

From Our Special Correspondent:
Alfred Deakin's letters to the
London Morning Post



Volume 9: 1909

Australian Parliamentary Library
Department of Parliamentary Services

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— Volume 9 —
1909



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Published by:
Australian Parliamentary Library
Department of Parliamentary Services
Parliament House
Canberra

First published in 2022

Series:
From Our Special Correspondent: Alfred Deakin's letters to the London *Morning Post*

Series editor:
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Printed and bound by:
Bytes N Colours
Braddon
Australian Capital Territory

From Our Special Correspondent: Alfred Deakin's letters to the London *Morning Post*; Volume 9: 1909
ISBN: 978-1-922656-08-7

Front cover: *Advance Australia*: postcard of Alfred Deakin with selected flora and fauna of Australia and a composite coat of arms, printed between 1903 and 1910.

(National Library of Australia, nla.obj-153093943)

The First Eight Project: Australia's First Prime Ministers



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Portrait of the Hon Alfred Deakin, copy by Spencer Shier, 1927

(National Library of Australia, nla.obj-136653272)

Acknowledgements

This collection of Deakin's letters to the *Morning Post* has been in progress for a number of years, and continues so to be. The Parliamentary Library would like to acknowledge the assistance of the following organisations and individuals who have contributed expertise, permission to use images or archival records, or given access to their collections, as follows: National Library of Australia; Julia Adam; Joseph Ayoub; Rowena Billing; Barbara Coe; Carlene Dunshea; Jonathon Guppy; Matthew Harris; Joanne James; Maryanne Lawless; Matthew Smith and Ellen Weaver.

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Illustrations

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Portrait of the Hon Alfred Deakin, copy by Spencer Shier, photograph 1927, National Library of Australia, nla.obj-136653272

Sixth Commonwealth Ministry from 13th November 1908 to 1st June 1909, Swiss Studios (Melbourne), 1908, National Library of Australia, nla.obj-136656806

'Australian Commonwealth Ministry: Sworn in on 1st June 1909', *The Telegraph* (Brisbane), 5 June 1909, p. 12

Introduction to the series

In January 1901, the London *Morning Post* newspaper published ‘The Australian Union’, the first piece from its new ‘Special Correspondent’. Dated ‘Sydney, Nov. 29’, the article offered the *Post*’s readers an intimate, engaging and remarkably well informed commentary on Australia on the eve of Federation. The anonymous correspondent was Alfred Deakin who had, only two days before the article’s publication, been appointed the first Attorney-General of the Commonwealth of Australia.

A leading federalist, Deakin dominated national politics until 1910, serving as Prime Minister no less than three times (September 1903–April 1904, July 1905–November 1908 and June 1909–April 1910) before finally leaving politics in May 1913. Throughout this period, he continued to write as the *Morning Post*’s correspondent on Australian affairs, offering purportedly ‘frank commentaries ... on Australian politics and politicians, including himself’.¹

Deakin had been introduced to the *Morning Post*’s proprietor, Algernon Borthwick, Baron Glenesk, and editor, James Nicol Dunn, when in London from March to May 1900 to help smooth the passage of the *Commonwealth of Australia Constitution Act* through the British Parliament.² It was a happy meeting of minds. Lord Glenesk was considering ‘the appointment of a regular Australian Correspondent, now that the new federation ... was about to be inaugurated’.³ Deakin, for his part, had long lamented the ‘absolute though innocent ignorance’ in England of the ‘aspirations of the colonies’, its press chronicling ‘very little regarding the colonies save cricket matches and other like matters, while the colonial press was full of information regarding every political or social movement of the mother country’.⁴

The terms of engagement were subsequently brokered by Philip Mennell, Deakin’s friend and the contributing editor of the *British Australasian and New Zealand Mail*. In November 1900, Deakin, who had worked as a journalist at *The Age* before entering the Victorian Parliament, accepted Glenesk’s invitation to contribute a weekly letter on Australian affairs for £500 a year.⁵ His appointment was formally confirmed in March 1901.⁶

While the arrangement was originally to last a year, Deakin continued to write for the *Morning Post* until the end of 1914, notwithstanding the concerns of its editor that the first letter ‘was a little too straight in its hits’ at NSW Premier William Lyne:

I know that in the colonies and in America plain speaking about public men is the rule. Here we are more accustomed to diplomatic phrases, our golden rule being that no matter how severely you attack a man you should so express it that you could dine with him immediately afterwards ...

What is wanted is admirably expressed in your private letter—that you should enable Englishmen to follow political material & social development all over Australia in a general way so as gradually to bring them in touch with that part of the Empire.⁷

Evidently the *Morning Post* quickly applied itself to the task of ensuring that diplomacy prevailed, for in May 1901 Menzell wrote to Deakin complaining:

I do not believe in your being a curbed force. What people here want to know is Australian opinion, not Australian opinion as manufactured and interpreted to suit the M.P.⁸

Menzell went so far as to recommend Deakin find another outlet for his letters.⁹ However, Deakin did not act on this advice and his letters appeared in the *Morning Post* (generally) weekly until August 1911, tapering then to one every three weeks.¹⁰ Over this period, some 600 letters, amounting to around one million words of commentary on contemporary Australian life and politics were published, variously titled ‘The Australian Union’, ‘The New Commonwealth’, ‘Federated Australia’ and ‘the Commonwealth of Australia’.¹¹ It is worth noting that, between 1904 and 1905, Deakin also wrote anonymous monthly feature articles for the *National Review*. Both papers had an Australian readership.

Deakin took pains to ensure that knowledge of his role as ‘special correspondent’ was limited to a small circle in Australia and London. This tight group included Thomas Bavin, a future NSW Premier and former Private Secretary to both Deakin and Edmund Barton. Bavin collaborated in the writing of the letters between 1907 and 1911.¹² The letters generally bore a Sydney dateline, and adopted a Sydney, Free-trade, point of view (‘our city’, ‘our Premier’);¹³ and included criticism of Deakin himself and of his policies. They were ‘often written, as is apparent when we know the authorship, with a certain ironical enjoyment’.¹⁴ Deakin adopted a pseudonym (‘Andrew Oliver’) and sometimes a cypher for his cables to the *Post*.¹⁵ Necessary precautions were also taken in posting the letters, one of his daughters recalling she was at times asked to ‘address an envelope to the *Morning Post* and to post it, with strict injunctions to secrecy’.¹⁶ Deakin seemed to relish such elaborate machinations, writing in 1907:

The situation is fit for fiction rather than real life and that is one of its attractions though its responsibilities are hazardous in the extreme.¹⁷

Remarkably, the arrangement remained private for several years after his death. Deakin's authorship of the letters was finally revealed in 1923 by Walter Murdoch in *Alfred Deakin: a sketch*.¹⁸

While the remuneration would have been a welcome addition to his income as a Member of Parliament and minister, Deakin claimed a two-fold motivation for his role as special correspondent:

I write always for a double purpose.—First to inform English readers of the inner meaning of Australian politics so far as it can be told now and in that way.—Next as a series of notes for study of the origin and growth of the Commonwealth in its earliest years.—Not a big book, but a short and simple summary of its facts and lessons.¹⁹

Similarly, writing to Fabian Ware (then the *Morning Post's* editor) in 1909, Deakin declared

The Australian letters in the M.P. may have all possible defects but however numerous they are no one who wished to write the history of our last 8 years can go elsewhere for a continuous record.²⁰

Deakin's letters to the *Morning Post* paint a broad canvas of Australian life and experience in the early years of Federation, ranging widely from drought, railways and tariffs to defence, imperial politics, and white Australia. At their heart, however, they are commentaries on Australian politics and political leaders—including himself²¹—and the shifting fortunes of the Protectionist, Free Trade and Labour movements.²² The letters chart the course of early Commonwealth governments and parliaments as they '[put] into actual operation the intricate provisions of the Constitution'²³ and build the new nation.

Deakin seemed untroubled by the conflict of interest intrinsic to what is truly 'one of the most extraordinary episodes in the history of journalism'.²⁴ His biographer and editor La Nauze, having grappled with the motivation for, and the propriety of, this anonymous journalism,²⁵ concludes, plangently, that historians would regard it as 'in some degree an improper activity for a man holding responsible office for much of the time'.²⁶

An English reader would have been made aware of Reid's political skill and platform ability, but would have been led to mistrust him. He would have seen Watson as a remarkable man of great integrity ... but he would constantly have been reminded of the perils of 'machine-politics' and of the extreme aims of the 'ultras'. The Australian Correspondent often criticised Mr Deakin's party ... but he never gave the impression that the country was or would be better served by its rivals.²⁷

Notes on the text

A complete edition of Deakin's *Morning Post* has been long awaited.²⁸ JA La Nauze's 1968 work *Federated Australia* presented a selection of extracts from the letters appearing in the *Morning Post* between 1901 and 1910, ending with the defeat of the third Deakin Government in April that year.²⁹

Once complete, this multi-volume series and republication will present, without notes, the complete collection of letters published in the *Morning Post* between 1901 and 1914.

The text has been transcribed from newspaper microfilm as none of Deakin's original manuscripts have survived.³⁰ Original headlines and subheadings written by *Morning Post* editors have been retained, as have, generally, spelling, punctuation, capitalisation and other accidentals. Obvious misprints and misspellings have been corrected silently.

The letters are organised chronologically by date of writing. Two dates are provided for each letter, the first being the date of writing, the second that of its publication in the *Morning Post*.

In March 1907, Deakin travelled to London to participate in the Imperial Conference, held at the Colonial Office from 15 April to 14 May. He returned to Australia in June 1907. During that period, the majority of letters were written by TR Bavin. Bavin continued to contribute until 1911:

Until early August 1911 [TR] Bavin wrote fairly regularly on topics such as the politics and legislation of Queensland and New South Wales; industrial legislation and disputes; constitutional questions; the River Murray waters agreement. It is impossible to identify all his paragraphs or sections of articles, since Deakin himself sometimes wrote on such themes, or adapted Bavin's drafts. In general it may be assumed that all the material on federal issues was written by Deakin or had his sanction.³¹

The very brief letter published in the 23 September edition of the *Morning Post* is not listed in Appendix II of La Nauze's edition.

Endnotes

- ¹ JA La Nauze in the Introduction to his selected edition of the letters to the *Morning Post*. (A Deakin, *Federated Australia: selections from letters to the Morning Post 1900–1910*, JA La Nauze, ed, Cambridge University Press, Carlton, 1968, p. ix.)
- ² *Federated Australia*, *ibid.*, p. vii.
- ³ *Ibid.*, p. viii. See also: JA La Nauze, ‘Alfred Deakin and the *Morning Post*’, *Historical Studies Australia and New Zealand*, 6(24), May 1955, pp. 361–75, and JA La Nauze, *Alfred Deakin: a biography*, Melbourne University Press, Carlton, 1965, volume 2, pp. 347–61.
- ⁴ ‘Banquet to the Colonial Delegates’, *The Argus*, 25 May 1887, p. 5.
- ⁵ Philip Menzell cable to Alfred Deakin, NLA MS 1540/7/8–10.
- ⁶ E Peacock letter to Alfred Deakin, NLA MS 1540/7/14.
- ⁷ J Nicol Dunn letter to Alfred Deakin, NLA MS 1540/7/12–13.
- ⁸ Philip Menzell letter to Alfred Deakin, 10 and 26 May 1901, NLA MS 1540/1/613–16, quoted in J Brett, *The enigmatic Mr Deakin*, Text Publishing, Melbourne, 2017, p. 252.
- ⁹ *Ibid.*
- ¹⁰ *Federated Australia*, *op. cit.*, p. viii.
- ¹¹ ‘Alfred Deakin and the *Morning Post*’, *op. cit.*, p. 361, 373.
- ¹² *Federated Australia*, *op. cit.*, p. viii.
- ¹³ ‘Alfred Deakin and the *Morning Post*’, *op. cit.*, p. 369.
- ¹⁴ *Ibid.*
- ¹⁵ J Nicol Dunn to Alfred Deakin, NLA MS 1540/7/14.
- ¹⁶ Brett, *op. cit.*, p. 242.
- ¹⁷ Quoted in *Federated Australia*, *op. cit.*, p. x.
- ¹⁸ W Murdoch, *Alfred Deakin: a sketch*, Constable & Co. Ltd, Sydney, 1923, p. 252.
- ¹⁹ Alfred Deakin to Richard Jebb, 29 May 1907, quoted in *Alfred Deakin: a biography*, *op. cit.*, volume 2, p. 353.
- ²⁰ Alfred Deakin to F Ware, 4 January 1909, NLA MS 1540/7/45–48, quoted *ibid.*, p. 358.
- ²¹ *Morning Post* editor J Nicol Dunn had at the outset urged Deakin not to put himself ‘too much in the background’ but, rather, to ‘mention [his] own part in affairs as fully as any other body’s’. J Nicol Dunn to Alfred Deakin, NLA MS 1540/7/12–13.
- ²² *Federated Australia*, *op. cit.*, p. ix.
- ²³ H Tennyson, ‘Prorogation’, Senate, *Debates*, 22 October 1903, pp. 6436–37.
- ²⁴ *Alfred Deakin: a biography*, *op. cit.*, volume 1, p. 199.
- ²⁵ *Federated Australia*, *op. cit.*, pp. ix–xii; *Alfred Deakin: a biography*, *op. cit.*, volume 2, pp. 360–61.
- ²⁶ *Federated Australia*, *op. cit.*, p. x.
- ²⁷ *Alfred Deakin: a biography*, *op. cit.*, p. 361.
- ²⁸ *Federated Australia*, *op. cit.*, p. xv.
- ²⁹ *Ibid.*, p. xv.
- ³⁰ *Ibid.*, p. xvi.
- ³¹ *Ibid.*, p. 304.

— 1909 —



Sixth Commonwealth Ministry from 13th November 1908 to 1st June 1909

Seated (L–R): Egerton Batchelor (SA), Minister for External Affairs; Andrew Fisher (Qld), Prime Minister and Treasurer; the Earl of Dudley, Governor-General; William Hughes (NSW), Attorney-General; Hugh Mahon (WA), Minister for Home Affairs

Standing (L–R): Senator Gregor McGregor (SA), Vice-President of the Executive Council; George Foster Pearce (WA), Minister for Defence; Josiah Thomas (NSW), Postmaster-General; Francis Tudor (Vic), Minister for Trade and Customs; James Hutchison (SA), Minister without portfolio

(National Library of Australia, nla.obj-136656806)

Australian Commonwealth Ministry.

Sworn in on 1st June, 1909.



SIR ALFRED DEAKIN (Victoria),
PRIME MINISTER (without portfolio).



SIR JOSEPH COOK (New South Wales),
MINISTER OF DEFENCE.



SIR JOHN FORREST (West Australia),
TREASURER.



SIR P. M. GLYNN (South Australia),
ATTORNEY-GENERAL.



SIR L. L. GROOM (Queensland),
MINISTER OF EXTERNAL AFFAIRS.



SENATOR SIR ROBERT W. BEST (Victoria),
MINISTER OF TRADE AND CUSTOMS.



SIR JOHN QUICK (Victoria),
POSTMASTER-GENERAL.



SIR GEORGE W. FULLER (New South Wales),
MINISTER OF HOME AFFAIRS.



SENATOR MILLEN (New South Wales),
VICE-PRESIDENT OF THE EXECUTIVE COUNCIL.



COLONEL SIR J. E. C. FOXTON (Queensland),
MINISTER WITHOUT PORTFOLIO.

'Australian Commonwealth Ministry: Sworn in on 1st June 1909'

(L-R from top): Alfred Deakin (Vic), Prime Minister; Joseph Cook (NSW), Minister for Defence; Sir John Forrest (WA), Treasurer; Patrick (Paddy) Glynn (SA), Attorney-General; Littleton Groom (Qld), Minister for External Affairs; Senator Robert Best (Vic), Minister for Trade and Customs; Sir John Quick (Vic), Postmaster-General; George Fuller (NSW), Minister for Home Affairs; Senator Edward Millen (NSW), Vice-President of Executive Council; Justin Foxton (Qld), Minister without portfolio

('Australian Commonwealth Ministry: Sworn in on 1st June 1909', *The Telegraph* (Brisbane), 5 June 1909, p. 12)

THE COMMONWEALTH OF AUSTRALIA.

A RETROSPECT.

FROM OUR OWN CORRESPONDENT.
SYDNEY, Jan. 4 1909; Feb. 16 1909.

The close of the calendar year is being accompanied by the usual retrospects. Politically our conditions are more disturbed than usual at this season. The Commonwealth is under the administrative rule of a Ministry which has not got a majority and never can hope to get one. Victoria, after a series of kaleidoscopic Cabinet changes, has a Ministry defeated both in the House and in the country clinging to office, though certain to be shaken off next week at latest. In Western Australia the control of public business has temporarily passed out of the hands of the Premier, Mr. Moore. Yet taken as a whole the political fruits of the year just closed have been considerable, both in the Commonwealth and in the States. If it were necessary to recapitulate the legislative work done it would bear favourable comparison with preceding years. The final figures for Australia's trade, finance, and production are not yet available, and those which have been circulated are less favourable than the results of the last few years. As all our Governments close their annual accounts at June 30, and present incomplete returns for the half year ending on December 31, we have to take the published summaries with certain reservations. The disturbance in the wool market in 1908 bring the value of our exports down when compared with those for 1907 by six and a half millions sterling for the twelve months. Wheat and flour showed a similar decline of nearly one-third of that large amount, while metals and ores together were equally unsatisfactory to shippers. Extra gold shipments only in part redressed the balance. Our total exports were valued at twelve and a half millions less than in 1907, while imports sank about two millions sterling. The revenues of the State as compared with that of the Federal Governments show comparatively small reductions, principally due to the decreased surplus returned by the latter, and in New South Wales to remissions of taxation. Neither in Commonwealth nor States do the transactions for the half year disclose a prospect of a serious fall below the estimate made for the current financial year ending in June next. Business continues sound, money has hardened in price, and immigration is on the increase. The steady pressure of the late Commonwealth Ministry upon the States has obliged this State and Queensland to adopt less ineffective means of adding to our small population. The harvest prospects and prices being almost everywhere satisfactory 1908-9 will probably prove a good year after all.

STATE RAILWAYS.

Of course the first consideration in all such reviews as these are the pounds, shillings, and pence contributed to the State revenues by the great State enterprises in which all our taxpayers are vitally interested. Being shareholders by virtue of their citizenship and liable to make up any deficiencies in the accounts from whatever causes arising they naturally scan the balance-sheet of these State ventures with jealous scrutiny. Naturally it is to our huge investments in State railways that they turn their attention first, principally perhaps because of their magnitude. In addition to this motive it is always recognised that we possess no better index to the general economic condition of the Commonwealth than that provided by their receipts. Of course it must always be remembered that many of our railway lines have been built with the certain knowledge that they could not be expected to pay for some time, since the districts in which they are constructed will not become settled until the line is actually made and working. Every private company undertakes some similar risks on occasion even in Great Britain, but with much greater caution and on terms not nearly so easy for their customers as our States accept. Beginning by making allowance for our greater number of non-paying lines, which would never have been built if our railways were in private hands, it is quite clear that any railway surplus obtained is more encouraging than it would be if the immediate paying possibilities of a line were the first consideration in its construction. This circumstance makes the last available and complete figures for 1907–8 most encouraging. For the first five years after Federation there were annual deficiencies on the railways of Australia, after payment of interest charges and working expenses, varying from half a million to a million and a half. Good seasons, high prices for minerals, closer settlement, and a large development of interstate trade have changed all that. In 1905–6 this deficit gave place to a small surplus. In the following year the surplus rose to about a million. Now, in 1907–8, notwithstanding large concessions in fares and freights, both in New South Wales, Victoria, and Queensland, a deficient harvest and a falling-off in the mineral production the surplus remains at about the same figure. The last six months is better still. This record is not due to the abnormal prosperity of any one State. Nearly all the States make contribution to it. The railway systems of Tasmania and the Northern Territory (which together form an entirely insignificant part of the railways of the Commonwealth) alone failed to return during 1907–8 a surplus over working expenses and interest charges. In some of the States, it is true, complaints are to be heard that too much is being sacrificed to economical working. In this State, for instance, there is undoubtedly a serious shortage in rolling stock, which has considerably hampered the farmers. In Victoria there seems to be some ground for the assertion that the railways are understaffed, and the West Australian returns show a suspiciously large reduction in working expenses. Making every allowance for false economies, which are but temporary and local, nothing can account for

the extraordinary expansion of our railway returns during the last two years but the general prosperity of the producers of Australia. State railways are responsible for £140,000,000 of the Public Debt of the Commonwealth. Last year their net earnings were £6,000,000, or more than 4¼ per cent. on this capital. The average rate of interest we are paying being under 3½ per cent., they have contributed largely to our available surpluses. This is a record which, to say the least of it, throws no discredit on State management of public utilities of this character, and has naturally given great satisfaction to all parties.

POLITICAL SITUATION IN VICTORIA.

The results of the recent dissolution of the Victorian Assembly have demonstrated the futility of the action advised by Sir **Thomas Bent**. One decisive outcome of his appeal to the electors with a reconstructed Cabinet has been the further reduction of his minority by two or three seats. He is now weaker in his own Chamber than even Mr. **Fisher** is in the Federal House of Representatives. The only gainers at the polls are the labour members, who have added six fresh recruits to their State contingent. It was on the plea that they might dominate any Opposition Cabinet likely to be formed if Sir Thomas Bent were refused a dissolution that he obtained a gambler's chance of trying to persuade the country to overlook his recent tactics. The election therefore, instead of assisting to resolve the confusion existing in the State Legislature, leaves it worse confounded. The Labour Party, despite its relatively great accession of strength, commands less than a third of the popular House. Any coalition it might form would possess very precarious possibilities of keeping a permanent working majority—Sir Thomas Bent's direct following is even smaller than that of the dreaded Caucus. The remaining third of the Chamber consists of men who are united principally by their dissatisfaction with Sir Thomas Bent and all his works. They, too, will be forced to face some kind of combination if they are to enjoy even a share of power. Viewed from this State the prospects of establishing a stable Administration in Victoria appear slight, judged by the visible discords in the new Assembly. It seems doubtful whether a leader can be discovered capable of consolidating a party preparing a business-like programme and possessing the courage to carry it out. There was at least an equally good chance of doing this in the former House unreasonably sent to its constituents at very short notice. With an election due in about a year all representatives in it would have kept an anxious eye upon public opinion. This restraint will be wanting in the new Chamber. It has to face its old difficulties and also some unpleasant charges against the Premier in connection with State purchases of land for closer settlement and the construction of State tramways. Altogether the people of Victoria must prepare to be thankful for small mercies under the curious circumstances of their political situation.

THE COMMONWEALTH OF AUSTRALIA.

FEDERAL POLITICS.

FROM OUR OWN CORRESPONDENT.
SYDNEY, Jan. 11 1909; Mar. 2 1909.

The story of State politics in Australia if told with any detail may well remind an English reader of the tangled "battles of the kites and crows" which preceded the Heptarchy. For all that they cannot be entirely disregarded, because our States will always remain permanent factors in Federal politics. The tendency of our principal public men to seek the national arena has already asserted itself to such an extent that probably there are not altogether half-a-dozen leaders of State parties who are known even in Australia outside their own particular areas. At the same time the small number of the Local Governments which divide this Continent and the control which they possess of all its internal distributing agencies through the railways, of all its lands and mines and water supply works, makes them, and must continue to maintain them, important agencies in relation to the population and production of Australia. These two vital interests have been badly handled by them in recent years. Immigration has been systematically and intentionally crippled by a deliberate neglect to encourage or provide for it at the expense of the local Treasury. Nothing but the danger of being deprived of their management of it by the National Parliament has spurred the Eastern States to tardy action. Western Australia, though rather spasmodically and ineffectually, has at least done more than any of them, though of late she has administratively fallen back. Our producers, on the whole, have been dealt with generously, though favouritism and haphazard methods in handling their interests have been manifest at times. Injudicious expenditures upon merely showy undertakings have frequently absorbed sums that ought to have gone to reproductive works. Having regard to the fostering of development possible to our State Legislatures, it is impossible to ignore them when telling the tale of Australia's progress from year to year. The men at the helm may seem small, but the territories they represent are vast, and the fruits of their action and inter-State action are more than sufficient to make many of the incidents of Federal politics unintelligible except by reference to the Parliamentary fortunes of local administrations.

SITUATION IN VICTORIA.

Although Western Australia will be to some extent isolated while her enormous area is reached only after a sea voyage from the Eastern States, the remaining five communities draw visibly closer to each other every twelve months. Their elections and party fortunes affect and are affected by those of the Commonwealth. They to some extent reflect those of the National Parliament, and occasionally very closely repeat its experiences. This is especially the case whenever the three-party system is in full play in a State, and is invariably attendant in any one upon a special rise or fall in the fortunes of the Labour Caucus, which operates in all. For these last reasons the late crisis in Victoria and its outcome are full of interest to students of the larger field of public affairs here or elsewhere, not merely because it happens to take place in Melbourne, where the Parliament of the Commonwealth is temporarily housed, but because of the many likenesses to party relations in that Parliament furnished by the Victorian Assembly just chosen by the electors. It is true that owing to the indecent haste with which the dissolution was accomplished half the members had no contest to face, no less than twenty-five out of sixty-five having no opponents, and a dozen more no serious candidate in the field. Under such unfortunate circumstances the one and only result of what was nominally an appeal to the country was a considerable accession of strength to the local Labour Party. This, however, was nothing like sufficient to give them a majority. Still, as in the House of Representatives, Mr. Fisher, the Chairman of the Federal Labour Caucus, occupies the Treasury Benches until the other two-thirds of its members can agree upon a leader and a policy, Mr. Prendergast, the Chairman of the State Labour Caucus, was prepared to accept the responsibilities of office. Rather than consent to this the two-thirds outside his Caucus agreed to hold a Caucus of their own, although their antagonisms had just brought about the defeat of the anti-Labour administration lately in power. They met accordingly, and in much haste under great pressure accomplished their task. The leader selected was Mr. Murray, who, having carried the motion of want of confidence in Sir Thomas Bent, would have been sent for six weeks since if there had been no dissolution. He promptly chose as his first lieutenant the member who would have occupied the same position prior to the event. But half of the members of the new Government being picked from among the supporters of the defeated Prime Minister, he and his colleagues will be expected to sit behind the men who turned them out of office, against whom they fought the late election, and with whom they have been engaged in a Billingsgate duel for the past month. The policy of the new team representing this amalgamated party has yet to be evolved, and in these circumstances it is too early to criticise this new method of making a Cabinet adopted with the one object of excluding the Labour Party from office or from control of those in office. As this is the solution of the existing Federal situation which our Sydney dailies are urging upon Mr. Deakin, it will be instructive to see how the Caucus plan of healing grave differences of opinion and fierce personal antagonisms will work in practice.

ARBITRATION IN LABOUR DISPUTES.

A recital of the incidents occurring in the course of the distressing industrial battle at Broken Hill would only repeat the news already telegraphed, while a consideration of its outcome would be premature at this stage, except as it recalls attention to our legislation in this regard. In September last there came into force in Queensland their first Wages Boards Act, which leaves Tasmania the only State in the Commonwealth without statutory machinery for the prevention and settlement of industrial disputes. The character of the machinery approved varies in the different States. In Western Australia they still retain the original system of Compulsory Arbitration, although considerable amendments in it are foreshadowed by the Government. In Victoria, South Australia, and now, in Queensland, there are Wages Boards, all fashioned pretty much after the same model; while in our own State we have recently adopted a blend of both systems, for which its authors claim that it embodies their excellencies and avoids their defects. Our new Act as amended certainly avoids some of the objections which our own experience had proved to be inherent in a system of compulsory arbitration by a single tribunal, and if it has failed to avoid some of those which Victorian experience had disclosed in the Wages Board system, this is not for want of a most careful investigation of the working of that system on the part of our legislators. The Broken Hill appeal now pending will, however, go direct to the Arbitration Court, since the disturbances also affect the Port Pirie Smelting Works in South Australia. In Queensland the new system was introduced with the general goodwill of all parties, and the Unions are now busily engaged in preparing to take advantage of its provisions. The Labour Party there, whose belief in the principle of compulsory arbitration has survived its supposed failure in this State and in New Zealand, would have preferred to see that principle adopted. But they did not let that preference blind them to the very real benefits they stood to gain from Mr. Kidston's measure, joining forces with him in order to make the area of its operation as wide as possible.

PRIVY COUNCIL APPEALS.

Australian lawyers fully appreciate the motives which led the Lord Chancellor to introduce the Bill, recently passed, for improving the Constitution of the Privy Council, as the Colonial Court of Appeal, by adding to the Colonial element in its composition. But this appreciation does not blind them to the fact that the increase in the number of Colonial members of the Judicial Committee from five to seven, and the power to call in Colonial Judges as Assessors, besides being in itself a very slight improvement, will not diminish the steadily-growing dissatisfaction with which many Australians regard the existing relations between the Privy Council and the superior courts of this country. It is rarely safe to dogmatise about the possible

results of an appeal to public opinion, especially in this instance, since our deep sentiment for the maintenance of Imperial unity is quite strong enough to defeat the best opinion of the profession, or of those most competent to discuss this question. No doubt opinion today has reached a different stage from that we occupied at the time of the adoption of the Constitution. This does not appear to be due to loss of confidence in the Judicial Committee in respect to its extra-constitutional functions. Still, Australian respect for its authority as an interpreter of a Federal Constitution undoubtedly suffered a severe shock from its decision in our income tax case. Principles were then laid down which, according to some English as well as Australian authorities, are contrary to the fundamentals of Federal law. But a main reason for the change of feeling is the frequency with which leave is granted to appeal from the decisions of the High Court, and the complete vagueness of the principles on which applications for leave to appeal from this tribunal are dealt with. Seeing that leave may be granted in any case (with the exception of a small specified class), and has been repeatedly granted in cases of no special importance, the Australian litigant finds that the only effect of the establishment of an expensive appellate tribunal in Australia is to add another step to the weary and expensive journey between the beginning of his litigation and its end. This difficulty will not be removed by legislation which merely enables the Privy Council, on the rare occasions when an opportunity will offer, to avail itself of the services of a Judge with Colonial knowledge. From the Australian point of view what is wanted is, first, one Imperial tribunal, and next such a revision of the existing jurisdiction as will place our High Court in the position of a final Court of Appeal for Australia, except in cases where Imperial interests or other special considerations are involved.

THE COMMONWEALTH OF AUSTRALIA.

LABOUR POLITICS.

FROM OUR OWN CORRESPONDENT.
SYDNEY, Jan. 25 1909; Mar. 10 1909.

At Broken Hill the violence displayed against the Proprietary Company and the authorities appears to have been suppressed by the firm action of the Government and the courage of its police magistrate, who has just dealt severely with the men guilty of an assault upon the police. Mr. Justice **Higgins**, who is President of the Commonwealth Court of Arbitration, is now proceeding to the scene of strife in order to decide between the contending parties, and we shall presently be able to determine whether or not the law under which he is acting will afford a pacific means of settling this grave dispute between the Company and its employees. In the meantime the Sydney Trades Council has despatched two delegates to confer with the miners on strike upon the future conduct of the campaign. Should this again become aggressive a new problem will be presented to our Federal legislators when they reassemble, and prior to that to the Federal Labour Ministry now in office. That Cabinet can be relied upon to employ its utmost efforts to avoid any entanglement in this industrial combat for its own sake if for no higher reason. The two new Coalitions against the Labour Caucus in Victoria and Queensland have gone into recess, though the first only for a short period necessary to enable the two principal members of the Murray Administration to face elections in their constituencies. Its programme is mainly that of Sir **Thomas Bent**, coupled with the infusion of energy which generally accompanies the harnessing of a new team. In Brisbane the **Kidston** reconstructed coalition has only reached recess after a fierce struggle. Nothing has been done except the passing of the Estimates. This was only accomplished by a frequent application of the guillotine, with which the British House of Commons is much more familiar than any Australian Legislature. Although the power to apply a closure has long been possessed by the Federal House of Representatives it has never yet been used, so strongly is public opinion supposed to be adverse to limitations of debate. The one result of the Brisbane session from the Ministerial point of view is that it has accustomed old opponents to sit and vote together. The followers of Mr. **Kidston** and Mr. **Philp**, in spite of their formal alliance lately entered into, have not evinced much affinity. Even since their union they have sometimes failed to keep the noise of their dissensions within the walls of their party room. Since then their consolidation has been accelerated both by the personal bitterness which the Labour Party has infused into its attacks

upon the Coalition, and by the irreconcilable attitude of the Labourites towards the immigration policy of the Government. If there is one State in Australia which stands to gain much and to risk nothing by an active immigration policy, it is Queensland. Thanks to its wide areas of unalienated Crown lands the Northern State is in a position to absorb thousands of agriculturists without resorting to the expensive and tedious system of land resumption of late so prominent in the policy of New South Wales. These considerations, however, did not restrain Mr. **Bowman**, the Labour leader, from attempting to reduce the immigration vote on the Estimates by £30,000. The attempt was, of course, defeated, not one member outside the twenty-one pledged Labour men voting in its favour. Nothing will do so much to strengthen the somewhat precarious combination which keeps Mr. Kidston in power as these ill-considered attacks upon the best features of his policy. The recess is to be devoted by Ministerialists to the work of organisation, with a view of removing elements that may prove dangerous next session. This in itself is a confession that the Coalition has not yet "found itself". It has lived, and promises to thrive in the future, more by the unreasonableness of its opponents than by its own strength.

THE AUSTRALASIAN SCIENCE ASSOCIATION.

Meanwhile the Queensland capital is occupied with affairs that matter a good deal more to Australia than the fortunes and misfortunes of its politicians. Over 500 of the leading Australasian representatives of science, education, and philosophy have gathered in Brisbane for the biennial meeting of the **Australasian Association for the Advancement of Science**. Founded in 1888, its meetings are held at intervals of two years in the larger towns of Australia and New Zealand. Its continuous and growing success affords evidence that Australasia is not quite so indifferent to problems affecting the welfare of the race as some of its critics seem to think. The Association exists primarily, of course, to foster the love of science for its own sake. Apart from this, however, it is doing valuable work in bringing home to us the close relation between scientific investigation and our material progress. This year's President, Professor **Bragg**, pointed out in an altogether admirable address, that there remains for solution a large number of scientific problems, many of them peculiar to Australia, intimately associated with our chief sources and processes of wealth production. The time is passing when broad acres were to be had for the asking, which merely required to be tickled with a hoe to laugh with a harvest that always fetched high prices; or when gold was to be picked up on the surface of the ground or sifted from the sand of an easily accessible river-bed. Both agriculture and mining in Australia are facing new problems calling for the aid of science. The wheat grower has his plant diseases, and there is still a great deal to be learned about the process of nitrification in the soil under our conditions. There are diseases in sheep, of the

nature and treatment of which we have at present but an empirical knowledge; we are very ignorant of the fish that swarm in our coastal waters, offering a hitherto unexplored source of national wealth. Our fruit growers, especially those engaged in grape culture for wine production, have to contend with pests of which at present they know little. In mining we have to meet the new obstacles that are attendant upon work at deep levels, or on treating inferior ores. All these difficulties can be met, and can only be met, by the patient and determined application of scientific methods, hence an association which does so much for the popularisation and encouragement of scientific work as the one now meeting in Brisbane must be reckoned high among the agencies which make for our national progress. The President, Professor Bragg, of the University of Adelaide, is known wherever men are interested in the all-important science of radio-activity. Appropriately enough, he chose that subject for his Presidential address, and incidentally mentioned a circumstance of which Australasia generally is ignorant, but of which she might legitimately be proud. This was the fact that some of the most brilliant work that has been done in this branch of inquiry has been done by Australasians. Easily first stands Professor **Rutherford**, Professor of Physics at Manchester, to whom, according to Professor Bragg, the world owes many of the fundamental conceptions of the subject. Other Australians who have made distinguished contributions to this science (which Professor Bragg, himself a leading authority, calls a fundamental science), are **Pollock**, **Kleeman**, **Madsen**, **Laby**, and **Durack**. It is only fair that this should be remembered in favour of a country which is commonly notorious at home for its labour troubles and love of horse-racing.

RETIREMENT OF SIR F. DARLEY.

The impending retirement of our Chief Justice will make a gap in the public life of the State not easy to fill. Sir **Frederick Darley** has occupied his office for a period of 22 years, after practising with distinguished success at the Bar for 20 years before that. He is perhaps the last of the great generation which gave us Sir **Alfred Stephen**, Sir **James Martin**, Mr. **W. B. Dalley**, and Mr. **Butler**, men who would have added distinction to the political or forensic life of any country. For nearly a quarter of a century he has maintained among us the highest traditions of the English Bench. Already the choice of his successor is arousing more than usual interest. Unfortunately, there is no man at the Bar who stands out with such prominence as to make his claim unquestionable. In the circumstances, Mr. **Wade**, who is Attorney-General as well as Premier, has been pressed by his friends to take the position. At the time of writing, however, it is thought very unlikely that he will do so, if only for the reason that his retirement from the Premiership would leave his party without a leader anything like so well qualified to hold the reins of Government. During Sir F. Darley's final year of office upon leave of absence the senior Puisne Judge, Mr. **Simpson**, will temporarily occupy the position.

THE COMMONWEALTH OF AUSTRALIA.

LABOUR MINISTRY'S DILEMMA.

FROM OUR OWN CORRESPONDENT.
SYDNEY, Feb. 2 1909; Mar. 20 1909.

Rarely have political prophets gone more astray than in their forecasts of the tactics to be pursued by our Labour Ministry. A current expectation on the part of the Press was that their career would commence with a call to arms, and continue in a series of sensational adventures. Today the plain fact is that never has any Cabinet made a tamer entrance into office or remained more timorously quiet. Never was any Premier so anxious to hide the light of his policy under a bushel or to keep it persistently out of sight. To the House nothing whatever was disclosed beyond the two or three items dealt with hurriedly before prorogation. Since then Mr. Fisher has made two or three scores of speeches in Queensland, in which all the customary platitudes of speakers who have nothing to say have been employed with wearisome monotony. Even the annual patriotic dinner of the Australian Natives' Association in Melbourne yesterday could not tempt the Prime Minister to take the public into his confidence. If he has his way he will say nothing worth hearing or criticising until the new session is close at hand. He must have been somewhat perturbed by the substance of the speech with which Mr. Deakin followed at the same gathering. Though courteous and even friendly in tone it recited his long list of measures relating to National Defence, the financial future of the States and the Commonwealth, the New Protection, the taking over of the Northern Territory, appointment of a High Commissioner, opening of appropriate offices in London, encouragement of immigration, passage of the Navigation Bill, establishment of a Bureau of Agriculture, and, in fine, the whole of the legislation submitted by the late Government. Mr. Deakin assumed or, as some critics say, directed that his Bills should be proceeded with whatever proposals of their own the Labour Cabinet may pluck up courage to introduce. Perhaps he may demand priority for the business which he brought forward last year. There will be many interpretations of his utterance. So far everyone seems to agree that it contains a plain intimation of an intention to force the hand of the new Administration, to compel its leader to speak out, and to make it difficult for any legislation to be passed by him, except that inherited from the Government he lately displaced.

EDUCATIONAL SYSTEM.

National education, properly so called, does not exist in Australia, though all our primary and some of our secondary schools, and all our Universities, are controlled by our several State Governments. In the first year of the Commonwealth's existence it received $5\frac{1}{3}$ millions sterling less revenue than now, and the expenditure on primary education in 1906 was only some £200,000 more than in 1901. On technical education the Governmental expenditure of 1906 was actually less than in 1901. Unhappily, the inference to be drawn from these figures is ignored by most Australians. There is a sort of tradition, at any rate in this State, that the system of education is all that could be desired, and the average man does not bother to inquire into the foundations for it. If facility for acquiring the "three Rs", and (in the case of exceptionally industrious or exceptionally brilliant boys) for passing from the State schools to the University, and acquiring all the advantages of a University degree, amounts to a satisfactory educational system, we have it here. If, however, a satisfactory system, as our critics insist, implies a high level of general education for average boys, and moderate facilities for obtaining a University education, even for those who have no hope of special academic distinction—if it implies some kind of restraint on the right of unqualified persons to hold themselves out as capable and efficient educators; if, further, it involves the encouragement of qualities and aptitudes which cannot always be tested by the touchstone of the ordinary written examination paper—there is still much wanting in the aims and methods of educational control in New South Wales, and more in most of the other States of the Commonwealth. Of late, it is satisfactory to observe, there has been a marked quickening of interest in such questions in many quarters and in several States, notably in the Teachers' Registration Act of Victoria. With us, it is evidenced partly by the movement for University reform, which produced the promise of a Government Bill this session. Other evidence of it is furnished by a rebellion against the tyranny of the examination system, which has developed into a real danger to educational efficiency. For many years almost the sole test of the teaching in the secondary schools of the State (and these include a very large number of so-called "superior" public schools, which afford to the upper classes all the elements of a secondary education) has been the success of their scholars at the annual entrance examinations held by the University authorities. These are open to all candidates under certain ages, and year by year every pupil in this State or in Queensland whom an ambitious teacher can cram up to examination point is submitted to the test. The result has been to stereotype educational methods in the two States referred to, and to produce a large number of teachers whose sole object, professionally, is to be able to announce in their prospectuses to admiring parents that they have succeeded in getting so many pupils through the junior or senior public examinations. The revulsion against this undesirable system has produced a body of enthusiasts who are working for the institution of the American system of "accrediting", under which a properly-constituted

authority after carefully classifying all the secondary schools accords to those which it considers worthy the right to grant to its pupils an official "leaving certificate". This serves the double purpose of attesting the efficiency of the pupil who is going straight into business life, or of admitting him to the University on the footing of a matriculated student. Western Australia and Tasmania, like Victoria, already exercise some control over private schools, which the other three States, including our own, do not possess. We are hoping to see a stride in this direction next session.

THE GOVERNMENT OF SYDNEY.

Sydney, if one may use the expression, is stocktaking. It has become a great city almost without knowing it, and it has never yet, except in a spasmodic, partial way, adjusted its system or government, its methods of providing for the transit of passengers and goods, its local machinery generally, to the new conditions. Federation in the eight years of its existence has made more difference to us than to all the other capitals of the Commonwealth put together. The business part of our town has been practically rebuilt; new suburbs have appeared as if by magic in districts which a decade ago were the haunts of holiday-makers and seekers after wild flowers. During last year alone between four and five millions was spent in works and buildings in and around Sydney, while in 1907 the amount was only about a million less. It is hardly surprising, in view of these figures, that the complaints, which a few years ago were so frequent, of the baleful effects of Federation on this State in general, and Sydney in particular, are no longer heard. The extraordinary expansion of this city, however, has had another effect besides that of toning down its anti-federalism. It has also roused the citizens to an interest in the problems of city government, to which Australia generally, and New South Wales in particular, has always been remarkably indifferent. Remarkably indifferent, because one might reasonably have expected that the people of a country, 35 per cent. of whose population lives in the State capitals alone, to say nothing of our large and thriving provincial towns, would display a more than ordinary interest in the art of city government. The form of our civic governmental machinery is being forced into prominence by an agitation for the formation of a Greater Sydney Council on the model of the London County Council. This agitation is steadily gathering strength, and it seems now to be only a matter of time for the forty-one municipal councils and the five hundred odd aldermen who now control our Metropolis to be displaced by a simple central governing body, exercising an authority more nearly equal to the requirements of the sixth city of the Empire. When the recommendations of the two Royal Commissions, the one for directly connecting the north and south sections divided by our harbour, the other for improving its traffic facilities and its general appearance, are carried out we shall have done something for ourselves hitherto grossly neglected, owing to our superb endowments.

THE COMMONWEALTH OF AUSTRALIA.

BROKEN HILL STRIKE.

FROM OUR OWN CORRESPONDENT.
SYDNEY, Feb. 15 1909; Mar. 27 1909.

Broken Hill today furnishes the most impressive object-lesson in the way of an industrial crisis ever witnessed on this side of the globe. The isolation of the town, its homogeneous population, and its exceptional circumstances have made it a hotbed of chimerical doctrinaires. Capital and ownership are represented by a handful of the employees of absentee shareholders whose directors are a few very rich residents of Melbourne and Adelaide. Labour reigns supreme. No such battleground for militant Socialists exists in the Commonwealth. It has attracted the whole of the disturbing elements in our midst, all anxious that the affray should be prolonged and embittered. The acts of violence, the futile dynamiting of water pipes and machinery, are due to little knots of emissaries. The "Socialist" officials have been cold-shouldered from the first by the miners and their leaders except when they have the wit to conceal their extravagant aims under clouds of specious generalities. Police control is maintained. But police or no police, it is now clear that outrage and disorder would have run riot for a time if there had not been a Federal Arbitration Act. Those lawless outbreaks are properly credited to a handful of anarchists and physical-force apostles of Continental doctrines who have found their way into the Commonwealth. That these have been suppressed chiefly by the pressure of opinion among the miners themselves is obvious to every observer. The strife has been confined to sticks and stones. Neither our working men nor any other class carry weapons. Revolver and knife are unknown in our mining camps, and the bushman on his tireless horse or the swagman who wanders across the Continent on foot go equally unarmed. Neither the American weapon nor the American strike methods of civil war are used in Australia. Both are perfectly well understood, of course, for we are a newspaper-reading people. We are, however, not only English in habits and traditions, but we have adopted a system of Arbitration Courts upon which we are gradually learning to rely in even such painful emergencies as those now existing at Broken Hill.

A STRONG ARBITRATION JUDGE.

The fact is that a leaven of industrial unrest has been working in New South Wales for the last few years, infused from abroad as part of an international campaign. We should not have succeeded in coping with its disruptive methods had we not possessed legislation that presented a pacific means of settling industrial dispute. In the Broken Hill strike this has proved our sheet anchor. From the moment when the Miners' Union appealed to Mr. Justice Higgins the aggressive energy of the belligerent foreign element began to be circumscribed. When the court opened on the spot intimidation commenced to dwindle and public attention became riveted upon the evidence tendered in elucidation of the actual conditions of employment now impugned. The question that the strikers as well as the community put to themselves, instead of continuing to be "What can we force from the mining company?" was changed into "What is fair as between the company and its employees?" The whole situation and its whole atmosphere were thus transformed. As the inquiry has progressed the searching manner in which Mr. Justice Higgins has dealt with the management of the Proprietary Mine and all its business relations in open court would probably have threatened the mental balance of the last century economists, who taught the sacredness and inviolability of private enterprise no matter what its conditions. The proceedings before the Federal Arbitration Court not only dissipate every shadow of privacy, but are also raising questions which go to the root of the system of industrial arbitration. The men claimed that their wages should be maintained at the level at which they have stood by agreements for the last two years. The Proprietary Company asserted that it was unable, owing to the fall in the price of metals, to go on paying these rates. The men asserted with equal positiveness that they neither could nor would accept less, especially since all the other companies were continuing to pay the same wages. This was the position when the Court began its sittings. Mr. Justice Higgins, the President, who has never taken a narrow or technical view of his duties and powers, which are very loosely outlined in the Act, began by insisting upon a formal assurance from the parties that they really meant what they had been asserting with much emphasis in the newspapers. Did the company, if he awarded the wages claimed by the men, really intend to close down the works? Did the men, if he awarded the wages offered by the company, intend to refuse employment? If they did, as the Judge curtly said, arbitration was a farce; and he proposed to exercise the right which the Act gave him of refusing to hear the dispute.

POWERS OF THE COURT.

The Act purports to give the Court the extraordinary power, after the parties have once submitted a dispute, of compelling one side to continue offering employment, and the other to go on accepting it, under penalty of a fine or imprisonment. This, of course, is the logical result of the principle underlying the whole system, which involves substituting the opinion of the Court on the question whether it is desirable, or even possible, for the employer to carry on, or the employees to live, on given terms for the opinion of the parties themselves. But though this power appears in the Act, no one seriously contends that it is possible for any Court to compel an employer to carry on at a loss, or for an employee to continue in employment which gives him less than a living wage. Consequently, Mr. Justice Higgins does not propose to rely upon it. What he does propose to rely on is the public responsibility which his position enables him to throw upon the parties. What he says, in effect, is this: To the company, "If I find, on the evidence, that it is possible, and proper, for you to pay the wages claimed by the men, and continue to work the mine, will you do so, assuming, of course, that conditions remain substantially as they are now?" To the men, "If I find, on the evidence, that I cannot fairly award more than the company offers, will you continue working on those terms, assuming that living conditions remain substantially the same?" The answer of the company has not yet been given. The answer of the men, and this is the most important result yet given through their union, is "Yes".

WEAKNESS AND STRENGTH OF THE SYSTEM.

The interesting feature to the onlooker is that it discloses at once the weakness and strength of our system. The weakness, because if either party answers the Judge's question in the negative, the possibility of compulsory arbitration, in any practical sense, is at an end. Moreover, even if the answer is in the affirmative, the Court must rely, to secure the observance of the promise, far more upon the sense of honour of the Parties than upon legal penalties. On the other hand, the incident shows how the mere existence of the machinery of compulsory arbitration may contribute, in unforeseen ways, to the settlement of disputes that without it would almost certainly remain unsettled. In this particular case, the possibilities of private negotiation appeared to have been exhausted. This was partly due to the ill-feeling engendered on the one hand by the very indiscreet utterances of one of the company's directors, and on the other by the brutal violence of some irresponsibles among the men, far too apologetically condemned by their leaders; and partly to the large amount of

what is colloquially called “bluff” in the relations of the two parties. The employers did not believe that the men could afford to hold out. The men did not believe that the company would dare to close down for any substantial period. Consequently, the company appear to have offered less than they are really prepared to give, and the men to have claimed more than they are really prepared to take. At the very outset of the Court proceedings, these elements of ill-temper and “bluff” become practically eliminated. The employers, if they refuse to give the undertaking asked for, take the full responsibility not only to the Court, but to the whole of Australia. The men will be pledged in the same fashion and subject to the same general control. The whole of our people would constitute the jury. Political action would follow any failure of the new system. The highest of tribunals cannot sustain an unpayable mine nor coerce thousands of its citizens by its fiat. This is why Broken Hill today affords the most impressive and suggestive industrial object-lesson ever supplied in Australia or perhaps anywhere else.

THE COMMONWEALTH OF AUSTRALIA.

BROKEN HILL STRUGGLE.

FROM OUR OWN CORRESPONDENT.
SYDNEY, Feb. 22 1909; Apr. 9 1909.

Now that the immediate crisis at Broken Hill is postponed, at all events for the time, the split between the miners and the Socialists widening, and Mr. Justice Higgins as President of the Arbitration Court has left Port Pirie to conclude his inquiry in Melbourne, the attention of the public is visibly relaxing. One would suppose that the battle was over and that nothing remained except to settle the terms of peace. The real battle may yet begin when the Judge makes his award, should this turn out to be seriously unsatisfactory to either party. As I have already insisted, the legal power to enforce the award is merely nominal. The final appeal will lie with the Court of public opinion. If that should be adverse the whole of the official investigation now proceeding may come to naught. In effect penalties are to be levied there or nowhere. Such a situation as this would be hard to parallel. Of course public opinion settles many things even under a despotism, but in these instances there is no such recognition of its operation distinctly implied as it is in an Arbitration Act, nor is it so directly invoked at a particular stage. The first application of so novel a constraint ought to prove a landmark, at least in our history. Yet up to the present no recognition of the importance of the event has been given by our Press or from any platform. Mr. Peake, though a member of Mr. Price's Ministry, speaking for the Liberal members of that coalition, has roundly reprimanded the miners for not continuing work pending the hearing of their case by Mr. Justice Higgins. The "Socialist" orators demand deeds of personal violence against the police. The bulk of the miners await the award of the Judge. The farseeing await its enforcement.

BASIS OF THE AWARD.

The Broken Hill award will be based at least in part upon the profits of the company concerned, which in the case of a public company ought not to be hard to ascertain. The "New Protection" proposals require a similar investigation into the profits of private businesses, though probably in a confidential fashion. Except in special circumstances such as arise out of insolvency proceedings or partnership accounts such examinations have been rare hitherto. They now threaten to become familiar

in some form or other. A Select Committee of the Commonwealth Parliament is now examining into the labour cost of locally-made Harvesters, agricultural implements which it was alleged were being unfairly undersold by an American Trust intent on capturing our markets. Trade secrets will no longer exist if under fresh extensions of analytic researches into business operations they must be divulged to order. Another shock to the employers came when Mr. Justice Higgins announced that he intended to consider whether the contract system in force at Broken Hill should not be abolished in all its many ramifications, although its operation had not been complained of by the miners. The company was thus suddenly put upon its defence in relation to a practice that has existed for a number of years. Fortunately the Judge decided not to break new ground in this direction, and so the threatened attack on the system has for the time passed over. It is these successive surprises and extraordinary accompaniments of our new industrial legislation which ought to be occupying our attention day by day instead of being accepted in a fatalistic spirit. Sound as the object of our lawmakers may be, the transformations we are witnessing in existing rights of ownership deserve more continuous attention than they are receiving in Australia.

THE IMMIGRATION QUESTION.

At such a moment of unrest as this it is but natural that a jealous eye should be turned by the men out of work at Broken Hill and their friends upon all proposals to import fresh labour from abroad. The cables informed us, the other day, of the general tenour of the *Morning Post's* comments on our Newcastle Labour Council's warning to intending emigrants. Your remarks indicate that the economic requirements of the State and the Governmental methods of promoting immigration are a good deal better understood in some quarters in London than they are by at least one section of the citizens of New South Wales, and such a timely effort to counteract the effects of this ill-judged action of the Labour Council is much appreciated in Sydney. Nothing could be more ridiculous than the charge that the immigration proposals of the State Government are designed to secure cheap labour by bringing fresh supplies on to an already over-stocked market; nothing could be more untrue than the statement that the immigration officers here are indifferent to the interests of the immigrants who are brought out under the auspices of the Government. It is a matter for very great regret that any people in the State are either malevolent enough to make accusations knowing them to be untrue, or so reckless as to make them without knowing whether they are true. Assisted immigrants to New South Wales are not encouraged unless they possess agricultural expedience or are seeking domestic service, and the most careful supervision is exercised in Great Britain to secure that no others shall be officially induced to come to New

South Wales just now. This limitation has been carefully made a part of the new arrangement with the Salvation Army, by which its widespread organisation throughout the United Kingdom is to be employed in our interest. Besides the restrictions as to class, the nominees of the Army must be passed by our vigilant Agent-General, and if it is found on arrival here that the Army has been responsible for introducing unsuitable people they must be supported here or deported at the Army's expense. When assisted immigrants reach here places are invariably found for them within a day or two of their arrival, and although the numbers who have now been assisted by the Department amount to several thousands, in no single instance has a serious complaint against any neglect of the officials to fulfil this obligation been substantiated.

OFFICIAL ASSISTANCE.

The Newcastle Labour Council is probably right in its assertion that it has been interviewed by some immigrants who have roamed the State in an unsuccessful effort to find work. Some men will never find work for themselves anywhere. It must also be remembered that it is not only assisted immigrants who are coming to these shores. Take the third-class passenger lists of two very large steamers which arrived here within the last few weeks. One had about 700 third-class passengers, of whom about 120 were assisted. The other had about 500, of whom only 80 were assisted. Inquiry discloses that this represents about the usual proportion of assisted to unassisted immigrants. Even the unassisted persons, however, are cared for, so far as possible, by our State officials. During last year situations were found for more than 1,000 of them, although the Government Department was not in any way responsible for them. Most of the mischievous stories about the hardships of immigrants appear to arise out of the complaints of some people of this class, who cannot or will not adapt themselves to local conditions of employment, especially those out of the towns from which some experience of bush methods is required. Those who cling to old-world habits run with their complaints to some Labour organisation, which accepts the statement of facts without careful scrutiny, and makes it the basis of a reckless tirade against any kind of immigration such as that which you properly discounted. All persons assisted by our Government may assume, with complete confidence, that every representation made by any authorised agent of the Government will be made good on their arrival. Those who come without advice or knowledge of the country in which they land with small resources will be helped, too, if they belong to the self-helpful classes.

THE COMMONWEALTH OF AUSTRALIA.

POLITICAL SITUATION.

FROM OUR OWN CORRESPONDENT.
SYDNEY, Mar. 8 1909; Apr. 17 1909.

Australian public opinion is always hard to gauge by reason of its being geographically severed into separate sections. It is not calculable as a whole except after additions and subtractions. For instance, Mr. Deakin's Tasmanian tour, completed last week, has been hailed by the Melbourne *Age* and the Ministerial Party generally as a complete vindication of his policy past and present. By our *Daily Telegraph*, on the other hand, it is treated as a mere display of political fireworks, the utmost achievement being to dazzle a dozen island audiences. Labour Ministers, though obviously in a state of feverish anxiety, profess themselves satisfied with the general tendency of their predecessors' utterances. Mr. Joseph Cook, on behalf of the Opposition, after complaining that the Tasmanian speeches did nothing to clear up a cloudy situation, proceeded to disclaim any antagonism to the ex-Prime Minister, except for permitting the caucus to remain in power. Victorian corner members endeavour to make their peace with the member for Ballarat, while the irreconcilable free importers growl savagely at him and all his works. Judged by the receptions accorded to him in a State in which he has but three direct supporters, and by the stream of criticism he has evoked there and everywhere else throughout the Commonwealth it seems that he still retains the ear of the public and that his fighting forces small as their numbers are, continue to be a source of constant alarm to all rivals in the Federal field. Still, if there had been no such demonstrations of interest in Tasmania this brief foray into hostile territory would have been a success if it had led to nothing more than the deliberate verdict of the *Morning Herald*, the oldest and most weighty of the daily newspapers in this State. No more significant tribute to a public man at such a juncture and from an independent source has appeared of late. It wrote: "We welcome Mr. Deakin's speeches because we recognise in him the only leader capable of making the Federal Parliament an efficient instrument for controlling the immediate future of our Continent". What Mr. Reid and Mr. Cook think of this explicit edict summarily superseding them may be readily surmised. Whatever else this tour accomplished it was certainly very adroitly timed. Nothing competed with it for public attention throughout Australia, though it was but imperfectly reported by some Opposition newspapers. The Prime Minister and the Premiers *en route* to

the Hobart Conference passed Mr. Deakin in the Straits returning to his home. They have now the stage to themselves, though it is too early to forecast the results of their meeting or the attitude of the Federal Labour Cabinet. At the time of writing the prospects of an agreement between the Federal and State administrations are poor. All the more on that account the working out of the situation in Hobart will now occupy not only their attention but that of all politicians for at least this week.

THE BROKEN HILL STRIKE.

Meanwhile, the great Broken Hill case has closed ominously, after a series of passages at arms between the **Judge sitting as President of the Court** and the representatives of both contending appellants, in which he asserted his authority in a decisive though dignified fashion. All the indications point to a verdict substantially favourable to the miners upon their original plaint. But it is doubtful whether that will end the encounter. The directors of the Proprietary Company are suspected of an intention to reduce their mining operations to the lowest possible scale, relying for dividends upon the lucrative returns derived from their smelting works at Port Pirie. The unions, on their side, are taking steps to exclude all non-unionists from Broken Hill partly for their own aggrandisement and partly as a means of starving the smelting by shutting down the mines still active in that field, in which case the crisis for the town and at Port Pirie will become desperate. Forecasts of any kind are futile, except when, as in this instance, they lend additional importance to incidents occurring elsewhere directly related to the Labour problem. As already explained, Broken Hill and its annexe, Port Pirie, must always be the cockpit in which Australian industrial battles are fought out, because all the conditions favour the working miners and smelters, whose numbers overwhelm the representatives of capital in that isolated district. The former town being in New South Wales, came under the new provision lately adopted here in Sydney, vesting the power of ordering a general strike in our Trades and Labour Council. In effect this authority would have extended to Port Pirie and perhaps to most parts of Australia. In the event of a dispute arising in any trade in which, in the opinion of the Council, the interests of unionism would be served by a sympathetic cessation of work in other trades, the Council could have controlled all the trades unions affiliated with it and would have controlled many others. The resolution which gave this extreme power was only passed by a very small majority, and it was conjectured at the time that trade union loyalty, well developed as it is, was hardly strong enough to stand the almost military discipline that this arrangement imposed. Since then, one by one, the stronger unions have announced their determination to secede rather than submit to the decrees of the Council. This week, by way of saving the somewhat damaged remnants of its prestige, that body has formally rescinded the resolution, and abandoned its claim to despotic authority

over its constituents. The incident is interesting in more ways than one. It proves that the loud threats of a general strike, of which we hear so much from the militant Socialists, are so much empty vapouring. The rapid reaction against their attempt to centralise control in order that as "Independent Workers of the World", they may become masters of the situation is satisfactory because it proceeds solely from within the ranks of Labour. The Trades Council's failure to establish its control is another indication of the serious split which appears to be extending, and widening, throughout the Australian organisation. On one side are the irreconcilables, who rely less and less upon political effort and public enlightenment, and more and more on appeals to the so-called "class-war". On the other side stand the practical men, whose faith is fixed upon political action and the slow process of educating public opinion and winning public sympathy for reasonable reforms.

LABOUR LEAGUES AND SOCIALISM.

Another sign of the times is supplied by the annual meeting, a few weeks ago, of the political Labour Leagues of New South Wales. Though a spirit of sweet reasonableness was not altogether in the ascendant, it was distinctly traceable in the most important decision arrived at after a week of not very illuminating discussion of public affairs. The chief business of each succeeding conference seems to be resistance on the part of the Moderates to the efforts of extremists who wish to make the fighting platform more impracticable. This time most interest centred in the strong effort to capture the conference for unadulterated Socialism, in order to make it impossible for any but a Socialist to remain in the Labour Party. The party's objective was, and is, "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", while the Fabian methods which are thus implied have always been a source of irritation to the ultras. At the late conference they sought to secure "a straight declaration in favour of the collective ownership of the means of production, distribution, and exchange", but the attempt was defeated, largely through the efforts of leading Federal and State Labour members, whose experience in politics has taught them what the country will tolerate and what it will refuse. It is reassuring to find that nearly all the responsible Labour leaders in Australia today hold the belief that the first and most effective step towards their ideals is to make people so far Socialists that they will consent to sanction further experiments in State and Municipal activity. It is true that the success attending them is proportionate to the efficiency of their management and the closeness of the supervision exercised, particularly over expenditure. Still, as our Governments pay good wages, maintaining generous conditions for their employees and fair charges for their customers, their undertakings represent a satisfactory set of State enterprises, having a Semi-socialistic character.

THE COMMONWEALTH OF AUSTRALIA.

FINANCIAL RELATIONS.

FROM OUR OWN CORRESPONDENT.
SYDNEY, Mar. 15 1909; Apr. 24 1909.

During the week two very important issues have advanced a stage, and in each case a decisive stage. The Premiers' Conference, after a futile visit from the Federal **Prime Minister** and two of his principal colleagues, buckled to its work alone in Hobart. The Press reports are that the debates between them, which were all held in private, resolved themselves into a duel between Mr. **Kidston** and Mr. **Watt**, the new Treasurer of Victoria, finally according to custom deciding on a compromise. Sir **William Lyne**, on behalf of the Deakin Government, offered £6,000,000 a year towards the payment of interest upon all State debts already incurred, and an increasing sum every year after the first five years until the States should be relieved of the whole of their annual interest payments mounting to £8,750,000. The Premiers now ask at least £6,750,000 annually, and whenever three-fifths of the Commonwealth revenue shall exceed that sum they claim the difference whatever it may be. In other words after 1910 the Federal Parliament is to have two-fifths instead of the one-fourth of its Customs and Excise revenue which was allotted by the Constitution in satisfaction of all its needs up till that date. The States, retaining their debts and continuing to pay the interest upon them, are to secure for an unlimited period three-fifths of the receipts from Customs and Excise instead of three-fourths as heretofore. They retain undiminished their several rights to borrow when they please, and as they please, without regard to each other's wants or the future loan demands of the Commonwealth of which they are segments. It is but natural to suppose that the Premiers do not expect to obtain all they ask. Although Mr. Fisher was tongue-tied in respect to the Ministerial intentions, there can be little doubt of his tendencies. He will offer them less. The one real achievement of the Conference is an agreement between the States to distribute whatever subsidy they receive upon a *per capita* basis, with an exceptional allowance of £250,000 a year to Western Australia, diminishing at the rate of £10,000 a year. Since on this question they are entitled to decide for themselves their agreement constitutes the one success, and that a signal success, of their eighth Conference since Federation. Apart from Mr. Fisher's failure to assert his position there is simple calculation to be made, which shows in another aspect that the actual proposals of the Premiers, according to their own figures, must lead

to very serious results. They ask first for three-quarters of a million a year more than the late Government offered, and next for three-fifths of a revenue which they estimate at about eleven and a quarter millions. This means, roughly, that the Commonwealth would be entitled to retain about four and a half millions for its own purposes. Even supposing that, by increasing returns from the Customs, it were to receive five millions, this would not be enough for the demands which the near future will make upon the Commonwealth. Last year the expenditure on Federal affairs was some two and a half millions. To this will be added within a year or two some two millions for old age pensions, a considerable sum (not yet ascertained) for naval and military defence, and the large annual outlay which will be rendered necessary by the reorganisation of the Post Office, the taking over of the Northern Territory, the building of the Federal capital, and the probable initial losses upon the trans-continental railways. Having regard to these things, the time is well within sight when the regular Federal expenditure must amount, on the lowest basis, to at least five and a half millions. So that a scheme which secures to it a problematical five millions stands condemned at the outset.

THE BROKEN HILL AWARD.

The second important issue advanced was that at Broken Hill. That Mr. Justice Higgins in his anomalous position as President of a Federal Arbitration Court in which neither legal principles nor practices can be consistently applied should have given an award in favour of the miners was almost a foregone conclusion. In the course of the hearing he had made it plain that the only factor of which he intended to take account was the claim of the employees to receive in any circumstances a "living wage". This he had defined in the celebrated "Harvester" case as "a payment sufficient to satisfy the normal needs of an average employee regarded as a human being in a civilised community". If the Proprietary Mine cannot pay such a wage it is better, in his opinion, that it should be idle and that the men should seek employment elsewhere. Consequently he gave the sanction of the curious Court over which he presides to the scale of payment ranging from 8s. 7d. to 10s. a day, which had been in force for the last two years, but which the company sought to reduce. The miners have undertaken to supply whatever men are required by the manager at these rates, but the directors are to decide what number they are warranted in employing. The President declined to command them to employ any miners. If he had so ordered there is much doubt whether he had any means of enforcing their compliance. In point of fact, almost the whole of the proceedings in the Arbitration Court are still open to challenge the High Court not having yet pronounced definitively upon its jurisdiction. At present the guarded award just given is being

hailed with pride by the principal Trade Unionists, but is strongly suspect by the Socialists. The general principles dictating it seem widely approved because they are humanitarian in aim and because they promise peace. A consideration of their application to the multifarious conditions that obtain even in the mining industry, not to speak of the innumerable complexities presented by the many other industries carried on often under widely varying conditions in different parts of Australia, makes the effectiveness of such awards and the possibility of extending them to any large section of our population very doubtful. The particular crisis at Broken Hill which evoked the appeal to the Court has in a sense been settled by the award, but only in a very general sense, and subject to the qualification that both sides consent to obey. It is more than questionable whether the finding will continue to satisfy the rebellious miners who were foolish enough to provoke the present struggle. The directors at the very outset most tactfully offered to pay them the old wages providing they continued work and submitted to the judgment of the Court. But the ill-advised men, while relying upon the Court and willing to abide by its decision, preferred to throw down their tools, to spend their idle days in holding public meetings, and to subsist upon donations from their sympathisers instead of earning their wages while waiting the Court's award. Their losses are estimated at £12,000, while they have depleted the Union funds to the extent of probably £30,000 more only to obtain today the terms conditionally offered them in the first instance. Their victory, if it be one, is without tangible results, while the cost of winning it bears heavily upon them and upon Broken Hill. The gain to the community consists in the moral effect of the submission to the Court by both sides and the cessation of the abominable acts of violence attempted during the height of the excitement while some thousands of men were idling about the streets. The inexcusable initial blunder and the apathetic manner in which the outrages were received are debits on the other side of the account. All that can be hoped from this unhappy and disastrous industrial duel is that it will advance the general cause of arbitration. It has assisted to discover the weakness of the Federal tribunal as such and to bring to light the perhaps insuperable obstacles to its exercise of authority by means of penalties. Although a distinguished and influential means of adjudication, its sanctions are not really those of the law. In title an Arbitration Court, though capable of arbitration, it is a Court more in appearance by its formalities, public status, and some of its methods than in fact, since Courts and laws depend in the last resort upon a physical power of enforcing their decrees, which is obviously very imperfect in this court, although duly established under an express provision of the Federal Constitution. There is a place for such a body in our system of government and a sure foundation provided for it under that Imperial statute, but what are its functions and what its ambit still remain to be seen.

MR. WISE AND THE WADE MINISTRY.

The contemptuous nature of the comments made by Mr. B. R. Wise upon our State public affairs and the circumlocutions of the Wade Ministry are evidently harbingers of his return to active politics. His opportunity has apparently arrived. The Labour Party here has become conscious of its own feebleness and lack of leadership, the old Opposition, or rather its fragments, is in much the same condition, while the Ministry, though by comparison strong, seems to be fast weakening. The extraordinary manner in which Mr. Wade, after granting the Chief Justice a year's leave of absence prior to his retirement and professedly at his request, has fenced with the question whether he intends ultimately to appoint himself to that office or to explain what passed between Sir Frederick Darley and himself prior to that gentleman's departure for London has greatly prejudiced him in public opinion. A secession of luke-warm supporters would be possible if the brilliant fighting qualities of Mr. Wise can be brought into play in the Legislative Assembly. Had he inherited a share of the high tactical ability of his former chief, Sir Henry Parkes, his triumph would be close at hand. As it is his qualities in debate as in the field are those ascribed to Prince Rupert, his own immediately personal successes being often neutralised by losses sustained in other quarters that have escaped either his eye or his control. That our State Cabinet has been losing its hold upon public opinion is clear. Whether an effective Opposition can be rallied to take advantage of it is a question. But it certainly would increase its chances very greatly if it were captained by Mr. Wise.

THE COMMONWEALTH OF AUSTRALIA.

LICENSING LAW REFORM.

FROM OUR OWN CORRESPONDENT.
SYDNEY, Mar. 22 1909; May 1 1909.

A remarkable wave of activity in the direction of licensing law reform has recently swept over Australia, the full results of which are not yet manifest. Every one of the mainland States has recently passed, or is about to pass, a measure for the reform of the liquor law. New South Wales and Victoria legislated in 1906, while South Australia in 1908 passed her Act with some important modifications upon that of New South Wales. The Legislatures of Queensland and Western Australia both have Bills for the purpose promised as the most important features of their next session's work. One incidental result of the reforming intentions of the last-named Government has been the production of a comprehensive, informing, and useful criticism of the operation of the Victorian and New South Wales schemes which may have some present interest for English readers. Anxious to benefit by the experience of their neighbours, the Government of Western Australia sent a Commissioner to Victoria, South Australia, New South Wales, and New Zealand, with instructions to investigate and report upon the working of their several systems of controlling the liquor trade. The Commissioner (Mr. Carson) has just published an able and impartial criticism of the results of different efforts to solve problems which present themselves in pretty much the same shape in every part of the Empire. It is not long since the Victorian and New South Wales Acts reached the Statute Book, but both of them are in full working order. Time, of course, as in the case of other social experiments, will reveal some unforeseen results, but useful lessons are to be drawn from those already apparent. The tendency of all recent laws, whether enacted or only projected, is to place the liquor trade under more restriction. Frequently an increase in their stringency is accompanied by a relaxation of the strictness of its administration. This is invariably the case when the law outstrips public opinion. According to the West Australian Commissioner, whose opinion on the subject is borne out by personal observation both in this State and Victoria, there has been of recent years a very considerable increase in the strictness with which their liquor laws are being administered. One may fairly infer from this that they do not represent a mere spasmodic outburst of a reforming enthusiasm.

LIMITATION OF LICENCES.

An assumption which underlies all recent liquor legislation in Australasia is that the number of licensed houses is much in excess of public requirements. This assumption, in the larger States at any rate, is certainly correct. All our Acts therefore provide, first, a limitation or an absolute prohibition of any increase in the existing number, and, secondly, a method for reducing that number. As to the first point, the Victorian law prohibits the granting of any new licences at all. In New South Wales they may be granted only on a petition by a majority of the electors residing within a certain radius of the premises proposed to be licensed, who must show that the population has substantially increased, and that the existing accommodation is insufficient. In New Zealand, which is mentioned here for purposes of comparison, there are even more stringent limitations on the granting of new licences. The second point, the method for reducing the existing number of licensed houses, brings us to the most difficult problem the reformer has to solve. Two different principles are disclosed by an examination of Australian legislation. In New South Wales, as in New Zealand, the full local option principle has been adopted. The electors of each district periodically say, at the polls, whether they desire a continuance of the existing number of licences, or a reduction, or the complete abolition of all licences in their district. In South Australia, the Labour Government was not prepared to trust the people quite so far as this. The only issue submitted at the local option poll under their new Act is the issue of reduction. In Victoria an entirely different principle has been adopted. Parliament fixed the number of licensed houses, for each district, at one for each 250 of the first thousand inhabitants, and one for each 500 after that. The number of licences in Victoria, on examination, was found to be about 1,000 in excess of the limit thus fixed. A Board of three persons was therefore established, styled a Licences Reduction Board, with a life of 10 years, and with the obligation, within that period, of getting rid of the redundant licences. This Board has an absolute discretion to deal with any district, and with any licences in that district. Its proceedings are, of course, in the nature of judicial proceedings, so that no licensee runs the risk of being condemned unheard.

NEW SOUTH WALES AND VICTORIAN SYSTEMS COMPARED.

The first local option polls under the New South Wales Act took place in September, 1907, and their total results are now available. The Victorian Board, at the time of the West Australian Commissioner's visit, had been at work for 19 months, and the results of its operations for that period were fully investigated by him. He was therefore able to compare with some precision the operation of the different systems.

In New South Wales the electors voted for reduction in 65 out of the 90 local option districts. This was, however, only an assertion of the principle of reduction. Its application was left to special Courts established under the Act. These Courts had to determine, according to certain principles laid down for their guidance, how many, and which, licences should be cancelled in each district. Their investigations lasted some 12 months. In the end, they decreed the closing of 292 out of the 3,000-odd hotels in the State, or 9.66 per cent. This does not mean the immediate closing. Hotels of good character, although their closing has been decreed by the Court, may, under certain circumstances, remain open for periods which vary from six months up to three years, and, in certain exceptional cases, eight years, this time of grace being allowed in lieu of monetary compensation. No further poll can now be taken until 1910. In Victoria during the first 19 months the Licences Reduction Board was at work it actually closed—not merely decreed the closing of—190 hotels, and it is pursuing its work from day to day. At this rate it will, well within the time allotted to it, purge the State of the 1,000 excess licences with which it has to deal, and those the most objectionable. There is therefore a definiteness and a discrimination in the Victorian system which are lacking in ours. Then again compensation is paid, and liberally, to the respectable publican out of a fund provided by those whose continuing licences derive an increased value owing to the lessened competition. Then again our poll has led to the closure of hotels in districts where there were already too few, while leaving their numbers unaffected in districts where reduction was an urgent necessity. This criticism is forcibly illustrated by facts brought out in Mr. Carson's report. In five districts mentioned by him there were altogether 35,000-odd electors and 420 publicans' licences, or one for every 84 electors. A large number of these hotels were undesirable. Yet in each of these five districts there was a very large majority against reduction. In five other districts, where the licensed houses are for the most part of a high character, there were altogether some 50,000 electors and 42 hotels, or one to every 1,200 electors. In each of these five reduction was carried by equally large majorities. The Victorian system, assuming that it is administered by a competent and impartial Board, is plainly far superior to ours. It strikes at the worst offenders, and is on that account strongly supported, according to Mr. Carson, by public opinion in that State.

THE COMMON WEALTH OF AUSTRALIA.

AID TO NAVAL DEFENCE.

FROM OUR OWN CORRESPONDENT.
SYDNEY, Mar. 29 1909; May 8 1909.

The *Australian Dreadnought* will take its place in the Fleets of the Empire. Despite the flinching of the *Fisher* Ministry so much is already assured. True, the particular distribution of the cost among us has not been settled, but that is a question only for ourselves, a merely local issue of no interest or importance outside our borders. The gift will be made. New Zealand has taken advantage of her unity to anticipate our action, but the conception belongs to us. The delay in making a formal offer is due simply to the fact that we have seven Governments to her one. Our Federal Administration failed us, but the people were stirred. Private purses opened at once, and our States, seeing their opportunity, are bestirring themselves. Before the week ends our gift should be proffered. In this matter the States' Ministries are agents impelled by an irresistible impetus from their citizens. Careful custodians of their coin, all the Treasurers looked askance at this sudden and unexpected demand. Patriotic as they were, each was anxious to see the cost of the battleship debited to his neighbour. Their individual hesitations provoked both Press and public until, in order that the burden of their discontent might rest wholly and solely upon the Commonwealth Labour Party, New South Wales and Victoria took the lead and are now in communication with each other. Our own *Premier's* absence in the country is responsible for some days' loss of time. He prefers an annual subsidy, while his Melbourne colleague stands out for the *Dreadnought*. There can be but little doubt that the visible gift will be preferred to regular payments to the Mother Country's account, disbursed as the Admiralty may decide. *Australia*, being our own offering, will be just as Australian as if launched from the slips in Port Jackson instead of from an English dockyard. The payment for her will also be as distinctively ours, though made by draft on London instead of in sovereigns struck at the Sydney mint from gold delved from our own soil by Australian miners.

WAYS AND MEANS.

We have to share the honour of the *Dreadnought* suggestion with Melbourne, where the *Age* was more explicit than our *Daily Telegraph*, but since then we have outstripped Victoria in enthusiasm, leaving all the rest of the States far behind, especially in the flow of private subscriptions. Our Premier has been a little stolid, but not more so than his fellow-Premiers, and certainly not sufficiently to rob us of the pride of place. New South Wales has once more asserted her title to the headship of the Australian Federation. Whether we stand alone or with Victoria or with all our sisters, the public demand is for this immediate demonstration of loyalty to the Crown and to the Empire. When we despatched the Sudan contingent and when we led the way in the Boer War it was in obedience to a similar demand for action. Up till now the only resistance has come from the Labour Party and from Cardinal Moran, the bulk of his flock sympathising with its aims, as the Irish labouring class here is numerous and possesses many ardent politicians. The rest of the community appears resolute in its insistence that whatever the sacrifice demanded may be it shall be promptly made. There are no very clear ideas at present where and when the money for the battleship will be found. It is recognised that under existing constitutional restrictions the Federal Government cannot find the requisite sum out of its Customs and Excise revenue, which is the only income it enjoys. To find it would mean a levy of Federal duties, presenting the States with money sufficient to build three other *Dreadnoughts* without any means of controlling their outlay. The States, on the other hand, can use their own receipts without any conditions, just as Sir Joseph Ward does in New Zealand. The same taxpayers sustain both the Commonwealth and the States, so that it matters nothing to them through which channel their money flows. Hence it is safe to predict that in any event the *Australia* when she flies her flag will possess every title to her name being representative of the vast majority of the people of this country.

LABOUR PARTY'S ATTITUDE.

The Fisher Ministry need not be accused of bad faith, though the charge is certain to be levelled against them. In this matter they are in complete accord with their own leagues and allies, from whom they are receiving a chorus of congratulation. Yet, in spite of themselves all of these are being dragged along the same path as the rest of our electors. In this as in every national movement for defence they always bring up the rear fiercely protesting against the vanguard, though they themselves are now occupying the forwards position which they angrily condemned a year or two since. Some time ago all Labour members were of the "peace at any price" and

“disarmament “ persuasion, solid against any preparations for local defence. Today the Fisher Cabinet is making the lavishness of its expenditure on that defence its reason for refusing to vote a sixpence towards the Royal Navy. The universal service on shore and three destroyers afloat which it now demands were quite recently branded by their own enthusiasts as devices of capitalism to defeat social reform. But even these concessions cannot save the Government from general censure for its recusancy, which is likely to deepen the division between its organisations and the community as a whole. With its life hanging upon a thread no national movement was required to hasten the end of its Federal administration. But something like an upheaval is now in process. At the moment it seems as if nothing could save it. The Prime Minister’s speech tomorrow night must disclose their anticipations, and will probably consist of an electioneering programme adopted in despair. A movement is on foot in Melbourne for a requisition signed by Federal members urging the immediate assembling of Parliament. This is not likely to meet with a favourable response, and yet, if it be approved by a majority of them, carries with it in advance a condemnation of the Government. The question “*Dreadnought* or no *Dreadnought*?” will become the touchstone of parties. It may even be attempted to be used as a touchstone of loyalty to the Empire; but that is not justified by the facts. A large number of who oppose the gift of a battleship do so because they believe the development of local defence to be of equal if not greater importance from an Imperial point of view. This confusion is unhappy, but apparently inevitable, owing to the concentration of the thoughts of Labour leaders upon the immediate interests of the Unions in wages, hours, and authority. They appear unable to lift their eyes above that narrow horizon to the greater issues in wider fields upon which the well-being of our workpeople really depends in the first instance.

SIR HARRY RAWSON’S DEPARTURE.

In the face of the new development in public occasioned by the apprehensions aroused in respect to the strength of the British Navy all other incidents are cast into the shade. An appeal of the Proprietary Company of Broken Hill against the award of the Federal Arbitration Court on legal grounds, the rapid tour of Mr. **Deakin** through the northern rivers districts of this State, and Ministerial changes in South Australia must all be passed by. But the loss which we have sustained by the departure of our Governor, Sir **Harry Rawson**, and his daughter is too deeply felt to permit the omission of a reference to the extraordinary sincerity of the many demonstrations of attachment from all classes of which they have been the recipients during the last few weeks. Though Sir Harry Rawson’s term of office has not been without its trials, he leaves us with the cordial esteem and goodwill of everyone with whom he has been

brought into contact. It is not extravagant to say that no former occupant of the office has earned a more lasting popularity than the bluff sailor who, without wealth or pretensions to statecraft, has discharged the sometimes delicate and always exacting duties of his position for the last seven years with unfailing tact and good sense. His term has coincided with the period of the greatest material prosperity New South Wales has ever known, and in spite of almost perpetual unrest has evolved no great industrial conflict, with the deplorable exception of that now in progress at Broken Hill. Still, it has been a trying time owing to continuous Federal readjustments and local frictions of an unpleasant kind. We need no explanation of the retiring Governor's popularity and success in these circumstances outside his own honourable and kindly nature and sound judgment. So long as the Imperial Government continues to send as State Governors men of Sir Harry Rawson's type the agitation for the appointment of local representatives of the King will not increase in New South Wales.

THE COMMONWEALTH OF AUSTRALIA.

OFFER OF A “DREADNOUGHT.”

FROM OUR OWN CORRESPONDENT.
SYDNEY, Apr. 5 1909; May 17 1909.

Australia offers a *Dreadnought*, as was prophesied in my last letter. New South Wales and Victoria have agreed to foot the bill themselves if the Commonwealth will not. In this they are taking no risks, for the National Parliament, or rather its majority, will not hesitate to accept its share of responsibility. No more is asked. The two great States will in that case bear their proportion, and that only. The four others whose Ministries have sought to elude their share of the cost will then find that their ingenious tactics have been in vain. The Fisher Government, expecting its doom, has apparently selected this question as that upon which it can most advantageously make a last stand. Behind them are their Leagues and the mass of the Irish Catholic voters. They could not expect more under any conditions. Meanwhile, the great majority of our citizens are hardening in their resolution to see the battleship ordered. Meetings continue to be held throughout the country districts and in suburban centres. This is the only State in which a private subscription list has been opened. Although the fact that the two principal State Administrations have assumed the whole responsibility has naturally diminished the ardour of individual contributors the total put down to date amounts to over £60,000. On every hand the spirit that prevailed during the Boer War is reviving, though that has been somewhat checked and chilled by events subsequent to the signing of the treaty of peace. The manner in which Mr. Fisher and his colleagues first played with the proposal, believing that the sentiment evoked was merely a flash in the pan, and then endeavoured to defeat it by their refusal to act for the Commonwealth or even to consult its Parliament, though it blocked the current for a time could not deflect its course. A score of members have forwarded, under Mr. Deakin's auspices, an urgent request for an early opening of the new session. The Prime Minister is understood to have politely refused, evidently desiring to postpone his ejection from office as long as possible. This is not glorious, it is not patriotic, but it passes for political strategy with his supporters. Fortunate indeed is a Cabinet from whom so little is expected by those who are most exacting when anyone else is in power.

MR. FISHER'S PROPOSALS.

Meanwhile, Mr. Fisher's long-promised policy speech has fulfilled its two purposes of creating a momentary sensation and contenting the Labour Leagues. The sensation lies in the substitution of a new Naval scheme much more ambitious than that of his predecessors. They asked for nine submarines and six coastal destroyers costing £750,000 to build and £170,000 a year to maintain. Our new Ministers invite authority to build 23 destroyers at an outlay approaching £3,000,000 and involving for cost of maintenance no less than £236,000 annually even in their own doubtful figures. In military preparations they are more moderate, the disbursements rising from £1,200,000 in the first year to £1,300,000 in the third, exceeding Mr. Deakin's plan at first by £100,000 to £200,000 a year, though climbing in the sixth year to a maximum of £1,400,000. Without allowance for capital outlay or interest in either case the annual charges of these services are sought to be ultimately increased by £350,000 a year. No wonder his rustic hearers drew a long breath when this fine prospect was disclosed to them. How far these projects were enlarged after the *Dreadnought* agitation became serious is matter for conjecture. Judging from the imperfect manner in which their plan has been submitted it is inferred that rather than find the £2,000,000 required for a *Dreadnought*, or permit anyone else to find it, they added that sum or sufficient to make it up to the amount they intended to lay out upon destroyers. Their object is to oblige those who favour the gift to do so at the expense of the local flotilla. The device is certainly astute and assists to make the Imperial gift more difficult. A sop for the Labour Leagues was necessary, for there must be still large numbers of their members who have not yet abandoned their practice of opposing all defence expenditure on the plea that it is either barbarous or unnecessary. To pacify them they are offered a panacea always popular, since it can affect none of their allies while levying a tax upon a class in the community whose possessions being most constantly in evidence are a continual spur to the covetous. The large landowner and his "unearned increment" are always fair game, the rapid increase in values in city property and in fruitful districts stimulating Labour declamation and furnishing the favourite topic for fiery resolutions. It must be admitted that until lately in most States large estates used for grazing only have escaped a fair contribution to the revenue. In some of them, for instance in Victoria, the cities and towns also go scot free. In New South Wales the whole of the State tax has now been turned into municipal rating. Great areas in all the States fit for agricultural occupation are used only for pasture, thus yielding small rates for local roads and relatively small returns to the railways, which have greatly enhanced the value of such properties at public expense. Mr. Fisher's land tax will exempt the first £5,000 worth, demanding one penny in the pound from properties which,

apart from improvements, are valued at from £5,000 to £10,000, with a half-penny advance for every successive £5,000 of value up to £50,000, when a maximum of fourpence is reached. He adds an extra penny in the pound without any exemption upon the lands of absentee owners. No wonder he stood wreathed in smiles, while the miners of Gympie, his original State constituency, none of whom can be touched by such an impost, applauded him to the echo. Even his “militarism” was forgiven in the prospect of making “the other fellow” find the money for their defence.

LABOUR PARTY AND THE CONSTITUTION.

The Federal Labour Party has never shown any very clear appreciation of the meaning of the Federal form of government. Every limitation imposed by the Constitution upon the powers of the National Parliament has been regarded by them with impatience, if not with active hostility. More than one of their cherished projects has had to be abandoned for want of Constitutional power to carry it out. This has invariably evoked a suggestion for the immediate amendment of the Constitution, as if it necessarily indicated a defect in our Federal machinery. Eight years' experience of Federation has not cured this habit, or accustomed the members of the League to the idea that the powers of a Federal Legislature are necessarily limited. The last, and one of the most marked illustrations of the truth of these statements is to be found in the Prime Minister's speech, which, though nebulous here as elsewhere, contained by implication an impeachment of the High Court. Referring to its decision in the Harvester Excise case, where these duties were held to be *ultra vires*, Mr. Fisher spoke of the will of the people of Australia being defeated through legal technicalities—quite forgetful of the fact that the Constitution is a deliberate and permanent expression of that will. He proceeded in the same captious tone to other fallacies not merely due to his natural ignorance of legal principles. These show that Mr. Fisher, though Prime Minister of the Commonwealth, has not grasped the essential idea of a federation, which is the division of Governmental powers between State and Commonwealth, maintained and safeguarded by a judicial tribunal. The mistake is not personal to Mr. Fisher. It colours the whole policy of his party. It explains why so large a part of that policy trenches upon the reserved powers of the States. It accounts for a good deal of the litigation involving questions as to the relative powers of Commonwealth and State Governments, which has been a very prominent addition to the work of the High Court.

THE BROKEN HILL DISPUTE.

Mr. Fisher also went out of his way to introduce into his speech a sympathetic reference to recent events at Broken Hill. There is general regret at the decision of the Proprietary Company's directors to appeal to the High Court against the award of Mr. Justice Higgins in the arbitration proceedings. His decision, it will be remembered, gave the men substantially what they claimed and have been receiving for two years. When the dispute was originally referred to the Court the company undertook to raise no question as to the Court's jurisdiction. During the progress of the case, however, certain matters which did not form part of the men's original claim were introduced, and it is only fair to the company to state that their introduction was strongly objected to at the time. They are now relying upon this to justify the apparent breach of their undertaking not to question the jurisdiction of the Court. Technically, no doubt, the justification is sufficient, but it is hardly to be expected that four thousand men, who see their livelihood at stake, will appreciate the necessity for months of delay. All that they understand is that the company, in apparent breach of a clear promise, is trying to deprive them of the fruits of their victory before an impartial tribunal. The Judge himself evidently holds that view since he has asked the Government to allow him to be represented on the appeal—a wholly unprecedented step. The result is that the counsels of the extremists among them, which up to the present have been hardly listened to, may find more favour, and the prospects of an amicable resumption of work be sadly diminished. Whatever may be the result of the appeal, some time must elapse before it can be heard. In the meanwhile the men are without work or wages. Contributions to the strike funds are beginning to fall off and the outlook is anything but promising. One thing seems to be pretty certain. That is, that if the appeal succeeds a serious blow will have been struck at the Federal industrial arbitration system. The New South Wales Act was practically a dead letter for some time before it was repealed, owing to the unending succession of successful legal interpretations to which the employers resorted in order to defeat awards which they thought unduly favoured the men. If it should appear that the administration of the Federal Act can be similarly impeded, and that when the miners obtain an award they are merely taking the first step in a tedious and expensive process of litigation, it is quite safe to say that the fate of the Federal Act will also be sealed. If it has been found difficult to determine exactly what is and what is not within the jurisdiction of a State Arbitration Court, which can take cognisance of all industrial disputes, it will be found infinitely more difficult in the case of the Federal Court, where the jurisdiction is limited to "industrial disputes extending beyond the limits of a single State", a phrase to which the Courts have not yet succeeded in attaching a very definite meaning. There seems to be a fatality in all proceedings connected with Broken Hill.

THE COMMONWEALTH OF AUSTRALIA.

THE BROKEN HILL AWARD.

FROM OUR OWN CORRESPONDENT.
SYDNEY, Apr. 26 1909; Jun. 1 1909.

The High Court has given a prompt decision in the case in which the Broken Hill Proprietary Company attempted to upset the recent award of the Federal Court of Arbitration. The main question in dispute between the company and its employees was the rate of wages, the men claiming the maintenance of the rate that has prevailed during the past two years, the company desiring to reduce this rate on the ground of the present low price of metals. The award in the Arbitration Court was entirely in favour of the men. It gave them all they asked, and, unfortunately for them, a good deal more. Mr. Justice **Higgins**, the Arbitration Judge, embodied in his award certain provisions as to hours and conditions of work which, so far as the Court was concerned, had not been remitted to it in the men's statement of the dispute with their employers. This gave the Broken Hill Company a good ground for treating the undertaking given by them before the hearing, that they would not challenge the jurisdiction of the Court, as no longer binding. When an award was given they at once appealed to the High Court, not only against those portions of the award which exceeded the men's claims but against the award as a whole. This proceeding embittered the feelings of the men and aroused general regret. Fortunately for the interests of industrial peace the general appeal did not succeed. The High Court upset those portions of the award which went beyond the original claim, but refused to disturb it otherwise, so that the men, in the words of the Chief Justice, "get all that they asked for and no more". In the result, therefore, the men have gained a victory, so far as judicial tribunals can give it to them. But of course the powers of judicial tribunals are very limited. They can say to the employer, "If you employ these men you must pay them 8s. 7½ d. a day". They cannot say, "You must employ them". And there, so far as the men are concerned, is the rub. This emphasises one aspect of the system of compulsory arbitration, as it exists in Australia, which has not always received full recognition. There are some forms of employment, such as the shipping industry, or the ordinary factory, in which the employer is usually bound to carry on, even though an award may be made as to rates of wages with which he finds it very difficult to comply. To close down means the temporary, and in some cases the permanent, loss of his capital. He therefore contrives to carry on, either in the hope

of better times, or with the intention of making adjustments which will tide him over his difficulty. But in other industries, especially such as mining, it is a positive advantage at times that an employer should suspend work temporarily. These are generally just the periods when he is most likely to find it necessary either to reduce wages or to resist an increase. If, at such a season, an arbitration tribunal makes an award which to him is unfavourable, it is not only possible, but advantageous, to him to evade it by closing down. This points the moral, which has been more than once drawn from the working of our compulsory arbitration system, that the fact that a permanent tribunal can deal satisfactorily with a dispute in one industry is no guarantee that it will be able to deal equally satisfactorily with a dispute in another.

COST OF THE STRUGGLE.

In the present case, it is understood that the company has no intention of closing down altogether, although, according to the case argued by its counsel in the Arbitration Court, it is quite unable to carry on at the rate of wages fixed by the Court while the prices of metals remain low. It is stated that work will be partially resumed at once and employment found for some 1,200 out of the 4,000 men who were previously employed. In all probability a still larger number will be engaged before long. The struggle has lasted for four months; it has cost the miners and those who supply their needs scores of thousands of pounds; it has entailed severe hardship on a very large proportion of the population of Broken Hill, for, though outside unions have subscribed generously towards the strike funds, the contributions have been inadequate even to sustain the miners and their families for so long, and it has helped to create bad feeling between masters and men there and elsewhere. The company has perhaps lost little or nothing in the present circumstances, and has certainly fined its employees and their supporters heavily. But no useful principle has been established on either side, and no permanent settlement of the questions in issue has been effected. Though this is the debit side of the account and a long one, it must not be thought that there is no credit page. We know more of the conditions under which our mine and metal workers live and work than we knew before. The attention of the whole newspaper-reading public of Australia was concentrated on them for weeks. We have had another investigation on a big scale into the definition of a "living wage", and better appreciate the difficulties of defining or enforcing it. Incidentally, too, a constitutional doubt of the meaning of the phrase "industrial disputes extending beyond the limits of a single State" (the only disputes of which the Federal Court has cognisance) has been disposed of by the judgment of the High Court. These results have been gained at great cost, but perhaps in the end they may prove to have been worth the money from a public point of view.

ATTITUDE OF SOCIALISTS.

One effect of the strike and subsequent prosecutions of Tom Mann and his fellow-agitators is still felt in the Commonwealth generally, and in this city in particular. Our State Labour Party are suffering sorely not only from fundamental weakness, but in more than one State from serious internal dissension as well. This is most marked in New South Wales. For a long time there has been a rift in the lute. It began with the advent in the Labour councils of the international Socialist element. This has been steadily increasing, if not in strength, at least in assertiveness, until today every considerable meeting of the trade unionists in Sydney resolves itself into a battle between the Moderates—who still retain their faith in the virtue of political effort and the enlightenment of public opinion—and the Extremists, who appear to believe that the only weapon that is worth using in the cause of the workers is the weapon of social revolution. This is not an over-statement of the Extremist creed. At the time of writing a State Labour Congress is being held in Sydney. At the outset it spent two days of its time in seriously discussing a proposal by one of the most revolutionary of its members that the whole of the unionists in this State should be called out in a general strike to emphasise their sympathy with the miners of Broken Hill and to protest against the trial of Tom Mann and others for offences in connection with the strike at a country town some hundreds of miles away from the scene of the alleged offences. This proposal is almost ludicrous in its extravagance and absurdity and was naturally defeated by a large majority. But the fact that it should have been made and solemnly debated for two days shows the kind of dissension which hampers the State Labourites. The majority of them are not prepared to achieve their ends by stopping all the wheels of industry; the minority not only condone this wild and hopeless course—they actually advocate it. Between these two sections no useful compromise is possible. In the circumstances it is not surprising that the President of the Labour Congress should describe the position of the Labour movement in this State as highly unsatisfactory both from the political and the economic point of view, and that our State Labour members should be bitterly arraigned for their timidity and moderation by a few militant Socialists inflated with the insane extravagances of Continental doctrinaires.

THE COMMONWEALTH OF AUSTRALIA.

LABOUR AND WAGES DISPUTES.

FROM OUR OWN CORRESPONDENT.
SYDNEY, May 3 1909; Jun. 10 1909.

The proposal to establish Trade Boards in the Mother Country having probably revived interest in our industrial experiments in that direction, the vague and clumsy efforts of the Labour party to cope with conditions of employment over the whole Continent become more noteworthy. Since the Prime Minister's policy speech at Gympie we have had from the Attorney-General, Mr. W. M. Hughes, a new statement as to the intentions of the Government with regard to the amendment of the Constitution. Mr. Fisher merely made a nebulous announcement that it was intended to invest the Commonwealth with the power to carry out a "New Protection" scheme (which involves enforcing the payment of fair wages in protected industries) and further to add to the powers of the Commonwealth Arbitration Court in some unspecified way. The terms in which the Prime Minister's announcements were made indicated pretty clearly that he was dealing with a question beyond his province, and, judging by their comments, beyond that of most of his colleagues. Hence the intervention of Mr. Hughes to explain that the powers of the Commonwealth over industrial matters are to be increased in three directions. First, the Parliament is to be given power to prescribe the payment of fair wages in all protected industries. This, as already stated, is merely the former scheme of Mr. Deakin, to which parties seem to be favourable. Next, power is also to be taken to prescribe the payment of fair wages in all classes of industries for which the States did not, or could not, make provision. This either means nothing, or it means that the Commonwealth have the power to require the payment of a minimum wage in all industries throughout Australia if it so desires. In the third place, the jurisdiction of the Federal Arbitration Court, which at present is limited to industrial disputes extending beyond the limits of a single State, is to be extended to all contentions between employers and employees so that, apparently, when this project is carried out the occupation of the industrial tribunals, which exist in some form in every State except Tasmania, will be gone.

POWER LEFT TO STATE LEGISLATURES.

Putting aside the possibility of dealing with Australia as if it were a municipal district if these sweeping proposals are carried into effect, the extent of power that will be left to the State Legislatures to deal with industrial conditions will be hardly worth considering. Mr. Hughes's proposals, in fact, only amount to a piecemeal and indirect method of doing what the recent Federal Labour Conference at Brisbane deliberately refused to do directly, viz., to vest in the Commonwealth the whole power of legislating with regard to conditions of labour everywhere. They have all the disadvantages, and few of the advantages, of that proposal. They go far enough, however, to indicate the practical extermination of the State Labour Parties as a political force, though this aspect is, of course, kept carefully in the background. The State members, when this is fully realised, can hardly be expected to hail with enthusiasm their own sentence of death. The immediate result of this reaching out after industrial power on the part of the Federal Labour leaders is that the Labour electors are being driven into a position in which they will have to choose definitely between the State and the Commonwealth Legislatures, as organs of industrial and economic reform. At present they seem to have no definite policy on this subject. They are halting between two opinions. The fear of dissension in their own ranks deters them from adopting the bold policy of a drastic constitutional amendment, to confer full powers of industrial control on the Commonwealth. At the same time, the fact that the Labourites are in an almost insignificant minority in most of the States' Legislatures, and are without hope of altering this condition in the near future, makes them unwilling to leave the business of improving the conditions of labour in the hands of those bodies. In the result, their industrial aspirations are now ineffective, for constitutional reasons, in the Federal Legislature; and equally ineffective, for political reasons, in the States.

A HELPLESS LABOUR PARTY.

To put the matter plainly, the Labour Party, in spite of the fact that it holds office in the Federal Parliament, was never less efficient as a fighting force than it is today. It can win odds and ends of successes, so to speak, from time to time, through the dissensions of the other parties, but, tested by its ability to carry into effect its own published platform either in Commonwealth or States so far as that is inconsistent with the policies of the other parties, it is weak and helpless. It is, in fact, weaker and more helpless than it was five years ago, nor is it likely to get stronger until its leaders adopt one or other of the alternatives open to them, and concentrate their forces either in the Federal or the State field. If they choose the former, they will have to secure some far more drastic constitutional amendment than has yet been

proposed, even by themselves. The Federal Constitution as it stands is not at all an efficient instrument of industrial reform. If they were to prefer the State Legislatures they must confine their ambitions and activities in the Federal Parliament within a much narrower sphere than they cover at present. But whichever course they may choose, one thing seems certain. They cannot operate successfully in both fields and, meanwhile, fortunately for the community at large, are in imminent danger of falling between the two stools in consequence of their indecision.

LABOUR LEADER'S ACQUITTAL.

An internal difficulty for the Parliamentary members of the Labour Party also arises owing to the continuous endeavours of their nominal supporters to supplant them in order to acquire their dignities and salaries. The extremists, who have recently exercised a powerful and malign influence on Labour policy in this State are particularly eager to advertise themselves at their expense by outvieing their sitting representatives. Just now the echoes of Broken Hill are still heard, reverberating from the trial at Albury of the ringleaders of the disturbances, in which the angry feeling of the strikers broke all bounds. **Tom Mann**, the head and front of the agitation, has just been acquitted on a charge of conspiracy and rioting. He has long occupied a somewhat peculiar position in the Australian Labour movement. The official leaders hesitate to give him their countenance, for he represents a school of thought with which they cannot afford to identify the Labour movement. On the other hand, they dare not publicly throw him over. His power of speech and organising abilities are too potent and his following too strong to allow them to take an attitude of open hostility. Their policy has been to use his strength without becoming responsible for his violence—dangerous tactics for which they are likely to pay if an election be at hand. Mann's acquittal at Albury is not to be interpreted as an indication of sympathy on the part of the public from which the jury was drawn with him as a leader of riot. There was a shameful display of violence on the occasion of his arrest, but the evidence by which it was sought to identify Mann with it was defective. The jury appear to have thought that in circumstances of excitement and confusion there was room for mistake on the part of the police, and it was presumably on this ground that, despite the strong charge of the Judge, Mann was acquitted. On the whole, his acquittal may have some little compensation, though certainly not much. A conviction would have perpetuated the unrest at Broken Hill and at the same time would have had little, if any, deterrent effect upon Mann's comrades. Our experience in Australia is that it is almost invariably the safe course to leave people of the Mann type severely alone, so long, of course, as they do not commit an actual breach of the law. But he will not leave his comrades alone. Should an election presently occur here or in South Australia he will be a dangerous competitor for a Labour constituency.

THE COMMONWEALTH OF AUSTRALIA.

POLITICAL SITUATION.

FROM OUR OWN CORRESPONDENT.
SYDNEY, May 10 1909; Jun. 22 1909.

For reasons only known to himself, which are a perpetual subject of controversy in our Press, Mr. Deakin pursues his enigmatic methods of action. He has been busily employed in this city when passing to and returning from Queensland in consultations with his friends and supporters. It has become known that they are anxiously pressing him to come to terms with Mr. Joseph Cook so that the three sections of the Federal Parliament opposed to the Labour Caucus may be consolidated without further delay. To this prompt settlement, on grounds which can only be guessed even by his intimates, he remains determinedly opposed. He left for Melbourne, as chance would have it, in the train taking Mr. Cook to the same State, but, as we learn this morning, nothing whatever occurred during the journey. Sir John Forrest arrives from Perth in a day or two, and consequently the three leaders must be in proximity to each other in Melbourne. But in spite of Mr. Deakin's persistent elusiveness the pressure brought to bear upon him, from within his own party as much as from without, appears so strong that some unexpected development must be near at hand. In 1904 the personal question whether Mr. Reid or himself should become Prime Minister and head the united parties was settled by his refusal to take office. Today no one else is even suggested for such a leadership. It has been taken for granted on all sides, and even by the large portion of our Press, always irreconcilably hostile to him, that he and no other must lead any combination, however formed. But of Mr. Deakin nothing can be prognosticated with confidence in such matters. We may see 1904 repeated in 1909 without obvious reason, but simply because he so decides. If this should happen it will be remembered everywhere that the consequences of his standing aloof in 1904 were most disastrous to the coalition that followed. The apprehensions revived by that reminiscence will require a great deal of soothing.

MR. DEAKIN'S ATTACK ON THE MINISTRY.

Queensland politicians outside the Labour ranks have never been friendly either to Federation or to the Protectionist Party which has been in power almost ever since our union. Yet Mr. Deakin's meetings in that State were evidently successful throughout his tour, and whatever the sentiments of his hearers may have been only the Labour element was openly hostile. Perhaps this circumstance is the most significant testimony to the nature of his speeches. Calling special attention to the perpetual references to an early dissolution, in which all the Ministers have been indulging, and to the Labour candidates already in the field challenging his supporters in every Victorian electorate, he dwelt upon the weakness of the financial proposals of Mr. Fisher, his omissions of any immigration or preferential trade policy, and the crude character of his proposed land tax, for which his own estimates disclosed no necessity. Mr. Deakin's hits were all at the expense of the Ministry. That they told upon his hearers was evident from the outcry provoked. His allusions to the political situation pointed explicitly to some combination against the Labour Party. But he still insisted from first to last upon the policy he has advocated without ceasing in Tasmania and upon our northern rivers in his preceding tours. Its acceptance as a whole is evidently for him the *sine qua non* of any alliance. This wholesale conversion being impossible, he continues to rally his forces against the Labour Leagues, so that all present indications are that any coalition to be formed which desires his support but does not adopt his complete programme will not include him, though it must depend upon his allegiance.

LABOUR PARTY'S DIFFERENCES.

It may be confessed that in existing circumstances, both in Federal and State politics, nothing can be expected except a general antagonism to the Labour organisations in Australia, most of which are sadly out of touch with the rest of our community. Bitter experience seems to be teaching some wholesome lessons at all events to the Trade Unionists of New South Wales, though the process of their education is painfully slow. Reference was made lately to a fundamental weakness of Australian Labour polity arising out of the inability of their leaders to choose definitely between the Commonwealth and the States as the political instrument of their projected reforms. In all the States they have also suffered from a more or less wide divergence between the aims and methods of their Parliamentary guides and those outside Parliament who control the Unions. While members of the Parliamentary Labour Party, sobered for the most part by contact with the realities of political life and effort, preserve some sense of the possible, most of the Unionists seem to imagine that they are masters of the situation, though even industrially this is far from the fact. A short

time ago the difference between these two sections became something more than one of opinion. It involved public differences on important questions of policy. These came to a head at the time of the passing of the Industrial Disputes Act, which in 1908 replaced our much-battered Industrial Arbitration Act. The Parliamentary leaders, though they did not like this measure, which substituted Wages Boards for the Arbitration Court, had the sense to recognise that, being the law, it must be obeyed. They recommended Unionists to take advantage of its provisions, and to agitate for an amendment of those which proved unsatisfactory. Union leaders recommended the opposite course. The Sydney Labour Council, which represents a large majority of the Trade Unionists of the State, officially advised its constituents to ignore the Act and to refuse to register under it. For some time they managed to maintain this attitude of rebellion, which was supposed to be endorsed by Unionists as a whole.

TWO HOSTILE CAMPS.

Then came the tram strike, part of this policy of defying the Industrial Disputes Act. The childish mismanagement which first allowed this strike to begin and then brought it to an ignominious end helped to shake the confidence of their followers in their irreconcilable chiefs who were seeking to take the control of the Labour movement out of the hands of its Parliamentary representatives. A second foolish strike, that of the rockchoppers, furnished further evidence of their incapacity, and brought upon them the public reproof of their Parliamentary colleagues. The breach grew wider, and no attempt was made to conceal it. The party was well on the way towards a definite split into two hostile camps—those who retained their belief in public education and Parliamentary action being against those who preached industrial war and the “general strike” as the only effective instrument of social reform. The aims and methods of the latter class appeared to be based upon a somewhat unintelligent acceptance of the aims and methods of the revolutionary Socialists of the Continent, and of an American organisation which rejoices in the high-sounding title of “The Independent Workers of the World”.

WANING POWER OF EXTREMISTS.

This irreconcilable party is not yet extinct. It still makes itself heard at every Labour congress, and shows its hand wherever there is industrial trouble. It has been responsible for the tactical mistakes by which the Broken Hill employees have gone far to spoil a strong case. But its power seems on the wane. It suffered an ignominious defeat at the Trade Union Congress which recently sat in Sydney in the defeat of

its “general strike” proposal. It suffered a still more hurtful blow in the carrying of a resolution in favour of a closer union between the Labour organisations and the political movement. This is typical of a large number of the resolutions passed by the Congress. On the whole, they display something like moderation, which is in pleasing contrast to the extravagance which has marked most of the official utterances of the Unionist leaders for some time past. They also indicate a readiness to work in harmony with the natural leaders of the movement—the Parliamentary Party—which points to the healing of the breach. But until much greater progress is made in the same direction the attacks which Mr. Deakin is making upon their methods and aims cannot be really repelled. All other parties will be compelled to coalesce against them whatever their own differences may be, and both in the Federal and State Legislatures.

THE COMMONWEALTH OF AUSTRALIA.

FEDERAL POLITICAL CRISIS.

FROM OUR OWN CORRESPONDENT.
SYDNEY, May 17 1909; Jun. 30 1909.

The Federal political situation, always complex, appears to have become hopelessly disjointed, though in its real character the outlook remains clear. The shock supplied by Mr. Deakin's sudden disclosure of his intention to decline the Prime Ministership unless he were conceded the whole of his policy by those who have hitherto been engaged in the attempt to defeat it, appears for the time being to upset men of all opinions and newspapers of all parties. They seem to overlook the fact that the divisions between the members outside the Labour Caucus are already so manifest that it is possible the **Governor-General** may grant Mr. **Fisher** the dissolution for which he is certain to ask when defeated. That defeat can scarcely be delayed and cannot be averted, but in these circumstances it leaves him with the appeal to the country as Prime Minister. There need be no anxiety yet as to who will occupy that office when the voting is over. The question is whether the Labour leagues can be relegated at the poll to their true position as a minority, or, in other words, whether the majority can coalesce for that period upon a fighting platform and under one leader. They have got very near a platform in the published programme of the Commonwealth Party in Melbourne. Let them agree to uphold that, standing together during the fray, and the problem of leadership becomes less important. The electors may well say, "A plague upon all your personal antagonisms so long as you give us a working Cabinet with a working majority, independent of Mr. Fisher's well-disciplined and devoted legions".

PERSONAL ISSUES IN THE STATES.

The mischief is that democracy in Australia, as in the United States, insists upon attaching an extraordinary significance to the personality of its political leader. In our ultra democracy of Labour, curiously enough, there is an opposite tendency, for the individual withers, while the Caucus grows more and more. The Leagues depend solely on their cause and their organisation. Indeed they have no one left, since Mr. **Watson** persists in retiring, who holds any special place among them except by virtue of his office, either in their eye or in that of the public. It is among those outside the Labour cohorts that the need for a rallying cry is less urgent than that

of a chief whose name they can conjure with. Mr. Reid's retirement deprives us in New South Wales of the only politician whose record and ability sufficed us until last year. There is no one who can take his place. Queensland, South Australia, and Tasmania have no dominating public man. Western Australia is summed up, it is true, in Sir John Forrest, whom Mr. Deakin is anxious to endow as his successor, but he is weak in the Federal constituencies of his own State, having but one follower out of five representatives and not one Senator in his band. The Victorian leader, on the other hand, has now a personal majority in his State, and could probably command every one of its Senators and members who is not a Labour nominee if he joined forces with the Opposition corner. It is this factor, not generally recognised abroad, that makes him indispensable. Of course that might be attributed to other causes, but is probably best translated into its electoral equivalent. Whether this one-man necessity will continue after the present crisis as over or even in the event of an early dissolution is another matter. For the moment, however, the progress of political fusion has been suspended until this personal issue is decided.

PREFERENTIAL SYSTEMS OF VOTING.

In view of the instability of Federal politics and the prospect of an immediate appeal to the continent the general election which has just taken place in Tasmania has an importance which does not usually attach to the elections in that little island. It is the first instance in Australia, if not in the Empire, of a State general election conducted wholly on the system of preferential voting. In the next place it affords evidence that even Tasmania, the most backward State in the Commonwealth, is waking up to the imperative necessity of opening up her lands for closer settlement. Preferential systems of voting are not unknown in Australia. At the last elections in Western Australia one plan was tried in one constituency by way of experiment. For some years past it has been employed in two of the more populous constituencies in Tasmania. This year it was applied all round, the whole State being subdivided into five electorates, each returning six members. In the last Assembly the single electorate system operated unfairly to the working classes. The new Parliament, which has 30 members, will include 12 Labour men instead of seven. A calculation which has been made since the figures were published indicates that under the old system of voting most probably only six would have been returned. As far as can be judged the non-Labour Party of 18 fairly represents the division of opinion in the constituencies. Our *Sydney Morning Herald* insists that "the election is a triumph for the proportional idea ... which is coming more and more into favour over a very wide field; and from the point of view of scientific politics we cannot deny that it represents an immense advance on crude majority representation". The *Tasmanian Premier* himself, although he has suffered severely, describes the working of the system as perfect.

CLOSER SETTLEMENT.

This method of voting, however, has not solved all the problems of Tasmanian politics. The eighteen Ministerialists returned have little in common, but apparently a sufficient number of them are likely to be supported by the Labour dozen to bring about a more progressive land policy. The natural increase of population in the island, 18.22 per 1,000, is higher than that of any other country. Her area of fertile lands and mineral resources if unlocked could employ and maintain the whole of them. Yet during the period from 1861 to 1906 she has lost out of her small total by excess of departures over arrivals no less than 13,000 persons. A Closer Settlement Act was passed in 1906, but it merely enables the Government to acquire estates which the owners are willing to sell. So that up to the present little has been done to remedy a condition of things which is beginning to make all Tasmanians anxious. Nevertheless, the remedy is not easy to find, and if it were found must be difficult to adopt. The first need appears to be for a constitutional reform altering the composition of the Legislative Council, which at present consists of opponents of State intervention in any shape. Compulsory resumption of large estates for closer settlement is also becoming a little discredited as a means of land reform in several of the mainland States. The experience of New South Wales, where it has been most extensively used, has been especially discouraging. The resumption of the Peel River Estate is a case in point. Proceedings for resumption under the last Closer Settlement Act, which was supposed to avoid most of the difficulties of former systems, began nearly two years ago. During the last week or so the price to be paid by the Government has been fixed by a final Court of Appeal at about £400,000. To this must be added the enormous costs which have been entailed by legal proceedings extending over many months, in which a Supreme Court Judge and a retinue of expensive lawyers have been engaged. In the result farms are made available for some 230 settlers at an average cost of about £2,000 each to the State. This is at least the full value of the land; in many cases it will probably prove to be more. So that our Treasury is faced with two alternatives. It must either charge the settler with the full cost, in which case there is little margin left in the way of a living for a man and his family; or it must charge him less than the cost, in which case the system means a steady and increasing drain on the State funds, hard to justify on any sound principle of finance. The Peel River case is not exceptional. The whole of last year's operations under the Act, summed up, show pretty much the same result. The Victorian experience, too, reflects our own failure. It cost us something more than a million to place 500-odd settlers on farming areas. This is too much even for New South Wales to pay, and would be quite impossible for Tasmania.

THE COMMONWEALTH OF AUSTRALIA.

FUSION OF PARTIES.

FROM OUR OWN CORRESPONDENT.
SYDNEY, May 31 1909; Jul. 12 1909.

At last the Federal political situation has crystallised. So far as Parliament is concerned the fusion of our Constitutional parties, long prayed for, continually predicted, but, up till last week, perpetually postponed, has been completed in two days. For the last four years the prospect of this union has appeared and vanished like a mirage tempting many eager pilgrims to its vain pursuit. Just as it seemed hopeless to expect anything better than a three-party struggle in the session that was opened last week the position suddenly became subject to a magical transformation. On the Monday our Opposition conceded to Mr. Deakin his final demands. On Tuesday these were generally approved by the three sections of the House, and officially endorsed by separate meetings on the Wednesday before the Governor-General had read to them the Speech prepared by his Ministers. Later that afternoon a joint meeting of the united party found its proceedings greatly simplified by Mr. Cook's refusal to be a candidate for first place. Mr. Deakin notified his acceptance of the leadership to the House on Thursday, and after a brief reference to the fact that the new distribution of parties left Ministers in a minority sat down with an invitation to the Prime Minister to explain his position. Mr. Fisher, with much emotion, defended his principal proposals, but declined to take any notice of the invitation or of the fact that he was outnumbered. When he sat down a young member moved the adjournment of the debate, a motion always put without discussion. The Government was defeated by nine votes. The Commonwealth Parliament had changed masters.

LABOUR PARTY'S WRATH.

The wrath of the Labour members, roused to a white heat by this unexpected and unceremonious defeat, poured itself out in fierce vituperation of the new Opposition leader upon motions for the adjournment of the House, debated all that evening and the whole of the next day. But even their violence was less than that of the Treasurer in Mr. Deakin's last Cabinet. Sir William Lyne, publicly severing all personal and political ties with his leader, repeated in the Chamber the denunciations he had already delivered against him in the party meeting. With a keen eye to the value of the

occasion for platform purposes the Labour representatives raged among the records of his career, especially those preceding his previous defeat of their former Ministry. The bitterness of the invectives employed was at least as great as in 1904, when Mr. Watson was overthrown. The new Opposition sat silently through the storm, only one of the general majority making any rejoinder, together with two of Mr. Deakin's immediate followers. Three others, besides Sir William Lyne, remained in the Ministerial corner to censure the attack on the Government. Mr. Fisher has today presented a memorandum to the Governor-General urging a dissolution. If this were granted the Opposition would be taken at a great disadvantage in the country, where their organisation owing to past divisions is poor, and could not be put in fighting form at such short notice. Besides, though a fusion of parties has taken place in Parliament, it is by no means certain that it will exist at the polls, at all events in this State. Victoria is believed to be behind Mr. Deakin from the Murray to the sea, but we have yet to learn the temper of the rest of Australia. He has crossed the Rubicon, but has not yet entered Rome.

INDUSTRIAL DISPUTES ACT.

After a long and futile struggle, which would never have been entered upon if the Unionists of this State had been blessed with leaders of a little more foresight, the official ban placed upon the Industrial Disputes Act by the Sydney Labour Council has been formally withdrawn. The prestige of the Unionist leaders would have stood much higher if it had never been imposed. Ever since the resolution was passed by the Council calling upon its constituent unions to ignore the Act and to refuse to register or be any party to proceedings under it, there has been a steadily growing disposition among the men to disregard this advice. Encouraged by the experience of their comrades, who, in defiance of the Council, had registered and secured favourable awards from Wages Boards appointed under the new law, an ever increasing number of applications to the Registrar were pouring in, until, at the time of the removal of the embargo by the Labour Council, no less than 80 per cent. of the Trades Unions of this State were already claiming its benefits. The President of the Council himself having become a member of a Wages Board, its surrender was a grudging concession to a necessity which it had no longer the hardihood to ignore. The strong minority which has always advocated taking advantage of the provisions of the law, has had to fight against ignorant prejudice. The Act had been passed by Mr. Wade, and was therefore resisted. Any actual prejudices gradually gave way before a series of awards by which different unions secured more advantageous conditions with far less delay, expense, and ill-feeling than had characterised proceedings under the Industrial Arbitration Act. Much more than mere prejudice was needed to sustain the Labour Council in its deliberate refusal to reject the advantages offered by the new system, and as nothing better than prejudice was forthcoming, the Opposition collapsed. This removes the

most serious obstacle obstructing the road to industrial peace in this State. So far, the Wages Board system introduced by the Act has worked with remarkable smoothness. Some of the inquiries have been rather prolonged, but they have been conducted by experts in the subject matter, with good feeling, and with comparatively little expense to the parties. Although there is provision for an appeal from the decision of a board, there is so far no case in which this has been made. It may be too early yet to claim complete success for the system, or to institute a safe comparison between its working and that of the industrial arbitration system which it displaced. But it is not too much to say that so far our experience has revealed no defects that cannot easily be removed.

A "LIVING WAGE".

In nearly all the Australian States as well as in the Commonwealth we now have laws which impose upon the occupants of the Judicial Bench, either as Judges of first instance, or on appeal from industrial tribunals, the duty of deciding what is a "reasonable" or a "living" wage. The Acts which contain these provisions do not always achieve the results their authors desire. You cannot, as we are beginning to find out, put 10s. per day in a man's pocket by enacting that if he works at all he shall not get less than 10s. per day. Without discussing that aspect of the subject it may be remarked that this legislation is providing an invaluable and a hitherto inaccessible field of observation for the economist and the sociologist. This is only a by-product of our industrial legislation, but it cannot be ignored. Courts have to consider the wages question in a practical way. Mr. Justice **Gordon**, of South Australia, in a very interesting exposition of the principles which he thought should be applied to the question of a living wage, not "as an irresponsible controversialist may, but with the duty of applying to the question the provisions of positive law", found himself in a field where there is room for wide differences of opinion. Our judicial tribunals, Federal and State, having not merely to determine the degree of conformity to a standard, but in most cases to define the standard itself, there is anything but harmony among their findings. So far they are not bound by one another's judgments, and there is no "common superior". This, of course, makes their various independent statements of principle more valuable. We have had recently an interesting example of judicial divergence in respect of this question. Mr. Justice **Higgins**, of the Federal Arbitration Court, fixed the "living wage" on the assumption that it must necessarily be enough to support a working man with a family of average size in frugal comfort. **One of the Victorian State Judges**, in discussing the same question the other day, refused to adopt this interpretation. He interpreted it to mean a personal wage only, and refused to enter into any consideration of the cost of maintaining a family. If he was wrong, he said, **Parliament must correct him**. Parliament, of course, can and probably will correct him, though hitherto it has deliberately transferred that obligation from its own shoulders to those of the Judges.

COMMONWEALTH OF AUSTRALIA.

POLITICAL CHANGES AND PROSPECTS.

FROM OUR OWN CORRESPONDENT.
SYDNEY, Jun. 21 1909; Jul. 30 1909.

Sydney can no longer consider herself neglected by the Commonwealth's Viceroy. For the greater part of the winter the Earl and Countess of **Dudley** have remained in residence among us, freely and familiarly associating themselves with our social life. The directly personal interest that his Excellency has displayed in connection with the camps and field exercises of our Militia has been specially welcome to its officers, who receive little encouragement of the kind. Actual experience in the field during the South African War has enabled the Governor-General to make his office as Commander-in-Chief more than a name. Rumour has it that his late visit to the Queensland manoeuvres is to be followed by a stay of some duration in Brisbane, where hitherto the well-to-do and their newspapers have been frequently non-federal in sentiment. An **Acting Governor** being now in office, there can hardly be a clashing of functions. This has happily been avoided in Sydney, where our new Governor and his lady have been entertaining at the State Government House side by side, so to speak, with the Governor-General. There was some anxiety at the outset lest the new-comers, after their experience in an unfederal atmosphere, should have exhibited similar leanings. So far, however, they have discovered nothing beyond an admirable desire to adapt themselves to their new surroundings. Lord **Chelmsford** is an effective public speaker, while his wife is wisely following in Lady Dudley's footsteps. Altogether, Sydney society is for the time being very well satisfied with itself and with things in general.

THE POLITICAL ATMOSPHERE.

New South Wales enjoys a further distinction today owing to the fact that ours is the only Legislature in which political stability seems secured. Mr. **Wade**, stolid and tardy in methods, is for all that persistent and progressive in his own fashion. The Treasury is well filled; large public works are under construction; and, with the aid of our energetic **Agent-General**, new settlers, carefully selected, are arriving month by month. Elsewhere in the Commonwealth and in all our sister States every political horizon is clouded. The Federal Parliament resumes its sittings two days hence under

a new Ministry, while the air is already filled with threats of “war to the knife” from Mr. Fisher and his late colleagues. In Queensland Mr. Kidston is confronted with a cabal between some of his coalition supporters and the Labour Party seeking to wreak its vengeance upon him. A dissolution appears possible there as well as in the Commonwealth, while a third will shortly be due in South Australia. The position of Mr. Moore’s Cabinet in the West was precarious when the recess commenced, and will not be safe when the approaching session begins. Tasmania has changed its Government as a consequence of its recent elections. Captain Evans, after a long term of office, resigns the Premiership to Sir Elliott Lewis, K.C.M.G., a post which the latter held during the earliest years of federation, and now resumes naturally, since he is the most capable chief of the party. Still, the loyalty of some of his majority is already suspect, though in all probability they will be obliged to bide their time. It is scarcely to be expected that English readers will keep in memory all the frequent transformations of Australian Administrations, especially since in most cases the differences between the policies new and old are rarely of sufficient magnitude to attract attention oversea. But at the moment changes are being made, and other changes are expected, which create a general feeling of unrest.

THE ANTI-TRUST CASES.

Remote and inaccessible as it may appear politically, the High Court continues to keep politicians in their places. Little by little the boundaries between the legislative province of the Commonwealth and that of the States are being definitely marked off. The latest advance in this way comes in a decision of much significance, given in Melbourne a few days ago. The case arose under an Anti-Trust Act derived, with some important modifications, from United States legislation on the same subject. We have not yet had an actual prosecution of anyone for combining to restrain or monopolise trade, so one cannot say whether our Australian modifications of the American Act will be more effective than its progenitor. But we can now perceive its scope. The proceedings that evoked the judgment just delivered were preliminary to an intended prosecution of a great coastal shipping combine, which, in conjunction with the Newcastle colliery proprietors, was alleged to be establishing a monopoly of the local coal trade. In the course of these proceedings it became necessary to test the validity of certain sections of the principal Act. The details of the judgment upon these are not perhaps of general interest. What is interesting and important is the principle laid down by the Court as to the limitation of Federal powers. In this case Parliament had tried indirectly, by exercising its unquestioned legislative sway over corporations, to assume control of some part of the internal trade of the States, just as in the “new Protection” cases, it tried, by exercising its taxing power, to control the rate of wages in factories. But all trade within the States is subject only to each State, as are the

industrial conditions of its factory workers. The Court, repeating and expanding the principle of the new Protection cases, made it quite clear that no Federal inroad upon the exclusive right of the States to manage their own industrial affairs would obtain judicial sanction, even though the inroad might be made as if by the exercise of a Federal power. Such a decision adds another to a long list of judgments proving that our local Legislatures need have no fears for their constitutional rights so far as the High Court is concerned.

THE HIGH COURT AND THE CONSTITUTION.

The recent series of High Court decisions in favour of the States, regarded as legal pronouncements, command the highest respect of Australian lawyers. But while they furnish gratifying evidence that although the High Court is a Federal tribunal, the rights of the States are every bit as sacred to it as those of the Commonwealth, it is plain that the result of the interpretation is to hobble the Australian Parliament and reduce its efficiency as an agent of national development. This was no doubt the original intention of the Constitution, and as such must be respected. But a feeling is growing up among our impatient public for changes only to be accomplished by constitutional amendments, widely enlarging the Federal power. The new Protection amendment, which is now an accepted part of the programme of every political party, is only one instance of this. The Court has held that although the Federal Parliament had an Exclusive power to grant fiscal protection, it could not limit this protection to those who complied with its requirements as to wages and hours of work, since these were subject only to State control. Internal trade is wholly and solely under its authority. The Commonwealth enjoys full sway over inter-State and foreign trade, but it cannot deal with monopolies or restraints of any kind so long as they remain inside State bounds, even though such monopolies are set up by corporations subject to the Federal legislative power. Everyone knows how fine is the line which separates trade within a State from trade which goes beyond its borders, and how difficult it is to say on which side of the line a given transaction falls. There are notoriously some combines already at work. It is somewhat irritating to the practical Australian mind that Governmental power to cope with them should rest on artificial distinctions of our own making. Some such distinctions are, of course, essential to the Federal system, but it is unfortunate that they should cripple our national Parliament on matters of deep national concern.

THE COMMONWEALTH OF AUSTRALIA.

THE CABINET AND ITS ASSAILANTS.

FROM OUR OWN CORRESPONDENT.
SYDNEY, Jun. 28 1909; Aug. 7 1909.

The Commonwealth Parliament resumed its sittings last week, the eyes of all Australia being fastened upon its proceedings with keen expectancy. When after three days' debate the usual adjournment took place on Friday afternoon our outside public, always indifferent or uninformed was manifestly disappointed. There had been some obstruction, much noise, and more abuse, a want of confidence motion launched, the policy of the new Government declared, and both were being debated with acrimony. What more could have been accomplished in the time is not explained. But the fact remains that onlookers, that is to say nine-tenths of the community, feel distinctly dissatisfied. The sensationalism anticipated has not been manifested with sufficient dramatic force. The curtain descended without a denouncement, Mr. **Johnson**, one of Sydney's representatives, being "left speaking" or, in other words, having secured the right to continue his remarks to-morrow. It is but fair to commence with a reference to this state of average opinion studied from the "man in the tram". Even when by chance a Labour sympathiser he is exhibiting disquietude arising from his assurance that an opportunity has been missed by that party. Labour members and officials for weeks past have vied with each other in fiercely portentous warnings of violent reprisals upon the **Deakin-Cook** Cabinet and its following as soon as an offended Caucus met them on the floor of both Houses. No measure was to be allowed to pass, or even to be debated, no supplies voted, and no ordinary or extraordinary business permitted to be transacted. Parliament was in some unexplained fashion to be "held up" until hurled back upon the constituencies for immediate and summary chastisement. Mr. **Fisher** employed ambiguous phraseology foreshadowing unforeseen and terribly effective action. His colleague went much farther, while private members, Federal and State, together with Union officials and spokesmen, publicly conjured with fearful foreboding of vengeance to come. After such an overture any stage effects, however enriched with coloured fires must appear tame and spiritless. Such has been the actual result. The Caucus has done its utmost in both Chambers, but owing to the foolish largeness of its melodramatic prophecies finds its whole performance damned in advance as "flat, stale, and unprofitable".

THE PREMIER'S SUCCESSFUL SPEECH.

Our inside public acquainted with the requirements of public business and of legislative procedure perceives that a despairing sense of the consequences of having misled the country has helped to paralyse the Labour demonstration in Parliament. The invectives uttered are those promised and sampled on many platforms, their intentions as deadly and their animosities intensified by the added bitterness of failure. The depression set in steadily from the time when their leader sounded the charge in a dolorous note more like a recall than a signal for action. The Prime Minister's rejoinder, judiciously good-humoured in tone and quietly practical in substance, helped to bring their wild flights to earth. Even the spirited attack upon their machine methods of politics with which he concluded failed to elicit a response from them in the same key. The war was afterwards carried into the Opposition camp by a couple of telling criticisms from the Ministerial side, but the only replies evoked from Mr. Hughes, the late Attorney-General and his comrades were composed of the stale accusations previously scattered from the platform once more repeated in order to be printed in the Parliamentary reports. Mr. Fisher's arraignment of the Government was formal and abstract. Mr. Deakin's answer was brief and categorical, but the real weight of his speech lay in a rapid recapitulation of the proposals of the Labour Cabinet in contrast with those he is submitting. He insisted that none of their important new departures would have been accepted by the present Parliament, so that if they had remained in office they must have accepted a barren legislative record. But of course, they could not have escaped resignation when the first of the series was defeated. That this was their own view is proved by the way they had been preparing for this contingency during the recess, and with more feverish anxiety of late. Moreover Mr. Deakin's policy in respect of future financial arrangements with the States for constructing large reproductive public works and for raising revenue all differ widely from those of Mr. Fisher and his Caucus. In defence he emphasises the responsibility of Australia for a share of the Imperial cost of controlling the high seas which the Labour Cabinet denies, while the new Ministry's industrial legislation, intended to federalise the tribunals of the States and to extend their scope, is in strong contrast with that projected by the Labour Leagues with the object of supplanting and overriding them. Finally, while the Fisher Administration disavowed all fiscal faith and postponed the encouragement of immigration indefinitely, the present Administration proposes to correct anomalies in the existing tariff, to extend preferential trade within the Empire, and to undertake an active immigration policy in concert with the States. The change of Government represents, therefore, in these and other respects a radical change of policy in respect to all our most vital interests.

LABOUR IN THE COMMONWEALTH AND THE STATES.

The Labour Party in Australia are passing through troubled waters, not only in the Federal Parliament, where their shameless exhibition of petty resentment at their expulsion from office has disgusted many of their best friends, but they are also drifting into a position elsewhere which promises for the next few years to be one of comparative impotence. In this State and in Victoria Labour has become practically a negligible political quantity. Inefficient leadership and bad tactics have reduced the party to a state in which they can reap no advantage either from their own strength or from the weaknesses or mistakes which have not been wanting on the part of their adversaries. Everywhere the divisions among the latter, either fiscal or sectional, have given them a continuous weight out of all proportion to their numbers. Local parties which could make no political capital out of the blustering of Sir **Thomas Bent** in Victoria, the petty anti-federalism of Sir **Joseph Carruthers** when Premier of this State, or local sectarian and class antagonisms which are absent in the Labour Leagues prove their inefficiency. In Queensland for the last few years they have succeeded in making stable Government impossible, but they have done little more. All the progressive legislation passed of late has been due to Mr. **Kidston**, whom, facing with a fierce hatred, they hamper in every possible way. In South Australia, thanks to the personality of Mr. **Price**, they achieved as useful record both in legislation and administration. But this was due to an alliance with the Liberal Party in defiance of the Labour tradition. This, not many days after Mr. Price's death, came to an abrupt end. The facts, as they were clearly stated by the new Premier, Mr. **Peake**, did not appear to justify their withdrawal. At present it looks as if they stand to lose much more than they can possibly gain by its disruption. The South Australian party, however, may fairly be exempted to some extent from general strictures on Labour methods, so far as the past is concerned. In Western Australia, although in the Lower House they nearly equal Government supporters in numbers, they do not appear to be gaining ground in the constituencies. At a recent by-election the Labour candidate polled about half as many votes as the previous election, when the sitting member only just saved his seat.

The Australian Labour Party have apparently reached their limit. The exclusiveness, which served the party so well while they were appealing only to the labouring classes, will not serve them much further. Membership of the Labour organisation can no longer be made the sole test of political virtue. A political stranger must not be regarded as a person to "heave half a brick at". Next—and this is closely related to the proposition just stated—its political leaders in political matters must be allowed to lead. The jealousy and distrust with which the Labour member is regarded by the Unionist leaders outside Parliament—who cling tenaciously to the theory that the

member is and should be their delegate, and not the independent representative of his constituents—must be abandoned for a more enlightened doctrine of Parliamentary representation. Anyone who follows our policies sees that the experienced leaders of the party in Parliament are loosely conscious of the weakness this involves. It drove Mr. Watson out of public life and forced upon Mr. Fisher a Cabinet elected by the votes of his followers and not of his own choice. The immense impetus given to the Labour cause by its narrow exclusiveness, intolerance, and rigid rule in its early stages makes its members, and particularly those outside Parliament who are anxious to control their representatives inside the House, unwilling to relax their illegitimate claims to control. The army of Labour was perhaps well advised in keeping close order, giving no quarter, and living on the countryside years ago, while it was a mere expeditionary guerrilla force; but now that it seeks to become an army of occupation quite other tactics are desirable. Unfortunately experience, though the best of teachers, teaches slowly especially a body of men little read and without wide outlook. They must consent now either to abide by the laws of political warfare or to be ostracised until they cease to ostracise.

THE COMMONWEALTH OF AUSTRALIA.

POLITICAL PROSPECTS.

FROM OUR OWN CORRESPONDENT.
SYDNEY, Jul. 5 1909; Aug. 14 1909.

The Commonwealth Parliament no longer possesses a monopoly of public attention. The Labour Party, sore and sulky, continues to harass the Government by attempts to count out the House and other petty devices for annoyance, so far without any success. Its members rise one by one to indulge in time-wasting tirades of personal abuse, less and less reported as they become staler. A growing impatience is felt with the placid indifference to these provocations displayed by the Prime Minister, whose Fabian tactics are little to the taste of the aggressive sections of his supporters in and out of Parliament. If patience is politic at present it is not politically interesting or stimulating to the public. Murmurs are heard, especially from our "stalwarts" in New South Wales, who have recently joined him principally in order to put the Caucus in its proper place. "War to the knife" having been tempestuously declared by the Labour Leader, it seems strange to us that the threat should be met with quiet indifference as if it were only the tantrum of a forward child. Certainly the heroics of the platform dwindle when redelivered in the Federal Chambers; they are evidently more feebly roared, and sometimes threaten to die away into the ordinary dullness of purposeless debate. Yet the situation is just as serious as ever.

THE LABOUR PARTY AND A DISSOLUTION.

The Labour Party is isolated, fighting with its back against the wall, and conscious that an election next year is full of peril for all its members in all the States. The Leagues are ready for a contest today; can scarcely hope to be better prepared; know that their adversaries are not yet really united and are wholly unprepared for an immediate struggle. Everything combines to convince them that "now's the day and now's the hour" for a dissolution. Their battering rams are already in full swing against the new Government's incomplete battlements. It must be most exasperating to find their blows met not by resounding reprisals, but by the soft methods which, if they do not turn away wrath, make its violences appear idle and ridiculous. As the danger of a premature dissolution gradually recedes from view the Labour members'

threats of wholesale obstruction are being qualified and conditioned. The want of confidence debate drags tediously. The man in the tram turns from the newspaper reports of it even in their abbreviated form under the impression that the Federal crisis has passed. It does appear to be passing.

Among the counter-attractions offered to our citizens who are politically inclined the opening of four State Parliaments and the summons issuing to the other two naturally withdraw the attention from Federal affairs of many to whom local leaders are better known and local interests more appealing because better understood. Yet there are few, even in the State capitals, who possess more than a superficial interest in the policies pursued by any other States. The number who attain a critical acquaintance with measures not immediately affecting them even in the local Legislature, sitting only a few streets from them, is not large. The proportion who prefer to follow Federal affairs is much smaller, and of those who consider Commonwealth developments together with those of the States smaller still. But the adventures of an Administration in peril, particularly when they are associated with some fresh onset from a State Labour Party, are always sure of a certain attention. Just across our border Mr. **Kidston's** Coalition Cabinet is now in desperate straits. In a full House his party carried the Speakership by only two votes and an adjournment by only one vote. Evidently it will not be possible for him or anyone else to carry on in an Assembly so evenly divided. Ever since Lord **Chelmsford** adopted the advice of Mr. **Philp** and conceded him a surprise dissolution the confusion in State politics has become worse confounded.

CHANCES OF THE COALITION.

The coalition existing between his followers and those of the present Premier would probably win at the polls, but so far as can be judged from here the working majority secured would be very small. In South Australia Mr. **Peake** starts his new Administration without a majority, or anything like it, his only hope being a coalition with Mr. **Butler**, the leader of the last Ministry, before or after the approaching general election. In Western Australia a shuffle in the Cabinet offices illustrates its uncertain position. In all three States the Labour Party is the real and in the two last the only Opposition.

New South Wales and Victoria have hitherto insisted upon rejecting the generous offers of the Commonwealth to provide them at its own expense with whatever immigrants they require. Possibly this was partly due to the fact that they had not sufficient accessible land to offer a sudden rush of new comers where they could be

sure of getting quick returns without previous knowledge of our rural methods. But under pressure both of their Administrations are now earnestly embarking upon new land policies in order to enable them to provide for settlement on a larger scale. Our Premier still clings to compulsory resumption, though his experience in this State clearly shows that it is too slow and too expensive. After two or three years' activity only 719 settlers have been secured by an outlay of £1,286,000. Mr. Wade admits that, though the advances made even up to this large sum are perfectly safe, the system cannot suffice for our needs. He therefore proposes to enlist our large landholders in the work of sub-division. Advisory Boards are to select areas considered suitable for close settlement which will be specified by Proclamation. Owners of great estates within them will be given a fixed time for sub-dividing their estates privately, retaining a liberal portion for their own purposes. If within the time named they do not sub-divide in a satisfactory manner, the whole area or what is left of it may be compulsorily resumed and cut up by the Government. This is more drastic than one would have expected from Mr. Wade, with his strong legal bias against applying compulsion to property owners. But other times, other manners. Public feeling is now strongly in favour of making our cultivable land available for settlers.

VICTORIA.

Victoria is going a step further as becomes her more urgent need. A so-called land tax which omits townships and treats agricultural holdings on a grazing basis has been supported as in our case by resumptions for closer settlement. Neither land tax nor resumption system has succeeded in fostering farming by small holders. The sons of Victorian farmers have been coming in ever-increasing numbers to swell the number of settlers in New South Wales and Queensland. The complete failure of the existing land tax, either to produce a reasonable amount of revenue or to bring agricultural land into the market, is sufficiently explained by some figures which were quoted by the Premier when outlining his policy on this subject a month or two ago. There were in that State at the beginning of this year 405 estates having a capital value of over £20,000 each. Their total market value was nearly £25,000,000, but the taxing value, according to the principle of assessment adopted by the existing law, was only a little over 4½ millions. There were 170 estates each over £50,000 in value, whose total market value was about £18,000,000. The taxable value in their case was a little under 4½ millions. There were 45 estates worth £100,000 each showing a similar discrepancy between market and taxing value. Apart from this, though these figures were not mentioned by Mr. Murray, there are in Victoria private lands in or near cities or townships of an area of 16,000,000 acres, and a value of £100,000,000,

which escape taxation altogether. It is hardly surprising, therefore, that reform of some kind should be demanded under the circumstances. According to the Victorian Premier's statement of his policy, he proposes to forge a two-edged sword against the overgrown estates carrying sheep which ought to carry people. The land tax is to be turned into an instrument both for producing revenue and for compelling landholders either to put their land to the most profitable use themselves or to put it on the market. In addition to this there is to be an improved system of compulsory resumption, which, as in New Zealand, will be used to supplement the land tax, as a means of subdividing the great stretches of arable land now held for grazing only. When next the **Prime Minister** approaches the States for information as to the land available for immigrants it is to be hoped that the operation of such measures will enable them to return more satisfactory answers than has been possible heretofore.

THE COMMONWEALTH OF AUSTRALIA.

LORD KITCHENER'S VISIT.

FROM OUR OWN CORRESPONDENT.
SYDNEY, Jul. 12 1909; Aug. 23 1909.

Lord **Kitchener** is coming probably early next year. That is the event of the week. Since the Federal Parliament is distinguishing itself only by the brawling bluster of its Labour members, the public takes its cues and finds its interests elsewhere. Whenever our new Defence Bill appears it will be read in the light of his coming and with confidence in his judgment. The terms in which he accepted the invitation of the **Deakin-Cook** Cabinet have given general satisfaction. Many of our South African contingents retain lively recollections of his peremptory edicts and severely businesslike methods. These are specially appreciated by Australians, who are not lawless or slack on service, although they are keen to discover the weaknesses of those whose authority is derived only from text-books of drill. They respond without hesitation to a masterful chief. They prefer the disciplinarian if only he knows his own mind and does not fear to speak it.

We have excellent military material everywhere and a fair local supply of efficient officers, but few of them take the imagination or stir the pulses of those they command. In times of peace perhaps even men capable of impressing them do not find the occasion. Besides, reputation counts greatly, and marked reputations we have none. Our Commonwealth Headquarters Staff labours at its many tasks of dealing with small bodies of men over our vast area. Our State Commandants spend most of their time in their offices or in parade inspections. We want a new impulse, an authoritative critic, a great reputation, and a vigorously reforming energy to put life into our Militia. Lord Kitchener seems just the man for the task. He will have a great welcome and a great task. Whether we are spending our money wisely or wastefully on our land forces nobody is sure. Our tiny naval array is equally under a cloud. There is little public confidence in either.

The visit of the **United States Fleet** aroused our citizens to some sense of what modern sea power really is. We shall be fortunate if Lord Kitchener impresses us with what our land defence ought to be. Nothing could be more timely than his presence. Australians promise to be a fighting race, but they need leaders, they need equipment, and they need knowledge of their own strength and preparedness for action.

PARLIAMENTARY WARFARE.

Mr. Fisher's generalship confines itself to paying tribute to the forms of Parliamentary warfare while conducting a campaign to prevent the transaction of Parliamentary business. He is as deeply mortified as any of his colleagues at their ejection from office. He shows it and expresses it, but leaves it to them to put his as well as their resentment into action. Systematic obstruction is the order of the day. The Senate sittings last week closed ingloriously with a count-out engineered by the Labour Senators to their own discomfiture. The House has been threatened with a similar collapse upon the motion of want of confidence moved by the Labour Leader. Could anything be more farcical than such results? Oddly enough, a similar epidemic has attacked every State Legislature. The Queensland Labour Party refuses pairs to its opponents as the Federal Labour Party do in Melbourne. Our Labour caucus conducts a time-wasting, foolish debate of want of confidence in Mr. Wade's Ministry, just as its Federal relation does against Mr. Deakin. The Tasmanian effort appears exhausted, while the South and West Australian are about to begin. Scandal-mongering rages from north to south.

When the Federal coalition was accomplished it struck a keynote that has been echoed all over the Continent. Everywhere all parties outside the caucus are meeting in self-defence. Everywhere the cry of the Labour Party in response has been "To your tents, O Israel!" Everywhere their Ishmaelitic tactics are the same, composed of spleen and folly. The real interests of the labourer whom they affect to represent are being openly ignored. The electioneering interests of the "Labour" member are now put first. Though industrial aims are paramount in all their programmes industrial issues are being left to the Courts.

"DIVIDED CONTROL".

The difficulties inherent in any system of divided control over industrial conditions are every day making themselves felt more and more in Australia. Yet nowhere do we find Labour members agreed upon a practical remedy. It is hard to imagine any system which would be more fruitful of confusion and complication in respect of industrial control than that introduced in our Federal Constitution. One element of difficulty often adverted to in these columns arises out of the fact that while manufacturers in all the States enjoy equal protection for their manufactures and are entitled to sell them freely in any market in the Commonwealth, the legislative conditions under which these goods are manufactured may, and do, vary widely in different States. Our boot manufacturers insist that the larger proportion of boys to adults permitted in Victorian shops tells against them even in Sydney.

A similar complaint has been made by our local jam manufacturers. Anomalies of this kind demand some remedy, that promised by Mr. Deakin being a Federal tribunal which is to have a power of equalising rates of wage and other conditions of employment in the various States where these occasion unfair competition. No Labour remedy is suggested short of complete Federal supremacy. This, however, is not the only trouble in our existing system. Another has been forced on public attention by the judgment of the High Court in what is known as the timber-workers' case, in which several important questions as to the extent of the Commonwealth's power over industrial conditions were referred by Mr. Justice Higgins, the President of the Federal Arbitration Court. That tribunal, it may be remembered, has jurisdiction only over industrial disputes extending beyond the limits of a single State. The clause authorising the Federal Parliament to call any such Court into existence is considered by many constitutional pundits to be a rather incongruous patch on the Constitution. It was passed originally with the idea—not very clearly defined or worked out—of establishing a tribunal having power to deal with widespread disputes like the maritime strike, which owing to its extent went far beyond the jurisdiction of any State. Ever since the Federal Court came into existence judges and lawyers have been nodding their heads over the problem presented by the phrase: "a dispute extending beyond the limits of a single State". The result of their efforts so far seems to be the conclusion that it all depends upon the facts.

THE TIMBER-WORKERS' CASE.

This familiar question was raised in the timber-workers' case in a form which gives it more than a merely professional interest. In many of the States the employees seem satisfied neither with the character nor with the operation of their State tribunals. Where this feeling exists they join with bodies of employees in one or more of the other States and register under the Federal Act. This is generally done, of course, in contemplation of some dispute as to wages or other conditions. The employees have been advised that the mere fact of the amalgamation of associations of employees in different States into one industrial body, coupled with the presentation of a claim upon their several employers, whether associated or not, if it should be met with a refusal by those employers without any concerted action, is enough to constitute an industrial dispute extending beyond the limits of a single State. That, of course, suffices to make it capable of submission to the Federal tribunal. In other words, this claim means that the question whether industrial conditions in Australia are to be settled by the Federal or the State tribunals depends entirely upon the employees. So sweeping an interpretation was not supported by the Court, although two of the justices inclined towards it. The only definite principle enunciated in the judgments

was that the question whether a dispute extends beyond one State is a question of fact in each case. Another question of even more vital importance, was whether a Federal award overrode the determinations of the State tribunals. Three of the four justices sitting held that it could, provided the dispute genuinely extended beyond a single State. The Chief Justice strongly dissented, but for once found himself without support. The unfortunate feature of this decision is that it opens the way for a great deal more conflict between the Commonwealth, the States, and the several authorities, of which we have more than enough already. The fact must be remembered because of its bearing upon a great number of other important issues, though the particular instances of conflict can have but a faint interest, since they are unrelated to anything political or even industrial in the Mother Country. The problem belongs to our Federal system and the interpretation of the Constitution by which we are governed. Some amendment of it or other agreement must be devised before the interminable legal tangle now opening before us can be straightened out. When this will be done or even attempted no one can yet guess. Many thousands of men who labour with their hands must be affected by the want of a settlement. Their grievances will be used by the Labour Caucus and its members no doubt, but the real difficulty now in full view is not likely to have their attention while Labour members are only concerned in their own behalf to block all the business before them.

THE COMMONWEALTH OF AUSTRALIA.

POLITICAL SITUATION.

FROM OUR OWN CORRESPONDENT.
SYDNEY, Jul. 19 1909; Aug. 31 1909.

The Federal vote of want of confidence in the *Deakin–Cook* Government is over; the result was never in doubt, nor even the majority if every member voted. The only doubt was how many Ministerialists would be present at the particular moment chosen by the Opposition. That phalanx of course recorded every possible vote. Discipline among Caucus-ruled Labour men is rigorously efficient. Ministers, on the other hand, had nearly half their majority away. The freedom allowed in their ranks has therefore its disadvantages. Still seven votes out of sixty-seven recorded is considered a good win in a Parliament which has never yet seen one party able to command a majority of one apart from its alliances. The attack of Labour was bound to fail because its full strength is only one-third of the House. Its allies numbered four, each of them either under Labour control or indebted to Labour abstention for his return. All the really pledge-free members in the House sat with the Government. All other differences were for the time being obliterated. Many divergencies of opinion remain among them upon special issues. But the one outstanding fact today is that the Coalition Ministry commences its career with the imprimatur of the whole of the Free Trade Opposition and the whole of the Protectionists except the four who, deeply indebted to the Labour Party for their seats, do not hope to regain them except by the same means. That division therefore amounts to a unanimous endorsement of the new Cabinet and of the policy upon which it is founded.

LABOUR PARTY IN THE SENATE.

In the Senate unfortunately a very different state of affairs prevails. The Labour Party there controls fifteen votes out of thirty-six at all times, and two other votes on most occasions. The Caucus needs but one Senator to possess half the number present in a full House and the power of blocking all business. Its effective strength being always at hand owing to the frequent absences of Senators not under rule usually constitutes a working majority. Add to this the circumstance that Sir *Josiah Symon*, following Sir *William Lyne's* example, has declared his independence and has influenced another

of his colleagues in the same direction, and the gravity of the situation leaps to the eyes. If the two Senators formerly in sympathy with Labour aims can be detached from the Caucus owing to their Protectionist leanings to their old leader, the present Prime Minister, the losses from the former Opposition may balance that gain so as to make it extremely difficult for the Government to secure a majority, and practically impossible to keep one. In the House, too, there are stringent closure rules which can be applied at need, while in the Senate these are lacking. Hence in all probability much of the keenest fighting this year is likely to occur in the States' Chamber. The business of the session will be governed by the very narrow majority obtainable for the Cabinet within its walls. No matter what the successes of Ministerial measures elsewhere, they can be easily wrecked in sight of port by the fifteen stalwarts who control the situation in the Senate. So far none of our political prophets appears to have taken this condition of affairs into account. All eyes have been centred below, where the fate of the Coalition seemed at stake. But the fate of its legislation is likely to be settled above—probably settled in another sense—despite the fact that Senator **Millen** is a dashing and resourceful general. What can he do when the numbers are against him?

COURSE OF THE DEBATE.

Speeches during the late crisis came almost wholly from the Opposition benches, and these principally from Labour members whose portentous harangues were “full of sound and fury, signifying nothing”. The exceptions listened to proceeded from former leaders, among whom, of course, the first place belonged to Mr. **Reid**. Crowded benches and packed galleries followed his characteristically bright sword play, with cheers first from one side and then from the other as his raillery glanced among the opposing forces. As he elected to keep the button on his foil the dainty humour with which he pinked the Prime Minister or impaled Labour interjectors upon the barb of his rapid repartee was greeted with general laughter. A surprising declaration of antagonism to land monopoly marked his one new departure. He accepted the Coalition rather as a necessity than as a boon, though claiming it as the completion of his own endeavour in the same direction in 1904 before the late tariff was passed. His then Colleague, Sir Josiah Symon, on the other hand, bitterly condemns the present combination as based upon an absolute surrender of Free Trade principles and of the anti-Socialism rejected at the last General Election. Like Sir William Lyne, but for precisely opposite reasons, he fiercely repudiates Mr. Deakin and all his works. Sir William Lyne's whole case appeared to rest upon a charge of “treachery” which until recently he failed to explain. When Mr. Deakin abandoned his negotiations with Mr. Cook which had been proceeding before the eyes of the

public during the recess for some months Sir **John Forrest** took up the task with the approval of his old chief. This last act, according to Sir William Lyne, amounted to a betrayal of his rights, since he had been senior to Sir John Forrest when that gentleman was in the Deakin Cabinet. But as Sir William Lyne always refused to negotiate with Mr. Joseph Cook at all and was most insistent for an alliance with Labour against Mr. Cook, both to save his own seat and to put forward an anti-Cook programme for the elections, it was palpably impossible for him to approach the then Opposition. Why his disabilities should bind the present Prime Minister or Sir John Forrest, both of whom had been negotiating publicly for a union with the Cook Party for six months, no one can conceive. Neither of them would hear of a coalition with Labour at that time. That was everywhere recognised as quite impossible. Whatever Sir William Lyne's jealousies and disappointment may spring from, he has no discoverable ground of complaint against his old colleagues for their action. His exclusion from the Ministry is applauded in this State, where, indeed, he has but one supporter, Mr. **Chanter**, who, like himself, is dependent upon the Labour Caucus.

THE COMMONWEALTH OF AUSTRALIA.

LABOUR TACTICS.

FROM OUR OWN CORRESPONDENT.
SYDNEY, Jul. 26 1909; Sep. 2 1909.

There are advantages as well as disadvantages in criticising current Australian affairs from New South Wales. While Sydney is fairly credited with a provincialism which in its anti-Federal form was and occasionally is still an obstacle to progress, the minority here, which always kept the national flag flying, has by way of reaction taken broader views than our neighbours of most problems. Melbourne, whose dominant note is often aggressively local, thus exhibits a narrower outlook from a smaller territory subject to less varied influences than those poured into Port Jackson from the northern vastness of the Commonwealth, reaching towards Asia, and across the breadth of the Pacific to the American coast, while remaining the terminus of the British and European trade via the Canal and the Cape. Its compensation for the present arises because it is the political capital, and thus during each session of the Parliament becomes the effective centre of the whole Continent.

Hence the personnel of the two National Chambers continues to be but vaguely pictured among us, especially as our principal newspapers have been out of sympathy hitherto with the men who have dominated the public destinies of the country in the Southern metropolis. Little is known about them by the mass of our citizens. The clever caricatures of the *Bulletin* do not play with facts and features more recklessly in order to achieve comic outline sketches, or black-and-white effects out of true perspective than do our orthodox daily papers colour Federal persons and events in their solemn columns of selective reports. As a consequence, we are unable to appreciate, or rather have not been able to appreciate until now, either the character or influence of leading men like the late Sir Frederick Holder. We have just learned almost for the first time what manner of speaker he was, and what a splendid impression he has been making for the last nine years in the House of Representatives. In Sydney until yesterday to the "man in the street" he was merely a name. It is in this fashion that our Parliamentary history and its subsidiary biographies are being written for us.

SYMPATHY FOR THE MINISTRY.

A better state of things prevails at present owing to the growing sympathy felt for the new Coalition Ministry; and a further improvement may be anticipated when Australia's representatives sit nearer to us in Canberra and farther from the preponderating leanings of Victorian journalism. Its narrowness, particularly that of the *Age*, differs in results from that of our local Press, but is none the less misleading, because everything is viewed from an equally acute angle of prejudice.

Sydney is discovering Sir Frederick Holder's eminent qualities for the Speakership of that House which is for Australians what the Commons is to Britons, principally from the evident difficulty of finding any person capable of wearing his robes with anything like the same authority. So we are discovering the merits of the new **Deakin** Cabinet, which should have the power to nominate his successor, by its contrast in temper and purpose with the resentful members of the Ministry recently displaced, who are now venturing to appear in their true colours. The restraints of office in their case can be attributed only in a minor degree to the sobering influences of responsibility. They still remain responsible because they are members of Parliament, because of the prestige of administrative experience, and, if we credit their continual vaunts, because they are confidently expectant of soon returning to power at the head of a majority of pledged Labourmen. The country is eager to elect them because they are deeply sensible of the virtues of the Fisher Government and eager to enable effect to be given to its extensive "policy". But none of all these considerations really weighs upon them now or weighed upon them while in harness. The motive power propelling them during their term came, as always, from their Leagues in the constituencies. Neither Mr. **Fisher** nor any of the colleagues his Caucus gave him displayed any initiative. Their officers controlled all the departments for them. The Gympie programme was largely inherited, its defence proposals modifying the Ewing scheme only in minor particulars. Its finance was unintelligible. Ministers proceeded with a constant and exemplary caution in the footsteps of their predecessors mainly, because as is now confessed, they depended upon their votes in order to retain office.

The reputation for moderation which they gained in this way stood them in such good stead that when they were summarily dismissed from office there was quite a marked sympathy on the part of the general public. This has now disappeared before the explanations offered by Mr. **Hughes** and his colleagues, who have been apologising ever since for the mildness of their manners while they were Ministers on the plea that this method was forced upon them by their dependent situation. They are now pointing to the platitudes occupying a very small space in their programme, which were passed over practically in silence while they held the reins, as containing

in embryo the drastic constitutional transformations required by the Brisbane creed. It has taken a little while for the real purport of these explanations and the tactics they covered to become generally understood, but as the stratagem is being made plainer by their own mouths the public mind hardens against them.

NEW LABOUR POLICY.

Whatever space could be spared from the congenial exercise obtained by vilifying their successors being always devoted by Labour spokesmen to apologies for their apparent moderation, the situation in Parliament and in the constituencies settles steadily. Freed from the necessity of keeping touch with the Protectionists Mr. Hughes and his fellow Labour members are impressing upon their supporters that the old pretences need not be kept up. Their sympathisers outside the Leagues learn with amazement that the borrowed elements of the Ministerial "policy" were there only to catch the eye and to conceal a real objective of quite another kind. The vague platitudes by way of postscript were to materialise in militant projects for raising a huge revenue by direct taxation, principally upon land, which was to be employed in the nationalisation of industries and other State experiments of the same kind. When the practical measures, fathered only as a ruse, were dropped on leaving office they also dropped with them the good manners and official dignity that had sat somewhat uneasily upon all of them except Mr. Fisher. Vulgar vituperation supplied the stock of utterances, which were throughout maliciously personal in tone. Here, again, was a rude awakening for those inclined to believe that Labourmen deserved a turn at the helm. They were given that turn only out of the generosity of the members and followers of a Government which the Caucus summarily ejected without a word of excuse for its sudden desertion. If it came as a shock to the public to be faced with this cynical avowal of the "confidence trick" played upon them by the Fisher Administration a greater shock still awaited them when they were afforded a striking proof of their insincerity in Parliament itself.

If any Act was held sacred by the Caucus it was that of 1908 providing for the most generous scheme of Old Age Pensions yet authorised in any part of the world. This was passed under the Deakin Ministry with the unanimous support of all parties. When it was learned that to observe uniformity with State Acts it would be necessary to lower the term of residence required to qualify pensioners from twenty-five to twenty years and to relax temporarily the conditions of naturalisation the Fisher Cabinet agreed to make some concessions, but rather grudgingly, owing, as was explained, to the already immense cost of the scheme and the very grave condition of Federal finance. Now, though the revenue has not increased since,

and other difficulties have supervened, Mr. Fisher and his whole following have been fighting the amending measure of their successors, making the necessary concessions somewhat more generously than they had intended. They have spent a whole week and one all-night sitting in a determined attempt to further enlarge the scope and increase the cost of the pensions to our straitened Treasury by from half a million to more than a million a year. Such demands, impossible to meet, were swollen by other proposals from members of the Labour Caucus which would have made the Commonwealth insolvent if they had been placed upon the Statute Book. Everyone knew that these demands could not, and would not, be conceded, and that if legalised they could not be given effect to. But all disguises of reason and responsibility were gone from the Caucus. Mr. Fisher himself was brazen, Mr. Hughes bitterly frank, and their late colleagues in the Cabinet reckless beyond all precedent. All this was done to prepare for another platform campaign. They will denounce the present Government and Parliament for refusing to pay old age pensions to people of fifty-five years of age, and for rejecting the late Postmaster-General's proposal to pension every man and woman in the country, no matter how wealthy, in order that there need be no feeling of gratitude entertained by those who are dependent upon the State. Yet these persons are, or rather were, a few weeks ago responsible advisers of the Crown for Australia, boasting of their public spirit, moderation, reasonableness, and of the economies they intended to enforce.

Altogether the tide is running naturally and inevitably against the Labour Party. One has only to supply from "Hansard" the omissions of the Daily Press to perceive how naked yet unashamed its members have stripped themselves in their rage. The noisy agitations in which Sir William Lyne has been a conspicuous figure in Melbourne have been carried on under the tacit sanction of Mr. Fisher apparently as part of the policy of senseless obstruction initiated by the Caucus. Our State Legislative Assembly is witnessing similar scenes under the same auspices. The business of the Adelaide Assembly is being blocked in a like manner. Everywhere Labour is resorting to rowdy revolts in our Legislatures. If the country's response elsewhere be as decided as it promises to become in New South Wales they will pay dearly for these discreditable tactics. All sections here are uniting into a powerful body which, with the aid of our Farmers and Settlers' Association, promises the most vigorous electioneering campaign against them ever witnessed in this State.

THE COMMONWEALTH OF AUSTRALIA.

PARLIAMENTARY CONFUSION.

FROM OUR OWN CORRESPONDENT.
SYDNEY, Aug. 2 1909; Sep. 7 1909.

The story of the Commonwealth Parliament ceases to be worthy of record since so much of it is better left untold. The telegraphed reports in the morning papers, depressing as they are, fall short of the fuller disclosures of "Hansard", as these are again surpassed by the vivid verbal pictures of the confusion now reigning in the House, supplied by those representatives who return to their families here for week-ends. No recollection of the tragic surroundings upon which the late Speaker closed his eyes shortly before dawn on last Friday week had any effect upon Labour members, though they were responsible for the scenes of confusion. These were renewed during the choice of his successor on the following Wednesday in an even grosser form. Instead of the selection being made, as has been customary, after brief formal nominations, a scurrilous series of attacks upon Mr. **Carty Salmon**, the chosen candidate of the Ministerial Party, was prolonged for six hours, severe attempts being made to snatch a division which would secure a further adjournment of the election. Finally he won the chair by a majority of eight. For the rest of the week motions obstructing public business occupied the greater portion of the sittings, assisted by unseemly wrangles, unnecessary personal explanations, and other devices for squandering the too brief hours available this session. Whatever the outcome may be, it is perfectly evident that nothing whatever will be accomplished without resort to the closure and other strong measures, for which the Press is calling insistently, though the Prime Minister continues strangely loath to use them.

THE NORTHERN TERRITORY.

The one portion of the wasted week profitably employed was that in which the Minister for External Affairs (Mr. **Groom**) introduced a Bill for the acceptance of the Northern Territory upon the terms of the agreement made by Mr. **Deakin** with the late Mr. **Price** while he was Premier of South Australia. The Legislature of that State has already approved its terms, though some minor differences require adjustment. Both were described in the letters written some eighteen months ago. Probably even the casual Englishman recollects that the proposal is to transfer the northern half of

the State of South Australia, which would require to be renamed if this section of it, which is larger than Germany, France, and Italy put together, became really settled. After fifty years of neglect or spasmodic effort it is clear that the task of peopling it is beyond the financial resources even of the prosperous community whose political and commercial centre is Adelaide. The duties cast upon its Government are as numerous, if not more numerous, than those undertaken by its neighbours, and consequently all its revenues can be profitably applied where practically all its electors are now residing. There is no sufficient balance to finance the development of Port Darwin and its hinterland. The overland route being toilsome and long, communication with the State and its capital is maintained by sea, involving a voyage half around Australia. Should the Commonwealth enter into possession, it must not only assume a debt of £3,300,000, but an unpeopled area which will ultimately require twice as much more to be spent upon it before its thousand white inhabitants can be increased by the many thousands that can be readily absorbed within its boundaries. The pastoral, agricultural, and mineral prospects of the Territory are excellent, but to foster them as they are fostered in our States implies an expenditure which will strain even the Federal Treasury when taken in connection with its other obligations for defence, old age pensions, and the like. Moreover, we in New South Wales cannot connect our railways with the projected transcontinental line without much expense. Queensland, whose great western inland areas are tapped by railways running at right angles to the coast, has an even deeper interest in the proposed north and south route with which these lines could be connected. Victoria and Tasmania have no interest of this kind. Until the vexed questions associated with this railway are settled little progress with the Bill can be expected in Parliament. Many members who approve the acquisition of the Territory are altogether opposed to the purchase by the Commonwealth of the line from its border through South Australia from beyond Oodnadatta to Port Augusta at cost price because its running always has meant, and perhaps for a long time will mean, a heavy annual deficit. Even Federal enthusiasts for the transfer will pause some time before accepting a fresh annual outlay of from £500,000 a year upwards. The real question, therefore, before the House is to what extent the Deakin–Price agreement will be modified by South Australia, for until it is very seriously amended our representatives are likely to call a halt.

LABOUR PARTY IN SOUTH AUSTRALIA.

South Australia itself may incline to be reasonable since its Labour Party has become isolated by its own act. Though on the question of the transfer of the Territory party lines do not exist there, those of general policy are now drawn as exclusively as elsewhere. Mr. Peake, in office, with Mr. Butler and the late Opposition behind him, is challenged by a vote of want of confidence from his late allies in the Caucus.

The best hope the Government have is for a majority of one. It was upon an equally slender thread that the life of the Kidston Cabinet hung last week in the Queensland Assembly. The difference between the two Ministries is that in South Australia the breach with Labour arose from its insistence upon making a junior Minister Premier over Mr. Peake's head not because of superior ability, but simply on the plea that he belonged to its own little section. No questions of principle were involved. Of course, Labour solidarity, with its sacrifice of individual independence, makes for fighting efficiency and greatly simplifies the control of their forces. It stimulates enthusiasm, and keeps their weapons keen and bright. Hence their insistence upon its preservation. In the Legislatures also it enables the Caucus to take instant advantage of the mistakes or dissensions of their often ill-assorted opponents. Thus they secure chance victories from time to time, and even (as they have done in the Commonwealth Parliament and in some of the States) enjoy short periods of office. But as far as the carrying out of Labour policy is concerned their victories are remarkable for nothing so much as their uselessness; their periods of office for nothing so much as their inactivity. South Australia has hitherto been the shining exception to these rules. But the incurable propensity of Labour for quarrelling with its allies and for treating everyone outside the narrow circumference of its own political circle as an enemy, whether separated from them only by a detail as to method or whether he lives in another hemisphere of political life and thought, has hurried them to their doom. Everywhere today, as noted in my last letter, Labour stands in irreconcilable antagonism to all our many Governments with all their many different hues of policy. How far this is due to the influence of last year's Brisbane Conference with its formal prohibition upon all allowances by Labour, and how far it arises from sympathetic responses among its several State subdivisions, and particularly from its Federal Caucus, would be hard to say. Probably both have been factors in bringing about the unprecedented result that for the first time in the political history of Australia we see a deep dividing line drawn in every Legislature between the party in power and the Caucus members. Everywhere today "Opposition" and "Labour Party" are practically synonymous terms. Nor is this symptomatic of a mere coincidence. It has a real significance. There is a visibly widened gulf between the antagonists. Within the next few months we shall see whether the relatively indifferent mass of our electors who go to the ballot-box very intermittently are prepared to range themselves with equal distinctness upon one side or the other. At this stage while the rivals are voluble in their appeals the jurors are dumb.

THE COMMONWEALTH OF AUSTRALIA.

VICTORIA EDUCATION BILL.

FROM OUR OWN CORRESPONDENT.
SYDNEY, Aug. 9 1909; Sep. 16 1909.

The deadlock in the Federal Parliament continues to absorb public attention, though the situation there shows neither change nor the promise of change. The Conference of Premiers so far attracts less notice. Perhaps this is to be accounted for by the piquant contrast between the blustering tactics of the Labour minority and the quiet patience of the Prime Minister, which seems inexhaustible despite the fretfulness of the belligerents in the majority behind him. The caucus flaunts its obstruction, openly defying the Government to employ the closure. Our Sydney dailies are becoming feverish in their anxiety to have the challenge taken up girding at the mild method and unruffled composure of the Leader of the House. They are eager for swift and sweeping methods of forcing through the business which at present proceeds amidst perpetual and irrelevant interruptions at a snail's pace. Two interpretations have been suggested on Mr. Deakin's behalf. First, there is our general prejudice against the closure, which has been more often used in the House of Commons in a single sitting during its present debates on Mr. Lloyd George's Budget than it has been during our nine years of Federal legislation. Next there is the recollection that it is idle to drive measures through the House only to have them blocked in the Senate, where the Standing Orders are much feebler. Or perhaps the time is not yet ripe for drastic action.

THE CONFERENCE AT MELBOURNE.

Meanwhile, the State Cabinets prepare for the fateful Conference to be held in Melbourne at the end of next week, and as a preliminary are asking adjournments of their Legislatures. This has not been accomplished in Brisbane without an angry struggle, Mr. Kidston's majority of two representing double the number by which he defeated his recent vote of want of confidence. A preliminary combat on a similar proposition has already occurred in the Commonwealth House. Its object was to belittle the gathering and to impede Federal Ministers in their handling of the intricate financial problems arising out of the termination of the ten year period for which the hands of the National Parliament were tied by the Constitution. The

immense importance of the questions to be discussed has been too often explained in these columns to call for repetition. Every State Legislature in Australia will suspend its sittings so that every State Administration may despatch its representatives to this culminating Conference, the eighth since Federation and the last before the judgment of the electors is pronounced early next year. Every one of the Legislatures has its own work of the year to do, and the fact that all seven of them will consent to put this aside at a most inconvenient period is very significant. In two States the Ministries are tottering, and in two more amending land laws of a novel character have been tabled, while Bills amending the education systems of the States open to all its children of all classes are also under debate.

Of the proposed land laws something has been said in previous letters, but even they do not excel in importance those designed for schooling the youth of the country of both sexes. The Education Bill before the Victorian Assembly is a measure of great interest though hardly likely to be passed in its present form, judging from the reception it met with from Government supporters on its introduction.

EDUCATION BILL PROVISIONS.

Still, its provisions, however they may be altered to meet political necessities, give an interesting indication of the tendencies of thought on the subject in Victoria. The subject is, of course, as thorny there as it is everywhere else. It is difficult to touch it without rousing sectarian jealousies and every Government naturally likes to let these sleeping dogs lie. This may account for the fact that in nearly all the States the principles upon which the system of State education is based are to be found in statutes which belong to a period considerably before modern conceptions of the aim and methods of education had become influential in Australia. In Victoria, for instance, the system which the new Bill is intended to supersede was established in all its essential principles in 1873, and no considerable changes, except in details, and in the spirit of administration, have been made since that time. The system in this State dates from 1880; that of Queensland from 1876. South Australia and Western Australia have more recent measures. It is not to undervalue the excellent work being done in our six sets of State schools to say that on the whole, their methods of teaching have not kept abreast of modern developments. It is not that they are bad, but they are not as good as they might be. One unfortunate cause or result of this is popular indifference. In many of the States—and the subject of education, of course, is wholly within the jurisdiction of their Legislatures—a generation has grown up which has never known any searching criticism employed upon educational problems. The majority of our electors hardly know what those problems are.

LOCAL AUTONOMY IGNORED.

Another cause which makes greatly for popular indifference is the fact that the principle of local autonomy has been practically ignored. The administration, the financing, the supervision, have been and still are almost exclusively in the hands of Departments. Another feature of our education systems which is attributable to their age, is the fact that they are designed only for dealing with primary education. They belong to a period when the prevailing view was that the duty of the State stopped with the teaching of the three Rs. The consequence is that as a rule State control over secondary education has been fitful, incomplete, and unsystematic. Large and more or less efficient secondary schools, supported by religious organisations, or conducted for private profit, have come into existence. Today these represent vested interests which are very suspicious of progress towards any attempts to coordinate their sporadic methods so as to bring them into a definite relation with the primary systems on the one side and the University on the other.

A STEP TOWARDS DECENTRALISATION.

The Victorian measure is based, to a large extent, on the recognition of these defects. It makes a large step in the direction of decentralisation, by providing for local authorities, endowed with a considerable measure of control over higher and technical education in their respective districts. It also makes the municipal authorities in these districts responsible for raising part of the money required for educational purposes. In this way it is hoped to stimulate interest in all the schools. The Bill also provides for the establishment of State secondary schools in any districts where they may be considered necessary. Existing private or denominational schools are unaffected, except by the requirement, re-enacted in a slightly different form, of a registration which is to afford a guarantee of a standard efficiency. It is recognised, however that the establishment of State high schools will in all probability affect similar institutions, and provision is therefore made for absorbing in the State system efficient teachers who may be displaced by their establishment. Further, the existing secondary schools may, under certain conditions, be made part of the State system in districts where it is not considered desirable to establish new high schools.

Other features of the Bill which deserve remark because of their novelty in Australia, provide, after the example recently set in Scotland, for compulsory evening “continuation” classes for boys between fourteen and seventeen years of age, and deal with the difficulty of securing regularity of attendance. Not only is the age for compulsory attendance raised from twelve to fourteen years but, following the provisions of the English Act, children are required to attend every school meeting, unless there is some reasonable excuse. In default of this, parents are to be liable to a fine. As already indicated, many of the more drastic provisions of the measure are likely to be amended out of existence; but the new growth in our educational methods even if checked, has begun and will continue.

THE COMMONWEALTH OF AUSTRALIA.

FINANCIAL SITUATION.

FROM OUR OWN CORRESPONDENT.
SYDNEY, Aug. 16 1909; Sep. 22 1909.

The Commonwealth Budget, although ushered in with a great flourish of trumpets, cannot be expected to arouse much interest in the Mother Country. Our revenue is larger than ever, but not much, the expenditure is much larger, and this excess is proposed to be met by an expedient new to Federal finance. But in its general character the Budget is of temporary rather than permanent importance. The time for a new departure has not yet arrived. So far as Sir **John Forrest's** statement is concerned that event is postponed until next year. Large as are the totals of Federal finance they are not larger than ours in New South Wales, though the national activities cover the whole area of Australia, while ours are confined to a comparatively small part of the continent. Instead of stirring up many hornets' nests after the manner of Mr. **Lloyd George** the Government submit no fresh taxation proposals. The Treasurer's speech, though relieved according to his wont by patriotic quotations from Shakespeare and Tennyson, was the briefest of its kind, appearing rather to gloss over its special features and to leave our pressing problems to the future. Yet beneath a smooth surface the currents are troubled by preliminary portents of great changes to come. The far-reaching postal, telegraphic, and telephonic services, whose growth has been stayed for several years by want of cash, are at last to be reorganised and expanded according to the latest ideas.

The Defence Forces, starved while our representatives disputed as to the form to be taken by our local naval preparations or as to the extent to which military training should be made universal, are once more to be supplied with funds. At last their dependence upon current revenue is to cease. Though the payment of old age pensions already absorbs no less than half the receipts available for Federal purposes a sum of £1,200,000 is to be raised presently upon short-dated bonds repayable three, four, and five years hence out of the revenue set free after the **Braddon Section** ceases to be inalterable. In these three respects the Budget is remarkable, without precedent in our short Federal history, and furnishes significant precedents for further application in the near future. At present neither in our Metropolis nor in other centres are the distinctive features of the Budget grasped by our critics. Melbourne seems quite as backward as Sydney in this regard, notwithstanding its many advantages owing to the presence of the Commonwealth Parliament in its midst.

THE MELBOURNE CONFERENCE.

Although our Legislature has not adjourned the long-expected and it is to be hoped fruitful conference of the Premiers with the Commonwealth Government commences today in Melbourne. On Friday last the six Premiers, with as many more colleagues and principal officers, assembled in the Victorian Legislative Council Chamber with much the same ceremonies as are attendant upon an opening of Parliament. After being welcomed in a pleasantly admonitory fashion by the Governor, Sir **Thomas Gibson Carmichael**, they met in council to indite an invitation to the Prime Minister to favour them this morning with his views upon the resolutions at which they arrived in Hobart at the beginning of the year. It will be remembered that the late Prime Minister cut a very poor figure on that occasion, for while accepting their invitation to be present he declined either to submit his own views or to inquire theirs. In point of fact beyond vaguely indicating his goodwill and dwelling upon his financial embarrassments Mr. **Fisher** contributed nothing except some confused comments upon the scheme of Federal and State finance officially formulated at the Labour Party's Brisbane Conference, to which he and his comrades are bound at the coming General Election. For this he denied Ministerial responsibility at Hobart, though obliged to admit that he and several of his colleagues—as members of that Conference—played an active part in shaping the scheme. Unable, therefore, either to understand his meaning or learn his intentions, the State Premiers without his aid framed their demand for a minimum return to their Treasuries after 1910 of at least £6,750,000 a year from the Commonwealth Customs or any larger sum collected up to three-fifths of the gross Federal revenue from this source. It is needless to attempt to interpret Sir **John Forrest's** allusions to the views of the new Cabinet in the course of his speech. He was careful to impress upon the House the fact that the Budget presented last week was complete in itself and leaves nothing dependent on the results of the Conference now commencing with State Ministers. His proposals related only to the year, and omitted the next six months for which the Braddon section continues operative. After that date he indicated a large accession to the income of the Federal Parliament, but gave not the slightest hint of the extent of the claims he would put forward on its behalf. Yet until this be added his financial policy, though technically unassailable since it provides for the current year, inevitably suggests the missing link without which it cannot be complete.

A POLICY OF BORROWING.

The Commonwealth, whatever it may do just now to finance its ordinary services, can have no other policy than that of borrowing if it is to build railways. Already it has the line to Kalgoorlie and Perth surveyed, and must eventually connect Port Darwin when it acquires the Northern Territory. Nor need it despair of the ultimate consequences of such a policy, judging by our State's experience. The **annual report** of our **New South Wales Railways Commissioner**, just published, proves beyond question that the portion of our borrowed capital which was laid out in his Department has been well spent. Last year the surplus of receipts over working expenses and interest was nearly £600,000. This represents a return of nearly 5 per cent. on the £45,000,000 of capital invested. Of course the Federal projects can present no such prospects as this for years to come. Our receipts are not quite so flourishing for the year that ended on June 30 last, but they are none the less highly satisfactory. The total capital invested has gone up by about two millions. This represents, among other things, an increase of 150 miles of railway. The net profit on this capital, after payment of working expenses, has been over £2,000,000, or about 4½ per cent. After payment of interest this leaves a clear profit to the consolidated revenue of nearly £400,000. The decrease in the surplus is due partly to considerable reductions in rates of freight and partly to an increase in working expenses. The actual gross returns for year exceeded those of last year by £85,000, so that the diminished surplus does not indicate any falling off in the internal trade, of the state of which the railway returns are always an excellent barometer. The efficiency of the management is satisfactorily shown by the fact that though the total number of passengers carried during the year was over 52,000,000 there was not a single life lost by a train accident. This is a record which certainly does nothing to discredit State management. The first secret of our success, of course, is the immunity of this great business department from direct political control. All the details of the management are in the hands of an independent Commissioner. The only important questions of policy which are beyond his control are those involved in the building of new lines. This, obviously enough, is a question that ought not to be decided by reference solely to considerations of profit and loss, though in this direction our politicians would do well to become better informed in future. We have in this State a considerable number of lines which do not pay, so far as their direct returns are concerned, and some of them are not likely to pay for a long time to come. No less than £300,000 was lost this way last year, a great part of it, of course, being due to inevitable shortages during the development of traffic. Nevertheless, the State is content to lose this sum for the sake of the great economic benefits derived from the system as a whole.

THE TRANSCONTINENTAL RAILWAY.

But Commonwealth investments of this kind as now proposed are really not at all satisfactory from an economic point of view. The part of the Deakin–Price agreement which is arousing most criticism is the Federal undertaking to complete some day the transcontinental railway from Adelaide to Port Darwin. At present there is a line running about 800 miles north from Adelaide and another stretching a distance of 100 odd miles southward from Port Darwin, neither of which come within measurable distance of paying even their working expenses. Between the termini of these lines there is a gap of 1,060 miles, partly desert, partly rich mineral country, and partly good pastoral land, which the new Commonwealth line would bridge. There is a pretty general agreement that Port Darwin must be connected by rail with the south-eastern corner of the continent before very long, if only for defence. But the crucial issue is by what route – direct to Adelaide alone or by an eastward curve connecting with our lines and those of Queensland. The New South Wales and Victorian Press, and most of the representatives of those two States in the Federal Parliament, are demanding in the most uncompromising terms that either the eastern route shall be insisted upon or that at least the question shall be left open. Here are all the elements of a deadlock. It is unthinkable, however, that there should be more than a temporary delay. Rarely has there been a bargain of this nature with regard to which both sides had such strong inducements to come to terms. South Australia cannot afford to bear the burden of the Territory any longer. For years it has been a financial millstone round her neck; the resources remain undeveloped, the population diminishes. Nor can Australia afford to leave this rich area unoccupied and with its door wide open towards the Malay Archipelago and Southern Asia.

THE COMMONWEALTH OF AUSTRALIA.

FEDERAL PROBLEMS.

FROM OUR OWN CORRESPONDENT.
SYDNEY, Aug. 23 1909; Oct. 5 1909.

The Conference of Premiers has come to an end. For eight days in succession they wrestled with the financial problem; the rest of their deliberations were but stop-gaps. A little while ago the *Prime Minister* warned his countrymen that all the issues of today begin or end in £ s. d. So it proves. Still more are events justifying another prediction that we have two crises at hand—the one financial and the other political. If he suspected that these would be blended he did not say so. Yet that appears to be the outstanding result. Today's Sydney papers bring us a group of resolutions carried by the Premiers relating to a number of questions, such as federating the findings of State Wages Boards and immigration encouragement, but for the moment no one seems to have leisure or inclination to consider them, important as they are. All interest is focussed on finance. Mr. Deakin burned his boats when he put his signature to the foot of five resolutions determining the distribution of the Customs revenue of the Commonwealth, upon which the States have had a mortgage since the Federation began. He had already broken with the Labour Party. His last act severs him from a considerable section of his own party, largest in Victoria, which seeks to put the States in the position of the Canadian provinces or even lower by cutting off their supplies after next year. Not formidable in themselves, these aggressives become a potent factor with the help of the *Melbourne Age*, whose last Saturday's issue just to hand expresses vehement antagonism to the agreement. Local advices have shed an uncertain light upon the policy and motives of this powerful paper for some time, because of its coquetting with the Labour Leagues while denouncing their programme. Hostility to the States and their Administrations is also a predominating aim with the *Bulletin* section everywhere. By these allies the new South African Constitution is openly commended because it makes a long stride towards unification. The strength of this feeling has to be taken into account in looking forward, especially as the electoral arena must be sought by no less than three of our State Legislatures and by the Commonwealth within the next year. Whatever may be done now can then be undone. The proposals framed by the Premiers can be dealt with at the ballot-box, and until the country has spoken Australian politics and policies will be in troubled waters. For the Federal Government more than all others the outlook is stormy. It is in the light of this knowledge that one must read the Melbourne resolutions of the Premiers last week.

REVENUE OF THE STATES.

The arithmetic of the situation is simple. Until 1910 the States remain entitled to pocket for themselves three-fourths of whatever revenue the Federal Customs and Excise yield. This has been giving them an income averaging from £7,000,000 to £8,000,000 a year, and since 1901 some £6,000,000 more than the Commonwealth was under obligation to pay. Assuredly they have no cause of complaint. Eighteen months hence, when the fixed term expires, the States will receive only as much as the Federal Parliament may choose to vote. Having regard to its own many large and growing commitments this is likely to be a much smaller and probably diminishing sum. To take our own case. We have been obtaining an average of from £2,500,000 to £3,250,000 annually since 1902–3, and, rich as New South Wales is, any attempt to provide this sum by fresh taxation, or even a third of it, would arouse our taxpayers in earnest. No wonder the State Premiers went to Melbourne in trepidation. They have recognised too late the folly of their tactics and those of their predecessors at previous Conferences in failing to come to an agreement with the paramount Australian Parliament. They went to Melbourne in fear and trembling, anxious to repair their mistakes. There is no necessity to explain the position once more. Again and again it has been insisted in these columns that the key to all our politics and the problem of our future was to be found in the very curious relation established in our Constitution between the Customs receipts of the Commonwealth and the income of the States. Before any Conference was held this point was emphasised in the *Morning Post*, and at every gathering of the kind the same warning has been repeated. Today it is a commonplace on everyone's lips. It was with bated breath that the Premiers on their arrival exchanged apprehensions in private for two days, endeavouring to discover how to repair their own mistakes at the eleventh hour. On Monday they met Mr. Deakin with his Chief colleagues and sitting with closed doors debated their difficulty with him until Friday evening, when all their signatures were formally placed to a momentous document. This declared for a settlement of the State debts issues (also often discussed in my letters) after an inquiry presumably by a Royal Commission. It substituted for the proportion of the Customs now due to the States a fixed payment to each of 25s. a head of its population, except Western Australia, where an extra £250,000, reduced by £10,000 a year, is allowed from the joint Treasuries of the Federation and the States. By way of assistance to old age pensions the States agree to surrender £600,000 out of the £7,888,000 they will receive from the Commonwealth for the current year and £1,000,000 more by terminating the "Braddon section" after June next. Next year they will have to be content with at least £2,300,000 less. They will receive no more than their *per capita* allowance afterwards no matter how much the Federal revenues increase.

THE ANNUAL GRANT.

The immense advantages to the Commonwealth of regaining its financial freedom from its present necessity of raising £4 by taxes for every £1 it requires were properly dwelt upon by the Prime Minister. But the rejoinder to him is no less clear. Its freedom would be far greater still if his Parliament were left free after 1910 to make its payments to the State Administrations as much less than 25s. as it pleases. The fifth paragraph of the agreement binds him to ask the electors of Australia to make the annual grant of 25s. per head to each State part of the Constitution and therefore binding until it is repealed or amended by a majority of the Federal electors, which shall also comprise majorities in four of our six States. This is the article on which the *Age* has grounds for sounding its note of revolt, and upon which it will obtain a ready response from the forward Federalists, whose hopes point towards Federal supremacy and State subordination. On the other hand here in Sydney, and as far as we can learn by telegram in every other State capital, the challenges to the Melbourne compromise come from those who hold 25s. a head an insufficient contribution from what has always been the chief source of our public revenue through the Customs. When Mr. Deakin went into the Conference attended by two doughty champions of the States in the persons of Sir John Forrest and Mr. Joseph Cook it was confidently anticipated by our dailies that 30s. or at least 28s. a head would be conceded. The 25s. comes as a shock to those who claim to be true Federalists because they uphold both local and national Governments. Despite the prospect of making this annual *per capita* grant a permanency they are unable to conceal their disappointment at the Prime Minister's parsimony. New South Wales, with a loss of £1,250,000 for 1910–11 staring its Treasurers in the face, is pictured in our *Daily Telegraph* as a plucked pigeon. The Victorian Treasurer announces an increase of his new land tax. Mr. Kidston is in the same straits. So far as the *per capita* payment goes therefore the two sets of adverse criticism roughly cancel each other. Our newspapers find the new plan very hard to stomach. It goes far beyond their expectations. Mr. Joseph Cook and Sir John Forrest come in for their share of State censure. The one redeeming feature of the scheme in most eyes is the proposal to embalm it in the Constitution. That is the one part of the plan the acceptance of which is doubtful. The existing Federal Parliament is unlikely to endorse it, at all events in the Senate, and if that be the case it cannot go to the referendum next year. It must wait another three years. By that time the chance of its passing in the National Parliament will be smaller still. The Melbourne Conference is the last of its kind we expect to see. Unless the present Parliamentary Federal parties are recast at the 1910 election owing to outside pressure it is unlikely that the financial liberties of the Commonwealth will be curbed hereafter by any constitutional amendment to that end.

AGRICULTURE IN QUEENSLAND.

Queensland has enjoyed its half century jubilee and is about to suffer another political crisis—a caucus of Mr. Kidston's supporters will decide today whether to seek an immediate general election or not. Apparently there is no choice. The present Assembly must be dissolved. Fortunately the series of celebrations of its fiftieth birthday has been concluded in time. That retrospect is certainly one that ought to put its citizens in good heart. Appropriately enough the most prominent celebration was an exhibition of their pastoral and agricultural resources, officially opened by the Governor-General. The *Earl of Dudley*, in a speech full of happy phrases, aptly described the Northern State as a country not only of magnificent distances, but of magnificent possibilities. Nowhere, he truly said, is there to be found a more varied and fruitful field for the activities of men. No part of Australia, probably no part of the King's oversea dominions, better deserves such a description. Within the four corners of Queensland, as Lord Dudley went on to say, every kind of agricultural and pastoral enterprise is possible. "Every edible product to be found in the markets of the world can be successfully cultivated; and great as has been the mineral wealth realised in the last fifty years, it is probably infinitesimal in comparison with that which remains ungotten and undiscovered in the treasure chests of the earth." This is all true and well expressed, but there is another side to the shield, of which Lord Dudley, with a practicalness that distinguishes most of his important speeches, did not fail to remind his hearers. Up to the present Queensland's progress has depended chiefly upon the pastoral industry. Considering the vast areas of her arable land, agriculture is relatively in its early infancy. Hardly more than one acre per head of the population is under the plough. This is relatively much lower than the area in any other State of the Commonwealth. Even Western Australia, with half the population of Queensland, has now nearly as much land under cultivation. However, it will not be the fault of Mr. Kidston's Government if this condition of things is not changed before long. There is at present a small, though steady stream of agricultural immigrants flowing into the State, and land is being made available for small settlers on very easy terms. It is interesting in connection with this subject to observe that the "White Australia" policy of the Commonwealth has not contributed at all to the stagnation of Northern agriculture. Sugar production, which is the mainstay of its agriculture, has steadily kept up. In 1900 the area under cane in Queensland was 108,000 acres. In 1907–8, notwithstanding the deportation of very large numbers of Kanakas, whose place had to be filled by white men, it had gone up to 126,000 acres. And according to the figures given in this year's Budget there was a decrease during 1909 in the number of farmers employing black labour of 60, and an increase in the number of white growers of 92. The total sugar production of Australia is increasing very slowly, if at all. But this of course is due to the fact that at present the production is very nearly equal to the local demand, and export under the conditions of production prevailing is not profitable, nor likely to be. Still, sugar is but one of the many semi-tropical crops which this great and rich territory can grow in profusion.

THE COMMONWEALTH OF AUSTRALIA.

PARLIAMENT AND THE CRISIS.

FROM OUR OWN CORRESPONDENT.
SYDNEY, Aug. 30 1909; Oct. 12 1909.

It seems curious that at the moment when Australia is confronted by the two greatest political issues with which she has ever been called upon to cope the sittings of her National Parliament should continue tame, meagre, and commonplace. The fact is that the arrangement at the Conference between Commonwealth Ministers and those of the States settling their future financial relations is so momentous that it has temporarily taken the breath away from Federal politicians. Mr. Fisher's speech in the House last week made no impression, and was, it seems, delivered aimlessly to empty benches. This internal crisis, though it has provoked every newspaper on the continent to more or less capable criticism, has palpably overawed the members of the Legislature who will very shortly have to decide upon it. The furious Press outcry of the upholders of Federal autocracy has died away, even in the *Bulletin* and the *Age*, partly because of the strange stolidity of a public apparently struck dumb by the seriousness of the situation. Australians, perhaps as a rule the most prompt and daring of British citizens, are exhibiting in this connection a caution amounting to bashfulness which the grave and weighty utterances of our Premier, Mr. Wade, and of his fellow-Premiers fresh from the late struggle in Conference have increased rather than diminished. Mr. Deakin and his colleagues do not utter a word. Altogether we are passing through an absolutely unique political experience. When everyone was anticipating at least fireworks, probably a Parliamentary riot, and possibly a popular insurrection, this resolute reticence of the Federal leaders and deliberate suspension of judgment on the part of the electors have put most prophets hopelessly out of court. Then, again, Mr. Asquith's official announcement of the results of the Imperial Defence Conference, at least an equally great or probably greater issue for this country even than that of its internal finance, has led at once to an almost unanimous response from the Press of approval and applause. But here again the average constituent evinces no astonishment at this proof of the remarkable development of official opinion in the Mother Country, or the marked advance in status now voluntarily accorded to the Commonwealth and to Canada in connection with their naval forces. Upon the decisions of this Conference there appears to be something very like unanimity among all classes. Yet even this event does not find any adequate spokesmen or independent expression from any platform. The Press praise, but the populace, probably equally acquiescent, remain silent.

THE “NEW PROTECTION”.

In such circumstances one turns to the second achievement of the late Conference of Premiers accomplished under the persistent pressure of the Prime Minister. He was among the first to realise that it was hardly possible to combine exclusive Federal control over Customs duties, which were necessarily uniform, and absolute freedom of inter-State trade coupled with complete State independence in the matter of industrial legislation. This conclusion has been gradually forced upon us through two different channels. First, by the demand for the “New Protection”, which was designed to maintain control over the benefits of a Protective policy by restricting them to manufacturers who paid fair wages. As to the “New Protection”, it will be remembered that an attempt was made to attain this term by an exercise of the Federal taxing power. An Excise tax was imposed on articles which received Customs protection, exemption being granted where those articles were made at wages and hours of labour up to the standard fixed by the Federal Parliament. This attempt, however, was defeated by a ruling of the High Court on the ground that it practically destroyed the industrial autonomy of the States, preserved to them under the Constitution. Still the anomaly remained and also the pledge of the Protectionist Party to remove it.

STATE RIVALRY IN TRADE.

Illustrations of the necessity for dealing with it are steadily multiplying. We have seen a Judge in New South Wales refusing to give a large class of operatives in a boot factory the wage to which he thought they were clearly entitled because workmen of a similar class in Victoria received considerably less. To have awarded the New South Wales men the higher rate would, in the Judge’s opinion, have exposed their employers to wholly unfair competition in the markets of their own State at the hands of Victorian manufacturers. Since our Wages Boards have been at work the argument is repeatedly raised, with or without sufficient justification, that this or that concession cannot be made by the employers because it would place them at a disadvantage in their competition with their rivals in another State. Perhaps the most striking outcome of the existence of our several unrelated local industrial tribunals is furnished by the decisions of a Victorian and a South Australian Judge respectively as to the meaning of a “living wage”. The words of the enactment before the respective Courts were practically the same. The **Victorian Judge** held that a **living wage** meant merely a wage on which an unmarried employee could manage to live. The **South Australian Judge**, following the lead given by Mr. Justice **Higgins**, of the Federal Arbitration Court, **held** that it meant a wage which would enable a married man with an average family to maintain himself and them in decency. This means that a South Australian manufacturer, even though he is working under a standard which is verbally the same as that of his Victorian rival, is in reality at a serious disadvantage.

UNIFORMITY IN INDUSTRIAL CONDITIONS.

The flagrant instances have convinced our own Premier, Mr. Wade, who, though an inveterate champion of State rights, discovers a steadily-growing confidence in legislation equalising industrial conditions that things cannot be allowed to remain as they are. A voluntary gift of the necessary powers by the States to the Commonwealth will avoid the necessity for a constitutional amendment. This is what Mr. Deakin extracted from the present Conference. His request was merely for a transfer of such a degree of power as will enable the Commonwealth to secure uniformity in industrial conditions where the State laws either fail to do so or in some instances actually render it impossible. This is not so much the triumph for the Prime Minister which his supporters proclaim as a triumph for the principle of federal equity in the development of Australian industries. The workman wherever he may be employed is to find his interests guaranteed against unfair competition within the Commonwealth by the same agency that safeguards him against unfair competition by imports from abroad. The manufacturer who puts his capital into buildings and machinery in Sydney will be able to rest assured that his neighbour in Melbourne cannot hope to steal a march upon him by the action or inaction of his State Legislature any more than his foreign rival can capture a business conducted here upon a civilised basis by imports of the products of underpaid labour carried to our ports by subsidised steamers. While we cannot claim that absolute equality has been or can be assured between manufacturers in Brisbane, Sydney, Perth, and Hobart, the consent of the Premiers to the Prime Minister's appeal promises to establish confidence throughout the Commonwealth among the employers and employed in the whole range of our varied and growing industries.

THE COMMONWEALTH OF AUSTRALIA.

POLITICAL SITUATION.

FROM OUR OWN CORRESPONDENT.
SYDNEY, Sep. 6 1909; Oct. 16 1909.

We are still in the political doldrums except in Queensland, where the third general election in three years is now in progress. Since Mr. *Kidston* has been at the helm, whether in alliance with Labour or anti-Labour forces, he has made his State the political cockpit of Australia. Apparently on this occasion he will have to face a coalition between his old colleagues in the Caucus and the independents, of whom he was lately the leader, strong enough to put his present combination to a sharp test. He evidently relies upon the financial agreement made in Melbourne with the Commonwealth Ministry to assist him in the country, though he will find that the task of satisfactorily explaining it will try his powers. By degrees the Sydney newspapers are forming their own opinions upon it with the aid of independent contributors from different points of view. Our local Labour representatives who sit in the State Legislature are inclined to claim the scheme as a mere modification of that which was shaped for them at their Brisbane Conference, while their fellows who are returned to the Federal Parliament appear to condemn it on the score that it is hopelessly out of harmony with that very same plan. The situation in Victoria is even more complicated owing to the attitude of the *Age* and its endeavour to restore the three-party division in Commonwealth politics. The first contest in that field since the fusion between the Protectionists and their old antagonists, though it resulted in an increased vote for Mr. *Foster* as compared with that which Sir *Frederick Holder* obtained in 1906, showed a still greater increase for his Labour antagonist. The position in the House, therefore, remains unchanged, while the South Australian verdict is not considered satisfactory by either side. Already candidates are being selected for the coming Federal General Election in this State, where every Labour seat will be challenged. But outside the organisation committees there is little animation, and would be less in them if our State representatives were not also preparing for a dissolution next year. Mr. *Wade* is now conferring with Mr. *Deakin* in Melbourne upon legal questions connected with our cession of the Canberra site for the Federal capital. Their lips continue closed even upon this as upon all other topics of real interest. Hence the lukewarm condition of public affairs.

NEW SOUTH WALES AND THE FINANCIAL AGREEMENT.

Whatever may happen beyond our borders to the agreement with regard to the finances arrived at between the Prime Minister and the State Premiers, it seems pretty clear that there will be no serious opposition to it in New South Wales. There has been a good deal of grumbling at the smallness of the amount—25s. per head—which is returnable. The *Daily Telegraph*, as consistent in its unflagging championship of State rights as of free imports, is the chief exponent of dissatisfaction. That the feeling should exist is not at all surprising. The arrangement involves a decrease in the amount payable to the whole of the States, as compared with the amount returned in 1908–1909, of some 2¼ millions. More than half of this comes off our share in New South Wales. In 1908–9, under the **Braddon Clause**, our receipts from the Federal Customs returns amounted to some £3,300,000. Under the new arrangement we shall get a little less than £2,000,000. No other State except Queensland suffers in anything like the same proportion. It should be stated that the bare figures quoted do not explain the whole position. Under the agreement we obtain nearly a million and a quarter less than last year. But against that loss has to be set the fact that we are relieved by the Commonwealth of the payment of old age pensions, which reduces our actual loss to some £600,000 or £700,000 per annum. This sum is in itself quite large enough to give us pause. Nor is it made any lighter by the reflection that we are penalised much more heavily than Victoria, which, apart from old age pensions, only loses about £350,000, and if old age pensions be taken into account loses nothing at all. Notwithstanding our deprivation the arrangement is not seriously impeached here. Even our Chamber of Commerce—a body excellently representative of the particularism which has always distinguished Sydney—has given its benediction. The *Daily Telegraph*, which a few months ago proved by an elaborate array of facts and figures that no arrangement would be acceptable which did not secure a permanent return to all the States collectively of at least £8,000,000 annually, is giving a tacit—though rather grudging—approval to an agreement which secures a return of a little over 5½ millions. Mr. Wade, the Premier, who six months since claimed that the States had gone to the extreme limits of generosity in offering to accept £6,500,000 a year, who fifteen months ago at Melbourne would have nothing to say to Sir **William Lyne's** offer of £6,000,000, rising by annual increases to £8,500,000 in 35 years, now signs the new agreement, and recommends it without hesitation as the best settlement the States can now hope to secure.

ECONOMIES NEEDED.

The explanation of these changes of opinion is simple enough. The States' Premiers have never before faced the real facts of the situation. This is specially true of our own Premier and the newspapers behind him. Those facts are, that about a year hence the exclusive control of the whole of the Customs and Excise revenues of Australia passes to the Commonwealth, since the Constitutional guarantee of a return of three-fourths of the Customs and Excise revenues to the States comes to an end in 1910. Meanwhile the Commonwealth expenditure, on projects that are demanded by every consideration of national security, such as naval and military defence, the taking over of the Northern Territory, and the building of transcontinental railways, must rapidly increase since the claims of these undertakings to be a first charge upon the national resources cannot be disputed. Whatever objection may be raised to the terms now offered they are a good deal more liberal than those likely to be offered at any later period by the present or any other Prime Minister. The logic of these facts has been too strong. Abstract States rights have gone down before concrete national necessities. It is the tardy recognition of this new situation that accounts for the remarkable change in the attitude of New South Wales towards this long-vexed problem. The practical question which now arises for us is how the deficiency of £600,000 or £700,000 in our annual income is going to be made up. Some increase in direct taxation appears inevitable. It is, in fact, already recognised as one of the necessary results of the agreement. In a State which has no income tax on incomes under £1,000, no land tax except for municipal purposes, no stamp tax on receipts or bills of exchange, some new taxation can be imposed without a great deal of hardship. But no new taxation likely to be authorised will suffice to bridge the gap. We must have, as well, some considerable reduction in our State expenditure. We have political, as well as financial, reasons for this. Our States' rights champions have not been slow to see, as the *Daily Telegraph* sees, that "every manifestation of extravagance in the State makes converts to unification, which promises, in return for a surrender of State independence, a substantial reduction of the cost represented by the present arrangement". This State, like all the others, is spending more today relatively and absolutely than before Federation, notwithstanding the heavy burdens of expense that were removed from them by the transfer of the Postal, Defence, and Customs Departments. It is not surprising that those who are anxious to check the growing strength of the causes which make for unification should begin to insist that our local legislators should at last honour the promises made before the adoption of the Federal Constitution, that the new expenditure involved would be more than balanced by State economies.

THE COMMONWEALTH OF AUSTRALIA.

CONGRESS OF CHAMBERS OF COMMERCE.

FROM OUR OWN CORRESPONDENT.
SYDNEY, Sep. 13 1909; Oct. 23 1909.

We are still engrossed with Conferences. Insufficient information as to the precise character of the local consequences of the recent London Conference upon Naval Defence continues to pique our curiosity. The Conference of Premiers is more than ever in evidence while its agreement is under debate at Melbourne in the National Parliament. But for Sydney today even these are temporarily overshadowed by the Congress of Chambers of Commerce which met this morning. Many of its members have been among us for some days employing their opportunities of seeing our harbour and its lovely bays, glancing at our public edifices, or studying local institutions generally. He would have been a daring prophet who ten years back would have ventured to prophesy such an assemblage on this side of the world. The mere voyage here, whether across the Canadian prairies and Rockies or by Egypt and India, over the intervening oceans, will have afforded a liberal education to the few untravelled Britons we have attracted. Both detachments seem to have thoroughly enjoyed their experiences and to be generously appreciative of the reception accorded to them. Whatever may be the business results of the gathering or the public influence of its debates we are perfectly certain that the impression made upon our own community here by the mere presence of the Congress will amply justify it. The quite unaffected and unembarrassed rejoicing of our representative citizens, without distinction of class or politics, simply because we are enjoying a family reunion with our nearest blood relations, is quite charming to witness. Doctrinal differences even on economic questions are ignored outside the Congress both by our visitors and ourselves. The feeling of comradeship is so much stronger than anything else that the remark one hears from our guests at every turn is, "How like home this feels". This comment, though really requiring considerable latitude of interpretation, so far as earth and sky are concerned, is literally and entirely true of the common aims and sentiments of those who are welcomed and those who are welcoming them with a heartiness and sincerity that obliterates whatever individual differences of class or opinion may underlie them.

THE IMPERIAL SPIRIT.

The formal reception of the delegates this afternoon, though it afforded Mr. Wade an opportunity of which he took all advantage to paint a glowing picture of the prospects of Australia in general, and New South Wales in particular, preserved a strictly ceremonial character. Everyone realises that this cannot and ought not to be maintained. Politics, Imperial and Australian, cannot be ruled out of court, and in the political world here, as in the United Kingdom, the greatest commercial issues are all associated with the question of Preferential Trade within the Empire. It is in some respects unfortunate that the struggle should take place in Sydney where the persons our visitors are meeting most often belonged or belong to the defeated minority in the Commonwealth who cling to the doctrine of free imports and no discrimination against foreign rivals. If anywhere in this country the zeal of the delegates can be damped it is here. At present all the signs are that the national sentiment in favour of closer trade relations between the Mother Country and her offspring is certain to prevail, and the influence of the Congress, whatever its official records may show, cannot fail to be in the right direction. If our guests leave us with their knowledge of this outlying Dominion enlarged and its unity of sentiment deepened our own lessons, while the same in kind, cannot fail to strike deeper root. The Imperial spirit in Australia, strong though diffused, has rarely a fitting occasion or an adequate opportunity to express itself. Even in this instance such opportunities will be somewhat lacking. But it has distinctly impressed numbers of the less impressionable business classes, and has added to that great store of loyalty and of national pride which lies latent here rather for lack of means of utterance than from any laxity or want of verve. Beyond them it has profoundly gratified our city and community as a whole.

THE HIGH COMMISSIONERSHIP.

The Federal Parliament has at last reached the turning point of this its final session. One of the shortest but most necessary measures introduced is that providing for the appointment of a High Commissioner. This a short time since the Labour Party threatened to "stonewall" on the plea that Ministers should not be permitted to acquire such an important piece of patronage. On further reflection its leaders decided that making the appointment would be embarrassing to the Cabinet and challenged its members to proceed with the Bill. This was promptly done. Then once more relapsing into tactics that have become habitual with the Caucus, its spokesmen set themselves to talk it out, at all events for the evening. An instant application of the closure carried the second reading, another being needed to prevent them from

spending the last half of the night on the motion for adjourning the House in furious denunciation of those who defeated them. The first general inference is that the Government is at last satisfied as to the ripeness of public opinion, hitherto always adverse to any control of their representatives' loquacity. Again and again Labour members have defied them to employ "the gag", though now they are of course equally loud in complaint because their challenge has been accepted. This is by no means the only Bill that will be blocked unless the guillotine is put in operation. The need of a representative of the Commonwealth at the heart of the Empire is universally admitted both in and out of the Legislature and by men of all opinions. Current opinion in this State and probably in most others points to Mr. Reid as the man whose public career has been most distinguished. This, together with his great gift of public speaking, qualifies him to face even critical English audiences by the side of the leading men of the Empire. Should he decline the post the name of Sir John Madden, the Lieutenant-Governor and Chief Justice of Victoria, is in high favour in that State, while Western Australia will hear of no other than Sir John Forrest, the present Treasurer, whose record of service is longer than even Mr. Reid's. The Chief Justice of the High Court of Australia, Sir Samuel Griffith, possesses all the qualifications for the post, but the legal profession everywhere insists that he cannot be spared from the Bench on any consideration. Mr. Reid's chances are therefore the best—Sydney will listen to no one else.

FINANCIAL PROVISIONS.

The Prime Minister's speech, introducing the Bill for amending the financial provisions of the Constitution, was evidently a disappointment to the State newspapers. There were no flights, no rhetorical decorations, and no party appeals. Contrary to his practice, he seems to have spoken slowly and cautiously, keeping closely to his notes when dealing with the figures illustrating his argument, but touching upon a great variety of matters only indirectly relevant to his main theme. On the other hand, the exposition was warmly approved by his following in the House and by the Press which supports him. It is to be reprinted for general circulation throughout the Commonwealth, and in this form, perhaps, may fulfil its chief purpose. The points which are attracting most attention are those in which he contended that the resolutions accepted by the Premiers embodied an agreement in line with the Constitution and the intentions of those who framed it; that the State administrations being charged with education, the preservation of civil order, and the control of the lands, mines, and railways of the country were indispensable; that these functions were paid for both before and since federation out of customs revenues which had always provided three-fourths of the sum raised by taxation in Australia;

and finally that the fixed sum of 25s. a head to be paid to them in future, while less than any previous endowment suggested, would release for the future the finances of the National and State Governments from each other and from the uncertainties that have up till now hampered all the seven Treasurers of Australia. While these contentions have been hailed with satisfaction there is much less content with Mr. Deakin's submission of his old plan for transferring, consolidating, and administering the whole of the State Debts, past and future, under a Council of Finance authorised to control them and all other Australian loans proposed hereafter. Advantageous as undoubtedly such a co-operation must be, yet it implies a restriction upon our Legislatures that none of them will accept save under absolute compulsion. To Federalists of his type this control is the keystone of Australian finance, but to State Ministers generally, and particularly to New South Wales, with our high credit and large operations, the proposition is distinctly unpalatable. Further developments must wait for his projected Royal Commission. The *per capita* payment of 25s. to the States is the immediate bone of contention.

THE COMMONWEALTH OF AUSTRALIA.

PREFERENTIAL TRADE.

FROM OUR OWN CORRESPONDENT.
SYDNEY, Sep. 20 1909; Nov. 2 1909.

Of the Commonwealth Parliament in Melbourne it is sufficient to say that owing to the desperate tactics of the Labour Party it has been lowered in the sight of the public and its sittings sterilised by concerted stonewalling. Nothing has been done except force the High Commissioner Bill through Committee. The patience of Ministers, even while their chief was absent in this city, appeared equally inexhaustible under our Mr. Joseph Cook. Mr. Deakin's visit here, paid out of compliment to the Congress of Chambers of Commerce, was much appreciated by our guests and by those of our citizens who were acting as hosts. He arrived in time to see the motion for Preferential Trade carried first by more than six to one of the Chambers voting and next by between two and three to one of their representatives present. Sweeping as this victory was, it must be recollected that the majorities would have been greater still if our Chambers had upon their rolls anything like the same proportion of manufacturers among their members as yours possess or if the motion had obtained anything like the support from our Press that the numbers in favour of Reciprocal Preference at our elections justify. It is, however, some consolation that Sydney should be the centre chosen by the business men of the Empire to register their overwhelming declaration for a national commercial policy.

THE EFFECTS OF "FUSION".

If the Federal "fusion" had done nothing else, its supporters can at any rate claim that it has introduced a quite unwonted harmony into the relations between the Commonwealth and the States. Ever since our Union the attitude of the State Premiers towards the new National Parliament has been one of unmistakable hostility. From the time when, in 1901, the earliest overtures of Federal Ministers were cavalierly dismissed up to the Hobart Conference of 1909, when the State Premiers formulated the last of the extravagant financial schemes designed to safeguard State interests as if against the encroachments of their common enemy, the Commonwealth, this attitude has made impossible the choice of a Federal capital, the consolidation of State debts, or a settlement of the existing dual industrial

control throughout Australia. Grudging as they always have the powers possessed by the Commonwealth, they steadfastly refused to add to them at the expense of their own jurisdiction. The work of attracting immigrants, which everybody agrees is imperative, has been delayed and hampered at every turn, because all the State Premiers seemed to agree that though it was most important that Australia should be peopled it was more important that State dignity should not be impaired by any co-operation with the Commonwealth. The advent of the "fusion" has changed all this. At the Conference of Premiers last month the Premiers gratefully accepted a scheme for the return of surplus revenue from the Commonwealth much less generous to them than the half-a-dozen earlier ones they had scouted as impossible. They consented to transfer to the Commonwealth all the power over industrial conditions necessary to put an end to the worst anomalies of our dual system of industrial control, the most active of the negotiators for this transfer being our own Premier, Mr. Wade, not long since its strongest opponent. The arrangement will not do all that is necessary to put this section of our legislation on a proper footing by empowering the Federal Parliament to carry out its "New Protection" scheme. But it will give the Commonwealth, without the need for a constitutional amendment, and, what is more, without the bitterness of a Struggle with the State Governments, much more authority than the States were willing to concede before. The Federal capital question seems all but settled. Mr. Wade has carried a series of resolutions embodying some serious amendments of the proposals approved by the Board of Officers appointed by the Federal Government, though with compensating concessions of a not unreasonable kind. He is at last approaching the question with an obviously sincere desire to co-operate in securing a settlement—a spirit very different from that which animated his predecessor. Even the transfer of the State debts—an achievement which, notwithstanding its great promise of saving, both to Commonwealth and States, the jealousy of local Administrations has hitherto made impossible—seems as if it, too, were coming within the bounds of practical politics. An already remarkable record of successes will be worthily crowned if the negotiations now proceeding for the consolidation of the debts of Australia reach the consummation now anticipated.

SITE OF THE CAPITAL.

It is far from easy to attempt to convey to an English reader all that is meant to us locally by the prospect of a settlement of the long-disputed question of the selection of a site in this State for the future Federal capital. Some of our extravagances of sentiment in this regard have been now and then casually mentioned in these columns, though many more might have been filled with the threats and denunciations, the insinuations and pleadings, that have been poured out upon this simple issue. Some reference to it cannot be avoided, though the story of all the

tactics we have been employing would be wearisome. Up till now the deepest designs have been attributed to all who declined to follow the lead of Mr. Carruthers and Mr. Wade, while contempt has been poured without stint upon these Federalists who supported the choice of any situation not within easy reach of our Metropolis, or who sought to enlarge the boundaries of the site much beyond a hundred square miles, that being the minimum fixed in the Constitution. Yet the resolutions just carried in our Assembly with remarkable unanimity—so far as its position is concerned—have been framed upon a wholly different principle and comply in most particulars exactly with the requirements of the existing Federal Act. This marvellous transformation was explained and debated in a considerate and even courteous fashion. The site has been changed, by the voluntary act of the Commonwealth Parliament, from Dalgety to Canberra, a district much nearer to Sydney, and a good deal more accessible from all parts of the continent. But the Commonwealth demands, formerly scouted, for a minimum area of 900 square miles and for free access to the sea, which remain unchanged, are now readily granted. In fact, the whole piece of country over which Federal control will extend under Mr. Wade's resolutions, adding that of the city itself, with its water catchment area, amounts to nearly 1,300 square miles. Access to the sea at Jervis Bay, a fine sheet of water about 100 miles south of Sydney, is also granted, along with the necessary plot on the shores of that bay for the establishment of a Federal port. In fact, only one small point seems still in dispute between the two Governments. This is a somewhat belated proposal to limit our grant in the eastern watershed to a title to the water collected, and not to the land over which it flows. Why this distinction is made has not been clearly shown, but as compensation for the part withheld Mr. Wade offers full rights over a new area which has not been asked for but is expected to yield a further water supply. The difference seems unimportant except for the fact that it may give to those members of the Federal Parliament who either do not want a Federal capital at all or do not want it at Canberra some ground for further delaying the whole matter. Our Premier, who since his recent conversion appears really anxious to meet the wishes of the Commonwealth, is surely ill-advised to take this risk. This long-vexed question has never been so near settlement, and if this opportunity is lost it may be years before another will be found. One is not unduly optimistic, however, in hoping that before this reaches the eyes of your readers the site of the future political capital of Australia will have been determined and perhaps finally transferred to the Commonwealth.

IMPERIAL DEFENCE.

FAVOURABLE RECEPTION OF AUSTRALIAN SCHEME.

FROM OUR OWN CORRESPONDENT.
SYDNEY, Sep. 23 1909; Sep. 23 1909.

The Defence Bill has been favourably received. Surprise has, however, been expressed at the smallness of the difference between the new scheme and that previously introduced by Mr. Deakin, which proposed compulsory service up to the age of twenty-one.

This is regarded as evidence of the advance of opinion in favour of compulsory service among sections of the Federal Parliament formerly opposed to it.

THE COMMONWEALTH OF AUSTRALIA.

COLONIAL DEFENCE.

FROM OUR OWN CORRESPONDENT.
SYDNEY, Sep. 27 1909; Nov. 6 1909.

It is a novel sensation for the newspaper readers of Sydney, strange to us since the great fight for Federation ten years ago, to discover a distinct conflict of opinion between our two daily monitors, the *Herald* and the *Telegraph*. Ordinarily their rivalry for public support leads to nothing more than mild differences of opinion upon side issues of public policy. But today we relish the pleasure of a piquant surprise when we find them engaged in a real duel over the Defence Bill. The Federalist *Herald* declares it “a thoroughgoing reform ... a piece of national legislation in the best sense of the term”, for which we are to be devoutly thankful to “the fusion of parties and the forcing of the Labour Party into direct opposition”. The anti-Federalist *Telegraph* bluntly insists that “the Defence Bill ... is simply the original Deakin scheme watered down so as to make it less repugnant to the anti-conscription palate of the Cook section of the Fusion Government”, and asks indignantly “why starve an effective voluntary system—a system which enables England to rest secure with twenty million armed men separated from her shores by a few miles of water—for the sake of a feeble and apologetic imitation of conscription?” Here at last our Press guides are at opposite poles, a condition of things perennial in Melbourne, Adelaide, and Hobart, though unknown among the dallies of Brisbane, Perth, or our Metropolis. In Victoria the contrasts between the dicta of the *Argus* and *Age* are so often caused by a mere desire to differ that their polemics often become ludicrous. Probably in the long run this practice is more stimulating than the tepid controversies, if they can ever be dignified by that name, with which we are supplied in this city. On the whole, the reception given to the new scheme, or, to be more accurate, to the new form of the old defence scheme first outlined in 1907, is emphatically favourable throughout the Commonwealth. Since the cables indicate an equally unanimous approval on the part of the British Press Mr. Joseph Cook may congratulate himself upon the achievement of a rare success in this relation, in addition to that of his speech explaining it, which was clear, comprehensive, and forcible throughout. The cardinal alteration he has

made is not to be found in the main principle nor in the methods of organisation proposed, but in the subordination of the whole scheme to the creation first and foremost of an adequate and efficient striking force. The previous projects of the last three years have had as their confessed ideal "a nation in arms", the outcome of universal training. Today the area of that training is to be restricted to relatively populous districts, the aim being to create a completely equipped force of all arms fifty thousand strong, able to be concentrated at short notice upon any threatened part of our territory. Of course, if this should happen to be in the north or north-west, beyond railway communication, the only means of transport thither would be by sea, and the task of conveying our forces very serious. On the other hand, there would probably be time to get there. Any descent upon the settled region of the east and south could be promptly handled. Behind this expeditionary first line would stand another fifty thousand, constituting a second line ready to replace the former while it was on service elsewhere. Behind these, again, will come Reserves a hundred thousand strong, who, after the system has been in operation six or seven years, have passed through the ranks and will be retained on the register.

UNIVERSAL TRAINING.

When Sir **Thomas Ewing** and Mr. **Pearce** were heads of the Defence Department the estimates of expense for giving effect to the ambitious scheme of universal service were imperfectly prepared, largely because their standards of equipment were low. An important feature of Mr. Cook's plan is that building upon their experience, and after filling many gaps not before discerned, his scheme provides far better for the necessities of war and for the effectiveness of any Army we may put into the field. It is therefore vastly more costly, in spite of its smaller totals, because they are to be brought up to higher standards. These last even now are none too high if our men are to be capable of facing foes from any of the principal armies, whether East or West. Hereafter in all likelihood we shall learn that we are still under-estimating both the training required and the outlay involved. Nevertheless, the existing movement for universal training will certainly not lose its present impetus. Indeed, it is steadily growing in strength, especially in this State, where our very progressive National Defence League keeps well ahead of public opinion and gives a strong lead elsewhere. Its aim is the immediate establishment of a national adult force, which the Ministerial proposals provide on a smaller scale. But the foundation of the Cook organisation is rather to be found in its provision for cadet discipline in or associated with the schools, imposing familiar forms of physical culture from the age of twelve to fourteen, and military drill, elementary at first and maturing year by year, till eighteen. Afterwards this compulsory training is to be continued in the nineteenth and twentieth years, completed with camp exercises in company with the Militia of

all arms carrying out combined manoeuvres on a considerable scale. The voluntary Militia is to be recruited henceforward from these young men over twenty, who will have had a far more thorough course of military education than our existing Militia themselves have yet had. They will form our first line of defence, enjoying a condition of efficiency not only unattained but hitherto unattainable in the Commonwealth. With our now deficient Field Artillery brought up to its full strength, the Infantry and Light Horse accustomed to act with them, both supported by Engineers, Signallers, Telegraphists, Army Service and Medical Corps in due proportions, with ammunition, transport, and supply columns, wireless telegraphists and telephonists, we shall begin to possess a "national Army" such as the Minister pictured last week upon a plan capable of indefinite expansion. Lord **Kitchener's** advice will be obtained upon the whole scheme of organisation and its development in order that his unrivalled experience may enable the Government to complete its plan.

FUTURE FINANCIAL RELATIONS.

The Commonwealth Ministry is standing on its defence against an inroad from the quarter least expected. Its fundamental measure now before the House embodies its agreement with the States, providing for their future financial relations. The wide scope and momentous character of the Treaty signed in Melbourne last month, upon which this Bill is based, were dealt with in these letters at the time. Opposition from the Labour Party was inevitable, for the true inwardness of its financial aims implies the subordination of the States Legislatures, in which its power is declining, to the Commonwealth Parliament, where it is growing, or was growing, until its recent isolation consequent upon the union of the constitutional parties. What Ministers had not allowed for was the growth of a sense of Federal supremacy among Federal members generally, including those behind them, though nothing could be more natural than the influence exercised by this dominant idea even upon men who have always been champions of "State rights". If the local Legislatures themselves had selected their own champions in the Federal Parliament they would probably have plumped without hesitation for Mr. **Irvine**, of Victoria, and Mr. **Bruce Smith**, from our own State. Yet both have expressed a cautious and measured hostility to the agreement made by Mr. Deakin, whom they are otherwise loyally supporting, and to whom they still assert their allegiance. Labour members who until this disclosure were violent and verbose in their assaults upon the Bill are now relapsing into thoughtful silence or revising their diatribes in order not to discourage the candour of Ministerial critics. The first to break away in a friendly fashion but with a claim to independence was Mr. **R. Harper**, of Victoria, whose financial method of dealing with State debts has been adopted by many members on both sides. Mr. Irvine and Mr. Bruce Smith followed his example, though on other grounds. The

former in particular has committed himself strongly against any proposal to embody the agreement in the Constitution except for a limited period. Upon this point the whole Treaty with the State Premiers may be shipwrecked and with it the hopes of a majority of the supporters of the present Government. After the encouragement afforded other Ministerialists may incline to and some insist upon an amendment of the Bill. The gravity of the political situation created by a disruption of the coalition majority upon the most critical issue of the session cannot be over-estimated. A division in its ranks might even involve a return to the three-party strife which has grievously paralysed the Federal Parliament during most of its existence. Despite the deepening anxieties of the position the Prime Minister preserves his confidence in the policy he is pursuing. Whether he is in touch with the Premiers and prepared for concession, or relies upon the electors to endorse his platform despite seceders, or foresees some other method of overcoming the caucus without losing his allies, his only visible reliance is upon tactics of which the success seems extremely doubtful. The whole complexion of the House is altering, yet party ties and even Party rancours remain. The gulf dug by the Labour Party between themselves and their former allies remains unbridgeable. So far as Ministerialists generally are concerned that gulf is becoming deeper in consequence of the increasing use of the closure by Ministers in order to force on the business of the House which the caucus consistently blocks at every stage. The chief consideration now affecting the State Ministries and those whom they influence is the assurance afforded to them by the terms of the Treaty under which their financial stability is to be safeguarded in the Commonwealth Constitution. Take this assurance away and the whole basis of their union with the Fusion Government falls away, perhaps to be replaced by a sense of resentment and an angry electoral campaign against all who are in any way responsible for it. Never

was Cabinet or party in such a plight as the Federal Government and its party seem at the time of writing. How they are to be extricated cannot be guessed.

THE COMMONWEALTH OF AUSTRALIA.

FINANCIAL POLICY.

FROM OUR OWN CORRESPONDENT.
SYDNEY, Oct. 4 1909; Nov. 13 1909.

Our politics are at last becoming Australian, and that practically for the first time. Hitherto our seven Legislatures have pursued seven policies. Rarely have any two or three cooperated while anything like a general union was unknown, except when a general rally of the six States was engineered against the Commonwealth. The turning point was reached a few weeks since when the Melbourne Agreement as to the future finances of all our Governments was signed by the **Prime Minister** and the whole of the Premiers. At present the prospects of the acceptance of the scheme in the House of Representatives are almost hopeless, though it was unanimously adopted by our Administrations. A revolt, headed by half a dozen of the most influential members sifting behind the Ministry, has made it clear that the terms must be altered at least sufficiently to limit the duration of the treaty. More may be demanded and obtained, but so much is certain. Yet Ministers cannot agree to allow even the slightest amendment except with the consent of all their co-signatories. This will be difficult, and perhaps impossible, to obtain. Now that for the first time an official Australian unity of policy has been created on this vital issue it seems likely to be shattered.

ELECTIONS IN QUEENSLAND.

The elections held in Queensland last Saturday possess a very special interest beyond as well as within its own borders. Not that the contest there was directly upon the bargain lately made or anything connected with it. That and all other special questions were lost to sight in the North in this the culminating combat of three years of the keenest party fighting ever witnessed in our part of the world. Mr. **Kidston** has during that period associated himself with and led in turn each of the three antagonistic sections of local politicians. Commencing his Ministerial life

when head of the Labour Caucus, continuing to fight beside it when Liberal Premier by continuing the coalition with his old colleagues, he now faces them leading the Philp Party he formerly opposed himself. Two General Elections in two years had not reduced the number of distinct factions in Queensland politics. There were still Liberals, Independents, and a Labour Party, the last two united against a Ministry the bulk of whose supporters follow Mr. Philp, with whom until twelve months ago Mr. Kidston and his friends had been engaged in a series of desperate struggles. After such transformations it was not surprising to find most questions of local policy subordinated last Saturday in appearance if not in fact to personal and party animosities. Of course, the Labour phalanx was the real Opposition. Its informal alliance with the Independents who followed Mr. Kidston at the previous General Election had not been formally sanctioned by the Caucus. The true contest was and is between that dictatorially intolerant body and its Kidston-Philp opponents, whose opinions were a blend of many colours. It cannot be said that the Melbourne Agreement, though the Premier personally laid great stress upon it from first to last, affected the polls to any notable extent. Nevertheless it is affected by Saturday's verdict of the electors because of its influence upon the fortunes of the local Ministry. The returns to hand are still incomplete, and no thorough analysis of the views of successful candidates upon the proposed endowment of 25s. a head is yet available. Still, the ballot-box has registered a decision that must be taken into account in the Commonwealth Parliament and, indeed, all over the continent, besides the State where it was recorded. The Melbourne Agreement being Federal, its sanctions and its perils have become Federal too.

LESSONS OF THE CONTEST.

When Mr. Kidston and Mr. Philp joined hands last year they found themselves with what in their Assembly of seventy-two was a large and apparently solid majority. There were but two parties. Dissensions, promoted chiefly by personal ambitions, led to the reappearance of an Independent section, whose sudden defection left the Premier with a working majority of one. Parliament being paralysed by the evenness of numbers, an appeal to the country was the only course possible. Its reply has been decisive. The Independents are annihilated. Five of their seats fell to the Caucus which had used them for its own purposes, and three to the Ministry, making its total forty votes against twenty-eight for Labour. The four deserters who survive out of the twelve Independents have no future. Queensland has declared quite unmistakably for a two-party Legislature. The lesson will not be lost upon the other States, nor on the Commonwealth as a whole. Brisbane has reflected Melbourne, where a similar case was created when the coalition of Mr. Deakin and Mr. Cook carried the Treasury

Benches. There is no sign that if it had returned with a majority the Caucus could have even modified the Melbourne Agreement, but Mr. Kidston may be relied upon to stand by it with resolute insistence. His fellow-Premiers will probably be stiffened after a scrutiny of his electoral victory. The battle already begun in the House of Representatives will be continued with the Queensland warning against attempts to create any third party acting with the Caucus for its own ends and seeking Caucus patronage in the constituencies. Of such a perilous experiment there is no immediate evidence. Apparently the determining factor will be the consciousness of the Federal Parliament that fifteen months hence its mastery of the finances will be absolute. If no amendment of the Constitution be authorised at the Federal General Election in April, or, what is more serious to the States, if no amendment is submitted to the electors, the Parliament chosen in 1910 will enjoy uncontrolled authority over the whole of its Customs and Excise revenue, as well as over all its other receipts. No amendment can be submitted to the poll unless an absolute majority of the members of both the House and the Senate authorise it. This majority Ministers cannot secure without altering the Agreement. To purchase that alteration the Prime Minister and the Premiers must consent to some alteration. They have no choice.

NAVAL DEFENCE SCHEME.

The arrangements made by the Imperial Defence Conference for Australian naval defence seem to come as near to pleasing everybody as is possible in a community where no subject is regarded as entirely outside the range of party feeling. Hardly a discordant note has been heard amid the chorus of approval at home and abroad, though every effort has been made by the malcontents to manufacture some grievance. The **Labour Leader** hastily committed himself to the opinion that, so far as he could see, the new scheme was hopeless. Unfortunately for him, while his condemnation was explicit the approbation of his first lieutenant was expressed at the same time in equally unmistakable terms. There was a general ripple of amusement at the spectacle of Mr. **Fisher** denouncing as a “huge national blunder” what Mr. **Hughes** acclaimed as a “vindication of the Fisher policy of naval defence”. The incident has not helped to strengthen public faith in the sincerity of the motives which impel Labour to offer such strenuous and unflagging opposition to all the proposals of the Government. Apart from such criticism of the purely partisan type, the Agreement has been most warmly received. Hitherto the alternatives we have been offered in the way of naval defence have been open (though not equally open) to objection. On the one hand we have tried the expedient of a monetary contribution to the Imperial Navy in return for the presence of an **Imperial squadron** having its base in Port Jackson. This has never been popular except in this city,

where our personal relations with the officers and men on the station have always been of the pleasantest character. Outside Sydney they have remained unknown, and the country as a whole has not become aware of their value. The squadron has not been Australian, it has not trained Australian officers, has not even retained the Australian seamen for whom we have provided double pay. Hitherto the only local alternative offered has been the flotilla of destroyers and submarines projected by the present Prime Minister, and afterwards multiplied in numbers in the crude scheme of the Labour Cabinet. These advances, though they aroused a strong sentiment in their favour, appeared to be, as in fact they were, little more than rudimentary and provisional expedients. The new prospect of a *Dreadnought* with supplementary

cruisers, destroyers, and submarines constituting an important force—an Australian “unit” of an effective Imperial Fleet for the Pacific—although its expense will be great, has captured the popular imagination and the hearty approval of our critics as well.

THE COMMONWEALTH OF AUSTRALIA.

FEDERAL POLITICS.

FROM OUR OWN CORRESPONDENT.
SYDNEY, Oct. 11 1909; Nov. 22 1909.

The greatest and most critical Commonwealth issue is now at its most critical stage. Our “Fusion” Ministry is being subjected to the supreme test. If it does not prove a “fusion” of the majorities in our Federal and State Legislatures it cannot continue to be a “fusion” of the parties in the National Parliament. To fulfil its purpose and its ambitious programme the *Deakin–Cook* alliance must continue this double “fusion”. So far as New South Wales is concerned we have some reason to be mollified. *Our Premier* has had his amended proposals for the site of the Commonwealth capital at Canberra accepted by the Federal Cabinet, and recommended to the Senate by the tactful and able leader of that Chamber, Senator *Millen*. For Sydney itself and a very large part of our State such a concession upon this question means a great deal. The Prime Minister has strategically contrived to pay us this compliment at the precise moment when it becomes plain to everyone that the financial agreement which he signed with the State Premiers cannot be carried in the House of Representatives just as it stands. Mr. Wade being the recognised senior and leader of the Premiers, his good will is at the present moment particularly valuable. Every other State, except perhaps South Australia, is in a condition of extreme nervous sensitiveness at the prospect of any alteration of the Melbourne Financial Treaty. Had Mr. Wade adopted his customary aggressive attitude there must have been an upheaval all over the continent very damaging to the influence of the Federal Government. As it is, sundry outbreaks of ill-temper and suspicion from the “States’ rights” politicians and their Press are being coupled with demands for an assertion of authority by the Federal Ministry over its newly-blended majority. These and all other appeals are met so far as the Cabinet is concerned by a strict silence, somewhat softened in Parliament by the Prime Minister’s patient and placable demeanour.

THE FINANCIAL AGREEMENT.

When the union between the Protectionists and the former Opposition led by Free Importers was hastily consummated at the opening of the Federal Session its terms were plainly set out. So far as the financial relations with the States were concerned the policy accepted was a temporary arrangement for about five years. When Mr. Deakin and his colleagues deliberately departed from this article they did so with their eyes open and a conscious acceptance of the risk they were running. Their supporters became perfectly free. There can be no complaint now because they have exercised that freedom. There can be no Ministerial insistence upon the continuance for an indefinite period of the *per capita* payment lately submitted to the House. If there is to be any insistence it could only be by the party, and not by Ministers requiring them to limit the agreement to five years. At the meeting to be held on Thursday next Mr. Deakin must face the Senators and members who have so far given him a loyal support with an appeal for unity. On this particular matter he cannot command it. The outcome expected is the adoption of a fixed period for which 25s. per head of the population shall be paid annually to the States in full of all their demands. An alternative would be the fixing of the population total to be attained before that grant shall be subject to revision. As a fact even if either of these or some other limitation be approved a majority of the electors, including majorities in most of the States can alter it at any time by altering the Constitution, in which any such express provision must be placed. The Australian electors must always remain masters in their own house, though unlikely to alter agreements made between their representatives except under extraordinary circumstances. Looked at dispassionately the real differences between the several financial projects seem slight, especially when the magnitude of the agreement as a whole is taken into account. As usual the accessories and conditions are fought over more than the substantial benefits promised by the great compact recently concluded.

STATE INDEBTEDNESS.

The Budget unfolded by our State Treasurer, Mr. Waddell, adds another to a long list of golden records of prosperity, rendering us capable of scrutinising the Federal proposals impartially. A careful examination of the statement does not suggest any necessity for qualifying the Treasurer's cautious summary of the situation, which was that this State occupies a financial position of quite exceptional soundness. Our annual expenditure, indeed, is very large. Last year on revenue account alone it exceeded £13,200,000. Including our loan expenditure and disbursements on public works and closer settlement it exceeded £18,000,000. This, for a population of a million and a half under a Government which has to spend nothing on defence,

nor on any of the Services, such as Quarantine, Customs, Posts, and Telegraphs, which have been taken over by the Commonwealth, is a striking total. Besides this our indebtedness looks heavy. We owe about £90,000,000, or £56 per head of our population. Still, neither our high expenditure nor our debt gives any cause for disquiet. Take first the annual outlay. Out of the £18,000,000 some £3,100,000 was loan expenditure on reproductive works. The limitation of this disbursement to legitimate works is today practically a fact; not merely a pious aspiration, nor a pretentious phrase. Nearly a million more went in unproductive works. This, however, came out of revenue. Three-quarters of a million was expended in the purchase of estates for closer settlement. That sum is repayable within a few years. Meantime the State holds the land—most of it valuable agricultural land—as security. Consequently some thirteen millions represents our expenditure from revenue on ordinary annual services.

ABUNDANT REVENUE.

Our ordinary annual services include our little adventures in State Socialism—such as railways, water and sewerage works, and harbour control. These State business undertakings account for quite half the £13,000,000 just mentioned. The balance, £6,500,000, represents our annual expenditure on Governmental purposes proper. Over against our flourishing business investments has to be set the revenue they produce. Last year this exceeded the expenditure on them by nearly half a million. Large therefore as this general expenditure on revenue account is our income is still larger. In the year just closed it exceeded the outgoings by £460,000. Nor is this revenue the result of oppressive taxation. We do, indeed, pay through the Customs into the Federal Treasury. But our taxable resources are very lightly drawn upon by the State. We have no income tax on incomes under £1,000: no land tax except in the shape of a low municipal rate: no imposts on the more common instruments of commerce, such as cheques and bills of exchange. Though our expenditure might possibly be less our income could certainly be much more. Turning to our indebtedness we find this stands at £90,000,000, of which £66,500,000 is represented by railways and other business undertakings. They pay £4 7s. 4d. per cent. on the capital invested, the average rate of interest upon it being about £3 13s. 1d. Hence this £66,500,000 not only pays interest, but makes a handsome contribution to the ordinary expenses of government. In the coming year, thanks to bountiful seasons, we have every promise of an even larger return. Mr. Waddell was probably not over-stating the case when he said that if the business undertakings of the Government were put into the market today, although they had only cost two-thirds of our loans, they would probably realise a sum equal to the whole of our debt. Among other assets to our credit not reckoned are unsold Crown lands, public

buildings, bridges, and the like. Of course we have to find our share of the cost of transcontinental railways, immigration, the settlement of the northern territory, and the defence of the continent with its coasts because we are Federal citizens. The half of our Customs receipts to be retained hereafter by the Commonwealth will suffice for national ends.

PROFITS FROM RAILWAYS.

The prosperity disclosed by Mr. Waddell's Budget is not limited to this State. The financial statements of Victoria and South Australia delivered within the last week or two disclose similar conditions. A remarkable feature in all of them is the extent to which State railways are contributing to the general revenue. In Victoria they earned a surplus, after payment of working expenses and interest, of £300,000, thus turning what would have been a deficiency on the year's accounts of £150,000 into a surplus of £150,000. In South Australia the profit over working expenses and interest amounted to £200,000, the total carried forward being £290,000. Thus in each of these three States a considerable proportion of the year's surplus was contributed

by the railways. In Queensland there are similar results. Everywhere the figures afford an excellent indication of the prosperous condition of the great industries, mining, agricultural, and pastoral, on which so much of Australia's wealth depends. Industrially, according to official reports, we have been making great strides, especially in Sydney. The condition of our rural and city industries are alike in that they both record abounding prosperity.

THE COMMONWEALTH OF AUSTRALIA.

FEDERAL MINISTERS' POLICY.

FROM OUR OWN CORRESPONDENT.
SYDNEY, Oct. 18 1909; Nov. 29 1909.

The Federal session has reached its zenith. From this the decline will be rapid, as but two more months remain. The three great measures of the session, the Financial Agreement, Defence, and the Northern Territory acquisition have now passed their second readings. Their fate remains in doubt, because of the few weeks in which all must be disposed of. The Senate can hardly receive one of them for some time yet. The Inter-State Commission Bill, the fourth of the principal pieces of legislation, has not yet obtained a second reading in that Chamber, where a resolute hostility is being exhibited principally to that part of it which provides for the prevention of unfair competition between industries conducted under the differing legal requirements of the several States. Should all four survive this test Ministers will have secured the acceptance of the main principles of their policy. The High Commissioner Bill, in itself an essential element in the evolution of the authority of the Commonwealth, bids fair for first place on the record, having been approved in all its main features. Some amendments have yet to be settled between the two Chambers, but these do not affect its substance in any way. Despite the fury with which at the outset the Labour Party announced its intention of blocking all business, the two-thirds of the session employed in breaking down their resistance still leaves an opportunity for effective legislation, which may be seized. But there is no time to spare. The Senate besides its right of full debate lacks Standing Orders enabling the majority to prevent its abuse. The successes accomplished so far are enough to inspire, but not nearly enough to satisfy, the "fusion". After all its labours it

has merely cleared the way for action. The test combats are only about to begin.

THE FINANCIAL AGREEMENT.

The Financial Agreement with the Premiers, by far the most striking political event of recent years, is still at hazard. Ministers can carry it, no doubt, but must do so at their peril. The Victorians, who constitute the largest section of their followers, are divided upon the Question of its duration. Two-thirds of them prefer a fixed period of years, and half of them wish to insist upon home restriction. Very few members from any other State share their anxiety on this point, which is counterbalanced with us by an astonishing declaration of independence from our leading State Labour members, the full effect of which has yet to be seen. The rank and file seem indifferent. The Prime Minister himself is probably in the same mood. A split in his party, particularly in the Victorian section and upon this issue, might have very serious effects upon its fortunes in that State at the coming General Elections. The responsibilities of leadership must make him anxious to meet dissentients who are headed by men of the high prestige and influence of Mr. *W. H. Irvine*, formerly Premier of Victoria, Mr. *R. Harper*, the chief author of the financial scheme favoured in Parliament, and by Mr. *Bruce Smith*, an ex-Minister of our own State and one of our most influential public speakers. With a front rank of this calibre heading the resistance to the unrestricted operation of the yearly provision granting 25s. *per capita* to the States, extraordinary means to secure a compromise of some kind are being brought into play. Last Thursday a prolonged meeting of the whole Federal Party in Parliament was held in private. After this the search for some feasible amendment likely to unite all its members was undertaken in earnest. The task of reconciliation was remitted, in the first place, to Mr. *Reid* and Mr. *Dugald Thomson*, representing the majority satisfied with the existing Agreement, and to Mr. *Irvine* with Mr. *Harper*, who guide the dissatisfied minority. Ministers stand apart, because it was they who made the Agreement. Yet some alteration appears essential if they are to keep their party together. Even supposing their Federal supporters should become unanimously in favour of an amendment satisfactory to all, they will still be far from their goal. Unless the Premiers also consent no amendment of the Agreement can be accepted. These are very unlikely to give up anything they have gained. Mr. *Wade* is now in Melbourne settling the terms of the proposed transfer of land for the Federal Capital, if he be propitiated in this connection that will not affect the other five Premiers. One of them, Sir *Elliott Lewis*, has just been defeated. The prospect of the other four making any concession is remote. Their Labour Oppositions, like ours, may spur them on. Mr. *Kidston*, characteristically enough, is already on the war path. He declares against any and every alteration. His motto is "Thorough". The omens, therefore, are all adverse to a compromise. Even the Labour Party's break-away in this State may operate against it. The odds are that another break-away of the Victorians, with the support and perhaps in part at the dictation of the *Age*, will ensue. What will follow that in Victoria at

the coming elections no one can foretell.

INDUSTRIAL DISPUTES ACT.

In the meantime the uncertain future of the Inter-State Commission Bill revives interest outside New South Wales in our recent experience with industrial legislation. There are not many instances in politics of a more complete and rapid revulsion of feeling with regard to any measure than that afforded by the history of our latest Industrial Disputes Act. Passed a little more than a year ago, its author, Mr. Wade, was assailed from the first with almost brutal violence. He was actually burnt in effigy by excited mobs of unionists. The Sydney Labour Council formally called upon its constituent unions to ignore the Act and to refuse to register under it. Hatred of the measure was the real cause of the tramway strike, which ended so disastrously for the men. It was a commonplace of Labour oratory that the Act and the system of Wages Boards introduced by it represented a Capitalist conspiracy to kill the trades unions and reduce wages to starvation point. So far as any serious attempt was made to criticise the measure the Labour objections were mainly three. The Wages Board system would kill the trades unions, independent employees would be intimidated from sitting on the Boards, and consequently the employers' representatives would take advantage of the opportunity to reduce wages. Yet when Mr. Wade was the guest of the trades unionists themselves at their annual eight hour demonstration the other day he received the warmest welcome. His speech, principally devoted to a justification of the Industrial Disputes Act, was received with applause. He showed, without a word of dissent from his audience, that under this Act the number of trades unions had increased during the first year of its operation from 137 to 153. The number of unionists increased during the same period from 95,000 to 113,000. No difficulty had been experienced in getting independent representatives of the employees to act on the Boards. A large number of awards had been given, and in nearly every case there had been an increase in wages. Mr. Wade's reception was a triumphant vindication of a measure which was passed in the face of the bitterest opposition from the Labour men, who have since reaped the greatest benefits from it. It is not a mere coincidence that the year during which the Act has been in operation has been practically free from serious labour troubles. There has been, and indeed still is, a good deal of unrest among the Newcastle coal miners. There have been several minor disputes which have led to short cessations of work. The most paradoxical thing about the whole position is that the most serious of these troubles, that at the Portland Cement Works, arose out of the fact that owing to a defect in the Industrial Disputes Act the men concerned were unable to obtain the appointment of a Wages Board as quickly as they wished. The whirligig of time, indeed, brought its revenges, when the very employees, who a little while ago were prepared to strike because of the

passing of the Act, threw down their tools because they could not bring themselves quickly enough within its operation. The only State which now remains without industrial tribunals of some sort is Tasmania, which cannot long resist the general movement towards industrial peace. State tribunals when established need only a Commonwealth Court of Appeal against unfair competition to make the Australian Wages Boards system supreme throughout our Continent.

THE COMMONWEALTH OF AUSTRALIA.

FINANCIAL QUESTIONS.

FROM OUR OWN CORRESPONDENT.
SYDNEY, Oct. 25 1909; Dec. 7 1909.

Splendid seasons, huge exports, and high prices are naturally occupying the mental foreground of our banking and commercial, as well as of the producing classes. Hence the great Financial Agreement between our seven Ministries has received scant criticism, and perhaps scant criticism from those who ought to have focussed their attention upon its remoter consequences to Australia. Surfeited with successful investments, and absorbed in the pursuit of further profits, little or nothing is said with regard to the immense transactions affecting all our public finances for many years to come. The Press has followed this example, and, like the community generally, appears content to take what our Governments think best. The Agreement itself has been made by politicians for politicians, and is subject to little else than political criticism. The Opposition to it, feeble in finance, is also political only. Neither our *Bulletin* nor the *Melbourne Age* has grappled with the figures in a reasonable or effective way. Hence whatever has been done to elucidate the situation has been by way of following the lead given in Parliament. One would have expected more independent forecasts from those responsible for the guidance of public opinion. The materials for judgment are readily available for their use, but have not been employed. Then again, the proposed consolidation of the £250,000,000 of current loans and the substitution of a single Australian stock is an undertaking large enough to have aroused their business instincts. So far it does not appear to have appealed to them. Any discussion of it has been mainly confined to the political sphere. Mr. *Waddell* avoided it, as did the other five State Treasurers, though since the surprise flotation of a small South Australian loan, and his confession of his

own requirements, he must have this all-important matter very much in mind. There is no conspiracy of silence; at all events, there is no justification for anything of the kind. The soothing influences of present prosperity cannot blind us to the apparent rise in the price of money. The Commonwealth itself must take its first plunge as a borrower before long. The Bill authorising it to assume responsibility for the £50,000,000 of loans issued by the States since federation is certain to pass the House of Representatives soon, and the Senate, too, under existing conditions. On this account alone one would have anticipated that, operations of this magnitude being in prospect, our best-informed bankers would have been jealously following the subject and studying its contingencies. It is not so. They make no sign. Both of our enormously responsible undertakings, therefore, have been planned, and seem likely to be executed, by politicians under statutes which they will shape and pass without extraneous assistance from experts. This is either a high compliment to their capacity or a severe reflection upon the public spirit of our financiers.

LABOUR PARTY'S REVERSES.

The Federal Labour Caucus appears to be making a return upon itself. It began by denouncing the new Defence Bill lock, stock, and barrel. After allowing the second reading with little delay, and suffering a few severe reverses in Committee, it has consented to the passage of the complete scheme. These tactics, so foreign to their threats at the opening of the session, and to their later criticism in Parliament, are understood to be the outcome of angry debates in their secret sessions. There they spent almost as much time in deciding their attitude as they have occupied in the House with feeble attempts to give effect to their views. Our own State Caucus, through its leader and deputy leader, has taken a diametrically opposite course, denouncing in good set terms the attack made by Mr. Fisher's cohorts upon the Melbourne Financial Agreement and cordially supporting Mr. Wade in upholding its terms. Whether any other State Labour Caucus will follow their lead remains to be seen. Mr. McGowen and Mr. Holman do not hesitate to repudiate Mr. Fisher's strained interpretation of the resolutions arrived at by the Brisbane Caucus. As these are officially binding upon the whole party at the coming elections and for the three years next ensuing, the breach between our Labour representatives here and their fellows who sit in the Federal Chambers in Melbourne is unbridged and looks unbridgeable. If party cohesiveness prevents them from contests at the polls it must divide them when the referendum vote is taken there for placing the Melbourne Agreement in the Constitution. The effect on other States of this remarkable and

unprecedented civil war within the well-drilled ranks of Labour has yet to be discovered. Victoria and Queensland may be expected to see its leagues behind Mr. Fisher, while Western Australia and Tasmania agree with our Caucus. This rupture ought to make the final acceptance of the agreement absolutely sure. Outgeneralled in the Defence Bill, defeated in their attempt to return to Dalgety for a capital site, and taken in the rear by their own comrades when attacking the Financial Agreement of the Government, the Federal Labour battalion is just now in a bad way.

FEDERAL AND STATE FUNCTIONS.

Nor are the State sections of the Labour Party more fortunate. These are at last awakening to the fact that they are losing instead of gaining in strength and efficiency because they are sacrificing themselves to their Federal colleagues. Their best educated member in New South Wales is Mr. Holman, a barrister by profession and a student of constitutional and social problems by inclination. His opinions, frequently expressed with a candour rather disconcerting to his party, are always listened to, though he himself has never inspired confidence among his associates. The dilemma they are now placed in formed the subject of his last speech in our State Assembly, and as it is the first instance of any public appreciation of the position by a responsible representative of Labour, it possesses more than a passing interest. Delivered in the Budget debate, its immediate text was the Financial Agreement, because this is at last compelling the Leagues to consider whether their strength can be most effectively employed in local or national spheres. Mr. Holman, always an anti-Federalist, marred his argument by a failure to appreciate the work done by the Commonwealth Legislature. But it was a timely and forcible expression of a principle the disregard of which by the Labour Party has been the chief cause of its several conspicuous failures to stretch the statutory powers of the National Parliament to accomplish industrial ends. This was the principle that in the division of functions between Commonwealth and State most of those that touch most nearly the everyday life of the people have been reserved to the States; that social reform, unless the Constitution is to be altered out of all recognition, must be achieved primarily through the agency of the States. Labour, in the Federal Parliament, consistently unable or unwilling to recognise this, instead of devoting its attention there to the solution of the real Federal problems, such as Defence, Immigration, and the settlement of the Northern Territory, has been occupied in trying to secure indirectly through national legislation those changes in the conditions of labour which the States' Legislatures could secure, and have to some extent already secured,

directly. Hence Labour is missing its aim in both domains. Federal interference in industrial affairs has either been defeated by the High Court, or has failed for other reasons. Consequently a rift that may in time become serious is discovering itself between the National and local Labour leaders. This risk seems to have escaped the notice of all the caucuses until now. At any rate, Mr. Holman is the first to give it clear public recognition. Should he win the ear of the Leagues, Mr. Fisher's prospects will be seriously imperilled. If he fails, the State sections of his party will dwindle in influence even more rapidly than hitherto.

THE COMMONWEALTH OF AUSTRALIA.

FINANCIAL AGREEMENT VOTING.

FROM OUR OWN CORRESPONDENT.
SYDNEY, Nov. 8 1909; Dec. 21 1909.

The story of Federal politics is not to be told from week to week in a single column. Very often it cannot even be summarised for those who take the pains to follow its general developments. Always more or less interwoven with it, the fortunes of State Administrations and parties multiply side issues, which sooner or later affect the course of events in the National Parliament. At present the action and reaction between our Legislatures is unusually close. The quite new unity of policy and parties brought about by the "Fusion" is now emphasised to an extraordinary degree by the fact that the Financial Agreement, backed by all our seven Administrations, is in some jeopardy. All have their eggs in that basket. A test amendment last week resulted in a tie division. Half the House desires a limitation of the period for which the Agreement is to run. Eight members who support the Prime Minister voted against him. This means that a fifth of his following has taken advantage of his invitation to speak and act free from party ties. Five are Victorians. Led by Mr. Harper and Mr. Irvine, they resisted the arguments which Mr. Deakin and Mr. Reid urged upon them. Three of our own representatives, including Mr. Bruce Smith, adopted a similar course. They even refused Mr. Foxton a pair. His arrival this week will allow the Government a majority of one. A deadlock exists for which no solution is yet to hand. The Prime Minister is blamed for the tolerance with which he regards last Thursday's secession. This seems to have sprung from a curious tenderness for the scruples of his friends, who decline to endorse his optimistic forecast of Australia's future. Despite Mr. Wade's voluntary encomium upon his firmness, the fact that

Melbourne itself is the storm centre cannot be ignored, seeing that Mr. Deakin is a Melbourne man. In every other State the scheme now imperilled has enjoyed smooth sailing. So far as can be judged from the Press our public are content. The four-fifths of the Ministerialists who refused to use their individual liberty in order to fix a period for the Agreement are for the most part its eager and staunch upholders. They will not, and cannot, draw back. Behind them are ranked all the Governments of the States, and in most of these the great bulk of their representatives. It may be assumed at present that at all events a majority of the electors, whether counted in the States or in the Commonwealth (for they are the same persons in both), approve the Agreement just as it was signed, just as it now stands.

LABOUR MEMBERS AND THE CAUCUS.

The half of the House of Representatives who voted on Thursday and at least half of the Senate, consisting of members pledged to the "Fusion", taken together make up almost seven-eighths of the Ministerial Party. The other half of the House and less than half of the Senate who insist upon limiting the life of the Agreement come, more than four-fifths of them, from the Labour Party. With the help of the few Independents and the Ministerial dissidents they attained an equal footing in the House, but remain in a minority in the Senate. In the States Mr. Fisher is not commanding the support of Labour members who sit in the local Legislatures. All the chief officials of the Caucus in this State have protested against the antagonism to the Agreement displayed by their Federal comrades. In the other States the utmost support that has been acquired by Mr. Fisher has been tacit. Hostility to the Federal Coalition, far more than to the Agreement, is obviously the prevailing motive. The Brisbane Labour Conference resolution, declared by our State Labour leaders to be on all fours with the Melbourne Agreement of the Prime Minister and Premiers, is now openly repudiated by Mr. Fisher and his friends. What the outcome of this internecine strife may be is of less importance than the fresh demonstration afforded last week of the abject slavery of Labour members under Caucus control. Mr. Reid drove this point home with great effect. The liberty enjoyed and exercised by Ministerialists allowed a fifth of their number to vote against their chief. They considered their consciences and perhaps their constituencies. Not a single Labour member ventured to emulate their example. Few of them spoke, but all voted at dictation. Against the independence of the Ministerialists, some of whom broke away from old colleagues and friends to join with their life-long antagonists, speaking their minds frankly and freely upon the subject, was set in bold relief the silent subservience of the Labour men chained together under a Caucus decree which made them mere pawns in its game. Such an object-lesson, by contrast, as this supplies will

not be thrown away at the next election.

THE FEDERAL IDEA.

It should not surprise us if one lasting effect of the Financial Agreement may survive even its particular object, which was to set the Commonwealth and the States free from each other in financial matters. By a fixed payment of 25s. *per capita* to each State, the National Parliament will acquire an unfettered control of whatever Customs, Excise, or other revenues it may choose to raise in any way. While to the extent of that payment the seven Administrations will be kept in touch, the electoral battle just beginning to secure the popular sanction necessary to render the Agreement binding is making strongly for a still fuller realisation of the federal idea. The Labour Caucus aim is federal in one sense, but, as Mr. Reid insisted, its true purpose is unification. Australia is to be governed and administered from one centre. The National Parliament should control all industrial affairs and all financial issues, using the local Legislatures as subordinate departments to carry out its will. If all our States were like Tasmania, containing only a third of the population of Sydney, we should not be surprised to see their politics become as farcical as some proceedings of our own Municipal Council in times past. Labour censoriousness is sometimes justified. The last general election placed Sir Elliott Lewis in power with eighteen supporters faced by an Opposition of twelve Labour men. Defeated on the motion of one of his own supporters, who was publicly reviled by the Labour representatives voting with him, the latter took office next day only to be ejected the day after when Sir Elliott Lewis returned without changing a colleague. But to administer the local affairs even of this relatively small island from Canberra (the Federal capital in this State), in addition to discharging its obligations as master of Papua and of the Northern Territory would at once overtax the already heavily-burdened Federal Government. The management of all the States in this continent through all the numerous avenues employed by our Governments, and intended to embrace a supervision of every single industry, large and small, carried on in any corner of its vast extent sufficient to enable an authoritative settlement of the most trifling conditions of hours, work, wages, apprenticeship, competition, and combination, is so extravagantly chimerical that even the vagueness of a Labour Party programme cannot make it conceivable in operation.

COMMON CITIZENSHIP.

The Agreement campaign now commencing is likely to foster a federal policy of a very different kind. Unification will be confined to the existing endowments of the

Commonwealth, the sole control of national defence and navigation about our coasts, of industrial development under a national tariff, with a National Post and Telegraph Service, and the control of territories only until they are strong enough to be raised to the rank of States. Its functions in the field of arbitration will simply cover the regulation of interstate commerce and inter-State disputes. Within this ample area a central Government will find abundant opportunities for all its energies, especially where an inter-State Commission is created to undertake the many functions of the British Board of Trade, coupled with the exercise of a semi-judicial authority over all our great carrying agencies by land or sea. Our federation is still in the chrysalis. The Defence Bill, which represents such an immense advance upon the existing organisation of the land forces, is already fiercely criticised in the Senate, because of its insufficiency, by speakers who admit that the electorates will not consent to any more rapid advance even where it may be practically possible. This measure, however, had behind it the full strength of the "Fusion" Party. The Financial Agreement Bill is not so fortunate. Yet whatever degree of success may attend the challenge to its duration and whatever its reception in the country may be, it is already contributing to the sense of common citizenship and of national unity throughout Australia. The dependence of the States upon the National Treasury is being demonstrated to the

most indifferent. The dependence of the Commonwealth upon the States for the tasks of internal development is at last emerging into view. The responsibility common to both for the debts already incurred and yet to be incurred, together with the urgency of placing them under one capable administration, is now being realised as never before. However fiercely the political cauldron may hiss through clouds of steam the true significance of this “toil and trouble” seems, after all, to be that our National Union is rapidly getting under way. Its least satisfactory feature is the senseless surprise sprung upon us by the strike of our coal miners suddenly announced today, apparently without rhyme, reason, or prospect of success.

THE COMMONWEALTH OF AUSTRALIA.

INDUSTRIAL AND POLITICAL CRISES.

FROM OUR OWN CORRESPONDENT.
SYDNEY, Nov. 15 1909; Dec. 27 1909.

Last week witnessed two crises—one industrial, the other political. The first, though far more grave and immediately injurious, may be given second place, since in all probability it will have ended before this letter can reach London. Our coal strike is not expected to last a month owing to the number of the miners affected, to their lack of resources, and to the severity of the trials at once imposed upon the public. The political crisis occurred in the House of Representatives, ending so far as that Chamber was concerned with the passage of the Bill for the amendment of the Federal Constitution in accordance with the Agreement between the *Prime Minister* and the State Premiers. This allotted the State Administrations 25s. *per capita* annually in place of the three-fourths of the National Revenue from Customs and Excise hitherto paid to them. The Ministerial Party had been rent asunder for the last month, and despite many efforts to compose its differences went to a final division amidst a scene of unparalleled disorder. Although two Independents were gained, it lost sufficient of its own numbers to leave its total only one vote more than the absolute majority of the members which is required to carry the third reading of any measure that alters the Constitution. A division was only obtained by the use of the closure, and after it had been taken the adjournment of the House was forced at once by the same strong measure. Then “the tumult and the shouting” died of necessity, but “the captains and the kings” among our Federal politicians went with anything but “an humble and a contrite heart”. Three recalcitrants voted with the Government,

their leader, Mr. *Irvine*, at the same time announcing an intention to oppose the measure when it is submitted to a special popular vote at the General Election, as the Constitution commands. How the Fusion Party is to be held together next April if its members speak with antagonistic voices, some of them advising their constituents to reject the principal Bill of the session, is a Ministerial problem of the immediate future and indeed of the present. The *Melbourne Age*, furious at the failure of its attempts to overawe the representatives of the metropolis of Victoria, denounces the “Cromwellian methods” by which the Prime Minister has driven his agreement through. If he had failed to carry it his prestige would have suffered immensely. Having carried it he has to face a revolt behind him, in his own State, in his own constituency, and the constituencies of his most loyal supporters.

COLLIERS' STRIKE.

Our present season of plentiful employment, high wages, and universal prosperity has tempted the insurrectionaries in the Labour Unions to make a desperate dash towards that long-cherished ideal of the anarchists—a universal strike. Yet our new State Wages Boards are working well wherever instituted, and with a little more patience could have been successfully employed to settle the differences between the proprietors of our coal mines and the men engaged in them. The former must take their share of blame, at all events in the Northern fields, where a certain pettiness of procedure and aloofness of attitude has often contributed to exasperate their employees. A willingness to entrench themselves behind the public and to allow the public injury occasioned by a coal famine to operate on their behalf has been attributed to them previously, and certainly appears to have been taken into account in the present instance. Their selfishness does not transgress the laws of New South Wales, but they exhibit no sufficient sense of their obligations to the community which upholds them in their ownership, and suffers sadly because of their lack of tact and of generosity. For the promoters of the strike themselves there is nothing to be said except in censure of their criminal folly. It came last week as a bolt from the blue, both to the colliery owners and the public. The Labour leaders intended that it should. No immediate trouble being apprehended, both the owners and the large consumers of coal had allowed their stocks to become low. Their assailants, relying on this as one effective circumstance tending to compel submission to their demands, intentionally kept their purpose a complete secret, and chose their own time for carrying it into effect. In order to carry out this policy it was necessary to

break through the rules of the Colliery Employees' Federation, which require that no strike shall be begun without a ballot of all members. A ballot could not have been taken under a week, nor could it have been kept secret. Consequently it was not taken at all. If it had been, it is more than likely there would have been no strike. The raid on the users of coal has been engineered, in secret, by a little knot of Union leaders, of whom one, Mr. Peter Bowling, is the most prominent. When their plans were complete they sprung their proposal for an immediate cessation of work on the miners' lodges throughout the Newcastle district. It is one thing for a Unionist to vote against a strike in the secrecy of the ballot; it is quite another for him to vote against it at an open public meeting of his fellows, after the first step has been publicly taken, when tempers are at boiling point, and to be branded a disloyalist is to face the risks of banishment, boycott, or violence.

THE STRIKERS AND PUBLIC OPINION.

The reasons for this strike, which involves some 12,000 men on the Northern coalfields and another 4,500 in the Southern and Western districts, are anything but clear. In all previous strikes there has been some well-announced and clearly-defined grievance, or supposed grievance, for which the men could not obtain, or alleged they could not obtain, redress by negotiation with their employers. The public, the persons chiefly concerned, had an opportunity of judging for themselves which side was right and which wrong. That course has not been observed in this strike. We have heard from time to time of many tiresome but trifling grievances here and there, and we have long known that a large number of the miners were discontented with their conditions for various reasons. But neither the proprietors nor the public in this case have ever heard of any accumulation of grievances which come within measurable distance of justifying a general strike. No conference has been asked for. No notice has been given of any demand, or series of demands, non-compliance with which would be regarded by the men as justifying a strike. Now, after the trouble has begun, the men begin to realise that they cannot win unless the public are with them, and they cannot get the public with them unless they let the public know what it is all about. Therefore, two days after the whole industrial system of Australia has been thrown into confusion, and our industrial credit damaged throughout the world, they appointed a committee to draw up a list of the reasons which impelled them to their disastrous action. These have been published, and whether considered singly or in the mass are universally condemned both for their insufficiency and because a number of them seem trumped up after the event.

THE CONCILIATION BOARD.

Two years ago a threatened strike was averted by the appointment of a Royal Commission to deal with all disputes in the Northern area. Both masters and men accepted this without demur. The employees' president, Mr. Bowling, a man who has left a trail of industrial discontent and ill-feeling behind him on all his travels through this country, was the men's representative, because the men wanted him. The Commission no sooner began its sittings than they were interrupted by a series of strikes for every conceivable reason, or for no reason. The proprietors refused to go on with the proceedings, naturally enough, while the men were striking. The delays thus caused led to the abolition of the Royal Commission long before its work was done. Then a Conciliation Board, with the concurrence of both sides, took its place. The employers, finding that the proceedings before this Board were prolonged so that no settlement could be hoped for within a reasonable time, withdrew from it. This was a mistake—and a grave mistake—because it gave Mr. Bowling and other advocates of industrial war the opportunity they have just seized. But it is impossible to resist the conclusion that for the failure of the means that have been tried during the last two years to settle disputes in the coal industry the men are primarily responsible. After all this it is not surprising that the employers should have now refused to meet their employees in conference unless work is first resumed. War has therefore begun.

A DIRECT BREACH OF THE LAW.

The strike, of course, is a direct breach of the law. The Industrial Disputes Act makes every individual who is a party to it liable to imprisonment for two months or to a heavy fine. This enactment was part of the pet project of the Labour Party—the old Industrial Arbitration Act. It is continued as part of the new Industrial Disputes Act. But every attempt to put it into force appears to be regarded by the Trade Unionists as ample justification for a further strike. In this instance the coal famine is to be fostered until all our factories, steamships, railways, tramways, and industrial undertakings have been closed down. The hope of Mr. Peter Bowling and

his friends is to make the struggle short, sharp, and merciless. Hundreds of thousands of workpeople will be without means to buy food, which will only be procurable in the towns at high prices. This terrible prospect of loss, suffering, and riot is not an accident of the struggle, but its aim. No foreign invader dare be as ruthless. The spokesman of this threat is Mr. **W. M. Hughes**, late Attorney-General of the Commonwealth Labour Cabinet, who, a few months ago, poured contempt on a proposal for a general strike as a policy for lunatics; who was one of the most active supporters of the Federal Arbitration Act, which makes striking a crime; and who now excuses that crime under aggravated circumstances. The truth is that no Labour leader dare lead except where he is led. Even the more responsible and able among them are obliged to approve what they disapprove. Neither light nor leading can be obtained from them when it is most needed.

THE COMMONWEALTH OF AUSTRALIA.

THE FEDERAL CAPITAL.

FROM OUR OWN CORRESPONDENT.
SYDNEY, Nov. 19 1909; Jan. 14 1910.

The coal strike is too serious and sad a subject and still far too grave in outlook to be lightly put aside, though at the present moment its discards are untimely and very much out of harmony with Sydney's mood. If flags are not flying, drums unbeaten, and signs of civic rejoicing absent it is because even under all the circumstances needed to prompt a vivid public demonstration of triumph, the industrial situation continues too grave to permit even a mild ebullition of popular feeling. Our metropolis wears its everyday aspect, and its ratepayers pursue their ordinary occupations; even our newspapers smother their transports under pressure of "the Strike", despite the fact that the Commonwealth Parliament has at last accepted the site for the national capital which we have been pressing upon them for the past two years. The Constitution makes it imperative that the Federal City must be in New South Wales, but there has been keen apprehensions lest we should be deprived of the full benefit of that concession by some situation being selected near the borders of another State. Our great dread has been lest it should be placed in the Southern districts nearer to Melbourne and under its influence. Dalgety was always condemned on that score, though it may be admitted now that even there the capital would have

been practically outside the direct sphere of either Sydney or Melbourne. Mr. Wade, realising that if Canberra were set aside Sydney's opportunity might be lost for ever, has become remarkably patient and conciliatory. The Victorian contingent, inspired by the *Age*, has fought desperately against it to the last ditch. But the appointed time had arrived. Chosen almost by accident, carried at the ballot by the tactical trick of combining two districts under one name, and adopted only because the political necessities of a Labour Cabinet without a majority demanded it, the sanction of the site became assumed directly the "Fusion" was accomplished. Life's little ironies required that Sydney should be obliged to accept from Mr. Deakin's hand not only our new Fleet, and the financial security embodied in the Agreement, but also the one gift which its Press craved more than all others. The prize, which neither of the three Prime Ministers from New South Wales could win, comes to them at last from a Victorian.

THE FINANCIAL AGREEMENT.

Parliament's struggle upon the great Financial Agreement has reached the last stage but one before being transmitted to the people. As anticipated, the defection of two Ministerial Senators left the fate of the measure dependent upon the third, a Victorian, an ex-Labour leader, and an independent Government supporter, Senator Trenwith. So close were the numbers that in Committee the defeat of the Bill would have been accomplished but for his help. When the voting is even in that Chamber there is no casting vote, and the proposal made passes in the negative. The Senator in question favoured a time-limit to the Agreement, and for that reason moved a positive amendment, restricting its duration to ten years, which could not be carried owing to the numbers being even. But if he had voted with the "Noes" when the whole clause was put, with the object of moving his time-limit afterwards, the clause would have been struck out and the Bill defeated. The manner of his voting, therefore, just saved the Government from defeat at the very last stage. A call of the Senate has been made for Wednesday for the third reading, on which the absolute majority must vote. If nothing happens before then to any of the eighteen Senators who follow Mr. Deakin, the most influential measure submitted since Federation will go to the country for ratification or rejection. If a referendum could be taken today the Agreement would be approved in every State. It is doubtful if outside Victoria there would be a respectable minority against its terms. Yet it had only one vote to spare in the House, and has survived in the Senate merely by the particular mode in which an equality of votes is registered. The solid weight of the Labour Party was cast into the scale against the Bill in both Houses. Nothing but a "Fusion", and a very strong "Fusion", could have overcome them. Their New South Wales section has no Senate representative, while Queensland and Western Australia, both deeply

interested as States, have six Labour Senators, whose term ceases next June. It seems certain that some of these must be defeated, while there is little fear of the results of the other contests for that Chamber increasing the Socialist total. Of the several severe political battles witnessed in the Commonwealth, that which closes two days hence in the Senate will stand as the most momentous, the fiercest fought, and most narrowly won of all.

AUSTRALIAN DEFENCE.

Australian Defence is at last initiated upon a scale and with a completeness that gives assurance of the sincerity of the Commonwealth. The Land Defence Bill of the Government has been accepted by both Houses, though the Senate has not finally disposed of it. The naval defence scheme has been endorsed by resolution, though neither discussed nor even fully explained to the House of Representatives. Mr. Cook's very lucid exposition of the policy of the Cabinet in the creation of the new unit of the Eastern Fleet of the Empire was interrupted half-way by the personal closure attempted twice by three Labour members. For decency's sake Mr. Fisher and their colleagues present voted against them. Even when the tables were turned upon the disorderly interrupters by the Minister's motion that "the question be now put", a sufficient number of them were obliged to sit behind him. This constituted an absolute majority of the House, not necessary in this instance, which provoked a crisis when after weeks of conflict it was obtained upon the Financial Agreement. Notice has been given authorising a loan of three and a half millions sterling for the construction of the unit approved by the London Defence Conference. A naval defence worthy of Australia and demonstrating its acceptance of its share of Imperial obligations has at last been launched on the plan submitted by the Prime Minister to the former Conference in 1907.

STATE CONTROL AND THE MINES.

The one incident of the industrial war calling for mention since my letter of last week is a blunder of the Wade Government. The miners, after securing proprietary rights, had undertaken to work certain mines for their own benefit, expecting to earn wages for all men employed in them and at the same time pay a large sum into the strike funds, owing to the fact that coal is already at famine prices. Upon their request for trucks to load the coal they were abruptly informed that the railway would only accept coal for their own needs and at reasonable prices. This meant, in plain terms that, though some miners were willing to resume hewing, the Railway Commissioners would not permit them to satisfy any needs except their own

and on terms which the Department would dictate. While entitled to make a fair bargain for the coal necessary to keep their trains running, they were not justified as Commissioners in going outside their own sphere. It was their duty to get all the coal they could at a fair price, but it was not their duty to refuse to carry other coal not purchased by them if it enabled them to earn revenue and assist industries in sore need. When it was found that the Cabinet was behind the Commissioners, if, indeed, it had not directed them to take this course, there was an explosion of public feeling that obliged them to hark back with undignified haste, confused explanations, and impaired reputation. Hence our State Ministry's influence for peace is no longer available for bringing about a settlement. It is held to have taken sides and to have manifested a bias. The disputants must, therefore, look elsewhere. So far there is no light on the horizon. Mr. Hughes, M.P., and Mr. Bowling continue their combat for supremacy. There are no more signs of the threatened general strike. The Governor-General would act as a mediator if requested by both parties, but they are too far asunder just now to entertain that proposition. The miners remain in the wrong; they are still law-breakers and unchallenged by the law's guardians, the State Executive. But the blunder on the railways and the rigid attitude of the proprietors, who give no sign of any desire to relieve their fellow-citizens of the costly burden of waste imposed upon them, have undoubtedly deprived them of sympathy and conceded a larger share of it to the men. They are still aggressors, in law, but the suspicion grows that the owners were and are aggressors in fact, whose better judgment and smaller numbers have enabled them to tempt their foolish employees into evil courses.

PROTECTING THE RAILWAYS.

As a consequence it is probable that our State Governments will seek to protect their railways. They may take a leaf out of the Labour Party's book and thus minimise the risk of having the whole volume treasured by Socialistic doctrinaires thrust upon them. The panacea they promulgate means the nationalisation of all industries. The scheme likely to be adopted is that of their owning and working a coal mine or

mines by the State Railway Commissioners. The obstacle is the lesson conveyed by the railway strike of Victoria and the tramway strike in Sydney, when the employees, though enjoying the privileges of the Government service, attacked their employers and the public, who were also their customers, with violent unreasonableness. Still, the present strike is more grievous, and will be much more prolonged than that, and a recurrence must be provided against. The South Australian Ministry has long been seeking for a suitable mine in this State. Victoria is actually opening up a field, and we can scarcely refuse to follow their lead. Here, then, one can see more Australian policy in the making. Were our railways beyond risk of stoppage any future crisis would be much relieved, though the combat between mineowners and miners might be more prolonged. In the present instance Mr. Wade, still unfortunately too ill to undertake public business, must have his hand forced soon. Somehow or other he must act.

THE COMMONWEALTH OF AUSTRALIA.

A FRUITFUL SESSION.

FROM OUR OWN CORRESPONDENT.
SYDNEY, Dec. 13 1909; Jan. 22 1910.

The Federal session just completed, even after close scrutiny, maintains its claim against its predecessors to first place in our Parliamentary history. This is unquestionable if the annual sessions alone be taken into consideration. In two instances when tariff revision has been undertaken these have overflowed into a second year. Still not even that of 1901–2, which covered some sixteen months, was as distinctively creative as the latest, which occupied only six months this year. The fiscal policy accepted in 1901–2 was indeterminate, that of 1907–8 expressly Protectionist, but in the latter session there was little else of moment. The future of the Commonwealth has been more definitely defined and decided in the sittings since June last than in any previous twelve months, not excepting the mass of preliminary and preparatory law-making of the inaugural Australian Government which led the National Parliament when it assembled for the first time. It seems appropriate to dwell upon this fact since the situation is obscured today by the absorbing interest of the coal strike and by the feverish activities of all our local Legislatures now hurrying into recess. For the time being there are but few among the critics who realise that

the time of uncertainty, of the divided mind, of instability has come to its end in Australia. A political path has been chosen which will be followed hereafter, whether with slackness or with energy, towards ends now clearly in view. From henceforward we may hope to see a policy, whose foundations will not be disturbed, developing under the deliberate sanction of a resolute people upon the lines lately laid down.

CENTRALISATION OF CREDIT.

To begin with the financial agreement supplies a new basis for all the functions of the National and State Governments which depend upon finance. Broadly viewed, it doubles the revenue of the former and supplies the latter with a fixed income. For the first time each of them is set free from the dependence upon the other which has embarrassed both since federation began. The effects of that freedom will be felt in every department of each Administration. The Bill authorising the Federal Cabinet to take over the whole of the balance of the State debts not already transferable under the Constitution provides a means for the establishment of a single Australian stock backed by all the resources of this continent and all its Governments. The indirect effect of such a centralisation of credit will afford great opportunities for a sound system of national finance. Of course both of these projects are subject to the verdict of the electors at the General Election in April next. According to present appearances both will be approved, and it is therefore unprofitable to consider the alternatives of their rejection. Up till now the Commonwealth has borrowed nothing, but naturally enough the improved prospects offered by the new adjustment of our public revenues have encouraged a proposal for the first national loan. The rate fixed is 3 per cent., but a convenient elasticity is supplied pending its issue by the inclusion of authority for the raising of money upon Treasury Bonds for short terms at rates not exceeding 3½ per cent. These operations will not take place until the High Commissioner about to be appointed has established himself in London. Sir **John Forrest** having resolved not to take his hand from the Treasury helm, the indications all point to the selection of Sir **George Reid** for this important post—doubly important now that large financial undertakings are being authorised. These four measures taken together constitute by far the most effective departure from existing Australian practice that has been accomplished since the white man set foot upon our shores.

MILITARY AND NAVAL DEFENCE.

Not second even to them come the defence schemes, military and naval, that have just been adopted, almost exactly as framed by the **Deakin–Cook** Cabinet. The

principles of compulsory training from school age up to manhood of the whole of our youths marks the boldest stride yet taken in any English-speaking country towards national land defence. A naval college, for which a splendid endowment for buildings has been contributed in Sydney, will be paralleled by a military college thoroughly well equipped, and both reinforced by training schools. Large rifle and ammunition factories are planned and in course of construction. Lord *Kitchener's* visit next month will enable the Empire's greatest organiser to counsel us upon these and other essential equipments for modern war. The Admiralty is responsible for the composition of our fleet unit, which will be maintained in these seas in place of the out-of-date squadron to which we contribute £200,000 a year. The construction of the large armoured cruiser accepted instead of the *Dreadnought* tendered by the present Ministry has already been ordered. When the cruisers, destroyers, and submarines are added at a capital cost of £3,750,000 and an annual outlay for upkeep and sinking fund of £785,000, the Admiralty will for a time contribute £250,000 a year, or £50,000 more than we have been paying them towards a much feebler naval force. We shall then possess, and in time of peace control, one-third of the Eastern Fleet of the British Empire. The first Australian loan to be floated will be devoted to this national object, spent upon Imperial defence, and supported by a growing outlay from revenue upon the creation of local reserves of trained officers and seamen. Repairing docks, coaling stations, and fortified ports, already provided to some extent, are to be remodelled and improved to meet the recent developments in ships and armaments. During the previous eight years of the Commonwealth, though much has been said, nothing has been done even approaching the work accomplished during the last few months towards the organisation of up-to-date forces naval and military, both of them modelled upon Imperial standards, both qualified to act with the Services of the Mother Country at any moment.

THE FEDERAL CAPITAL.

Among the other successes of the extraordinary session just concluded is the Act constituting the future Federal capital at Canberra. This removes at last the long-standing grievance in this State, unduly exaggerated but which yearly became more substantial. The bitterness, reasonable and unreasonable, generated here in consequence of the delay in dealing with this obligation can scarcely be credited except by those who are constantly reminded of it. In addition there are a number of practically useful statutes federalising the law upon Marine Insurance, Patents, in accordance with recent British legislation, Bills of Exchange, Seamen's Compensation, and establishing an Australian silver coinage. The legislative reverses sustained, though few, were important. Mr. Deakin lost the Northern Territory by two votes in the

Senate because his railway concessions were deemed too costly and failed to carry the Inter-State Commission Bill because the number of social and industrial issues sought to be transferred to that body aroused great alarm in the same Chamber. It was there also that the Federal Agricultural Bureau was hopelessly stranded. Not a single measure was defeated in the House of Representatives, where the Fusion achieved a series of victories unparalleled since the Union.

COAL STRIKERS AND THE LAW.

A number of attempts were made during the last month to entangle Ministers in the coal strike by urging their intervention in some fashion. Admitting that a vigilant eye was being kept upon every incident of the struggle, the Prime Minister insisted that until some Federal jurisdiction could be established his interference would be nothing but mischievous. An appeal to Mr. Justice *Isaacs* as Acting President of the Arbitration Court proved legally fruitless. Slowly but surely the *Wade* Cabinet is taking its stand against the strikers because they are lawbreakers. The principal

offenders are now on their trial at Newcastle, a change of venue to Sydney having been refused. But more is expected this week from the Legislature. Mr. Wade, despite his recent illness and the patience with which he has refrained from putting the law in motion except against a few of the ringleaders, is moving in his deliberate way towards more effective interference. English readers will not realise the situation unless they recollect that every striker has been for the last month guilty of an offence against our Industrial Disputes Act. The whole of them might have been punished by fine or imprisonment if the Government had gaols large enough to contain them. But public opinion would not in any case support such wholesale measures. It refuses to regard the mere act of "striking" as a penal offence except on the part of those who are directly responsible for misleading the masses. The misfortune is that these become "heroes" in the eyes of the unthinking when they are convicted, since they appear to suffer for others. The problems of industrial control by the State are obviously far from solved by the methods now employed in New South Wales.

THE COMMONWEALTH OF AUSTRALIA.

NEW HIGH COMMISSIONER.

FROM OUR OWN CORRESPONDENT.
SYDNEY, Dec. 20 1909; Jan. 28 1910.

Australia has her first High Commissioner, and happily one whose public eminence justifies his selection. The Federal Government, successful of late in all its endeavours, has been most successful in this choice. The deliberation with which it was made had aroused some apprehensions, but after Sir **John Forrest** had intimated that he could not accept the position there remained no leader with a record comparable to that of Sir **George Reid**. Entering local politics at maturity he soon earned a reputation for sparkling speeches, administrative indolence, and casual methods. But the transformation accomplished when he was chosen Leader of the Opposition in place of Sir **Henry Parkes**, who was unexpectedly taken at his word in one of his frequent resignations, amazed both friend and foe. An unwearied vigilance, a resolute vigour in debate, and an almost feline subtlety in Parliamentary tactics were supplemented by the development of a platform power unequalled in New South Wales and unrivalled since in this country. His combination of clear argument and soaring eloquence with humorous digressions, felicitous though familiar illustrations, and a deadly directness

of repartee was and remains his own. After a term of strenuous work and clear-sighted strategy, he became the personal ruler of this State and the most influential politician in Australia prior to Federation. After our Union he fell between the two stools, Protection and Labour, and though he fought a gallant fight for Free Trade for eight years, had finally to admit that this time he had backed the wrong horse. New South Wales gave him a majority to the last, but it diminished until in 1907 he finally laid down his leadership. A loyal supporter of the present Administration, he declined to enter Mr. Deakin's Cabinet six months ago, just as the latter declined to join his in 1904. The long antagonism between them is now replaced by an official alliance of an entirely friendly character. The whole of the Press of Australia today seems to be prolonging the paean of praise that signalled the announcement of Sir George Reid's appointment. London treated him with an unusual consideration when visiting it as Premier of this State, which augurs well for the reception he is likely to obtain and certain to merit a few weeks hence.

LOCALISING THE COAL STRIKE.

After all that has been said and done the Wade Ministry is entitled to a high meed or praise for the manner in which it is handling our Coal Strike. As was pointed out in a previous letter, both mineowners and men seem to have but one aim in common, and that, curiously enough, is to confine the war to this State. The motives of the proprietors are on the surface; those of the miners and their spokesmen, who are demanding Federal interference on every platform, while preventing any extension of the current combat that would call in the Federal Arbitration Court, continue inscrutable. The duel between Mr. Hughes, M.P., who heads the majority in the Labour Caucus, intent upon finding some way out of the strike, and Mr. Bowling, who brought it about and wishes to make it universal, becomes fiercer as it proceeds. Yet even the latter, the irreconcilable mischiefmaker, who belongs to the "Independent Workers of the World" organisation, with its extreme Socialistic aims and preference for violent methods, does not appear to desire any enlargement of the area of the dispute if it is to be confined to the coal trade. Apparently his wish is that it should either be widened to embrace all industries or kept narrowed to this one and in this State. Just now he has more than he can do to keep the strike going. Mr. Hughes, having visited Newcastle, addressed a public meeting at which he came into fierce conflict with Mr. Bowling, and heartened the moderates among the Unionists. Mr. Bowling in his turn is threatening raids into the territory where his rival is

persuading the miners to return to work. Those of the West will resume mining at once and those of the South are expected to follow suit soon. This would reduce the arena of strife to the North, where the proprietors would find their business slipping from them once the Southern and Western fields resumed their outputs. The conflict of interests among the owners, if the Government allows it to proceed, will probably lead up to a forced surrender on the part of the isolated Northern employers. If so, the original purpose of the strike would be achieved. The men would be victors. But they would have won only by abandoning Mr. Bowling's leadership and reversing his policy. He desired a universal strike which would put capital under the heel of its employees. Mr. Hughes and the moderates, having limited the strike to the coalminers, are now endeavouring to limit it to the one district. They seek to starve the Northern employers by sending the workers in all other fields back to their jobs. They would thus confine its future losses to the owners against whom they struck a month ago.

A CAMPAIGN THAT FAILED.

But it must not be inferred that any more promising condition of things has been foreseen or brought about by the Hughes section of the Labour Congress. Their hands have been forced. The mere act of striking made all strikers lawbreakers. The creation of a "Congress" unknown to the law taking upon itself the conduct of this lawless campaign, while affecting to be playing a moderating part, simply added insult to the Government to injury to the public. Ministers were slow to intervene, but it was only the knowledge of their intent and of its consequences that frightened the Hughes faction and spurred the sides of their intent to promote some settlement. The Congress, at all events, for the moment had worsted Mr. Bowling. Its next scheme was to hit the Northern owners. Just here the Cabinet intervened. Under its Act the police became empowered to enter any meeting held in furtherance of a strike. With this authority the secrecy of the Congress ceased. The penalties for promoters of strikes were raised to a year's imprisonment without the option of a fine. This made Mr. Hughes and Mr. Bowling alike anxious for their freedom. The organisation controlling the strike has been destroyed. Unless some fresh outbreak occurs the Western and Southern mines will begin in a week or two to supply coal. The Northern miners are then likely to accept the new Wages Board, though it has been appointed by the Government against their will. They may even return to work pending its decision. In that event the mineowners will have their siege raised; the miners will have been defeated; Mr. Bowling and Mr. Hughes will have been "scrapped". The former aimed at an industrial revolution which would make the Unions the owners of the mineowners, to whom they could dictate their own terms. Mr. Hughes was not so hopelessly chimerical. He aimed only at a revolution which

should abrogate by force the existing law so far only as it forbade strikes, so that while binding the employers it could be set aside by the employees at pleasure in any trade or locality in which the State tribunals did not concede their demands. But even this somewhat restricted claim of the strikers to repeal the law has ignominiously failed. A Ministry which conceded or a Legislature which allowed violence of this kind would have signed its own death warrant. In Australia the rule of the majority obtains. All such attempts of a minority to seize control are foredoomed to defeat. The losses to tens of thousands of innocent sufferers in consequence of the strike are already severe. It is no consolation to them that the losses of the coal miners themselves are greater, or that Mr. Bowling and Mr. Hughes have lost prestige and power. The only newspapers in the Commonwealth that uphold them are our own *Bulletin* and the *Melbourne Age*. It is no excuse for them that they have done so lamely, for while willing to wound, even they, unlike their clients, are evidently afraid to strike on behalf of lawless intimidation and coercion.

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ISBN: 978-1-922656-08-7