts it must be remembered that, at Common Law, Trade Unions were illegal and their members liable to be indicted for conspiracy, as being combinations in restraint of trade. The full right to combine for trade purposes has been gradually conferred by statute both in England and Australia; but a Trade Union has, in all probability,[2] still no power to enter

[1] *e.g.*, Mr. Aves, who was sent by the Board of Trade to Australia in 1907-8 to report upon the Australian Labour Legislation, has ignored this portion of the Industrial Arbitration Act. The preamble of the New Zealand Act thus expresses its objects: "to encourage the formation of industrial unions and associations and to facilitate the settlement of industrial disputes by conciliation and arbitration." That of the N.S.W. Act is in these terms: "to provide for the registration and incorporation of industrial unions and the making and enforcing of industrial agreements; to constitute a court of arbitration for the hearing and determination of industrial disputes, or matters referred to it; to define the jurisdiction, powers, and procedure of such court; to provide for the enforcement of its awards and orders; and for purposes consequent on or incidental to those objects,"

[2] Recent decisions have left the law so unsettled that no lawyer would venture to describe the "status of a Trade Union" with any certainty.

into contracts and it cannot sue its members for arrears of subscriptions. Trade Unions, indeed, have always objected to full legal incorporation, in the belief, which was general before the decision of the Taff Vale case, that, as the law stood, their funds could not be seized in execution, or the Union be held liable for the Tort of any of its servants or directors.[1] Out of regard to these considerations the Industrial Arbitration Act only gave Trades Unions a limited incorporation. They were required to register as "Industrial Unions," under rules which prescribed certain conditions of management and provided for the accumulation of corporate funds. But the funds of a Trade Union might be kept distinct from those of an Industrial Union, and only the latter were liable to legal process, and even that liability could only attach under the Arbitration Act.[2] These were accepted by the Trade Union leaders as sufficient safeguards against the risks of contractual powers.

Industrial Unions

The Act accordingly provided, in its first part, that Trade Unions, when registered as Industrial Unions, should be able to enter into contracts upon the security of the corporate funds of the Industrial Union. This necessarily involved the further grant of power to an Industrial Union, to sue its members for arrears of subscriptions, as a Joint Stock Company can sue its shareholders for calls. Further, it was provided that employees could only set the Court in motion by the

[1] By recent legislation (1906) Trade Unions in England are expressly placed above the law in this respect; and no pecuniary responsibility can attach to them for any injury which they may do to any person, either as a body or through their servants. This is not the law in any Australian State.

[2] Section 7 of the Act provided that nothing in the Act should render an Industrial Union liable to be sued, except in respect of the obligations which the Act itself imposed.

deliberate act of an Industrial Union, and through this body as party.[1]

The Act also provided for the establishment of Industrial Unions of employers, which were also subject to regulations intended to secure their responsibility and continuous existence. These Industrial Unions, whether of employers or of employees were the units of the Act, which only recognised individuals for the purpose of enforcing penalties. The essential purpose of the measure was the organisation of industry into two efficient, powerful, and responsible bodies of employers on the one side, and employees upon the other. This, it was thought, would give a new stability to industrial operations, while it was also in harmony with the tendency to associate in some form of corporate union, which, in the belief of the framer of the measure, is the true law of human progress.

Industrial Agreements

The Industrial Unions so formed were empowered to enter into "industrial agreements." These might relate to any "industrial matter,"[2] and might be operative

[1] A single employer, on the other hand, if he employed a sufficient number of men (fifty) to entitle him to registration as an Industrial Union of Employers, was at liberty to move the Court.

[2] The definition of "industrial matters" gives the key to the operations of the Act. "Industrial dispute" means dispute in relation to industrial matters arising between an employer or industrial union of employers on the one part, and an industrial union of employees, or trade union, or branch on the other part, and includes any dispute arising out of an industrial agreement.

"Industrial matters" means matters or things affecting or relating to work done, or to be done, or the privileges, rights, or duties of employers or employees in any industry, not involving questions which are or may be the subject of proceedings for an indictable offence; and, without limiting the general nature of the above definition, includes all or any matters relating to:

(*a*) the wages, allowances, or remuneration of any persons employed, or to be employed in any industry, or the prices paid, or to be paid therein, in respect of such employment;

for two years with the option of renewal for the same or a less period. It was believed that these provisions would enable employers to make exact calculations of the cost of new undertakings, and secure industries against disturbance for a fixed period. By this means many occasions for dispute would be removed and the work of the Court appreciably lightened.

It was accordingly provided that "an industrial agreement," when registered, could be enforced by the Court as if it were an award, and for some time, under this provision, the terms of an agreement arrived at between the representatives of employers and employees, were declared by the Court to be the "common rule" of the industry, and enforced upon all who were engaged in it. The High Court of Australia has, however, held (1906) that the words of the Act do not carry out this intention and that an industrial agreement cannot be enforced by the Court, unless it has been arrived at after the parties have initiated a dispute. Before this decision had been given, sixty-five industrial agreements had been made and registered, representing more than 1,100 employers and 28,700 employees, or nearly one-third of the total of 85,000 employees who are members of Industrial Unions. Many of these agreements had been renewed or varied by subsequent agreements and notice to terminate had been given in ten cases only. The funds of the contracting Unions were security for the observance of these agreements by both parties and gave a

(*b*) the hours of employment, sex, age, qualification, or status of employees, and the mode, terms, and conditions of employment;

(*c*) the employment of children or young persons, or of any person or persons, or class of persons, in any industry, or the dismissal of or refusal to employ any particular person or persons, or class of persons therein;

(*d*) any established custom or usage of any industry, either generally or in any particular locality;

(*e*) the interpretation of an industrial agreement."

valuable assurance of industrial stability during their currency.

Except that Industrial Unions are not formed on the same basis in the two measures, the parts of the New Zealand and New South Wales Acts, which deal with collective bargaining, are essentially similar.

The Determination of Disputes

In dealing with industrial disputes the New South Wales Act differs from the New Zealand in two important points :—It makes no provision for a preliminary hearing before a Board of Conciliation, but requires the dispute to be taken at once before the Court ; and, secondly, it adopts the Trade Union as the industrial unit.

Voluntary Conciliation

Provisions for voluntary conciliation in industrial disputes have never proved successful in New South Wales. A temporary Act passed in 1892 by Sir George Dibbs for establishing a Council of Arbitration and Conciliation under the direction of the State, expired in 1896 without having been put into force, despite the exertions of the officials who were charged with its administration. An Act passed in 1899 by Mr. Reid gave a Minister the powers of the Board of Trade to make enquiries and appoint arbitrators, but conferred no power of compelling the attendance of parties or enforcing awards. This Act was, however, left unrepealed, and is still in existence. Another reason for the omission of the Conciliation Boards was the conflicting evidence as to their value in New Zealand, where the losing party invariably appealed to the Court.[1]

[1] It was also alleged that the Boards encouraged and protracted litigation in order to draw fees. On the other hand, there was evidence that in some cases the Boards effected friendly compromise, and it was claimed that in every case they straightened out the issues. Under the present law, a party has the option of beginning proceedings before a Conciliation Board or going direct to the Court.

THE INDUSTRIAL UNIT

The rejection by New Zealand of the Trade Union as an industrial unit[1] and its selection by New South Wales were due to the different economic conditions of the two countries. Trade Unionism in New Zealand had not acquired sufficient strength to be relied upon as the unit of organisation. Labour interests in that colony were dispersed among several small towns, separated by the sea and often in rivalry. In New South Wales, upon the other hand, industries were on a larger scale, and those engaged in them had greater cohesion. There was also risk, if any other unit had been adopted, of exposing employers to being harassed by litigation with persons without means and having no responsibility towards others. The selection of Trade Unions had the further advantage that these bodies were already in existence and possessed large funds. It gave rise, however, to a new difficulty.

Preference to Unionists

Plainly Trades Unions would decline a new responsibility for costs, damages and penalties, unless they received some compensating advantages. It was necessary, too, that these should be the privileges of Unionists, and not shared by men who would not submit themselves to the restraints and incur the cost of organisation. The difficulty was intended to be met by empowering the Court to direct employers to employ Trade Unionists in preference to non-unionists. It was hoped that this Preference Clause would stimulate the organisation of industries by offering a new inducement to become a member of the Trade Union. At first these expectations were fully realised. The Court made free use of its powers to order preference, notably in the case of the Broken Hill miners, and the number of Trade Unionists increased

[1] Under the New Zealand Act any association of more than seven persons can form an Industrial Union.

from 59,500 in 1902 to 85,000 at the end of 1905. The increase was then checked by legal decisions, which so hampered the Court in the exercise of its powers, that the preference clause became inoperative, and is now only applied when both parties would have consented to it. "The only principle which I can discover (governing the discretion of the Court to grant preference,)" said the Judge of the Court in a recent case, "is that as far as possible the same results must be given in the award as would have been arrived at by the parties themselves."

Membership of Unions

The privileges, which it was intended to confer by the Act upon Trade Unionists, made it necessary to devise precautions against their societies becoming close corporations or unduly restricting the supply of labour. It was accordingly provided that every Trade Union, before registration as an Industrial Union, should submit its rules to the Registrar, who was required to see that they contained the provisions prescribed by the Act for its proper administration and for making membership reasonably open. The Registrar is empowered to cancel the registration.

The machinery of the measure may now be described.

The Court and its Powers

The Court consists of a President and two Members, appointed by the Governor for a term of three years, and irremovable except upon an address by both Houses. The President must be a Judge of the Supreme Court, although a Judge of the District Court may be appointed temporarily. The Members are appointed on the recommendations respectively of Industrial Unions of Employers, and Industrial Unions of Employees. In the first draft of the measure it was proposed that the two members of the Court should be appointed for each

dispute as having technical or practical knowledge, but it was thought better, after taking the opinions of leading men among employers and Unionists, to constitute a permanent Court, and empower it to call in aid assessors when required. The Court has jurisdiction to hear and determine industrial disputes, which are defined to be disputes in relation to industrial matters (see p. 304 note) and to make orders and awards in pursuance of such hearing and determination. An industrial dispute can be referred by (1) An Industrial Union of Employers; (2) An Industrial Union of Employees; (3) An individual employer who employs not less than fifty men; (4) By the Registrar, if any of the parties to it is not an Industrial Union. The cases are heard orally in open Court, and the President has power to send for and examine the books of any party under oath of secrecy. The Court has the usual powers of a Court as to compelling the attendance and enforcing the testimony of witnesses. If the case is trivial the Court may dismiss it, but in other cases it must come to a determination or give an award. In order to enforce its awards the Court may fix penalties for breaches, which can be recovered in a Court of Summary Jurisdiction, grant injunctions, or order cancellation of registration. The award may also fix a minimum rate of wages, and a provision may be made for a tribunal appointed by the Court to fix a lower rate in the case of persons unable to earn the prescribed minimum. It may also, as we have seen, contain a provision for granting preference to Unionists. The penalties may be imposed either upon an individual or an Industrial Union. Other provisions, which it would be tedious to enumerate, give the Court full power over its procedure, which is made as elastic as is consistent with regularity, and confer upon it every necessary power to ascertain the facts in dispute and to enforce its order. One provision, however, requires special notice,—viz., the device of "The Common Rule."

The Common Rule

The Common Rule was first used in the New South Wales Act for extending an award of the Court, with a view to ensuring uniformity of conditions in the industry affected. Without some such device the Act would work injustice to the employer, who, in obedience to an award, gave better conditions of labour than his competitors. In New Zealand, the Court, before making its award, summons before it all persons who are likely to be affected,—an impossible proceeding in a more populous community. The New South Wales Act proceeds upon another principle. Assuming that any determination of the Court is *primâ facie* just, it puts the burden of impugning it upon the persons affected by it, who must inform themselves of its terms at their own risk, and be assumed to accept them, if they raise no objections. The Act accordingly empowers the Court to declare in an award that "any practice, regulation, rule, custom, term of employment, condition of employment or dealing whatsoever in relation to an industrial matter shall be a 'Common Rule' of an industry affected by the proceedings," and the Court may give directions within what limits of area and subject to what conditions and exceptions the Common Rule shall be applied. The Common Rule is binding upon all persons in the industry as if they had been parties to the suit in which it was awarded. Any person is at liberty at any time to show cause why he should be exempted, and this exemption will be granted if it is justified by the applicant's exceptional circumstances.

Prohibition of Strikes and Lock-outs

The reference of industrial disputes to a legal tribunal necessarily involves the prohibition of any other mode of settlement. Consequently the Act provides that it shall

be a misdemeanour to strike or to lock out, or aid in or instigate to a strike or lock-out.

(*a*) Before a reasonable time has elapsed for a reference to the Court of the matters in dispute, or

(*b*) Pending the proceedings in the Court in relation to an individual dispute.

A strike is defined as "the cessation of work by a body of employees, acting in combination, done as a means of enforcing compliance with demands made by them and other employees or employers."

The penalty under this section is a fine not exceeding £1,000 or imprisonment for not more than two months. Every case under it comes before a jury. Only two prosecutions have occurred. In one the defendant was fined. The other resulted in an acquittal.

There is risk lest further details should extend this chapter to disproportionate length. The working of the Act has still to be considered and its methods and principle compared with those of the Victorian Wage Boards. To this end the preceding pages may be briefly summarised.

Principles of the Act

The Arbitration Act has a double aim :—(1) To encourage collective bargaining ; (2) To determine industrial disputes. It rests upon Trade Unionism and works through it in seeking both these aims. It is compulsory in two senses :—(1) In that it compels the parties to an industrial dispute to submit their differences to a hearing in open Court, and therefore makes it a misdemeanour to seek redress through a strike. (2) In that it enforces the observance of certain industrial rules, and makes this a condition of engaging in an industry. It does not however (nor was it ever so intended), either compel an employer to keep his business running or a workman to go to work. It can compel the observance of the terms of an award but it cannot force the acceptance of

the award on either side. This is no disparagement of the utility of an Industrial Court. The mere enquiry before it gives time for reflection, and informs public opinion, which is the final arbiter in these matters; while the knowledge that the conditions of an employment have been settled by an impartial Court predisposes both parties to the acceptance of an award. Diplomacy is not to be blamed because it does not prevent war. And, just as differences arise between nations, which can only be determined by the arbitrament of the sword, so there will be disputes between employers and employed which no Court can settle.

The Act in Operation

Professor Bryce has observed that the questions which come before the Supreme Court of the United States are often of mixed law and politics, on which Judges of different bents of mind can quite conscientiously arrive at opposite conclusions. This is likely to be true in a special degree of the interpretation of an Act, which impinges at many points on the Common Law rights of individuals. Speaking generally, while the Supreme Court of New Zealand has been sympathetic towards the Industrial Arbitration Act of that colony, the Supreme Court of New South Wales, and, in a less degree, the High Court of Australia, have defeated the intentions of the New South Wales Parliament on several important points and rendered portions of the Act unworkable. No lawyer would quarrel with these decisions. It was the duty of the Courts to interpret the Act : it is for Parliament to see to its amendment.

It is inevitable that the working of any novel measure should disclose mistakes and flaws. Mr. Reeves' first measure was amended five times during the first seven years of its existence, namely in 1895, 1896, 1898, 1900, and 1901. The New South Wales measure, which was

avowedly experimental and therefore limited in its operation to seven years, was left unamended by the Ministers[1] who in Opposition had fought against its enactment. Yet the legal decisions, which defeated its purpose, were plainly such as required to be corrected by amending legislation.

The most important of these decisions were the following—

(1) That no part of an industrial agreement could be made a "Common Rule," unless the parties had arrived at the agreement in the course of litigation. (High Court of Australia.)

(2) That the Court has no power to embody in the order for preference to Unionists a direction that an employer requiring labour should, whenever reasonably practicable, notify the Secretary of the Employees' Union of the labour required. (Supreme Court and High Court.)

(3) That the Court has no jurisdiction to determine a friendly application by an industrial union of employees to have the conditions of employment in an industry regulated, unless these have previously been made the subject of a demand on the employers and an industrial dispute has arisen. (High Court of Australia.)

The case as to preference (number two of the above) would almost certainly have been decided the other way by the Supreme Court of New Zealand, which, by a decision given in 1898, had held that it was part of the inherent power of a Court, established to determine disputes about "industrial matters," to grant preference to Unionists, since the refusal to work with non-unionists

[1] The "Progressives" who passed the Act had been succeeded by the "Liberals" in 1904, before final decisions had been given on the most material points.

was a principal cause of these disputes. "Not to have given this implied power to the Court," said one of the New Zealand Judges, "would be to play the play of 'Hamlet' leaving out the part of *Hamlet*."[1]

It requires no legal training to perceive that the combined effect of these decisions was a serious departure from the original purposes of the Act. Yet even under this severe handicap the measure has worked.

The clause permitting preference to Unionists has been the chief object of attack. Yet no instance has been cited of its causing hardship, and it has been the means of securing an adjustment of industrial conditions, which was satisfactory to both sides, in a number of important industries and notably in the large silver mining industry at Broken Hill. It is a striking proof of the exaggerated character of the alarm which this clause has given, that Preference was already conceded by employers several years before the Act was passed in the important trades of building, printing and engineering, and that in thirty-three out of the sixty-five industrial agreements registered under the Act preference has been granted by mutual consent, while it has been denied in only three. In twenty-nine it was not mentioned.

The success of the Act in encouraging collective bargaining and strengthening Trade Unionism has been already mentioned. Has it been equally successful in preventing strikes?

Certainly there have been no "strikes" within the meaning of the definition of that term in the Act,[2] although two prosecutions have taken place for instigation to such strikes. There have however been occasional cessations of work by small bodies of men which in

[1] The New Zealand decisions were familiar to the framers of the Act, and it was expected that they would be followed, just as the framers of the Australian Constitution expected that, in interpreting it, the Privy Council would follow American decisions.

[2] See above, p. 311.

popular parlance are called strikes, and during the last year of its existence, when the utility of the Act had been diminished in the ways already mentioned, these cessations of work extended to the two large bodies of Newcastle coal miners and Sydney wharf labourers. In the former case the breach of the law was almost justified by its result. The Newcastle miners had been waiting for six years for the hearing of their case, which, owing to its complexity and magnitude, was continually postponed. During all that time they submitted to conditions which they believed unfair, and—having been previously the most unruly body of men—set an example to the whole colony of patience and forbearance. When at last they struck, the Ministry, which had done its best to hamper the organisation of the Industrial Court, immediately passed an Act of Parliament to constitute a special Court for the Newcastle district, which had been promised four years previously by their predecessors in office. The strike of the wharf labourers was wholly inexcusable. It was settled, after lasting a fortnight, by the efforts of the leaders of the Labour Party. The shearers also on one occasion refused to leave their homes to go shearing, but as they were under no engagement and broke no contract, no stretch of language could call such action a strike. In one other case, some coal-miners refused to accept an award, and laid down their tools at the expiry of the current fortnight of their employment. In this they were as plainly within their right,—since theirs was a fortnightly engagement,—as the colliery proprietor would have been in closing his mine at the expiration of the same period, if the terms of the award had seemed to him unjust. The only strikes or lock-outs which the Act declares illegal are those which occur before or during the hearing of a dispute by the Court. Indeed the Act expressly provides that nothing in it "shall prohibit the suspension or discontinuance of

any industry or the working of any person therein for any other good cause."

Is it One-sided ?

It would be erroneous to conclude from these cases of disobedience that the award of the Court "cannot be enforced against the workmen, while it can against the employer." Both in New Zealand and New South Wales the orders of the Arbitration Court are obeyed as frequently, and from the same law-abiding sense, as the orders of any other Court.[1] There is however this much justification for the error :—that from the nature of the case the employer has generally more at stake than the employees. This is not always the case. In a highly-skilled trade, for instance, such as engineering, the employees might be even less willing than the employer to reject an award. The difficulty of obtaining other employment might be as potent a restraining force as the fear of losing capital, but it must be admitted that, in the majority of cases, there is an inequality of risk. In fact, except in the few cases mentioned, no Trades Union has refused obedience to an award ; and though capitalists have grumbled, as Englishmen always will, the industries of New South Wales and Western Australia have shown a steady growth both in output and the amount of capital invested, which furnishes at least a negative proof that employers are not unfairly treated and that capital is not being "driven from the country." Even during the depression caused in New South Wales by the unprecedented drought (1901-4), the industries affected by the Arbitration Act showed a steady expansion ; while no manufacturer or other person has ever adduced any evidence to the Court that an award has

[1] This was so in New Zealand, even when an award not only rejected the men's demand for an increase but reduced wages by 1s. a week. There was much grumbling, but no strike.

worked harshly, although the request for complaints of this nature has been repeatedly and publicly made with the promise of redress. Certainly during no other seven years' period has the progress of New South Wales been greater or the industrial conditions more stable. In previous years the little splutterings of disorder, chiefly by boys and unorganised workmen, which have been magnified into strikes by opponents of arbitration, would have passed unnoticed. They at no time were other than local and temporary disturbances, and in every instance were condemned and restrained by the responsible representatives of labour. Indeed the indirect influence of the Act in creating a public opinion opposed to strikes is not the least of the advantages it has conferred upon Australia. In previous days the solidarity of Trade Unionists extended and intensified many strikes which would have been comparatively innocuous if left to themselves. Since the Act the whole influence of Trade Unionism is thrown into the balance against a strike—a spectacle never before witnessed in any State of the Commonwealth. This, as the Sydney correspondent of the *Morning Post*[1] has observed, " has been a most potent element in the pressure placed upon the men to obey the Act. . . . The Act and the Court taken together must be credited with exercising a new and effective control over public opinion at large, which has paralysed the active assistance of all other Unions in the State and throughout Australia. Not a finger is being lifted on behalf of the strikers,[2] not a penny is being voted for their sustenance, not a single speech has been made in their behalf by any Labour leader in or out of politics." In other words, the Trade Unions, by accepting the Arbitration Act, voluntarily abandoned

[1] *Morning Post*, Mar. 17, 1905.

[2] This referred to the strike of some " wheelers "—boys in a coal mine,—which threw the whole mine out of work. These boys belonged to no Union.

their most effective weapon, the sympathetic strike. This fact ought never to be forgotten in considering proposals to amend or repeal the measure.

A New Measure

As has been stated, the original Act expired in June, 1908. The party then in power had always opposed compulsory arbitration, and declared an intention at the General Election (1907) of abolishing the Court and substituting Wages Boards. It is a noteworthy tribute to the success of the Act, under all difficulties, that the Ministry, in spite of powerful support from the Press, was prevented by public opinion from carrying this proposal into execution. "Those who had come to curse, remained to pray." The new Act accepted the principle of compulsory arbitration to its fullest extent, but divided the powers of the Court between two tribunals. Boards corresponding to the Wages Boards of Victoria or the Conciliation Boards of New Zealand, may be established for each trade, with power to make a determination which regulates the conduct of the industry affected; but an appeal is allowed to the Court as to rates of wages and hours of labour. The enforcement of the awards of these Boards is also entrusted to the Court. Neither Court nor Board can order that preference be given to Unionists, and the Trade Union is no longer the industrial unit. Sufficient time has not elapsed to judge of this curious measure. At present Trade Unions are declining to accept responsibilities without privileges and are not registering under the Act. One serious strike (of tramway employees) has already occurred (August, 1908). Something however has been gained by the general recognition that the public has an interest in industrial disputes as well as the parties concerned, and that these should be, therefore, controlled

by law. Two individuals may fight to a finish in a back-yard, but the law should prohibit brawling in the street.

Wages Boards and Courts Compared

The essential difference between the Victorian and New South Wales systems for regulating industry is that, while the former recognises individuals, the latter depends upon and works through Trade Unions. All workers share alike in the advantages of Wages Boards, and no special inducements are offered to Trade Unionists to submit to the restraints and bear the cost of organisation. Victorian Trade Unions are in consequence comparatively few and weak. The contrast in this respect with New South Wales is very significant. In 1902 there were 59,500 Trade Unionists in New South Wales. Four years later these had increased to 87,000. In Victoria in the same year (1906) only 8,820 of the working class were members of a Trade Union, which is a smaller number than in Queensland, and less by 4,000 than the number in Western Australia, although this State is still in the pastoral farming and mining stage, while Victoria is the most highly developed manufacturing State in the Commonwealth. There can be only one explanation. Both New South Wales and Western Australia have Arbitration Acts, which offer their greatest benefits to Trade Unionists in order to encourage organisation. In South Australia, which has also adopted Wages Boards, the number of Unionists was only 5,106 in 1906, while the number in West Australia was 12,031. The tables on p. 320 are from the "Year Book of the Commonwealth."

The continuous increase in the number of Trade Unionists in New South Wales and Western Australia, offers further evidence of the effect of the Industrial Arbitration Acts, as will be seen from the second table on p. 320.

REGISTERED TRADE UNIONS OF EMPLOYERS IN AUSTRALIA IN 1906

State	No. of Unions	No. of Members	Receipts	Expenditure	Funds
			£	£	£
New South Wales	134	87,435	70,731	63,426	81,122
Victoria	7	8,820	6,750	6,486	5,418
Queensland	19	8,332	7,159	7,195	5,208
S. Australia	23	5,106	6,809	5,347	12,926
W. Australia	82	12,031	31,018	25,948	21,506
Tasmania	1	33	200	220	343
Commonwealth	266	121,777	122,667	108,622	126,523

This table understates the financial resources of the Unions. Several of the wealthiest, such as the Boiler Makers and Engineers, are branches of Unions whose head quarters are in England.

NEW SOUTH WALES			WESTERN AUSTRALIA		
Trade Unions			Trade Unions		
Year	Members	Funds	Year	Members	Funds
		£			£
1903	73,312	63,540	1903	6,999	19,250
1904	79,815	69,409	1904	11,025	22,421
1905	84,893	73,324	1905	11,235	25,225
1906	87,435	81,122	1906	12,031	26,000

The comparisons are not carried beyond 1906, because after that year the effect of the legal decisions upon the New South Wales Act, to which reference has been made, became generally appreciated.

Judgment on the merits of the two systems as they affect Trade Unionism, will depend upon the view which is taken of the value of industrial organisation and of encouraging the solidarity of labour. The attempt which has been made in New South Wales (1908) to graft Wages Boards upon the system of Industrial

Courts is regarded as a direct attack upon Trade Unionism, although it was probably not so intended.

The growth of collective bargaining in New South Wales has been already[1] mentioned and probably will be regarded as the most beneficial effect of the Arbitration Act. Wages Boards not only do not lend themselves to similar agreements, but by weakening Trade Unions, render them less easy to make.

Both systems, by the use of the minimum wage, have put an end to sweating.

Each system tends, too, to preserve industrial peace by offering an alternative remedy to industrial war. But Industrial Courts,[2] owing to the greater thoroughness of their investigations, have probably a greater educational influence upon public opinion, which is the final arbiter in industrial conflicts. The procedure of a Court is also better adapted to elicit evidence.

On the other hand, a Wages Board may have some superiority over an Industrial Court in that its members have a practical knowledge of the matters involved. But against this must be set the very real advantage of a judicial training. No Judge of the Supreme Court would find much difficulty in understanding the technical processes of any trade which seem to the untrained mind greater mysteries than they are, and at least he starts on the enquiry accustomed to weigh evidence and having in his favour the presumption of impartiality. Whereas the Chairman of the Board is too often inclined,

[1] See above, p. 302.

[2] According to a decision of the Supreme Court of New Zealand, the wage awarded by the Court becomes payable as a statutory debt, so that an employee who receives less than the prescribed amount can sue for the balance at any time within the Statute of Limitations. It was then held that a workman could not divest himself by any conduct or agreement, of his statutory right to be paid the whole amount awarded by the Court. Such a decision manifestly makes it useless for an employer to attempt any evasion of the minimum wage direction.

layman fashion, to cut knots by "splitting the difference." The constitution of a Wages Board is, indeed, its weakest point. Two members on each side are appointed to be advocates, so that the final decision rests usually with the Chairman. In some cases, when the Chairman has been a man of exceptional judgment, the decisions of Boards have given satisfaction to all parties; but, in others, they have been manifestly compromises. In fact, the success of a Wages Board in Victoria depends entirely on the Chairman. And on this account, in comparing a Board with the Court, it must not be forgotten that the President of the Court can at any time call in assessors and that the members' three years' tenure of office is likely to develop judicial faculties.

The Scope of the Act

It is urged against the Arbitration Court that, instead of confining itself to the determination of disputes, it has become a general regulator of industry. Wages Boards are open to the same charge. Indeed it is impossible either to settle a dispute or to fix wages without taking into consideration every condition of employment. Thus in spite of themselves both the Courts and the Boards are forced to extend their enquiries, and to provide in their awards for the conduct in detail of the industry affected. Only those can think it could be otherwise, who cannot in imagination picture either Court or Board at work. There is however this difference between the two methods,—that while a Wages Board only deals with one industry, the Court, in making an award, can take into account all industries which are related to each other. This not only allows the same grades of labour in various industries to be co-ordinated, but it prevents injustice to any one of a group of allied industries. The lack of uniformity in the decisions of the Wages Board is another weakness of the system.

REGULATION OF WAGES

It is said that no system for regulating wages will be successful in a falling market. That during the period of the Australasian experiments wages have been upon the up-grade is certainly true, and must be allowed for in judging their value; but those who have had experience in administering the Wages Boards and Arbitration Courts, are not prepared to accept the statement that either system will break down, when economic conditions change. Certainly the longer either continues in existence, the less likely is failure. At present, in the writer's belief, the system would break down in New South Wales, if bad times recurred, but not in Victoria. This is because in the former State the Arbitration Act has been made the object of such bitter party attack and so much misrepresented that the Court does not command the same public confidence as is felt in Victoria in the Wages Boards. In New Zealand, on the contrary, the Court is firmly established and would probably be equally effectual, in bad, as in good times to secure industrial peace. So it is in Western Australia and so, some day, it will be in New South Wales.

NOTE TO CHAPTER

Even as these pages are going through the press, the authors of Wages Boards in New South Wales are abandoning their offspring. An amending measure has been introduced into Parliament, which enacts that if the President of a Board be a Supreme or District Court Judge, the decision of that Board shall be final. In all other cases an appeal lies to the Industrial Court. The effect will be that every Board will have a lawyer as Chairman. The members of a Board are not to be more than three or four, representing employers and employed. This Board is empowered to "regulate all the conditions of any industry," and its determinations are enforced by penalties. The term Common Rule is not used, but a determination which affects a whole industry has the same effect. The Board may also order that preference be given to Unionists. Other clauses provide against the consequences of those judicial decisions by which the operation of the Industrial Arbitration Act was crippled, and which have already been mentioned. These Courts although

they are called Wages Boards, do not really differ either in procedure or jurisdiction from the Industrial Court which they are intended to replace. Their members are, it is true, appointed *ad hoc* for each dispute from among persons acquainted with the industry in question. This was the provision of the first Industrial Arbitration Bill which was rejected by the Legislative Council. The present writer, who was responsible for that Bill, altered it and established instead a permanent Court, in deference to the expressed wishes of a deputation representing the employers. The establishment of several Courts is another testimony to the efficiency of the principle of Industrial Arbitration. In one respect only does the present law differ from the old Arbitration Act. The latter accepted the fact of unionism, and made a Trade Union the industrial limit. No individual workman could set the Act in motion. The new measure allows any twenty workmen to apply for a Wages Board. In practice, all such applications up to the present time have been made by Trade Unions, but the clause stands as a distinct challenge to Trade Unionism which the socialist section of the employees are not slow to take up. If this defiance of the *amour propre* of organised labour—(which is also a menace to its Power that may at any time become real)—were struck out of the Act, there would be no essential difference between the existing law and the older Act. The truth is that Wages Boards tend inevitably to become courts, and are efficacious in proportion as recognition is given to their judicial attributes.

CHAPTER VI

OLD AGE AND INVALIDITY PENSIONS[1]

SCHEMES in Operation—Administration—A Federal System—Invalidity Pensions.

IT is in harmony with the general characteristics of Australian legislation, and particularly with the tenets of the Labour Party, that the State should pay special attention to the care of the aged and invalid. Thus, although no State has accepted the principle of the English Poor Law, all provide asylums for the aged and destitute. The care of the insane is also a function of the States which, under the direction and example of the late Dr. Norton Manning, of New South Wales, has been admirably performed. It is, however, in making provision for the aged that Australia has led the way.[2]

SCHEMES IN OPERATION

Old Age Pension schemes are now in force in New South Wales, Victoria, and New Zealand, the root principle of each of these schemes being the supplementation of income up to a standard which is taken to represent the actual pecuniary requirements of old age. This standard is practically the same in New South Wales and New Zealand, but in Victoria it is considerably below that in the others.

The New Zealand Act dates from 1898, the Victorian and the New South Wales Acts from 1901.

[1] The author desires to acknowledge his indebtedness for great assistance in the preparation of this Chapter to Mr. T. B. Clegg.

[2] The Old Age Pension System of New Zealand is only referred to here by way of comparison. It will be dealt with more fully in the volume of this series dealing with New Zealand.

The New Zealand measure, which led the way in legislation of this class, has been greatly modified since the date of its initiation. The original Act provided for the payment out of Consolidated Revenue of a pension of £18 per annum or 6s. 11d. per week. This has now been brought abreast of the New South Wales allowance of £26 per annum, or 10s. per week. The Act has also been amended in other important respects especially with regard to administration and machinery for ascertaining the merits of the cases submitted. The Victorian Act has also been subjected to very considerable amendment since it was originally passed. Originally the maximum rate of pension in that State was fixed at 10s., but by a subsequent Act this amount was reduced to 8s., and all claims granted were re-heard and pensions fixed on the lower basis. Also in that State the children of pensioners when proved to be able to contribute towards the pension are compelled to do so. This is an important principle which distinguishes the Victorian measure from those in operation in New South Wales and New Zealand. Finally the Act passed in Victoria in 1903 restricted the total sum to be paid in pensions annually. The provision made in this latter respect is to the effect that unless the total sum payable for pensions will not, during any financial year, amount to more than £150,000, the Treasurer shall not without further special appropriation by Parliament, authorise the issue of pension certificates covering new pensions. Neither in New South Wales nor in New Zealand is any similar restriction made as to the amount of public money that shall be expended in this direction. Broadly it may be said that, allowing for differences in details of administrations and modifications with regard to the amounts of income and accumulated property that may be held by pensioners, the legislation in New South Wales and New Zealand is similar in all essentials, whereas the legislation in Victoria is

A RABBIT-TRAPPER'S CAMP

differentiated by a limitation of the total sum to be expended in pensions, a lower rate, and the recognition of a principle that children who are in a position to do so shall be called upon to maintain or partially maintain their parents.

Administration

With regard to administration there are some essential differences.

In New Zealand and in Victoria pension claims are settled by Stipendiary Magistrates in open Court: in New South Wales by a system of District Boards under the control of a central Board. Pensions are granted in New South Wales and New Zealand for a period of twelve months only, and must then be renewed, whereas in Victoria the pension is granted once for all, though subject to withdrawal under certain circumstances. Both in New Zealand and Victoria provision is made for the State to be recouped out of any estate that may be left by the deceased pensioner. At present no such provision is made in New South Wales.

A Federal System

A Federal[1] system of Old Age Pensions will come into operation in July, 1909. It is proposed that the maximum rate shall be 10s. per week; the qualifying age, sixty-five years, and the residential qualification, twenty-five years; that the Victorian system of investigation in open court shall be adopted; that provision shall be made to compel the husband, wife or children, as the case may be, if in a position to do so, to contribute to the amount of the pension; that the property of a pensioner at his death should rest in the State, and that the State

[1] The law of each State requires the qualifying term of residence to have been spent entirely within its own boundaries, so that a man who had lived twenty-four years and eleven months in N.S.W. would have no right to a pension if he changed his residence to Victoria.

should have a preferential claim to recoup itself for pension payments. The estimated cost of the Federal system is £1,500,000, which it is proposed to provide by retaining for the use of the Commonwealth all the Customs and Excise revenue over the net three-fourths, which, by the Constitution, must be paid to the States.[1] Possibly this source of supply will need to be supplemented by direct taxation.

Invalidity Pensions

In New South Wales the law with regard to old age pensions is at present in need of amendment. It was based on the original New Zealand measure, which has since been repeatedly amended in order to check abuses and strengthen the hands of the administrative power. In New South Wales the measure so far as the grant of old age pensions is concerned, remains unchanged. It has, however, been recently amended to extend the principle of granting State pensions to the aged poor, so that it may include their grant to all persons over the age of sixteen years permanently incapacitated by invalidity or accident for any work.

This Act is essentially a charitable one, and does not, as in the case of the Old Age Pensions Act, require the possession by the applicant of certain qualifications of conduct, and good citizenship, that are necessary in order to establish the right to a pension under that Act.

The essential factors considered in granting these pensions are the physical disability of the applicant, his compliance with the residential qualifications imposed by the Act, and finally the adequacy of his existing means of subsistence, whether derived from relatives, or from his personal resources of income or property.

This amendment is without any precedent in the other Australian States, and is looked upon as an interesting experiment in the domain of charity.

[1] See above, p. 243.

CHAPTER VII

DEFENCE

BEFORE Federation—After Federation—Inadequacy of the System—The Enemies of Australia—Compulsory Service—Naval Defence—Conclusion. . . . .

THE over-sea Australian never shared the belief that the Exhibition of 1851 had sealed the brotherhood of nations. Nor could he be convinced that the superiority of Manchester goods and Birmingham hardwares could be accepted as a guarantee of perpetual peace under conditions of general disarmament. He had formed a different view of his own future.

Until 1870 the land defence of Australia was undertaken by the English Army, but even before the recall of British troops a volunteer force had been enrolled and a beginning made with elaborate fortifications. Regular forces of artillery were raised in 1870, and the forces of every State were gradually augmented and improved until the defence of Australia passed to the Commonwealth in 1901. At that time the permanent forces consisted of 115 officers and 1,323 of other ranks, and comprised also a Staff, Artillery both field and garrison, Engineers and Signallers, Army Service and Medical Corps, and other units. In addition there were 1,365 officers of Militia and Volunteers, and 24,550 of other ranks. Each State had also the nucleus of a Naval Force, and torpedo or gun-boats for naval defence, with an equipment of submarine mines. The fortifications of Sydney and Melbourne, on which large sums had been spent, were well-designed, but lacked a sufficiency of modern guns. In March, 1901, the Defence departments of the several States were transferred to the Commonwealth, and in 1903 and 1904 Parliament passed the Acts which now regulate its naval and military forces.

After Federation

The first organiser of the Commonwealth's military forces was Major-General Sir Edward Hutton, K.C.M.G., who has described his system in an interesting contribution to "The Empire and the Century."[1] Its chief features were—

(1) A Permanent (or Cadre) Force of Regulars, consisting of the General or Instructional Staff, a regiment of Artillery, small detachments of Engineers, Army Service Corps, Ordnance Corps, and Army Medical Corps, for partially garrisoning the naval strategical bases, for maintenance of valuable stores and equipment, and above all, for the instruction of the Militia and Volunteer Forces during peace and for stiffening them in times of war.

(2) A Field Force, *e.g.*, Militia troops for the purpose of carrying out active operations in the field in defence of the Commonwealth as a whole. This force consists of six light-horse brigades and three brigades of infantry.

(3) A Garrison Force of Volunteers combined with Militia for the local defence of each State.

The Permanent Force consisted in 1907–8 of 1,329 of all ranks. There was in addition a small permanent General and Instructional Staff, consisting of both commissioned and non-commissioned officers.

The Field Force consists of six brigades of light horse and three brigades of infantry—an insufficient number, but all that could be provided by the money voted. Each brigade is complete in itself, with the proportion of all arms and of most administrative departments which are essential for a mobile force in the field. The number in

[1] "The Bond of Military Unity" in "The Empire and the Century," John Murray, London, 1905.

1907–8 was 15,445 officers and men. The members of this force are Militia, paid for their attendance at drills at rates which give £12 a year to each member of the infantry and £14 to each horseman. Each unit of the Field Force has a peace as well as a war establishment. The peace establishments provide for nearly a full complement of officers and non-commissioned officers, with approximately one-half of the rank and file required for the war establishment. The peace cadres by this plan can be completed upon mobilisation to the requirements of war without serious difficulty.

The scientific corps, such as Engineers and Medical Service, are recruited from the classes who discharge in civil life the functions which they are required to discharge in war. A Chair of Military Instruction has been established and endowed in the University of Sydney.

The Garrison Force consists almost entirely of Volunteers. Arms and accoutrements are supplied by the State, but no pay is given. The present number of the Volunteers is about 5,500.

The military forces can also be increased in time of national emergency by drawing upon the members of Rifle Clubs, who have learnt the rudiments of drill and proved themselves efficient shots. Their number in the year 1907–8 was 42,899. There would be a further reserve of men who have been efficient members of Cadet Corps during their school days. Physical drill and a system of military training, in uniform and with miniature rifles, is a distinctive feature of all the larger State schools in Australia. Boys are thus early taught discipline and the simple obligation of a citizen to defend his country.

The system to be complete, requires training schools for officers like West Point (U.S.A.) or Kingston (Canada). This defect will be remedied before long. Three officers

annually are permitted to serve with a regiment or on the staff either in India or Great Britain.

The total expenditure on military and naval forces for the year 1907–8 was £1,297,012, or 6s. 2d. per head of the population. This represents 1s. 10d. per head more than the expenditure for the same purpose in Canada but is far below the 27s. a head spent for the same purpose in Great Britain. The following table from Mr. Knibbs's "Commonwealth Year Book" shows the military expenditure of various countries—

Country	In £00,000			Per Inhabitant	
	Army	Navy	Total		
				s.	d.
Great Britain	27·7	31·4	59·1	27	0
Germany ..	37·3	11·6	49·0	16	0
Italy ..	11·0	4·9	12·0	7	0
Switzerland ..	1·3	—	1·3	7	2
Denmark ..	·6	·4	1·0	8	3
Sweden ..	2·3	·8	3·2	12	1
United States	21·2	19·7	41·0	9	9
Canada ..	1·1	—	1·1	4	0
Australia ..	1·0	·2	1·2	6	2

On the expiry of Sir Edward Hutton's engagement the post of Commandant was left vacant and the control of the Forces placed under a Council of Defence to deal with questions of policy and a Military Board to deal with administration. An officer was appointed under the title of "Inspector-General of the Forces" to report to and advise the Military Board. The objects aimed at by this change were declared to be "(1) To establish continuity in defence policy; (2) To maintain a continuous connection between parliamentary responsibility and the control and development of the Defence Forces; (3) To establish continuity of Administration; (4) To separate administration from executive command so as to develop the independence of district commands, and by giving scope

to independent thought and initiative, make practicable a larger measure of decentralisation and more particularly to make possible the ultimate development of a citizen force; (5) To maintain a continuous state of efficiency on a uniform basis by the supervision of the Inspector-General of the Forces, who has to report to the Military Board and Council of Defence upon the efficiency, system, training, and equipment of the troops, their preparedness for war, and the state and condition of the defence works."

Inadequacy of the System

The system above described, while it makes the most of the existing forces, is plainly inadequate, either to the immediate requirements of Australian Defence or to the due performance of her obligations as a portion of the British Empire. Nor can Australia hope for many years to be able to resist unaided any determined attempt by a Western or Eastern power, either singly or in combination, to obtain a footing on the continent. If she is to keep for future generations the heritage which she now possesses, either from the Teuton or the Oriental, she must not only organise her own latent military powers, but she must do so in alliance with her other partners in the Empire. "That union is strength is more true now than ever before. Under modern conditions war assumes gigantic proportions; hundreds of thousands are and will be necessary where thousands or even hundreds have in past times decided the fate of Empires," writes Sir Edward Hutton as a warning to the forces he commanded in South Africa. He at least is under no illusions as to the lessons of the Boer War. Sixty thousand men can defend an open country like the Transvaal, which has neither capital nor seaports, while twenty times that number could not win back Sydney or Melbourne from the Germans if once these ports were opened to them by a victory in the British Channel.

The Enemies of Australia

Australia seems at present to mistake her destiny. The *Sydney Bulletin*, which voices her national aspirations, is accustoming the public to anticipate a conflict for Australian territory with China and Japan, forgetful that China is a jelly-bag and has no sea-power, while the Japanese are a race of islanders, accustomed to a seaboard life and spade culture of hillsides, to whom the flat expanses of the Australian Bush would offer no attraction. They could not safely hold Australia in tribute; and Formosa and other islands nearer home—to make no mention of Hawaii and the Philippines, whose owner could not be neutral in an aggressive war—offer a sufficient outlet for her surplus energies. There is some want of dignity in this constant apprehension of Japan, whose temper is not aggressive and whose greatest interest is Peace. Her ancient civilisation is not necessarily inferior to our own, because it is different; and Japan would put this, and more, to risk, by an attack upon Australia, whose real danger threatens from another quarter. Australia will be the prize of victory in a war between Germany and England.

Some deny the imminence of this fratricidal struggle. How then explain the German Fleet? That it is needed to protect her growing commerce? Then surely her battleships would be capable of carrying more than a ten days' supply of coal. Vessels of that limited range, built by a nation which owns no coaling stations abroad, must have some objective near their base, and by a process of exhaustion it can be made plain that only England can be aimed at. France can be restrained on land. The Russian Navy is a negligible quantity, and no German apologist could contend that the German Fleet is intended to protect Kiel against Sweden or Denmark! England

alone is left, and it is to her existence that the formidable German armament is a standing menace.

Nor is it in the power, even of the Kaiser, to check this belligerent movement. Germany is being impelled to over-sea expansion by circumstances which are stronger than any ruler. Not only does her commerce require foreign markets, but she also needs an outlet for her surplus population. Every year the hive swarms, and Germans leave the Fatherland to become in one generation subjects of a foreign power. At one time a dream was indulged in that Germans might gain a foothold in Southern Brazil, where there are already many German settlers. The United States, however, took alarm, and through the mouth of Mr. Hay, Secretary of State in the Cabinet of President McKinley, announced the extension of the Monroe doctrine to the southern portion of the American continent. There remains South Africa and Australia. If England's Fleet be destroyed, or even if it be turned away so that the German Fleet may have command of the Channel for forty-eight hours, a German force could land in England, in sufficient strength to paralyse her energies, if indeed it could not capture London. If this be the language of an alarmist it is that of most soldiers who have made a study of the possibility of an invasion. Every great military leader, from Julius Cæsar to Moltke, has believed that England can be invaded. And even the most credulous pacifier would hardly question this possibility, if the British Fleet were out of action! It is possible that the invaders might never return, but they could strike a fatal blow at the heart of the Empire. England is too dependent on other countries for her food supplies to contemplate with equanimity a bread riot in London. If the cession of Australia is not to be demanded as a term of peace, the duty of Australians is plain, namely, that in the first place they add to the efficient forces of the Empire and,

secondly, that they so organise their people that Germany will sit upon a wasp's nest, if she occupies the country. To the one end, she should be prepared to land one or more fully equipped and self-contained military units, at whatever point the Empire may be threatened, and, to the other, she must train all her citizens to military service.

Compulsory Service

Fortunately the conscience of the country is thoroughly aroused. The Australian Defence League, under the guidance of the Hon. W. M. Hughes, who was Minister for External Affairs in the Labour Ministry of Mr. Watson, and Colonel Campbell of the Rifles Section, and through its organ *The Call*, has successfully taught the lesson that Defence is the business not of a government or of a class, but of the people and of all the people. Only the remnant of Free Traders is unconvinced. "There will always be," as Mr. Roosevelt has observed, "men of a certain kind to whom trade and property are more sacred than life and honour."[1] Some military critics would prefer, on purely military grounds, a better-trained force of more moderate dimensions, but this is to ignore the political value of universal training and implies an organisation which is unsuited to Australia. Mr. Deakin, backed by the majority of Labour Members, has correctly voiced public sentiment in formulating a scheme of a National

[1] "To men of a certain kind, trade and property are more sacred than life or honour; of far more consequence than great thoughts and lofty emotions, which alone make a nation mighty. They believe, with a faith almost touching in its utter feebleness, that the Angel of Peace, draped in a garment of untaxed calico, has given her final message to men when she has implored them to devote all their energies to producing oleomargarine at a quarter of a cent. less per firkin, or to importing woollens for a fraction less than they can be made at home. These solemn prattlers strive after an ideal in which they shall happily unite the imagination of a greengrocer with the heart of a Bengali Babu!"

Citizen Army as an integral part of Australian policy, "in the acceptance of which," writes Colonel Repington, the military correspondent of the *Times*,[1] "Englishmen place their hopes not only for the military redemption of Australia, but for that of the British Empire as a whole."

The scheme which was outlined by Mr. Deakin in the House of Representatives on December 13th, 1907, has now (Oct., 1908) been formulated in a Bill by Mr. Ewing, the Commonwealth Minister of Defence. The cardinal provision of this far-reaching measure is that "all male inhabitants of Australia (except those who are exempted by reason of physical incapacity) who have resided there for six months and are British subjects, shall be liable to be trained to military service, as follows: (*a*) From 12 to 18 years of age in cadet corps; (*b*) from 18 to 26 years of age in the National Guard. Cadets are required to give a minimum service of fifty-two drills of one hour each, and four whole days, or their equivalent. On entering the National Guard a cadet must give at least eighteen days' service during the year for three years and at least seven days for five years. The eighteen days' training is to be in camp. Citizens who are allotted to the specialist arms are to be trained for twenty-eight whole days during each of the first five years in their service with the National Guard. If at the end of the eight years' period throughout which service in the National Guard

[1] In a letter to *The Call*, re-published in *The Times* of July 4, 1908. "All honour to Mr. Deakin," the letter continues, "for his great initiative; and all honour to Australia if she leads the British world, and takes a step which will not only—as nothing else can—make a White Australia practical politics, but will also stir the pulse and prompt the imagination of Anglo-Saxons far and near. It is my firm belief that we shall all eventually follow, if you will lead, and that the general adoption of citizen training will give lasting peace and security to the Empire, will cause credit to revive and trade to flourish, and will endow the names of [your leaders in this movement with great and imperishable fame."

is compulsory, a citizen is not "efficient," he will be called upon to do service during another year. Employers who place obstacles in the way of their men performing the required service can be heavily punished, and anyone who evades service is ineligible for any public appointment, deprived of his electoral franchise, and disqualified from receiving an old age pension. The Governor has, in addition, the right to call upon all male inhabitants to serve in time of war. A force of field artillery, Instruction and Administration Staffs, Army Service, Medical and Ordnance Staffs, a force of Garrison Artillery, Fortress Engineers, and Submarine Miners can also be raised, maintained and organised in permanence. An allowance based on a guinea a week for a private soldier will be given to the force during the instructional camps. Otherwise the service must be rendered gratuitously by every citizen. Long service undertaken voluntarily will receive special recognition. Each of the present Militia units will expand to three National Guard units, and the whole of their number will be absorbed in supplying commissioned and non-commissioned officers to train the new levies.

Under this scheme Mr. Deakin calculated that 83,000 men would always be in training, who would be supplemented every year by 30,000 ; and that the same number would pass annually into the Reserve and be organised into Rifle Clubs. In the eighth year, he estimated that 200,000 men would be available, fully armed, equipped and organised for the defence of the Commonwealth.

These proposals have not gone far enough to satisfy the Australian Defence League. They recognise that the proposed camp life and healthy rivalry in outdoor military occupations will improve the physique of the people, and foster the best national spirit, but they criticise the adequacy of the means proposed. They urge that the age limits should be from 22 to 26, in order that everyone may have an opportunity to get his preliminary training

in a Senior Cadet Corps. Otherwise, they say, the period in camp is too short. They also wish that some payment should be made, however small, during the service in camp. To provide the necessary money, they propose that short-dated Treasury Bills should be issued to meet the non-recurrent charges. And they call attention to a necessary strengthening of the Junior regiments by a stiffening of trained men. These and other amendments may be made when Mr. Deakin's proposals are embodied in a Bill, but it is certain that Australian defence will rest for the future upon the broad basis which he has proposed. As Colonel Repington writes in *The Call*, "the system can be improved and perfected as time and means allow, when it once rests securely on the sound principle of National Training. . . . If you find the standard too low, you can raise it when you please. We can always lend you an Inspector of the best modern stamp, who will come and go; who will not be mixed up with your politics and local affairs, but who will give you an unbiassed military opinion for what it is worth and for what you please to do with it."

Naval Defence

Mr. Deakin's proposals for the Naval Defence of Australia have been received with more hostility, although these also are supported by so competent an authority as Colonel Repington. Their central idea is the gradual creation of an Australian Navy, closely linked to that of the Mother Country in sympathy, tradition and training, but paid for and controlled by the Australian Government.

Mr. Deakin proposes to make a beginning with nine submarines and six sea-going torpedo boat destroyers—three of the former and two of the latter to be acquired each year over a period of three years—and gradually to increase this flotilla until Australia has created for herself such a defensive power that she will hardly invite

attack. If, when that time arrives, Australia is playing her expected part in world-politics, her force will be increased, until she can assume the offensive which is the best defence. "But to ensure liberty to such attack and render the home territory secure, whether now or eventually, the Australian people must be aroused." And thus Mr. Deakin's military and naval proposals stand or fall together. "It is not," writes Colonel Repington, "until the defensive armour of a people is forged and riveted on at home that they can pass to the attack and safely transfer the operations of war, and consequently its terrors and its evils to an enemy's waters and territory. . . . It will be only when her Navy exists that Australia can pass to the attack in war without help from home. . . . It is by creating this Navy that Australia will best serve herself and the Empire."

Yet it is a perverted sense of loyalty to the Empire which prompts the chief opposition to the Australian Navy. The habit of colonial dependence on the Mother Country has become so ingrained that a section of the people feels no sense of shame that a country so rich as Australia should "cadge" for its defence upon the over-burdened taxpayer of Great Britain. Nor do these people realise that, even if Australia paid a larger contribution in money to the British Navy, the time is coming when it will be no longer possible for England to maintain an armoured fleet in the Pacific. Colonel Repington again does well to remind Australians through *The Call* that "the pressure of foreign naval competition has compelled England to concentrate her fleets at home. This enforced concentration of British battle-fleets has radically altered the situation of Australia in war and has seriously altered it for the worse." Australia is now within striking distance of sixteen possible naval bases belonging to foreign Powers, from any one of which she might have an enemy at her doors before the British Navy

could arrive to her assistance. "When, therefore," says Colonel Repington again, "Australians are asked, as I judge from a speech by Mr. Reid that they are asked, to be confident that their greatest danger is a raiding attack by a few unarmed cruisers and a landing by 1,000 men, I think that the enemy is credited with a degree of forbearance and a capacity for sauntering, on which it is not safe to count. If I were an Australian I should ask for the evidence upon which this opinion was founded, and until I had seen that evidence and tested it I should, no matter how high the authority from whom it emanated, regard it as an opinion and nothing more. I should prefer that the Australian Intelligence Department should study the question. . . . There is only one measure by which Australia can remain secure and that is by making herself so strong that the temptation to attack her may be removed. The best defence of a nation is its power to attack, and an insular nation cannot attack without a Naval Force. Consequently it is the duty, as it appears to be the work, of Australia to create this force, if the naval power of the Mother Country does not, or may not in the future, completely cover Australia as with a shield. The idea that in an Empire of 400 millions of people, occupying eleven million square miles of territory, the cradle of sea-power rests exclusively on certain islands, containing forty-four million people and measuring 122,000 square miles is not a proposition which can easily be demonstrated. I should rather say that fifty years hence the predominance of the British flag in distant seas is not conceivable unless the self-governing colonies begin at once to lay the foundations of their future navies." Australia, under Mr. Deakin, is working for futurity in this high spirit.

The officers and men of the proposed new force would be engaged in Australia under the same conditions as in the Royal Navy, except that when in Australia they would be

paid Australian rates of pay. It is hoped that men would pass from the Royal Navy to serve a term in the Australian Fleet and that members of this fleet would pass into other ships of the Navy to complete their training. The ships would fly the White Ensign and the Commonwealth flag, and would be part of the Royal Navy in every sense, except that they would be maintained at the cost of Australia, and be under the political control of the Commonwealth Ministry. The Admiralty has raised an objection to the latter condition, and would place the fleet under the direction of the Commander-in-Chief of the Australian Station. This is an impossible demand. "A self-governing community cannot," as Colonel Repington says, "be asked to abandon in advance control of its own funds, or of forces created by such funds." Mr. Deakin cannot say more than that "in time of war Australian ships would almost certainly be placed by the Commonwealth Government under the Admiral commanding the Eastern squadron."

Lastly there is the question of cost. This is put, including capital expenditure, at £1,419,000, £1,714,000 and £1,605,000 for each of the next three years, and an annual charge of £1,300,000, which is a small premium of insurance on the 1,200 million pounds which constitute the wealth of Australia. It only involves an expenditure on defence of 1-15th of the Australian revenue and 1-100th of the income of Australians, as against the 1-25th of revenue and 1-31st part of income spent by Great Britain in the same object. Japan with a revenue of forty-nine millions spends one-sixth of it or eight millions on defence. Australia would have to spend five millions out of income to equal the expenditure of Japan, and twelve millions if she would emulate the Mother Country in the drain upon her revenue. Mr. Deakin's proposals do not, therefore, make an undue strain upon Australian finance.

Nor must the floating trade of the Commonwealth be

overlooked. This amounts to £170,000,000 per annum, and is now protected by the British Navy. Should this protection be withdrawn, the necessity for a sea-going fleet will be at once apparent. In the meantime Australia is meeting the need of the day, if she takes full responsibility for the defence of her ports and dockyards and the protection of her coastal trade.

The Naval Agreement, which was negotiated in 1887 with the Colonies of Queensland, New South Wales and Victoria, has outlived its usefulness. The squadron, towards the up-keep of which the Commonwealth contributes a not larger sum than £200,000 per annum, is not composed of powerful or modern ships, and the payment is a derogation from the duty which Australia owes to herself. It will cease when Mr. Deakin's proposals come into effect.

APPENDIX I

Routes to Australia

Via the Suez Canal—

The weekly English mail service to Australia is maintained by the P. & O. and Orient Lines alternately; and by travelling overland to Brindisi or Naples, it is possible to reduce the voyage from London to Freemantle (the first Australian port of call) by several days.

Both Lines also embark passengers at Marseilles.

Head Offices—

The Peninsular & Oriental Steam Navigation Co.,
122 Leadenhall Street,
London, E.C.

The Orient-Royal Mail Line,
(Managers) Messrs. Anderson, Anderson & Co.,
5 Fenchurch Avenue,
London, E.C.

Fares—

London to—	1st Saloon	2nd Saloon	3rd Class (*Orient only*)
Freemantle ... Adelaide ..... Melbourne .... Sydney ..... Tasmania ..... (by connection)	From £65; single £112; return	From £38; single £63; return	From £17; single
Brisbane ..... (by connection)	From £67; single £115; return	From £40; single £66; return	From £18; single

A somewhat longer route is that lately reorganised by the B.I.S.N. Co., which, after following the ordinary course as far as Aden, runs direct to Thursday Island, from there coasting down to Brisbane under the shelter of the Great Barrier Reef.

The whole voyage occupies about 42 days. This line is under contract with the Queensland Government for the carriage of emigrants.

Head Office—

BRITISH INDIA STEAM NAVIGATION CO.,
9 Throgmorton Avenue,
London, E.C.

Fares—

London to Brisbane—

1st, £48; single. 3rd, from £16 to £19; single.

Viâ the Cape of Good Hope—

This route has of late years seen great developments and is popular with others than those who merely wish to avoid the heat of the Red Sea from June to September.

Many of the steamers are unsurpassed for comfort and the standard throughout is high.

The third-class accommodation is especially worthy of mention.

Steamship Lines.

NEW ZEALAND SHIPPING CO., LTD.,
159 Hereford Street,
Christchurch, N.Z.

[*London Office—*
Messrs. J. B. Westray & Co.,
138 Leadenhall Street, E.C.]

SHAW SAVILL & ALBION CO., LTD.,
34 Leadenhall Street,
London, E.C.

Each Line sails monthly from London to Hobart (where passengers for the Australian ports are transhipped), the voyage occupying about forty days.

Fares—

	1st Saloon	2nd Saloon	3rd Class
London to Hobart ...	From £64; single £115; return	From £38; single £66; return	From £17; single

22A—(2133)

THE ABERDEEN LINE—
Messrs. Geo. Thomson & Co.,
7 Billiter Square, London, E.C.

LUNDS BLUE ANCHOR LINE—
3 East India Avenue,
London, E.C.

Monthly sailings from London to Brisbane by each line. No 2nd Saloon passengers taken.

Fares—

London to—	1st Saloon	3rd Class
Melbourne .. } Sydney .... }	From £52 ; single ,, £90 ; return	From £16 ; single
Brisbane	From £54 ; single ,, £94 ; return	From £17 ; single

FEDERAL HOULDER SHIRE LINES—
Messrs. Houlder Bros. & Co., Ltd.,
146 Leadenhall Street, London, E.C.

Monthly sailings from Liverpool to Brisbane. Occasional sailings from London. No 2nd Class passengers carried.

Fares—

London to—	1st Saloon	3rd Class
Adelaide .... } Melbourne .. } Sydney ..... }	£45 ; single	From £16 ; single
Brisbane	£48 ; single	From £18 ; single

WHITE STAR LINE,
Head Office—
Messrs. Ismay, Imrie & Co.,
Liverpool.

Monthly sailings from Liverpool to Sydney. Only third-class passengers carried.

Fares—
Liverpool to—
Adelaide } Melbourne } Sydney } From £19—£30 ; single.

APPENDIX

NOTE.—Assisted passages are granted to approved emigrants from Great Britain and Europe by the States of New South Wales, Queensland, and Western Australia. Particulars will be sent on application to the respective Agents-General of these States.

LONDON REPRESENTATION OF THE AUSTRALIAN STATES

The Commonwealth of Australia (a High Commissioner has not yet been appointed; in the meantime Captain Muirhed Collins, R.N., C.M.G., acts as Representative of the Commonwealth).

OFFICES OF THE AGENTS-GENERAL—

New South Wales: 123 Cannon Street, E.C.
Victoria: 142 Queen Victoria Street, E.C.
Queensland: 1 Victoria Street, S.W.
South Australia: 28 Bishopsgate Street Within, E.C.
Western Australia: 15 Victoria Street, S.W.
Tasmania: 5 Victoria Street, S.W.

APPENDIX II

Note on Loan Policies

Mr. R. M. Johnston, Government Statistician of Tasmania, has termed the Loan policy of Australia as "a taking of foreign capitalists into partnership in Australian development." He claims that this has been a striking success from the point of view of all concerned in the joint venture, and points out that, although English capitalists have provided capital to the amount of £240,000,000 for the construction of public works in Australia between the years 1870 and 1906–7, the net interest burden was *five pence* less per head of the population in the latter than in the former year. He summarises the results of the public borrowings within the period 1870-1906-7 as follows :—

Population has increased from 1·65 millions to 4·19 millions, or 2·54 fold.

Total external trade has increased from 36·09 million £ to 114·52 million £, or 3·17 fold.

The miles of railway line have increased from 994 miles to 14,067 miles, or 14·15 fold.

The capital invested in the construction and equipment of railways has increased from 9·82 million £ to 140·20 million £, or 14·31 fold.

The profit on working the railways has increased from 5s. 7d. per head of the population to 30s. 8d. per head, or 5·44 fold.

And, finally, while the gross interest burden per head of the population has nominally increased by 28s. 4d. per head, the increase in the profit returned by the railways has been 25s. 1d. per head, so that the net burden of interest was 5d. per head less in 1906–7 than it was in 1870.

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