

**CIHM
Microfiche
Series
(Monographs)**

**ICMH
Collection de
microfiches
(monographies)**



Canadian Institute for Historical Microreproductions / Institut canadien de microreproductions historiques

© 1998

Technical and Bibliographic Notes / Notes techniques et bibliographiques

The Institute has attempted to obtain the best original copy available for filming. Features of this copy which may be bibliographically unique, which may alter any of the images in the reproduction, or which may significantly change the usual method of filming are checked below.

- Coloured covers / Couverture de couleur
- Covers damaged / Couverture endommagée
- Covers restored and/or laminated / Couverture restaurée et/ou pelliculée
- Cover title missing / Le titre de couverture manque
- Coloured maps / Cartes géographiques en couleur
- Coloured ink (i.e. other than blue or black) / Encre de couleur (i.e. autre que bleue ou noire)
- Coloured plates and/or illustrations / Planches et/ou illustrations en couleur
- Bound with other material / Relié avec d'autres documents
- Only edition available / Seule édition disponible
- Tight binding may cause shadows or distortion along interior margin / La reliure serrée peut causer de l'ombre ou de la distorsion le long de la marge intérieure.
- Blank leaves added during restorations may appear within the text. Whenever possible, these have been omitted from filming / Il se peut que certaines pages blanches ajoutées lors d'une restauration apparaissent dans le texte, mais, lorsque cela était possible, ces pages n'ont pas été filmées.
- Additional comments / Commentaires supplémentaires:

L'Institut a microfilmé le meilleur exemplaire qu'il lui a été possible de se procurer. Les détails de cet exemplaire qui sont peut-être uniques du point de vue bibliographique, qui peuvent modifier une image reproduite, ou qui peuvent exiger une modification dans la méthode normale de filmage sont indiqués ci-dessous.

- Coloured pages / Pages de couleur
- Pages damaged / Pages endommagées
- Pages restored and/or laminated / Pages restaurées et/ou pelliculées
- Pages discoloured, stained or foxed / Pages décolorées, tachetées ou piquées
- Pages detached / Pages détachées
- Showthrough / Transparence
- Quality of print varies / Qualité inégale de l'impression
- Includes supplementary material / Comprend du matériel supplémentaire
- Pages wholly or partially obscured by errata slips, tissues, etc., have been refilmed to ensure the best possible image / Les pages totalement ou partiellement obscurcies par un feuillet d'errata, une pelure, etc., ont été filmées à nouveau de façon à obtenir la meilleure image possible.
- Opposing pages with varying colouration or discolourations are filmed twice to ensure the best possible image / Les pages s'opposant ayant des colorations variables ou des décolorations sont filmées deux fois afin d'obtenir la meilleure image possible.

This item is filmed at the reduction ratio checked below /
Ce document est filmé au taux de réduction indiqué ci-dessous.

10x																				
												✓								
	12x			16x			20x				24x			28x					32x	

The copy filmed here has been reproduced thanks to the generosity of:

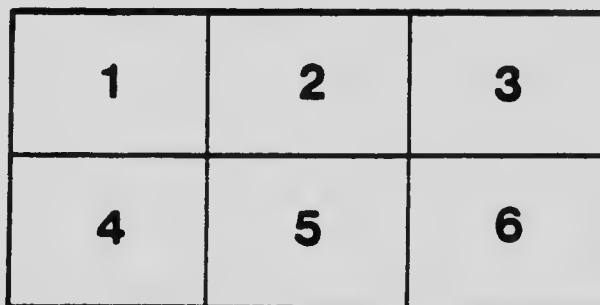
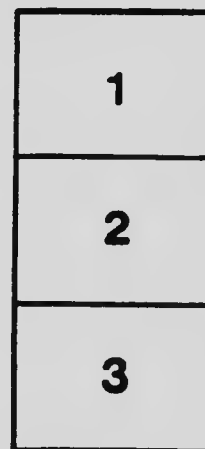
National Library of Canada

The images appearing here are the best quality possible considering the condition and legibility of the original copy and in keeping with the filming contract specifications.

Original copies in printed paper covers are filmed beginning with the front cover and ending on the last page with a printed or illustrated impression, or the back cover when appropriate. All other original copies are filmed beginning on the first page with a printed or illustrated impression, and ending on the last page with a printed or illustrated impression.

The test recorded frames on each microfiche shall contain the symbol \rightarrow (meaning "CONTINUED"), or the symbol ∇ (meaning "END"), whichever applies.

Maps, plates, charts, etc., may be filmed at different reduction ratios. Those too large to be entirely included in one exposure are filmed beginning in the upper left hand corner, left to right and top to bottom, as many frames as required. The following diagrams illustrate the method:



L'exemplaire filmé fut reproduit grâce à la générosité de:

Bibliothèque nationale du Canada

Les images suivantes ont été reproduites avec le plus grand soin, compte tenu de la condition et de la netteté de l'exemplaire filmé, et en conformité avec les conditions du contrat de filmage.

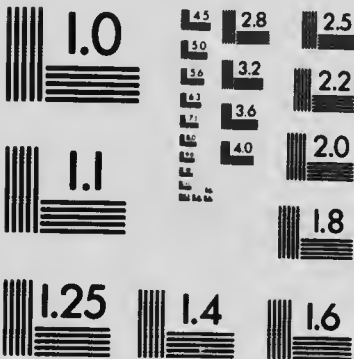
Les exemplaires originaux dont le couvercle en papier est imprimé sont filmés en commençant par le premier plat et en terminant soit par la dernière page qui comporte une empreinte d'impression ou d'illustration, soit par le second plat, selon le cas. Tous les autres exemplaires originaux sont filmés en commençant par la première page qui comporte une empreinte d'impression ou d'illustration et en terminant par la dernière page qui comporte une telle empreinte.

Un des symboles suivants apparaît sur la dernière image de chaque microfiche, selon le cas: le symbole \rightarrow signifie "A SUIVRE", le symbole ∇ signifie "FIN".

Les cartes, planches, tableaux, etc., peuvent être filmés à des taux de réduction différents. Lorsque le document est trop grand pour être reproduit en un seul cliché, il est filmé à partir de l'angle supérieur gauche, de gauche à droite, et de haut en bas, en prenant le nombre d'images nécessaire. Les diagrammes suivants illustrent la méthode.

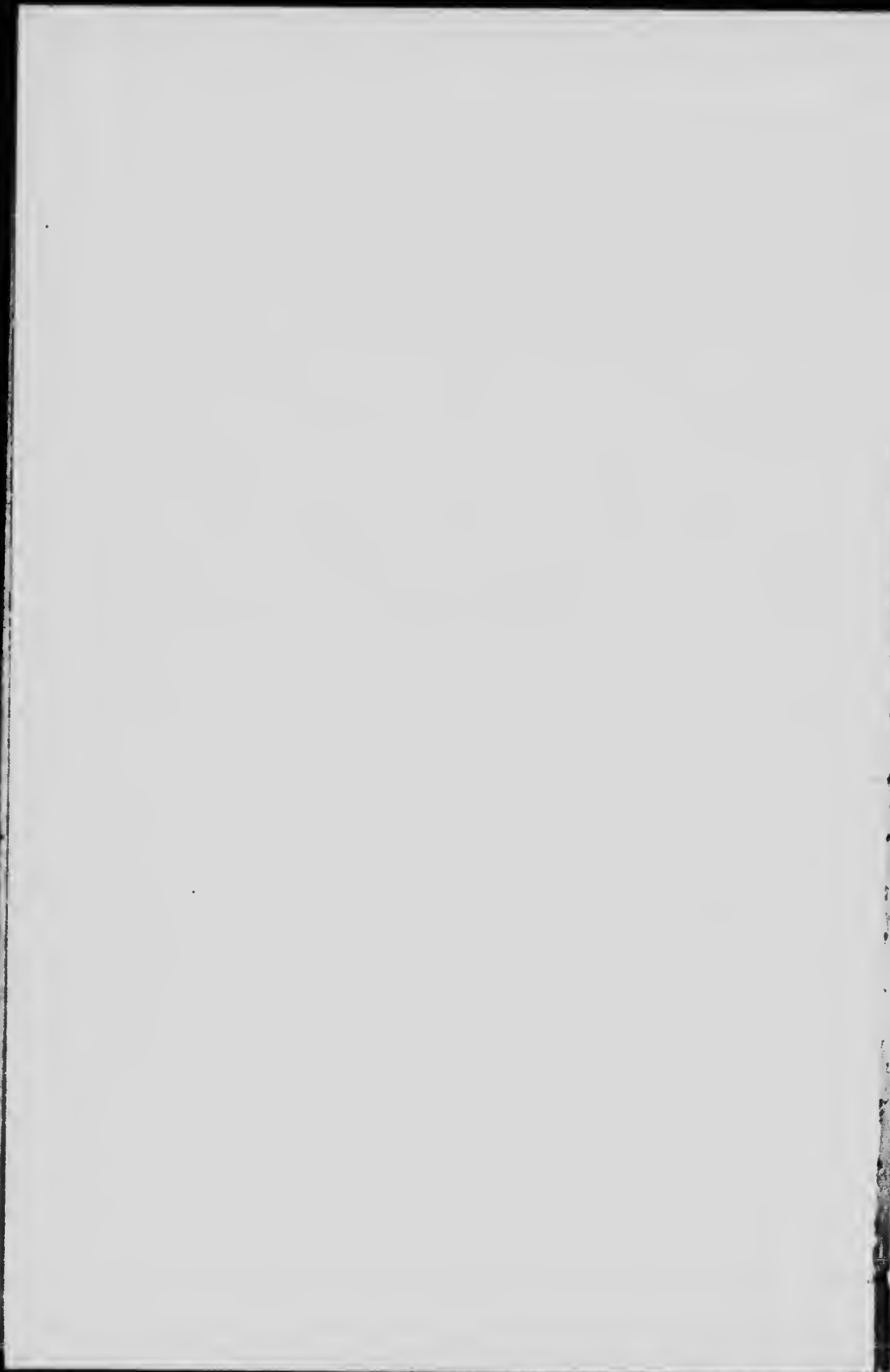
MICROCOPY RESOLUTION TEST CHART

(ANSI and ISO TEST CHART No. 2)



APPLIED IMAGE Inc

1653 East Main Street
Rochester, New York 14609 USA
(716) 482 - 0300 - Phone
(716) 288 - 5989 - Fax



10724

577

AUSTRALIA

PROBLEMS AND PROSPECTS

BY

THE HON. SIR CHARLES G. WADE, K.C.

AGENT-GENERAL FOR NEW SOUTH WALES AND
LATE PREMIER OF THAT STATE

OXFORD
AT THE CLARENDON PRESS

1919

HC600

255011

OXFORD UNIVERSITY PRESS

LONDON EDINBURGH GLASGOW NEW YORK

TORONTO MELBOURNE CAPE TOWN BOMBAY

HUMPHREY MILFORD

PUBLISHER TO THE UNIVERSITY

FOREWORD

THE Author of this book, Sir Charles Wade, K.C., writes with singular authority on Australia and Australian problems. At present Agent-General in London for the State of New South Wales, he was Premier of that State for three years, and for a much longer time a foremost figure in its public life. In addition to being a distinguished Australian, he is an Oxford man and a barrister of the Inner Temple. He therefore thoroughly understands the conditions of the Mother Country as well as those of his native land; he brings legal training and knowledge to bear upon constitutional and industrial questions, and his high character and fair-mindedness are a guarantee for the accuracy of his statements and the sincerity of his views. His predecessor, Sir Timothy Coghlan, has lately given us, in his most valuable four volumes on *Labour and Industry in Australia*, an exhaustive and standard history of the island continent from the first British settlement in New South Wales to the establishment of the Commonwealth. The present book is an excellent complement to the longer work, giving in compact form what may be called an Imperial study of the main features of latter-day Australia, as it has been shaped by the colonizing British race, and of that race as it has been shaped by Australia. The problems which Australians have handled are the problems which are now facing us in the United Kingdom—social and industrial questions, State utilities, land settlement, and so forth. It is true that they present less difficulty in a new country unhampered by centuries of law, custom, and tradition, and that the great spaces of Australia afford infinitely more elbow-room for experiments in living

than the limited and closely-packed square miles of the Mother Country. Still it is and must be of the utmost value to study on what lines advanced British democracy has gone forward; how far Labour, when placed in power, has risen to its responsibilities; how far State action and Government expenditure have been fruitful, as compared with private enterprise. The old nation can learn much from the young peoples of the Empire, and it must be confessed that the overseas democracies have a keener and stronger appreciation of the meaning and value of the Empire than the majority of home-bred citizens. In his concluding chapter, Sir Charles Wade gives his views as to the future relationship between the Mother Country and the King's Dominions beyond the seas. The subject is far too large and too controversial to be treated in a few lines of Preface, but when he pleads for two things, 'a wider knowledge and a closer sympathy', he is not merely uttering amiable platitudes with which all can agree. Wider knowledge and closer sympathy are the *sine qua non* of a permanently United Empire. Constitutional reconstruction is at the best a hazardous enterprise, and in any case no constitutional or political readjustments will avail unless the men and women of the Empire know, like, and trust each other, and wish to go hand in hand through the centuries. This bed-rock of Empire can only be secured by wider knowledge and closer sympathy; the busy millions of our crowded island must be brought to appreciate it; they must be given to understand that it is not an easy task for an old people and young peoples to fit into each others' ways of life and to comprehend each others' points of view. This constitutes the value of such a book as Sir Charles Wade has written, and I earnestly hope that it will be widely read and studied.

C. P. LUCAS.

June, 1919.

PREFACE

WHEN I was invited by the Provost of University College, University of London, a short time ago to deliver some lectures on Australia I readily responded, as it afforded me personally pleasure to make known the resources and possibilities of the country in which I was born and in which I have spent the greater part of my life. But the subject appealed to me also from a wider and National point of view. Perhaps in no portion of the world has the genius for self-government been given greater opportunity for development than in Australia. Many novel and intricate problems of constitutional, industrial, and general social interest have been boldly undertaken by the Commonwealth and its constituent States—sometimes with success, sometimes not. In these days of reconstruction the experiments of our democratic kinsmen overseas are of absorbing interest to us, and the successful experience of these progressive communities should be of the utmost value when the people of the British Isles are confronted with the solution of similar difficulties.

It became impracticable, however, within the compass of two or three lectures even cursorily to introduce the many aspects from which Australia can be advantageously studied, and I have been encouraged to expand the scope of my survey and to embody the results in the present modest effort, which I commend to the acceptance of those who are not indifferent to the vital part which will be played by the Overseas Dominions in the development—and I trust consolidation—of the great Commonwealth of Nations.

We are now on the threshold of a new era. Australians have been revealed to us as a people possessing those qualities

which are worthy of a great nation. The people believe that with increased population a great future is before them. Is then the unity and sympathy manifested and brought to the surface by this common sacrifice in the Great War to be continued and cemented, or are these great outposts of Empire to be allowed to drift aimlessly, with no set policy for closer union? There are many schemes in the air, but because some are premature we are tempted to abandon all practical effort.

We must first learn to know each other. There is much spade-work to be done, for the inhabitants of one part of the Empire are sadly ignorant of the history, geography, political and social life of other portions. Is this want of knowledge surprising when we remember that it is quite the exception to find in the primary schools of this country even a map of Australia? The next few years will be the critical period in developing the future relationship of the Mother Country and her Dominions. It is, therefore, of vital importance that our respective institutions should be thoroughly understood, the Dominions' aspirations appreciated, our differences reconciled; and Britishers should recognize that a progressive democracy is not inconsistent with a deep-seated sense of Imperial unity, and that the enjoyment of an adult franchise does not necessarily lead to any wild cry for 'cutting the painter'.

This preliminary period of education is all-important. Propaganda work should be widespread and thoroughly organized. Hitherto much useful pioneering work has been accomplished by the Royal Colonial Institute, and the country owes a debt of gratitude to its Chairman, Sir Charles Lucas, for his untiring efforts to spread the gospel of a wider knowledge of, and a closer sympathy between, the various members of this world-wide partnership.

I have not attempted to deal with all the problems of interest that arise in the various phases of Australian life

manifested in the Parliaments of the Commonwealth and the constituent States. Many of them, although of intense local importance, have no bearing upon European or British politics. Again, many of the subjects discussed do not represent opinions common to the whole of Australia, for the States enjoy wide powers of legislation and administration under the Federal constitution—much wider than are permitted to the provinces of the Dominion of Canada—and problems are often attacked by individual States which are outside the jurisdiction of the Commonwealth and by different States in various ways. I have, therefore, confined my attention to the treatment of those subjects which are of interest to the people of the United Kingdom at the present time, for the handling of which, or of some phase of which, either Commonwealth or State experience may be instructive; to probe the difficulties, to remove prejudices and misconceptions; to give warning of pitfalls, so that we may profit by the mistakes as well as the successes of Australian experiments; to demonstrate how far Governmental interference is compatible with the free play of individual enterprise, and to show under what conditions an adult franchise is consistent with the steady evolution of democratic government. People of the same stock, actuated by the same ideals, but reared and living amidst different surroundings, are wrestling with the same problems at different stages. The common interest and internal sympathy which will be thus engendered should tend to unite us all in the face of the great world problems of the near future.

I have striven to avoid an expression of opinion on controversial issues, merely stating the facts and drawing such conclusions as are reasonably deducible from the accepted premisses. In conclusion, I desire to express my thanks to Sir Charles Lucas, who has kindly assisted with many useful suggestions. In compiling material for the chapter on Land Settlement, I am indebted to Sir T. A. Coghlan, K.C.M.G.,

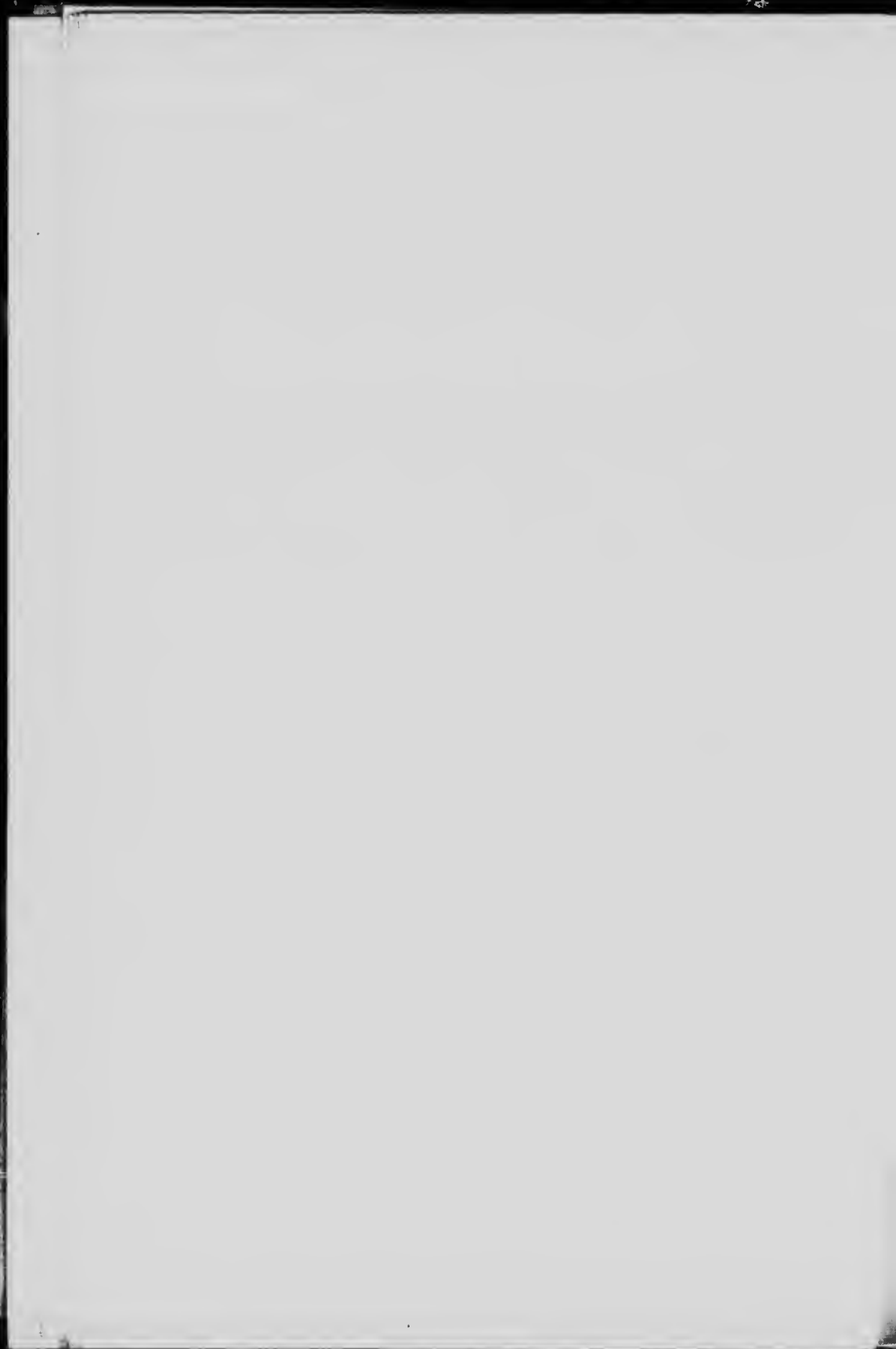
for much useful information derived from his massive work *Labour and Industry*, and to the editors of the *XIXth Century and After* and *The Empire Review* respectively, for liberty to make extracts from articles I have from time to time written in these magazines.

C. G. W.

rk
th
for
to

CONTENTS

	PAGE
I. CLIMATE AND RESOURCES	11
II. INDUSTRIAL AND SOCIAL PROBLEMS	25
III. STATE UNDERTAKINGS AND FINANCE	41
IV. CONSTITUTION	54
V. LAND SETTLEMENT	72
VI. IMPERIAL MIGRATION	88
VII. THE FUTURE.	100



I

CLIMATE AND RESOURCES

No doubt Australia to-day enjoys an extensive popularity. This may be attributed to the valour and the resource exhibited on many a battle-field by her troops, qualities which have won the gratitude of the Allies, the deep respect of the enemy, and the admiration of the world. But the question arises, 'Is this to be only a superficial tickling of the emotions, a mere nine days' wonder?' When peace has been sealed, and we resume pre-war conditions, are the Australian Dominions and their past assistance and valuable resources to be forgotten, or are we going to pursue the policy of binding more closely the ties of Empire? If the latter course is adopted it behoves the people of the British Isles to cultivate a deeper knowledge of and wider sympathy with the Commonwealth, to promote the free interchange of people and opinions whenever practicable, to appreciate the probable line of development in the future, and to welcome every opportunity of studying some of the more interesting aspects of Australian life and institutions.

Australia, as a matter of geography, should be fairly well known, but an extraordinary amount of ignorance still exists with regard to that Continent as to locality, distance, development—let alone political and social life.

Now one feature, an elementary fact which must be impressed upon everybody, is the size of that great Continent. It represents in round figures about 3,000,000 square miles. It extends 2,400 miles from east to west, and 2,000 miles in its extreme length from north to south. Figures convey little by themselves, but a few comparisons may emphasize its vastness. If we were to take the whole of the land surface of the United States of America and superimpose

it upon the Australian Continent there would be a space not covered by America of 69,000 square miles; if compared with this country, we could place Great Britain and Ireland twenty-five times inside the boundaries of Australia, and nine times inside Western Australia, which is one of the large States of the Commonwealth. If every inhabitant of the latter country stood at arm's length they would be unable to reach round the coast-line. In a territory so extensive as this, naturally every variety of climate will be met with. In the north tropical, then a moderate temperate zone, which, as one travels southward, develops cooler conditions with invigorating breezes from the Antarctic. A great part of Queensland—nearly one-third—lies within the tropics. The space between a line drawn through the south of Tasmania and the equator would correspond to the distance between the equator and the south of France in the northern hemisphere. Yet all these varieties of climate can be experienced in the course of a few days' journey. In Sydney an ideal climate for the greater part of the year is to be found. In the summer the temperature seldom rises high, never to extreme heat; in the winter months frost is never known close to the Pacific coast. The early morning is crisp, but the day is invariably bright accompanied with sunshine. The latter months of the summer—February and March—are muggy, owing to the accumulated effect of a continuous sea-breeze; the air becomes laden with moisture, but it seldom becomes oppressive. To those who fancy they are jaded a ready welcome is extended by our friends in Tasmania. There visitors can revel in a climate that is bracing and invigorating, which combines the attractions of the United Kingdom without some of its disadvantages. In a word, Australia is a land of sunshine. The great attraction of the eastern coast is surf bathing. It is at once a sport and a recreation. The east coast of Australia is fringed for hundreds of miles with sandy beaches. Sydney is especially fortunate in this respect, and during the summer months a large percentage of the population of both sexes of all ages and classes indulge in this invigorating pastime.

Climate is associated with rainfalls. Let me remove at the outset the false impression at times circulated that Australia is a land of droughts. The accusation that there is a discouragement to enterprise through the uncertain seasons has prejudicially affected the country in days gone by. In all candour one must admit that there are from time to time dry seasons (and in the past there have been droughts of a serious character), but when it is realized that Australia comprises an area larger than that of Europe itself, the mere fact of there being dry periods in one locality is no reason for condemning the whole country as drought-stricken. It would be equally unfair to brand Europe as droughty because dry seasons recur from time to time in Spain and Italy. In the early days, no doubt, when the means of combating drought, the results of water failure, were not understood or not developed, when internal water conservation was in its infancy, the effects of a drought were serious and at times disastrous; but in recent years, through the growth of the railway system, stock, when grass fails, can always be transported to other pastures, and improved methods of agriculture and water storage have robbed the drought of pioneer days of most of its terrors.

The coastal districts of Australia are uniformly and abundantly watered. Those parts of Queensland and West Australia which lie within tropical latitudes are subjected to the periodical wet seasons, and the average fall for the year is very heavy; indeed, there is one stretch of 100 miles along the eastern coast of Queensland where the rainfall is in excess of 90 inches per annum. As one travels southwards the measurement decreases, but the whole of the eastern, south-eastern, and south-western coasts of the Continent, for an average distance inland of at least 30 miles, receive an annual rainfall of 40 inches. If, then, the total coast-line of 12,000 miles is multiplied by an average depth of 30 miles the result is an area of 360,000 square miles (nearly three times the acreage of the United Kingdom) which enjoys an average rainfall of 10 inches in excess of the fall in London. Whilst suffering from occasional dry periods these coastal districts are never subjected to a disastrous drought.

The soil is very productive, consisting largely of river valleys and alluvial deposits from the waterways which run from the table-land. The whole area is capable of cultivation and dairying, and there is room for the close settlement of millions of people in profitable occupation. Regular seasons are here assured, inasmuch as the moisture-laden clouds from the Pacific strike the mountain range at a short distance inland and the vapour is precipitated and feeds the many streams which take their rise in this mountain range and flow from west to east into the sea.

On passing inland from the eastern coast a range is encountered extending from the northern parts of Queensland at varying distance from the coast into the south-eastern districts of Victoria. Westward of this range lies a vast table-land gradually shelving towards the centre of the Continent, and the rainfall decreases gradually as one travels a way from the coast and loses the influence of the sea-breezes. There is no system of snow-capped mountains in Australia to provide the rivers with a steady supply of melting snow, and provision for a permanent water-supply depends upon the schemes for conserving the rain when it falls. That more has not been accomplished is owing to the lack of funds.

The river system of Australia is somewhat unique. The only large river is the Darling with its tributaries. It rises in Southern Queensland, runs through the western part of New South Wales, joins the waters of the Murray on the Victorian border, and thence (known as the river Murray) finds its way to the sea through the States of Victoria and South Australia. Its total length is 2,310 miles, and during the periodical flood times it is navigable for 2,000 miles of its length, whilst the river overflows its low-lying banks and expands at times into a sheet of water as much as forty miles in width. Under judicious control sufficient water could be conserved from the flow of the Darling during wet seasons to counteract the effects of rainless periods extending over years. Hitherto, unfortunately, little has been done towards checking this waste of water, though there have

been many proposals. As far back as 1890 a Royal Commission in New South Wales reported in favour of locking the river Darling for navigation and conservation purposes, but the proposal involved heavy expenditure of money, and, as there were few political votes attached to it, the scheme was not pressed. Recently, however, the importance of water conservation as a national work has been realized, and an arrangement has been arrived at between the Commonwealth and the States of New South Wales, Victoria, and South Australia to share in the cost of constructing a series of weirs in the Murray river east and south of its junction with the Darling, which will revolutionize and simplify the water problem in the south-east of Australia. The river will be locked and there will be maintained an even flow of water all the year round, whilst huge diversions for irrigation purposes will be practicable. This scheme involves the filling from the main river of Lake Victoria, a dry bed near South Australia, whereby an immense volume of water would be stored for irrigational purposes, and enabling very extensive areas of land contiguous thereto to be placed under intense cultivation. Independently of this work the New South Wales Government have constructed the great dam at Burrinjuck in the upper reaches of the river Murrumbidgee, which is a tributary of the Murray. It is the largest work of this nature south of the equator, and is exceeded in magnitude by few, if any, in the world. The depth of water at the face of the dam when full is 200 feet, and an area of 12,240 acres is submerged by the stored-up water at varying depths. To those who are familiar with Sydney waters it will be interesting to know that the quantity of water stored at Burrinjuck is equal to the contents of Sydney Harbour. The water is drawn off from this dam in sufficient quantities to maintain a regular flow in the river channel at all seasons, and some 150 miles lower down the stream it is diverted into canals for the purpose of irrigating the new and extensive settlement at Yanco. This is a district where the natural rainfall is not more than 12 inches in the course of the year, but it is considered that the quantity

conserved by the dam is sufficient to maintain operations on the Irrigation Settlement for a period of two years even if the dam be not replenished by any rainfall during that time. It is also proposed to construct a dam of a similar character close to the banks of the Murray, which will serve to irrigate an area in that neighbourhood even more extensive than the settlement at Yanco.

So much for the surface water supplies of the Continent. There is in addition an apparently inexhaustible reserve underground, the existence of which was only discovered in recent years, and the extent of which is not yet determined. It has been proved that there exists an immense artesian basin, lying towards the eastern part of the Continent, where water can be obtained by boring at depths varying from 2,000 to 5,000 feet. So far it has been proved by bores that the artesian bed is 500,000 square miles in extent, and the daily flow from the individual bores varies from 1,500,000 to 3,000,000 gallons per day, according to the depth of the well. These artesian bores have been flowing for many years and there is little evidence of a diminishing flow. The water, however, is highly mineralized and in some localities in its natural state is not altogether suitable for the purposes of cultivation, but the water is always suitable for drinking purposes by stock; and one large district in particular, which in days gone by had been an uncertain speculation for pastoralists, has now become transformed into one of the most valuable pasture areas in New South Wales through the discovery and use of artesian water.

Hitherto the edge of the artesian basin was thought to lie considerably to the eastward of the central line of the Continent; but it has been reported lately that artesian water in large quantities had been struck near Lake Eyre in South Australia. This neighbourhood marks the point where the natural rainfall diminishes to its lowest, and it has always been regarded as unfit for profitable occupation; and Lake Eyre itself is a dry depression evidencing a period when that part of Australia lay below the level of the sea. If this discovery is confirmed over a large area, then the great problem

of barren central Australia seems to be solved, for where water exists cultivation can be carried on and population can be sustained. If settlement is gradually extended inland from the sea, then by the time when the dryer areas of the interior are reached we may with confidence assume that scientific method of water conservation and irrigation and of agriculture will make every part of that great Continent habitable, productive, and prosperous. Southern California is an encouraging object lesson: what has been accomplished by water and capital in those arid regions can be repeated in Australia.

Such are in short the water resources of the Continent. What have been the products? Although Australia is rich in every variety of primary product, the energies of the settlers were for many years confined to the rearing of sheep and the growing of wool. This occupation involved the employment of few hands comparatively, and the bulk of the population was collected in a few large towns close to the sea-coast. It was realized, fortunately in good time, that the policy of developing the towns at the expense of the country districts was not in the best interests of the Continent, and the large growth of dairying, agriculture, and closer settlement in recent years is the result of a determination to increase the population in the interior and encourage the cultivation of smaller areas.

The greater part of the dairy industry is carried on in the river valleys between the great dividing range and the eastern seaboard of Australia. There are districts inland, no doubt, in which dairying operations can be carried on successfully, but this coastal belt is in every way pre-eminently suitable for dairy farming and is capable of supporting a teeming population. As the land is rich and consequently costly, the farms are small in size, varying from 5 to 40 acres each. For some years butter from Australia has enjoyed a stable market in Great Britain, and an ever-increasing quantity is annually imported.

Agriculture has only been seriously attacked within the last thirty years. The climate between the table-land and the coast is too wet for wheat-growing, and with the back-

ward methods of the pioneering days grain-growing was an uncertain venture in the interior. Much of the work hitherto has been of an experimental kind, and it was for a long time thought to be impossible to grow wheat in a locality where the rainfall was less than 20 inches per annum. Each year, however, cultivation is advancing farther inland from the coast-line; and at the present time in New South Wales wheat is being grown profitably in districts situated 100 miles westward of the line which, only a generation ago, was held to be the ultimate limit of successful cultivation. As each year passes it is expected that the line of profitable agriculture will be extended still farther inland.

Research work has resulted in the development of a wheat grain which has greater powers of resistance to the effects of dry weather, and at the same time is more prolific; and when the soil is treated by improved methods of cultivation with a more liberal use of manures good results are assured in these districts where the rainfall is only slightly in excess of 10 inches per annum. In the areas where the rainfall is less than that figure wheat-growing is a speculation, but the irrigation works and the conservation of water will enable the dryer belts to be utilized for fruit-growing, lucerne, and other forms of intense cultivation; and if the recent discoveries of artesian water in the neighbourhood of Lake Eyre prove to be permanent, then there is no reason why, with easy access to water, the farmer should not throughout Australia overcome those difficulties which were the nightmare of the early pioneers.

Hitherto the average yield of wheat has not been high; it usually figures about 14 bushels per acre. This is undoubtedly low compared with the standard yield of 30 bushels per acre in the United Kingdom. It should be remembered, however, that the cost of cultivation is heavy in Great Britain with its limited areas available, whilst the most approved methods have not yet been widely applied in Australia, where the areas are endless. Wheat-growing is still more or less in its infancy in the Commonwealth, but its possibilities in the future are unlimited. The yield of the wheat crop in Australia for the

year 1913 totalled 103,000,000 bushels. The production of the United Kingdom for the same year was 61,000,000 bushels. In 1915-16 the yield in Australia was 179,000,000 bushels and the value of Australian agriculture and dairy products in 1915 was £73,769,000.

In spite of the rapid extension of agriculture, sheep breeding has not been curtailed. Possibly Canada through proximity to the European markets may claim to be the granary of Europe, but Australia supplies the material for clothing the greater part of the world, and wool is eagerly sought by the United States of America, the British Isles, and on the Continent. Eastern countries, moreover, are now coming into the market and Japan and China are expected to be keen customers in the future. In 1915 Australia with five millions of people produced 642,743,725 lb. weight of wool, representing one quarter of the world's production. Sheep flocks have slightly diminished in recent years, and may be expected to fluctuate from time to time according to the seasons, but the figures show a steady upward movement. In 1915 the number of sheep in Australia was 94½ millions; in the United Kingdom 28½ millions, and in the United States 50 millions. In the early days the pastoralist was ever contending with two difficulties, of which one was the absence of internal railway transport. In consequence when his flocks were overtaken by drought they were unable to live through the absence of herbage, or to travel on foot to fresh pasture on account of weakness, and thus they would die in large numbers. This obstacle has now been overcome since the construction of branch and cross-country railways from nearly all the large centres, and from north to south or east to west; and nowadays the pastoralist in times of difficulty is enabled to transfer his flocks to good pastures by rail. Another difficulty was the absence of a market outside the Continent. Wool was able to attract buyers in the Old World through the scarcity of this product, but there was no overseas market for the surplus meat which was produced every year. The carcase was boiled down for the tallow which it would yield and the meat was diverted from general consumption, in fact was

wasted. However, the establishment of freezing works on land and refrigerated space in ships has enabled Australian mutton, as well as beef, to secure a footing in the markets overseas. The cattle business is now expanding. Queensland and West Australia are the chief homes of this industry, and here again refrigeration has been the salvation of the cattle raiser and supplied him with a permanent market abroad. Of late years the meat-canning industry has been established, and many a soldier during the recent war has expressed his gratitude for the prompt and unvarying supply of Australian frozen and canned meats at the Front. The value of pastoral products for the year 1915 was £65,607,000.

The mineral wealth of Australia is phenomenal. Millions of pounds worth of ore and metals have been extracted from the soil in the course of the last sixty years, and yet many competent authorities declare that hitherto merely the surface of the earth has been scratched. Gold was first discovered in New South Wales in the year 1851, and shortly afterwards ensued the great gold rush to Victoria. Since then gold has been discovered in every State of the Continent, and the original far-famed mines of Bendigo and Ballarat are still being worked with success. Gold was discovered at Coolgardie in West Australia less than thirty years ago in the heart of the barren spinifex country. To the late Lord Forrest the credit is due of leading the water inland in pipes over a distance of more than 400 miles to the mining field, thus ensuring a permanent supply for the district, and enabling a thriving city to grow up in a spot which was once regarded as a heart-breaking desert. To give an idea of the phenomenal yield of gold in Australia, mark that the total raised up to the end of 1915 is valued at £572,453,770. Turning next to silver and lead, the Broken Hill Mines of New South Wales are the largest in the southern hemisphere, and the tales of the early discovery and development in a waterless tract savour of romance. For more than thirty years this lode has been worked at high pressure, and the value of production up to the end of 1916 amounts to £91,000,000. The total dividends paid represent £18,000,000, whilst the dividends

paid by the Broken Hill Proprietary Company (the parent Company on the lode) amount to £11,000,000, and wages, &c., represent no less than £15,000,000.

As to copper. The representative mine of Australia nowadays is Mount Morgan in Queensland. Originally it was a mountain which was impregnated with gold, was worked as a gold proposition, and dividends from that source to date amount to £9,180,000; but the working of the mine disclosed the fact that it was in reality a mountain of copper, and an immense reserve of copper ore has been located amounting to at least 7,000,000 tons. The output of gold is 4,621,302 oz. and of copper 93,114 tons. The company is still paying dividends to the extent of £400,000 a year, and has every prospect of a long life before it.

One of the largest tin mines in the world is situated at Mount Bischoff in Tasmania, and although fortune was not kind in the early days of the war, it has been a most successful undertaking. The dividends paid represent a return of £150 for each £5 share.

Molybdenite and tungsten are found in large quantities in Australia, representing a very large proportion of the total production of the world. The value of these metals cannot be overestimated for the purposes of hardening tools and for high speed work in manufacturing, and it is expected that there is a great future in store for this industry.

It has been said that coal and iron are the raw materials which are most valuable, and which are essential to the success of a manufacturing country. If this be so, there is a great future before the Commonwealth. Iron ore is to be found in very large quantities in South Australia and Tasmania, and deposits not so extensive are worked in New South Wales and other portions of the Continent. Large iron-works have been in operation in New South Wales for some years past, and the Broken Hill Proprietary Company—the pioneers of the silver lead industry—have recently established elaborate and up-to-date works on the sea-coast at Newcastle in the heart of a coal-mining district. Already, in addition to the production of iron and steel for ordinary

commercial purposes, the Company has been rolling steel rails, and proposes to undertake the manufacture of galvanized iron. It is expected that these establishments will supply all the needs of Australia for railway construction, ship-building, and ordinary commercial purposes.

Last, but not least, water-power is a most valuable adjunct to successful manufacture. The great lake in the centre of Tasmania has been harnessed for the development of electric power, which is transmitted to the north and the south of the island, and will play a great part in reducing manufacturing costs in the future.

The following figures represent the value of the primary products and manufactures of Australia for the year 1915 :

	£
Agriculture	73,769,000
Pastoral	65,607,000
Minerals	22,397,000
Forestry and Fisheries	5,777,000
Manufactures	62,883,000
Total	£230,433,000

Having cursorily surveyed the resources of the Continent it is opportune to introduce the reader to its people. The Australians are essentially British; in many respects, indeed, more British than the people themselves in the British Isles. There is less admixture of foreign races, and the White Australia policy of the Commonwealth tends to preserve the pure racial characteristics of the Anglo-Saxon. Their national characteristics are a spirit of adventure, perseverance in the face of difficulties, a keen sense of justice, and a demand for equality of opportunity. The life of the old pioneers was hard and exacting. In the early days of last century a journey to Australia occupied from six to nine months. The perils of the sea were many, food was of the poorest, the vessels were not more than a few hundred tons burden, and the men and women who undertook the trip of their own free will required a stout heart to sever their connexions with their old homes to embark on this journey of exile. The

country was uninhabited by white men, except their own few fellow settlers, comforts were few, hardships were numerous, and the daily routine was exacting toil. The life of a woman was discouraging—often alone in the house, subject to attacks by the natives or by escaped convicts, who assumed the rôle of highway robbers. Yet under such arduous conditions generation after generation of sturdy settlers were reared, who were taught to realize that their success in life was dependent on their own merits and exertions. Shut off as they were from the rest of the world, they developed their own ideals of government and social institutions, and thanks to the good sense and liberal policy of the British Government the boon of responsible government was conceded in the year 1855. Since then each of the States has from time to time been allowed large powers of self-government, and they have built up free institutions—perhaps the freest and most democratic in the world. For many years the franchise has been adult—enjoyed by every man and woman over the age of twenty-one. The system of education is free, secular, and compulsory up to the age of fourteen, thus affording to every young Australian an opportunity of being thoroughly grounded in all branches of elementary education. Discussion through the press, at public meetings, and in debating societies is encouraged on all subjects of public interest, and the people are brought into close touch with the burning political issues of the day. There is no privileged class, either of birth or wealth, which can bar the individual's advance in life, and there is no post or position to which the humblest may not rise, provided merit and perseverance is manifested. The Australian has developed a large measure of initiative from the training of his parents, and being compelled to think for himself: and it is those qualities which have stood the Australian soldier in such good stead on many a battle-field in the fighting zones of this war. The Australians pride themselves on their spirit of independence, and so strongly has this been developed that the Germans in their folly believed that the Dominions would break away from the mother country at the first outburst of war. But keen as

they are to express their own opinions they are imbued with the same sense of justice and freedom as the people of this country, and they loyally threw in their lot with Great Britain and France in upholding the safety of civilization. They gave willingly of their best, and now it is their proud consolation to know that, however great the sacrifice, they have played a real part in achieving this great victory, and without shame may stand side by side with the best soldiers in the world.

II

INDUSTRIAL AND SOCIAL PROBLEMS

IN order to appreciate the arguments in support of a tribunal for the compulsory adjustment of industrial disputes it is necessary to understand the procedure for the fixing of wages. In the old days it was a matter of bargaining or haggling to adjust the relation between supply and demand as it varied from time to time. The workman, however, was usually at a disadvantage in this process. Whilst the employer of labour was able to withhold his capital if the proposed terms were not satisfactory and await a more favourable opportunity, the workman could not afford to do so, for his capital was his capacity for labour, and if that was unoccupied his resources were forthwith paralysed. Thus it came about that unless the demand for labour was in excess of the supply, or unless the organization of labour was sufficient to exercise pressure, the worker was faced with the alternative of yielding to terms when unsatisfactory or facing unemployment with all its consequent hardships. Thus eventually the fixing of wages resolved itself into a trial of strength between two parties, and those who possessed the greater strategic advantages were generally successful; and this power of economic pressure was used relentlessly by either side. This method is barbaric and out of keeping with modern humanitarian ideals and it tempted unfair employers to depress wages unduly. Such a course of procedure was socially and economically unsound. For the employer lost his profits, the wage-earner lost his remuneration, output was reduced, and the national progress retarded. But outside the direct parties to the conflict the non-combatants (represented by the wives and children of

those concerned) were the victims of the struggle and suffered inevitable privations; whilst the public, who had no concern in the dispute, were compelled to submit to the inconveniences arising from scarcity of commodities and the consequent increase in prices. These evils became intensified as trade and commerce expanded and industries became interdependent. Obstruction in one trade would lead to delay and possible stoppage in a number of others allied to or dependent upon it for continuous working. Through the combination of workers and the sympathetic strike the evil of a local strike was often widely extended. Thus the losses and privations caused by a lock-out or strike became a greater menace to the community. It had been felt for many years that dislocation of industrial life was the wrong way to adjust internal disputes. As a remedy voluntary tribunals and trade committees had been frequently tried, but not always with success. The Australasian Dominions were the first to attempt to frame machinery which compelled the combatants to submit their disputes to an impartial tribunal for adjustment, without ceasing work. The ideal was to secure protection to the weak against the aggression of the strong, to guarantee to all workers a reasonable living wage, and to make sweating a thing of the past. Farther, to ensure that a tribunal should be established which would protect all interests, and which, while laying down conditions which were acceptable to the employer and employee, would not be burdensome on the general public. The last, but by no means the least important, objective was to abolish lock-outs and strikes and to maintain the continuity of all industrial operations.

New South Wales was the first of the Australian States to make these experiments on a large scale, and the Industrial Arbitration Act, after a stormy passage, eventually became law in 1901. The aim was to devise a tribunal which would fulfil the above-mentioned expectations. Parliament had the example of a Wages Board system operating in Victoria which had successfully dealt with the 'sweated' trades for some years previously, but its operations were confined to the

securing of a living wage in these particular trades. New Zealand a year or two before had established a Court of compulsory arbitration—semi-judicial in character—on a more ambitious scale and with wider powers of regulating industrial conditions. The New South Wales Parliament decided to follow the lines of the New Zealand Act, which up to that point had worked smoothly. A Court was established consisting of a president and two members. It was surrounded with the formalities of a court of law. Evidence was presented on oath and the parties were allowed legal representation by counsel or attorney. Its jurisdiction included the granting of a minimum wage and generally regulating the conditions of an industry. The elements of failure, however, were involved in the initial constitution of the personnel of this Court. The President was a Judge of the Supreme Court, an able man, but who had had no practical experience of manufacturing conditions. One member of the Court, chosen by the employers as a body, was drawn from the ranks of marine engineers; the other, chosen by the industrial organizations of employees, was a seaman by occupation. Thus if engineering or shipping disputes were brought up for determination then at least one member would have some practical and expert knowledge of the issues. But in the great majority of cases each member was equally deficient in practical knowledge, &c. It was hoped that each member would approach the dispute in a spirit of judicial impartiality, laying aside all preconceived views, and weigh the evidence accordingly; but it was found that in industrial disputes intimate knowledge of trade conditions was a very necessary safeguard against mistakes on the part of the Court, and partisanship was unavoidable. In practice it became the rule for the employees, who were invariably the plaintiffs, to put forward extravagant claims, many of which—in their own trade circles—would be untenable. The employers retaliated with counterclaims of an equally extreme nature, each thus hoping that the two official members would support the interests they were supposed to represent, and a bewildered tribunal would seek safety in the usual refuge of arbitrators

by splitting the difference. In practice these expectations were usually fulfilled.

This initial weakness in the constitution of the Court was the source of many evils. It was always necessary to educate all the members of the Court *ab initio* in all the details of each trade that submitted its claim, and valuable time was wasted in educational processes introductory to the real hearing which would have been entirely unnecessary for those who understood the business. Thus the actual hearing of each dispute became unduly prolonged. Further, the cause list grew unduly. The Court was supposed to act only when a strike or lock-out was threatened, but it became the custom to accept a mere claim as evidence of an impending dislocation of work; and inasmuch as the awards of the Court usually granted an increase in wages, there was naturally a stampede of all the trade unions to secure priority in approaching this tribunal by placing their case on the list. In a very short time the work of the Court (there was only one) had become congested; there was a lengthy list, and legitimate disputes might remain upon the waiting list for months, whilst those which had been lodged earlier in point of time received preferential treatment. Thus a case of real merit might be postponed indefinitely. The workers had been bidden to refrain from strikes on the promise that their grievance would be promptly heard; they found they had surrendered the old weapon but had failed to secure the anticipated compensating benefit. What else could they do? They protested, they fell back on the strike, since peaceful methods of adjustment were out of their reach. The Court was powerless to cope with this situation, for it would be suicidal to grant precedence on the ground of alleged urgency, because all claims would then be marked 'urgent' and their *bona fides* would not be determined until a hearing had taken place. The Court was compelled to adhere to the chronological list. The only alternative would have been to increase the number of courts. But the Court was an expensive tribunal and the cost of multiplying it would have been prohibitive.

It thus followed through this congestion of the Court that a direct encouragement was given to the workers to fall back on the direct methods of strike through inability to secure a hearing; and this tended to undermine respect for the law. On the other hand, the awards when delivered failed to give satisfaction. Being propounded by men who were upright to a degree but without expert knowledge and more or less groping in the dark, the decisions failed to please either party; a spirit of unrest and resentment rapidly developed, and the influence of the Court, which it was hoped would be the great counter-activity of strikes, disappointed expectations.

The last blow to the efficiency of the Industrial Arbitration Court was the exercise of the 'writ of prohibition'. From time immemorial the superior Courts in British schemes of jurisprudence have been clothed with the power of restraining inferior Courts from exceeding their jurisdiction. The prospect had been present to the minds of the legislature, in framing the machinery originally for compulsory arbitration, that awards might be delayed or rendered nugatory by successful appeals; for two of the conditions precedent to success were promptness of determination and finality. It was, therefore, enacted that the awards of the Court should not be subject to appeal or even to the writ of prohibition. This was a novel departure and far-reaching, for it meant clothing the tribunal with unlimited discretion and power. The view was held, however, that however wide might be the terms limiting the right of appeal, yet as to actions *ultra vires* the superior Courts could not be deprived of their inherent right to restrain inferior tribunals from exceeding their jurisdiction. Eventually this point was tested successfully by the employers on a number of issues, and the employees looked on with astonishment at first, and then with deep resentment at the fruits of long and expensive inquiries being time after time nullified. The Act (in words of a subsequent President) became a riddled hulk. In the course of five years it became manifest that the existing machinery was not calculated to secure a satisfactory

adjustment of disputes or to guarantee the continuity of work.

The public, however, had become impressed with the conviction that State intervention was necessary and demanded that some alternative machinery should be devised for securing redress. Parliament accepted the obligation, and in the year 1908 a new measure was produced on the lines of the Victorian Wages Boards. Instead of a tribunal with the formalities of a Court of Justice a Board was chosen, consisting of an equal number of representatives of employers and employees in the particular industry concerned. They were all practical men, thorough experts and knowing the exact places where the shoe pinched. Further, a Board was appointed for every trade; this promised to secure not only a marked reduction in the time occupied in determining each dispute (for irrelevant claims would not receive any countenance), but also, from the fact that a number of Boards in different industries might be sitting at the same time, greater expedition in clearing the atmosphere of disputes. On one occasion there were no less than twenty-five Boards at the same time investigating different industrial disputes. Expedition was further secured by fixing the remuneration of the Boards at a figure which would not afford an inducement to prolong matters unduly. Moreover, the absence of a legal atmosphere tended to produce a spirit of conciliation and a reasonable attitude between the disputing parties. At the head of each Board was a Chairman. The difficulty was to secure efficient Chairmen. If he was a mere figure-head with no personality or tact, the representatives of the two sides were prone to give a solid party vote, and then trust to influencing the President one way or the other to split the difference. Such a man would be of little value. Success in this new experiment was dependent upon securing the services of Chairmen who had sufficient influence and courage to induce the parties to arrive at a decision by a majority amongst themselves. The first experience of this new departure was encouraging. Hearings were shortened, the lists were no longer congested, the determinations of the Boards

carried with them an authority which was wanting in the old Arbitration Court. The experience of Victoria had been equally satisfactory, but in that State the workers were not highly organized or very aggressive. In New South Wales, on the other hand, Unionism had advanced in numbers and power under the original Arbitration Act, and the militant organizations eventually pitted their strength against the law by resorting to the weapon of the strike, and conflict between the two forces continually recurred. It was possible by firm administration to maintain the efficacy of Wages Boards as the only solution of industrial disputes; but the penalty imposed for firmness on the part of the Government was severe, and it was easier and less distasteful to political supporters if the Government bent their heads to the storm of opposition and condoned the frequency of strikes and contemptuous disregard of the law. Gradually but surely it became the custom to approach these peaceful tribunals to secure from them all that was possible, and then to strike for something more in the hopes that the State would intervene, and for the sake of peace suggest some compromise which meant a still further concession to the workers.

It thus became manifest, as time passed, that industrial organizations might be classified into two main divisions, which might be called the 'peaceful' and the 'militant'. It became impracticable to control the latter, even by penalties, if they were determined to resist. Recently another change has been made in the law whereby an option is extended to these various workers' organizations either to come under the shelter of the Act and enjoy its benefits and protection, whilst forgoing the desire to strike, or, in the alternative, to stand aloof from peaceful arbitration and rely on the old weapon to advance their wishes, but to be excluded from any benefits that might arise from an award of a Board. It is too early yet to state how this change will work in practice. But it can be gathered from what has been said that although the Wages Boards are an efficient tribunal for determining the issues of fact, yet no machinery has so far been devised which can successfully compel unwilling parties

to observe the award, and recent legislation impliedly admits this position.

This brings me to the question of compulsion. When the original Bill was being discussed in Parliament in 1900, the workers claimed that machinery should be provided for forcing employers to observe an award if adverse to their interests. This was readily conceded, and the converse obligation of obedience was logically imposed upon employees to take their grievances to the Court rather than resort to economic pressure through the medium of a strike. The sanctions adopted for enforcing obedience to the decisions of the Court were various. For many years the penalty for a strike or lock-out was imprisonment either at the hands of a jury or by a Court of summary jurisdiction; but it was obvious that if a test was made it would be impossible to imprison large bodies of men on strike, and the challenge was definitely thrown down some years ago on the occasion of a very extensive coal strike in New South Wales. An attempt was made to enforce obedience of the law by the prosecution of a certain number of the ringleaders of this very strike. These men were convicted, and shortly after their trial the strike did in fact come to an end; but when these powers which had been on the statute book for years were put into operation, a loud cry of resentment ran through the community. It was argued that it was a resort to Middle Age barbarity to stamp as a crime the endeavour of individuals to secure more humane conditions of life for their fellow men; and, unless the conduct of men on strike actually involves some act of violence, it is doubtful whether the power to imprison will again be invoked against men merely because they are on strike. It was still felt that some penalty was necessary to maintain the authority of these industrial tribunals, and attempts were made to attach the funds of the trade or industrial unions for strikes, breaches of awards, or other offences against the Act, but without success. The wages of the individual men on strike were likewise attached. To seize moneys in the hands of the late employer would be futile, but when the wages under a new employer were

impounded, an appeal was made to sentiment that it was very hard that a man who had been without work should be robbed of the first wages he earned after resumption, whilst his family were without reasonable means of sustenance. Another device was to obtain an injunction against a threatened strike, and to punish for contempt of Court those who defied it; but whilst this expedient might lead to delay, and thus give time for better counsels to prevail, yet administrators were eventually faced with the old situation, that, if a body of men were sufficiently organized and determined, the mere threat of imprisonment would not deter them from their purpose. The general opinion to-day is that it must be moral authority rather than legal compulsion which is to enforce obedience to the industrial tribunals in the future.

The interpretation of the statute by the first President of the Industrial Arbitration Court led to developments of a political nature that were never contemplated by the legislature. One section provided that in the event of two workers offering themselves for employment at the same time, one being a member of a trade union and the other not, then, other things being equal, preference of employment should be given to the unionist. This was a discretionary power to be used with care, and was intended no doubt to encourage the enrolment of the workers in trade unions and organized negotiation. The interpretation given by the President, however, was in effect that he was bound in all cases to grant preference to unionists. As a result the ranks of the unions were enormously strengthened, for it was understood that unless a worker belonged to a union he could not expect to secure work; and having become a member of the union an attempt was then made by its political elements to coerce him to vote the 'labour ticket' and support the Labour Party under the penalty of expulsion for refusal and the consequent inability to secure employment. No doubt this objective was not as a rule openly announced, but it was generally felt that pressure of this character was indirectly or directly applied. In the course of the next two years the ranks of the trade unions increased largely in numerical strength, and every

opportunity was taken to consolidate the members as supporters of the Labour Party. Thus the trade union under the patronage of the Court became a recruiting sergeant for a political party; and political influence played a great part in subsequent years in the administration of this legislation. I am of opinion that to this preference clause may be attributed, in a marked degree, the rapid rise of the Labour Party to power in the State of New South Wales. It can be realized how delicate was the position of a Labour Government when in office, whose members were pressed by political organizations willing to conform to this peaceful machinery of arbitration only in so far as it suited them.

Two other methods for the regulation of wages were propounded by the Federal Parliament and are deserving of notice. Some years after the inauguration of the Commonwealth a Federal Arbitration Court was constituted, but its powers of intervention were limited to those occasions when disputes threatened to overflow from one State into another and to involve two or more States in industrial trouble. Its opportunities for action were from its very nature limited, and proof of an interstate dispute was difficult to establish; but as in the State Courts the mere lodging of a claim eventually became evidence of a threatened strike, so the filing of a dispute coupled with the information that two States would be involved was accepted as the basis for invoking the jurisdiction of the Federal Court. Inasmuch as all the States now have separate tribunals for dealing with industrial matters within their own borders, the invoking of the Federal Court was very seldom really necessary; and it often assumed the nature of an appeal when one party had failed to secure their objective before the State tribunal. This Court was composed of a single High Court Judge; a rumour gained currency that the President was prone to grant increases, and his Court became very popular. It certainly provided disputants with a second chance by way of appeal, but was not in the interests of expedition.

Another novel experiment was the attempt to supersede the practical determination of industrial troubles through a

body of experts by transferring the jurisdiction to members of Parliament. In the year 1906 the Federal Parliament passed what was nominally an Excise Act, imposing certain heavy duties on agricultural machinery which was manufactured within the Commonwealth, and conferring upon the manufacturer the right to a rebate if it was proved to the Court, or 'to the satisfaction of the members of each House', that he was paying his workers a reasonable wage. The High Court, however, was invoked and declared the Act null and void as an interference with the internal conditions of trade of the State, over which the Commonwealth under the Constitution had no jurisdiction. It is unnecessary to emphasize the danger of transferring to Parliament, in a democratic country with an adult franchise, and where so many functions are carried out by the State, the power to regulate the wages of their supporters. The larger the number of workers who come within the purview of this power the greater will be their influence by pressure upon the Parliament of the day. In the interest of the community perhaps it is fortunate that this measure was declared to be *ultra vires*.

With regard to industrial arbitration in the future it is practicable, at the same time interesting in view of possible developments in this country, to deduce a few leading propositions as a guide for the framing of industrial tribunals.

(1) Such tribunals should be composed of experts and practical men, representing both employer and employee, with a chairman who is firm but conciliatory. By these means the hearing of disputes will be shortened, extravagant claims will be excluded, the determination of practical men will carry moral weight with the parties, and will be of great value in formulating public opinion, which must always in the future play an influential part in the settlement of industrial disturbances.

(2) Such tribunals should be permanent, that is to say, always available in case of emergency. Just as a fire brigade can be summoned at once to extinguish a threatened conflagration, so these Boards should, in case of need, meet on short notice to deal with disputes that threaten to become serious.

(3) To secure the above objects of expert knowledge and prompt action, it follows that a Board should be appointed for every substantial trade.

(4) It is essential that these tribunals shall be free from political influence of any kind. They should be granted independence of action within the limits of their powers, and the Government should support them and vindicate their authority. The wider the franchise the more difficult it is for any Ministry to intervene in trade disputes nowadays and do justice even to themselves. Every Government is bound to provide by law for a living wage, for the protection of women and child labour, and to ensure adequate machinery for prompt and impartial determination of disputes in industrial life. Beyond that as far as possible it should keep aloof.

(5) I have come to the conclusion, after a long personal experience, that the introduction of penalties, either in the form of imprisonment or of fine, is an illusory protection. If the organizations concerned are reasonable and imbued with a spirit of obedience to the spirit and letter of the law, neither imprisonment nor any other sanction is necessary. On the other hand, if the organization is strong, aggressive, and unreasonable, the threat of fine or imprisonment will not be a deterrent. I say this deliberately, as I was occupied for many years in Australia in endeavouring to test the efficacy of legal compulsion, and I have come to the conclusion that other methods must be applied in order to secure obedience.

For many years in the north of England wages in the iron trades were regulated by a voluntary committee of employers and employees, but gradually the relations of goodwill and mutual trust have disappeared, and a sense of antagonism and suspicion has developed. It is unnecessary to apportion the blame or analyse the cause, as both parties must share in the responsibility for this change of attitude, which, unfortunately, has spread far beyond the boundaries of the United Kingdom. The great problem in the future is to establish again a relationship which will be conciliatory rather than antagonistic, and the parties must cultivate

a spirit of mutual confidence, a sense of identity of interest, and a deeper knowledge of economic problems. If they are content to be guided by these principles, then common sense and good faith will ensure the settlement of grievances without any legal coercion. The only direction in which compulsion can be seriously attempted is to insist that no strikes or lock-outs shall take place until the matter in dispute has been previously referred to some tribunal for adjustment. This procedure is open to the same danger that an organization may feel sufficiently strong to strike rather than arbitrate. That is a risk which must be faced, but experience has shown that preliminary conciliation or arbitration is a very potent factor for peace. The opportunity for discussion discloses new points of view. Delay tends to cool hot heads, and ventilation of the facts helps to crystallize public opinion. Just as the new-born League of Nations is based upon the obligation to refrain from war until the grievance has been referred to the Council of the Nations, so the great industrial interests should be induced to adopt the same course. But if deliberation and voluntary arbitration lead to no result, it is scarcely to be hoped that the mere threat of penalties will restrain large bodies of men, whether of industrialists or militarists, if they feel strong enough to defy the law and public opinion.

The general result of the work of these tribunals in Australia has been an increase in wages or shortening of hours, but naturally with the higher wage and increased price for material the cost of all production has been greatly inflated. The employer invariably passes on to the public the increased cost so incurred, and the worker finds that he, as one of the consumers, is called upon from his increased wage to meet a much heavier bill for food, housing, and clothing. Then in turn the workers claim further increases to meet the higher cost of living. Any added cost is then again passed on to the public, and the industrial world travels in a vicious circle until a point is reached at which it is not practicable to increase wages any more. The trade unions in Australia, apparently having reached this stage, put forward

a new proposal—that whilst they should be allowed to retain their extra wages and shortened hours, some limit should be placed upon the ever-rising cost of living and production generally, and the Government were called upon to fix a maximum price for all those commodities which play a part in maintaining a household. This novel policy was put to the practical test for the first time in Australia just at the outbreak of the war, but the results were not encouraging. On one occasion, from the prevalence of a dry season, the production of butter was reduced, and the cost through the scarcity correspondingly advanced; the Government intervened and declared a maximum. The dairyman now had the option of selling his butter at the reduced price or his stock to the canning factories at a figure more profitable than could be obtained for butter under these new conditions. He naturally followed the path of self-interest. In consequence, the dairy farm to a large extent ceased to operate, and it soon became almost impossible to obtain butter at any price. To provide for this new situation the Government were compelled to purchase butter outside the State and meet this pressing want; but it was found that to avoid making a loss on the re-sale it would be necessary to fix a price for butter in excess of the maximum previously declared. The Ministry were in a dilemma either of advancing the price above their own maximum in order to save loss or to sell at the maximum declared price and make the taxpayer bear the loss. They put the burden on the taxpayer, but withdrew the fixed price for butter in the future. Shortly afterwards this experiment was repeated with equally unsatisfactory consequences with regard to wheat, and thus the old economic law was confirmed—that the trader will always seek the avenue which brings him in the best results. History only repeated itself, for as far back as the days of the French Revolution, when the vast upheaval of political institutions led to dislocation of production and prices soared high, there was a fierce clamour for reducing the cost of living; and although the authorities endeavoured to check profiteering by fixing prices, yet the result was a diversion of industry

and production to other channels, and before many months had elapsed the same public were clamouring for a repeal of these restrictions and a return to the normal condition of supply and demand. In this country the experience of price-fixing during the war has been more successful, but it must be remembered that the great body of the public was patriotic and submitted to these limitations and endeavoured by self-sacrifice to contribute to the common welfare of the nation. A few, however, refused to be restrained, and their influence had a bad effect in raising prices elsewhere, and although the Government had succeeded in fixing a maximum price for most commodities, and thus prevented extravagant advances, yet it is generally conceded that the prices fixed not only greatly increased the burden of the consumer, but were high enough to give the profiteer a very liberal margin on his operations. It may be safely asserted that artificial machinery cannot regulate the laws of supply and demand. No producer will continue to engage in a business that yields an insufficient profit, and his freedom of action cannot be controlled. The only method of applying the policy of price-fixing with any prospect of success is that whereby the State becomes the owner of all commodities, where there are no middlemen, the producers all being employees and subject to the directions of the Government; but the world is scarcely ripe for this experiment.

In New South Wales during recent years protests became frequent against the rents charged, especially against the owners of houses occupied by the workers and persons with small incomes. The awards of the Arbitration Courts had led to an increase in the cost of building materials and the labour required for construction. Inevitably, if the rents went up to a figure which left only a reasonable commercial profit, the rise was substantial. The Government of the day met this difficulty in two ways. One was by erecting a number of houses at the expense of the State. The cost of the land was nominal, the houses were built on hygienic lines, and the rent asked was on a commercial basis; but it was found that the figures so quoted were quite beyond the means

of the class for whom the buildings were intended, and they were occupied by a section of the community of a high social grade. The other scheme was the establishment of a Court to regulate rents. The machinery was simple and intended to be expeditious, and for their guidance and the protection of the landlords the tribunals were enjoined by statute to secure to the owner a certain minimum return upon money expended. On the whole this Court gave limited satisfaction, for although in some instances the rents were reduced, it was found that but a small percentage of claims which came before the Court represented an unfair rent by the landlord. The problem still remains unsolved. With the increased cost of labour and materials, if the builder of a new house cannot secure a reasonable return on his money, house-building will be discouraged, the demand will exceed the supply, and the scarcity will probably result in still higher rents. On the other hand, if the rent fixed is sufficient to encourage investment in house property, then the figure will be so high as to create disappointment amongst the working classes, and a clamour for further State interference. However, there is a scarcity of houses throughout the allied countries on account of the cessation of construction during the war, and the present emergency must be tided over. A proposal of the British Government to meet the present emergency may help to solve the difficulties for the time being, but involves the taxpayer indirectly or directly in making good the difference between a fair interest upon the cost of the building and the actual rent charged to the occupant. This emergency treatment may solve the present house difficulty, but the policy is dangerous if made permanent, and may lead to extraordinary results if the difference between the cost of production and the price paid by the consumer is to be always borne by the taxpayer.

III

STATE UNDERTAKINGS AND FINANCE

No account of the industrial and social experiments of Australia will be complete without reference to the large part played by the State in the construction and control of public works and public utilities. State Socialism had made few friends in this country prior to the war, but the exigencies of the last four years have placed all the great sources of national energy under the control of the people, and to-day State Socialism is not regarded with the same horror as a few years ago. But the prosperity of the United Kingdom having been built up by the competition and resources of individual enterprise, such interests naturally resist the intrusion of State ownership or control. In Australia, however, without the active intervention of the State, internal development for many years would have been impossible and progress would have been terribly handicapped. At the beginning of the nineteenth century Australia was a vast territory, undeveloped and with a population of not more than 1,000 white people. It was essential to open up the interior by means of railways and roads, and to provide for the health of the community by water conservation and sewerage works. No private person would have undertaken the risks involved in construction with no prospect of a profitable return in the future. The State was, therefore, at the outset compelled to step in and finance these necessary undertakings. Subsequently, as population increased and trade and commerce expanded, it was thought desirable to control all public utilities and enterprises which tended to grow into a monopoly, and more especially

those which cater for the ordinary requirements of daily life, such as gas, water, and electricity. Thus by far the greater portion of the railways, tramways, and water conservation works in Australia are owned and controlled by the State. Such control has been extended gradually over other public utilities, and the time has now come when the question should be asked whether State ownership has justified itself.

In theory the State should be able to carry out these works more efficiently than private enterprise, for the following reasons :

(a) The State organization and resources are stronger than any combination of individuals, and this should lead to cheapening the cost of operations.

(b) As the State does not look for profit, the items which the private contractor charges against the risk of failure (and for which he is paid, although no loss has been sustained) need not be entertained.

(c) Such profit as results to the State should be applied in reducing the charges of transport or consumption to the public rather than increasing dividends.

(d) State enterprise excludes the middleman, who is often a cause of increased cost to the consumer.

(e) Under wise administration the wasteful competition of private enterprise is eliminated.

Whilst these may be set down as the advantages of State ownership, there are, on the other hand, manifest dangers which, if uncontrolled, may lead to failure :

(1) The intrusion of political influence. This may be coupled with the danger of a huge Civil Service. The more the Government (as the employer of labour) is influenced by political considerations and the fear of losing popularity with the electors, the greater the temptation to make concessions which will win support, but may also make the enterprise unprofitable. Moreover, the greater the number of supporters the greater the pressure that can be exercised, and it is notorious that if the workers become undisciplined they will

set their own pace of labour. That the Government should cut down wages or withdraw concessions is practically unheard of, yet we know such a course is compulsory under adverse conditions.

(2) The greater danger is the falling off in the efficiency of labour. That this is going on in this country is manifested by comparing our statistics with the figures of the United States of America and Germany regarding *inter alia* the output per unit of iron and steel and coal. We know, unfortunately, that the doctrine of 'go slow' is widely preached, based on the mistaken belief that the slower the work of the individual the greater the number of hands required to complete an operation. The policy of 'go slow' is believed to be the antidote to unemployment, and, needless to say, where political influence is operative the efficiency of labour at once disappears.

Australia has always been alive to the danger of political influence. In the early days when the State undertook the cost of constructing railways and other public works much speculation existed as to the route of future railways. Of necessity the number of lines must be limited in a new country, and it would be an immense advantage to the individual in business to be located within reach of the railway system. Moreover, the advent of rail communication with the sea-coast would largely increase the values of adjacent lands. Thus there was busy speculation in purchasing land in anticipation of a railway being sanctioned to this or that neighbourhood, and representations were made and pressure was brought to bear upon the Government with respect to rival routes, the terminal points, and the various stopping-places upon the route. When pressure of this character was exercised within the walls of Parliament there was a temptation to placate supporters in return for past favours or to win over an uncertain vote, and it must be admitted that some railways have been rightly condemned as being unjustifiable on business grounds and the outcome of political pressure.

To safeguard the community against such abuses several

conditions have been laid down to ensure railway construction being carried out upon its merits as a means of most effectually developing the State. For instance—

(1) Before any work could be adopted a preliminary investigation was essential by some authorized public authority.

(2) In the event of the investigation being favourable to the scheme it was necessary to further secure approval by a vote in both Houses of Parliament.

To make the work of inquiry satisfactory it should be carried out by persons who are qualified for their work and impervious to outside influences. Some States sanction Boards of this character, others entrust investigation to a committee consisting of members of Parliament. Just as an individual Minister finds it hard to resist the pressure of advocates of rival routes, so perhaps in a less degree the members of the legislature are liable to the pressure of political supporters. At times, indeed, a railway may be approved of which favours the Parliamentary minority in order to facilitate approval for a doubtful railway which is of value to the party in power. The same danger exists again when the proposals are submitted to the vote of Parliament for final approval. In short, these provisions above-mentioned are a decided check on political influence, but they fail entirely to eliminate it.

When the public work had thus undergone the ordeal of public criticism it was carried out by private contractors after competition by tender. The desire of the Government, no doubt, was to encourage, so far as practicable, private enterprise, at the same time to free themselves from the inherent difficulties attaching to the employment of labour by the Crown on a large scale. For many years this practice continued, but it eventually led to abuses owing to the large increase of cost entailed by the payment of contractors' claims for 'extras'. This was the result of the loose manner in which specifications were drafted, and of which the contractor took advantage, whilst the taxpayer was called upon to bear

the burden of large claims in excess of the original contract price. It was decided, in consequence, many years ago to abandon the system of contract and carry out these works by 'day labour' under Government control. The success of this new system, of course, depended upon the efficiency of the supervision, but the authority of the supervisors became undermined through political pressure. Men were placed in employment who were unsuitable in the first instance, and those who had been discharged through unfitness were reinstated against the wish of the supervisor through political influence. In this way discipline failed, inefficiency sprang up, and the cost of construction advanced by leaps and bounds. It is practicable to carry out Government works by the employment of 'day labour' if the officials in control are allowed a free hand in the engagement, control, and dismissal of workmen. This has been demonstrated by the Railway Commissioners of New South Wales, who are an independent body free from outside pressure administering the State asset; but where works are carried out directly under ministerial authority efficiency and discipline have been the exception rather than the rule.

As time went on various Governments attempted to expand the field of State undertaking. As the Crown had become a large employer of labour it was argued that they should have direct control of material necessary for construction. A number of works of this character were established between 1910 and 1917 in the different States of Australia, covering establishments for material for building as well as various items of food supply. In these cases the Government entered into competition with operations already in existence. There were no injurious combines to overcome, but in order to justify the policy to the tax-payer the price charged was necessarily less—though only slightly—than that demanded by private suppliers. Consequently any laxity in discipline or efficiency was soon manifested by a loss instead of a profit. In New South Wales between the years 1911 and 1917 the net results of the operation of sixteen different

undertakings of this character amounted to a loss of £20,000.

Just as in construction so in the administration of Government Departments political interference should be avoided. Experience shows that if a strike does take place in a Government establishment ministerial intervention is enforced and a concession made to the striker. The Government position is always difficult. If the Ministry resist the demands, votes may be imperilled; if they yield, discipline may be threatened.

Where the State is the largest employer of labour and the franchise is adult, any action of the Government which displeased the employee might be resisted not only through the weapon of the strike immediately, but punished at the ballot-box when the general election takes place. Hence, while the State should be prompt to supply machinery for the regulation of industrial conditions in all branches of employment, the Executive should, as far as possible, leave the responsibility of actual administration to trusted bodies outside the area of political pressure. In all the States of Australia the management of the great public utilities, such as railways, water conservation, and the control of harbours, is vested in bodies of commissioners, varying in number from one to three, who are appointed for a long term of years and can only be removed by a vote of both Houses of Parliament.

Whilst such independent powers of control are vested with a large amount of discretion, they are eventually amenable to Parliament; and to the Executive is reserved the power of vetoing any decision of a board if they are satisfied the occasion justifies such action. Moreover, Parliament or the Ministry are entitled to lay down the general policy which the individual department or board must conform to.

In the United Kingdom direct ministerial responsibility and control have always been maintained, and any proposed change is likely to be resisted. Hitherto the system may have worked smoothly because the amount of political

pressure that can be exerted has not been very great owing to the limitation of the franchise; but let it be understood that as the area of State interference and employment is extended, and as the franchise is widened, a great force is being created, powerful enough to seal the fate of any Ministry.

The policy of State ownership, and nationalization generally, has always been a leading feature on the platform of the political Labour Party in Australia. In so far as protection is afforded to the worker against sweating and for a full opportunity of obtaining a fair wage and enjoying reasonable conditions of life, all sections of politics are in agreement, but still a claim is made for nationalization.

The policy of the trade union, which may be praiseworthy in itself, is to help the workman who, through competition, is out-classed by the man who is naturally his superior. To help the weaker under the system of private ownership the output of the better workman must be reduced and, consequently, his wages must be limited. This objective is aimed at by two methods:

(1) Substitution of a fixed daily wage for contract work or payment by results.

(2) Compulsory limitation by an internal committee of the trade of the amount of output, e.g. of the coal he can produce, or the number of bricks he can lay in the specified time.

The owners, of course, resist these claims, and the idea prevalent amongst the workers is that, if the State became the owner of industrial operations and the workers enjoyed the necessary voting power, the State could then be induced to adopt the system of the daily wage, or, at all events, be less insistent on a fair day's work and a fair day's wage. It is very certain that if it became effective the incentive to hard work would be destroyed, the ambition of the zealous man would be stifled, laziness would be encouraged, and the general standard of efficiency fatally undermined.

What then has been the result of State control in Australia of public utilities?

Taking the figures for the year 1916, the last available statistical year, of the

Railways and Tramways of the Six States of Australia.

Capital cost	£214,466,664
Gross revenue	£24,865,816
Gross working expenses	17,959,661
Net revenue	£6,405,655
Interest payable	7,845,062
Deficit	£1,439,407

The finances of the railway and tramway system, however, have been dislocated by the pressure of war conditions, and although the last available figures show an unsatisfactory shortage on the year's operations of all the States, yet the returns for each of the three years prior to the outbreak of war show the following surplus, viz.:

	£
1911-12	1,106,257
1912-13	530,911
1913-14	633,849

Needless to say these State undertakings have been carried out by borrowed money and the practice is well established. Consequently, the public debt of the Australian States, quite apart from the Commonwealth war debt, represents a large sum, and on that ground people who do not understand the position find fault with the policy of State control.

For some time past the repeated borrowings of the Australian States on the money market have been the subject of comment; and the various Governments are accused of extravagance, because (it is said) frequent borrowings are an indication of instability on the part of the borrower and insecurity to the lender.

The position of Australian States, however, is unique in respect of loan moneys. The individual, as a rule, borrows money because he is impecunious and has wasted his assets. The National Debt of the United Kingdom, again, has been built up by the purchase of war munitions which are blown into thin air, and there is no tangible security; the product is made to be destroyed, and repayment is dependent upon the

taxable resources of the people. The Australian State Loans, however, are transferred into a permanent security, and they offer one of the safest investments in the world, because—

1. These loan moneys are used to construct public works which are owned by the State.
2. These works are directly revenue producing.
3. The construction of such works is only possible after public inquiry and permissive resolution of both Houses of Parliament.
4. In addition to the security of State assets is the governmental power of taxation.
5. Some States have adopted a statutory Sinking Fund.

In some quarters criticism is directed still against the State's policy of undertaking public works. This practice was inevitable in respect of railway construction.

Occasionally, no doubt, loan moneys were applied to certain non-productive public works, such as court-houses, jails, and schools, but that policy has been terminated, and invariably in recent times all such non-productive works have been constructed out of revenue. Be it remembered that loan moneys have never been diverted to the payment of salaries or the ordinary maintenance of departments of State.

The public works of the six States as a whole are able to meet working expenses from revenue and pay interest on the capital expended. Admittedly a railway opening up new country to encourage settlement does not become immediately profitable, but the older established projects pay handsomely and the net surplus of the railway systems of the Commonwealth is assured. The surplus revenue might be represented by even larger figures than are actually shown, because, inasmuch as these utilities are State owned, the policy is to apply any large surplus in reduction of rates and charges to the general public who make use of them. Therefore, the Governments are content if the accounts show even a small surplus after paying working expenses and interest.

The following table will show the healthy position of the six States of Australia with regard to the expenditure of loan moneys.

Up to June 30, 1916, the public debt of the six States was £357,291,411.

The loan money has been expended as follows:

	£		
1. Railways and Tramways	214,466,664.	60.02	} % of public debt
2. Telegraphs and Telephones	4,161,922.	1.16	
3. Water Supply and Sewerage	47,665,073.	13.34	
4. Harbours and Rivers	23,415,982.	6.55	
5. Immigration	3,957,986.	1.11	
6. Advance to Settlers	4,881,236.	1.37	
7. Land purchases for settlement	8,083,215.	2.26	
8. Loans to Local Bodies	5,824,662.	1.63	
9. Rabbit-proof fences	733,149.	0.21	
10. Mines development	2,070,238.	0.58	
11. Defence	2,389,782.	0.67	
12. Roads and Bridges	10,307,031.	2.89	
13. Public Buildings	14,863,821.	4.16	
14. Other Public Works and Purposes	14,470,645.	4.05	

It will be seen that items 1, 2, 3, and 4 total £289,709,646. All these items represent public works directly yielding revenue. Items 5 to 10 total £25,550,486. Of these items 6, 7, 8, and 9 represent money lent, the repayment of which is adequately secured. Items 5 and 10 represent the expenditure of money for the purpose of increasing general productivity of the States. The total of items 11, 12, and 13 is £27,560,634. Although these are not directly revenue producing they represent an asset of a substantial nature; but, as said before, the cost of such works is now derived from ordinary revenue. There remains item 14. It is not clear to what extent such works are revenue producing, but—assuming they are not—the total of loan money expended on works which are non-productive comprised in items 11, 12, 13, and 14, represents 11.77 per cent. of the total.

Turning now to New South Wales in particular. This great State has been the subject of criticism because of the

size of her debt and the frequency of her loans. But the position is very sound. The total public debt to June 30, 1916, was £132,512,462, which has been expended in the following manner:

	£	
1. Railways and Tramways	82,041,937.	61-91
2. Telegraphs and Telephones	1,761,844.	1-33
3. Water Supply and Sewerage	22,340,197.	16-86
4. Harbours and Rivers	13,792,743.	10-41
5. Immigration	569,930.	0-43
6. Advance to Settlers	67,155.	0-05
7. Land Purchases for settlement	489,000.	0-37
8. Loans for Local Bodies	6,853.	0-01
9. Rabbit-proof fences	51,826.	0-04
10. Roads and Bridges	1,835,940.	1-39
11. Defence	1,457,536.	1-10
12. Public Buildings	7,410,855.	5-59
13. Other Public Works and Purposes	686,646.	0-51

% of public debt

% of public debt

Applying the same criticism as adopted above with regard to the six States, the maximum expenditure that can be urged against works of a non-productive character comprised in items 10 to 13 would be £11,390,977, or 8-59 per cent. of the total public debt of the State of New South Wales.

Further, taking individual services. The figures with regard to New South Wales Government railways up to year 1914—the last normal year unaffected by the war—are as follows:

Gross revenue	£7,742,241
Gross working expenses	5,409,820
Net revenue	2,332,421
Interest payable	2,123,054
Surplus for 1914	£209,367

The operations of the Government tramways for the year 1914 are as follows:

Gross revenue	£1,934,164
Gross working expenses	1,669,033
Net revenue	£265,131

The net earnings on the tramways capital cost recently are as follows :

1914	3.47%
1915	4.70%
1916	4.76%

The accounts of the water and sewerage works are as follows :

1915. Gross revenue	£882,161
Working expenses	310,892
Net revenue	571,269
Interest payable	474,408
Surplus for 1915	£96,861

The public debt of the six States is £72 19s. 7d. per head. The debt of New South Wales is £70 6s. per head. These figures at first sight seem alarming, but consider the assets. Australia will have raised in the space of three years, within her own borders, at least £180,000,000 for war purposes, of which the New South Wales contribution is more than one-third. The deposits of the Saving Banks of the States and Commonwealth in 1915-16 were £96,998,645, which represents nearly £20 per head. The deposits in the Savings Bank of New South Wales in the same year were £37,363,272, representing an increase of 100 per cent. in the course of seven years.

The value of production of the six States of Australia in 1915 was as follows:

Agriculture	£73,769,000
Pastoral	65,607,000
Dairy	21,156,000
Forestry and Fisheries	5,777,000
Mines	22,397,000
Manufactures	62,883,000
	£251,589,000

These, of course, represent an enormous growth in the course of the last ten years. What prospect would there have been of production attaining these gratifying results if the State had not stood sponsor for the construction of public works and

land development? Where would the Old Country have been if she had not been helped with products from Australia during the period of the war? Where is the evidence of instability or insecurity in these magnificent figures?

I am impelled to make this statement, because I realize that many people do not understand the Australian debts question, but the investor who does can congratulate himself on holding one of the best securities in the world. I am not a servile supporter of State Socialism. Its unwise application is mischievous. To apply it wisely is extremely difficult, but, in the peculiar circumstances which handicap young unexplored countries, to the credit and resources of the organized State we must look for developmental work on a large scale.

IV

CONSTITUTION

ABOUT the same time that the American Colonies threw off their allegiance to the British Government, the territory of New Holland in the Southern Pacific was acquired, and thereon the British flag was hoisted. Although the loss of territory in America was thus made good, yet the people of the United Kingdom, after the unfortunate experience in colonial government, were somewhat averse to take on new responsibilities in the southern seas. It was proposed in some quarters that New Holland might be made available as a home for those American colonists who had remained loyal to King George during the War of Independence. The Government, however, were not inclined to encourage this, and the loyalists found a haven of rest in what is now the Dominion of Canada. America, however, had been utilized for the transportation of convicts, and when that channel had been closed through the Declaration of Independence, the places of detention in Great Britain became congested through the accumulation of a class of prisoners who had previously been compelled to travel overseas. It occurred, therefore, to the authorities that Australia might be utilized for the continuation of this policy. On Dec. 6, 1786, by Order in Council, the territory of New South Wales, or the eastern part of New Holland, was set apart for transportation purposes, and in the following year Phillip was appointed Governor of this possession.

Geographically speaking, the area of territory included in the Order in Council comprised the whole of Australia east of the 135th meridian, with the adjacent islands. Tasmania was included at that time within the boundaries, and New

Zealand was also treated as a Protectorate. In 1827 the western boundary of the Colony was extended to the 129th meridian. Thus New South Wales comprised practically the whole of that part of the Continent which lies to the east of the boundary line of West Australia.

As the purpose of the proclamation was the establishment of a penal colony, the powers conferred upon the Governor were naturally of a wide and disciplinary nature. At first Phillip was vested with the authority of a benevolent autocracy, his power being co-extensive with his own elastic discretion, subject to recall in the event of making serious mistakes. By degrees these powers were curtailed, and he shared the responsibility of administration with a nominated legislative council. So matters continued for a number of years; eventually the legislative council of New South Wales became in part elective, and claimed certain powers of legislation as well as administration.

The task, however, of administering this new country was very great. Sydney was the centre of authority, but settlements had grown up in the Port Phillip district to the south and Moreton Bay district to the north (which areas are now represented by Melbourne and Brisbane, the capitals respectively of the States of Victoria and Queensland) at a distance of 500 or 600 miles from Sydney. In those days of tardy development communication was slow and tedious; the journey overland was dangerous; there were only imperfect tracks winding through the virgin forests, where dangers of various kinds beset the traveller on his way. As invariably happens, local interest and the sense of local patriotism made themselves felt in these distant scattered settlements, and a feeling of jealousy was engendered against Sydney being the common centre through which these various districts were to be controlled. The spirit of discontent grew, and was fanned almost to a flame by the apparent disregard of the centralized officials in Sydney of the wants and aspirations of the distant settlements.

The demand for decentralization thus became active. In 1825 Tasmania had separated from the system of government

upon the mainland. In 1829 Western Australia was proclaimed a Crown Colony. In 1836 South Australia was also proclaimed a Colony.

In the early fifties the discovery of gold in Victoria had led to an influx of population and a more insistent demand for decentralization. For some time, however, these claims for separate government received no attention at the hands of the Colonial Office; but the Victorians brought matters to a head in a unique manner. At that time Port Phillip returned six members as representatives of the district in the Legislative Council sitting in Sydney. They at this juncture, by way of protest, returned as members six persons who were then Cabinet Ministers in the British Government, and residing in England. This unprecedented action aroused the attention of the Imperial authorities, and before long the plea of decentralization was given effect to by dividing the original territory of New South Wales into the three colonies of Queensland, New South Wales, and Victoria, and to each was accorded a liberal measure of responsible government.

The separation of Victoria from the parent State is memorable for the form of union propounded by Earl Grey, who was then Secretary of State for the Colonies. The governing idea with him was unification rather than decentralization. The various districts had developed their own local sentiment and a difference in products and manufactures, and it was feared by that statesman that separation into districts would involve the establishment of customs barriers with antagonistic tariffs likely to impede the progress of the territory as a whole. He put forward a proposal which included *inter alia* machinery for convening a general assembly representing the various districts with a uniform tariff. The scheme failed to materialize because agreement amongst the various sections of the community could not be achieved; but the attitude of the people was of interest, inasmuch as the same arguments were presented half a century later when the problem of federation became a live issue. To the proposals of Earl Grey the inhabitants of New South Wales (as we now know

it) were favourable, but they stipulated that the paramount claims of that portion of the Colony should be recognized in the new form of Government. However, the other districts showed opposition, because they feared the preponderating influence of Sydney and its thickly populated area. It was pointed out, moreover, that the pursuits of each Colony must be dissimilar, as they were shut off one from the other by the barrier of distance and difficulty of communication, and, consequently, it was not practicable to obtain uniformity in tariff legislation.

Whilst the local people failed to agree, through jealousy and unconfirmed suspicion, they were united in their general attitude of protest against the endeavour of the Home Government to force upon the Colonies, who were struggling for self-government, a cut-and-dried Imperial scheme. The attitude of the Colonial Office had for some time been less than sympathetic. The official relations were strained, and the people resented what appeared to be another attempt to govern them by the machinery of Downing Street. There was, however, no pressing reason for union at that time, and the proposal was eventually abandoned. The controversy reveals a distinct parallel to the objections raised against federation and a closer union in later years. The real difficulties were inherent at the outset, namely, the preponderance of New South Wales in population, wealth, and influence, and the fear on the part of the younger Colonies of their being hopelessly absorbed in any form of closer union.

Within the next thirty years attempts were made from time to time by far-sighted leaders of public opinion to establish some form of general union. There was no special stimulus to activity, little interest was excited, and these efforts produced no results. The first substantial advance which ultimately developed into federation occurred in the year 1883. For some time prior to this date the German Empire had by various means penetrated the Pacific, and an alarming rumour became current that a German annexation of New Guinea was about to take place. The obvious dangers arising from the establishment of an alien power

at the very threshold of the continent aroused the people of Australia, and the Queensland Ministry took prompt action to anticipate any German annexation by hoisting the British flag in New Guinea.

The Colonial Office exhibited a want of sympathy and vetoed what, in the light of later years, we must regard as a far-seeing act of statesmanship. Germany, however, who felt the growing opposition of colonists in the Pacific, and was encouraged by the indifferent attitude exhibited by the Colonial Office, secured in the year 1884 a large portion of northern New Guinea. This action brought into prominence the hopelessness of Australia in the event of foreign aggression. The Continent was divided into six self-governing areas, each supreme in its own jurisdiction, but possessing no bond of union for purposes of common interest or self-protection. The question of defence became urgent, and in response to a popular demand a States conference was shortly afterwards held in Sydney. The outcome of this was the first Federal Council. The scheme, although valuable as the basis for uniform action when matters arose affecting general interests, laboured under the inherent defect that the Council could exercise no control over revenue or expenditure, nor had it the power to enforce its decisions upon its members. However, it was regarded as a distinct step in advance, and all the States, except New South Wales, addressed Her Majesty, praying that the Bill as drafted might be passed into law. At this time Sir Henry Parkes was Prime Minister of New South Wales. He happened to be in England whilst the convention was sitting in Sydney, and on his return to the Colony exhibited an attitude of strong opposition. His antagonism has been attributed to jealousy. On the other hand, his arguments were justified in the light of experience. He claimed that the Federal Council was a mere skeleton without the breath of life, and it was better to wait until the time was ripe for a real federation of the Colonies. However, the Imperial Parliament passed the Federal Council Act in 1885, making it optional for the various States to join in. Some few meetings were held which were not very

fruitful in result, and before very long New South Wales and New Zealand had each withdrawn. The Council finally ceased to operate after 1899. The question of closer union had been fairly launched and was a principle growing in favour with the people of all the States. The difficulty was to arrive at a common basis of agreement. From 1890 to 1900 the further and final stages were passed through, which resulted in the establishment of the Australian Commonwealth. During that period the subject underwent a thorough discussion and analysis. In the first place, a convention of delegates, elected by popular vote, met and framed a provisional constitution. This document was next referred to the Parliaments of the several States for discussion, and amendments were forwarded for further consideration. Subsequent conventions were held, which discussed the proposed alterations, and more than once their work was threatened with a hopeless deadlock. Wise counsels, however, prevailed, compromise triumphed, and a workable scheme was evolved and submitted to a referendum to the people of all the States. Owing to the stipulations required by New South Wales the first referendum vote, although resulting in an actual affirmative majority, did not attain the minimum figures required, and was, therefore, declared to be lost. It had been agreed that before acceptance the draft constitution must be approved by a majority of the people in Australia as well as by a majority of the States. The New South Wales Parliament had demanded further that the minimum 'yes' votes in their State should total 80,000, and this was not secured. Yet the campaign discussion brought to light certain matters that were objectionable, and an opportunity was taken at a further conference of State Premiers to secure modifications, and the Bill so altered was eventually carried into law at a second referendum. Thus, after a long and tedious process, federation of the Australian States was consummated. The Bill, which was moulded by the direct opinion of the citizens in all its stages, might be regarded as being much more a people's Bill than was the constitution of either Canada or the United States of America.

Although the majority of New South Wales voted in the affirmative, yet the constitution was accepted with many misgivings, and in some respects these fears have been realized. The hostility of the parent State was very pronounced. It may be appropriate shortly to summarize the grounds of objection. The other five States, as they from time to time were granted the status of responsible government, embarked on a fiscal policy of protective duties imposed originally for the purpose of encouraging local manufacturers. The fiscal policy did produce the desired results, and in the course of a generation the local manufacturers were able to supply all the wants of their home markets; but they were unable to export overseas owing to the prohibitive cost of freights, nor could they export to adjoining States on account of the customs barriers which had been from time to time raised in order to exclude foreign countries.

Federation, of course, involved the establishment of a uniform tariff for the Commonwealth. Thereby interstate barriers would be removed, and free trade within the Commonwealth and extended markets to local manufacturers would be secured. As time went on the pressure for internal free trade became very pronounced.

New South Wales was the only State which, after a very long period of years, had remained consistently free trade. The people of the State relied upon the richness of their primary products, were content to export to the markets of the world, and in return to receive manufactures free from customs burdens and thus reduce the cost of living to a lower point than in any other State of the Continent. For developmental purposes New South Wales could afford to stand alone, but the absence of customs barriers was of little advantage to the sister Colonies, inasmuch as goods could be imported overseas at a lower figure than those manufactured elsewhere on the Continent.

It was inevitable under federation that the tariff must be protectionist to meet the requirements of five of the six States, and there was every indication, if the policy was to attract and encourage local industries, that the tariff must

be high. Naturally, the people of New South Wales were strongly opposed to a system of federation which involved the erection of these barriers against freedom of external trade and the consequent addition of heavy burdens on the people. At the same time it was the oldest, most influential, and most populous State, and such a substantial contributor to the taxation of the Commonwealth that the movement could not be expected to succeed without its goodwill and co-operation. Moreover, the necessity for defence was no longer regarded with the same urgency as it was at the time of the New Guinea scare, and it was argued that it was more prudent to postpone federation until more light had been thrown upon the various problems and some of the existing difficulties had been solved. To the objection of the increased burdens on the people the cry of the federalist was that the net cost of Federal Government would not exceed 2s. 6d. per head, or—as it was pithily expressed—less than the cost of registering a dog. In the light of recent developments it is interesting to compare the cost of Federal Government. The figures of Commonwealth expenditure for the year 1914 work out at £3 3s. 5d. per head.

Much time and effort was devoted to the determination of the form of government to be adopted. The two models of a Federal system at the time were the United States of America and the Dominion of Canada. The former was directly federal in its character; the latter approached unification, and there is no doubt that the model of the United States of America—which was finally approved—was the best compromise for giving effect to the then conflicting claims amongst the colonies in Australia. On the one hand it was claimed that, inasmuch as the various Colonies were self-governing sovereign communities with plenary powers within the limits of their jurisdiction, they should only be called upon to surrender such of their powers of legislation and administration as were essential to the central Government in respect of those matters in which it was best fitted to speak with the one voice for the various Colonies. Every authority, other than those specifically conferred upon

the new Commonwealth, should remain with the States. The Canadian constitution had been framed under somewhat different conditions and the enabling Bill was largely the work of the British Parliament, and herein converse reasoning applied. The Dominion Government is clothed with all those powers that are not inconsistent with the existence of a dignified central Government, whilst only a few specified powers were conferred upon the various provinces. Australia insisted on maintaining the rights of the States, both by giving special recognition to the House of the States or the Senate, as well as by limiting the powers conferred upon the central Government. Thus the example of the United States has been closely followed. The Federal Government enjoys exclusive authority in respect of defence, customs, post office, and foreign relations, whilst the States retain full power to carry out the work of internal development and the control of such questions as land settlement, railway construction and administration, immigration, education, and public health. Each of the two forms of Government enjoys sovereign powers in respect of the matters committed to its charge, and the various States of Australia are just as representative of Australian life in respect of their powers retained by them as is the Commonwealth in respect of the powers conferred upon it.

No doubt this was the best compromise practicable under the circumstances. Whether it is likely to be permanent will be discussed hereafter. But whilst there are many people who, even to-day, accept with misgivings the Federal compact, there is a much larger body of opinion inclined towards complete unification. An attempt, in fact, had been made in 1894 to make unification as the basis of a central Government, but at that time the proposal received very little support.

The constitution has been so framed as to allow of a full and unhampered expression of the people's will. The franchise is conferred on all males and females at the age of twenty-one. The adult franchise, indeed, is operative in the State constitutions as well. The life of the House of Representatives is limited to three years, and half the Senate retires every three years; and, inasmuch as the tendency has

been for some time against encouraging appeals to the country except at the statutory intervals, the life of Parliament generally runs for the full period of three years.

The essence of the constitutional pact is a permanent Federal union. The preamble of the Act of the constitution recites that 'the people of the various Colonies have agreed to unite in one indissoluble Federal Commonwealth under the Crown of the United Kingdom of Great Britain and Ireland and under the constitution hereby established'. The widest opportunities, however, are afforded for amendments of the charter by methods which, under the safeguards provided, are deemed to properly reflect the matured opinion of the people and protect the rights of the States. An alteration of the constitution is secured in the following manner. The proposed law must first be passed by an absolute majority of each House of Parliament and submitted to the electors in each State within six months of its passage through Parliament. The electors vote 'yes' or 'no' upon the Bill as submitted to them, and if in the majority of the States a majority of the electors voting approve the proposed law, and if, moreover, the majority of the electors voting also approve, it shall be presented to the Governor-General for the Royal assent and forthwith becomes part of the Federal constitution. The provision requiring a majority of votes in the majority of the States is one of the many safeguards in favour of the smaller States, to protect them against any change which might be acceptable to the more populous but not in the interests of the smaller. It might be expected that a Government commanding a majority would be able to carry the people with them in any alteration of the constitution that had been sanctioned by Parliament, yet experience has shown that a constitutional change by means of a referendum is not easily accomplished. Within the life of the Commonwealth votes of this kind have been placed before people several times, and the requisite majority has only been obtained on one occasion. A change in the constitution can also be effected by the surrender in favour of the Commonwealth by any one or more States of powers enjoyed by them, but the jurisdiction so

conferred only affects the State or States who make the surrender.

One of the most difficult questions in the scheme of the Commonwealth has been the constitution of the Senate. The early conventions were all agreed that the Parliament should be bicameral, and they likewise agreed that the second Chamber should not be a nominee House; but the difficulty at once arose that if representation was to be on the basis of population the smaller States would be completely absorbed. In 1897, when this issue was most acute, the population of Australia was 3,376,000, whilst the population of New South Wales and Victoria together numbered 2,458,000. Thus it will be seen that no combination of the four remaining States on a population basis could control or outvote the united representation of New South Wales and Victoria. At that time it was felt that many questions would arise in the Federal arena which bore a special State complexion, and unless recognition of the rights of the States and an opportunity for adequately expressing them was afforded no harmonious scheme was likely to be devised. Consequently, after prolonged discussion, it was agreed that each State should receive equal representation in the Senate. Thus each of the six States was entitled to return six members to that Chamber. This claim in itself was reasonable. Special representation had been conceded to the individual States in the Senate under the constitution of the United States of America. Moreover, in all the conventions which took a part in framing the constitution of the Commonwealth and also in the old Federal Council equal representation was accorded to all the States interested. Indeed, the same spirit which caused the various districts to separate from the mother colony of New South Wales in the middle of the century was intensely active to prevent the merger of the Colonies in any form of unification. Yet a strong opposition was raised to this proposal by the democratic wing represented by the Labour Party, who claimed that equal representation was subversive of majority rule, the basic principle of democratic Government. It was pointed out that in those days the

population of Tasmania was not more than one-tenth of that of New South Wales, yet in the Senate each would return six members and Tasmania would thus enjoy ten times the voting power of the electors of New South Wales. Political sentiment was appealed to, and it was boldly stated that responsible government would thus be destroyed. In spite, however, of a vigorous campaign of opposition equal representation in the Senate was finally accepted.

In practice the Senate has not played the part that was anticipated, either by opponents or supporters. On the one hand, the principle of responsible government has not been affected, for the powers of the Senate in respect of money Bills are definitely limited; whilst that body may reject measures of that character or make suggestions they have no power of amendment. Further, through the general power of rejection, the Senate is unable to create a constitutional deadlock. Delays may ensue, but in the end the opinion of the popularly elected Chamber must prevail. Where a measure approved by the House of Representatives is rejected, or fails to pass the Senate, it may again be submitted to the latter Chamber, and if no agreement is then arrived at both Houses may be dissolved simultaneously. If, after the election, the new Parliament fails to secure an agreement between the two Houses, then a joint sitting of the members of the Senate and the House of Representatives may be convened, and whatever is affirmed by an absolute majority of the total members of the two Houses shall be regarded as binding. On the other hand, the Senate has entirely failed to play the rôle of the guardian of special State rights. The Senate itself has seldom voted on State lines of cleavage and such issues have very infrequently arisen. On the contrary, political parties have so manipulated the constitutional machinery that the Senate for many years has become a reflex of the opinion represented in the Lower House. It differs from the American constitution, for the franchise is the same in both Chambers and the election of half the Senate takes place, although not necessarily, yet for purposes of convenience, at the same time as the election for

the House of Representatives. Thus the campaign can be conducted on strong party lines; each of the political parties tickets its candidates for either House. As electoral organization becomes improved, the party which is greater in numerical strength obtains a majority of seats in the House of Representatives throughout the Commonwealth, and the same majority operates for the choice of members for the Senate. The system of single electorates for the House of Representatives provides eventually for a fair representation of each of the great parties; for the Senate, however, there is but one electorate—the State—and whatever the majority may be it is almost invariably sufficient to carry the whole three seats. It happens that the Government of the party which is strong enough to secure finally only a bare majority in the House of Representatives can capture all the vacant seats in the Senate, and thus there is no representation for the minority. This worked out in a very anomalous fashion at the General Election in 1914. On this occasion, owing to a threatened deadlock, the machinery of the constitution was invoked and a dissolution of both Houses followed. The whole of the Senate faced the electors. The Labour Party secured the return of a majority of eight in the House of Representatives. There was no great disparity in the total votes cast for the successful and unsuccessful parties, but in the Senate the Labour Party secured 31 out of 36 seats and the Liberals secured one of the remaining five through the death of a Labour candidate after nomination!

Under the present system the Senate is a mere echo of the Lower House, and practice has converted the constitution into government by a single Chamber, whilst the special representation provided for protecting State rights has failed to materialize. Some change must be effected. There are those who advocate a fundamental change in the basis of representation, but it is unlikely that the less popular States will be content to relax the advantages they now enjoy. Even the machinery for change by referendum would never be effective in such a case, for the constitution provides that no alteration diminishing the proportional representation of any

State in either of the Houses of Parliament shall become law unless the majority of the electors voting in that State approve of the same,—and no State will consent to surrender existing privileges. The existing anomaly, however, is quite recognized, and recently Parliament has adopted a temporary palliative by applying Proportional Representation to Senate elections with a view to securing a due representation of minorities.

The great lion in the path of the constitution has been the problem of finance. As a consequence of a Federal form of union the various States would be compelled to surrender their customs duties, and those Governments which worked under a protective tariff would thus sacrifice their principal source of income. In turn, no doubt, they would be relieved of the cost of maintenance of those services such as the Post Office, Customs and Defence, which were transferred to the Federal authority, but the cost of maintenance of these departments was less than the revenue that must be surrendered. Thus, further taxation by the State Governments was unavoidable. New South Wales, on the other hand, which had boasted of its practically free tariff, would be called upon to subscribe to the new customs duties and in that way submit to additional taxation.

The next difficulty arose from the large amount of revenue that would be placed under the control of the Commonwealth. The total returns from customs duties were from the beginning substantial and have almost doubled during the last decade; but prior to Federation it was anticipated that the revenue derived from customs would be largely in excess of the financial needs of the Commonwealth Government. The States, naturally, feared that with these large revenues the central Government might be tempted to indulge in lavish expenditure, thus absorbing the whole of the revenues; and having compulsorily surrendered large customs duties the people were insistent that any balance not required for proper Commonwealth needs should be returned to the States. The problem was to harmonize these two purposes, and numberless proposals were advanced, none of which gave

satisfaction. At the last moment, when a deadlock and break-down of the conventions seemed certain, an official solution was found in the clause proposed by Sir Edward Braddon (the Premier of Tasmania), which was known subsequently as the 'Braddon blot'. The safeguard devised was, that inasmuch as the cost of Federal Government probably would not exceed one-fourth of the revenue obtained from customs duties, therefore for every £1 of customs duties collected by the Commonwealth 15s. should be returned to the States. This scheme, on paper, provided a guarantee of solvency to the less affluent States and was an assurance of economy on the part of the new central Government. For the time being the 'Braddon blot' afforded much satisfaction. It was not originally proposed to invade the field of direct taxation, and, inasmuch as the Commonwealth expenditure in the early days did not represent more than 2s. 6d. of every £1 of customs duties, smooth working might be expected. But if the expenditure rose to a higher figure than 5s. in the £1, and more revenue was needed, it would become necessary for the Commonwealth to raise four times the amount required, so that one-fourth might be used for legitimate Commonwealth purposes and three-fourths returned to the States. Thus it became obvious that if £4 must be raised by customs and only £1 was required for Governmental purposes the tariff must become crushing and finance chaotic.

As originally framed, the 'Braddon blot' was permanent in duration, and the anomalies likely to be created were one reason operating against the acceptance of the constitution on the first referendum. Before the constitution was finally adopted the duration of the 'Braddon blot' had been limited to ten years; the design being to guarantee the solvency of the weaker States, to limit the temptation of Commonwealth extravagance, to reserve the field of direct taxation for the States and watch developments. It was found, however, that this arrangement could not last. The Commonwealth expenditure grew rapidly, the 'Braddon blot' became unworkable, the Government resorted to direct taxation—both

of land and incomes—and it was determined that the amount of Customs Revenue to be returned to the State Treasurers must, in view of increased Federal obligations, be drastically reduced. In 1911, at the end of this initial period of ten years, the question of reduced State payments was submitted to the people at a referendum, and the necessary vote was secured in support of the Government proposal of a lesser and fixed payment to the State Governments of £1 5s. per head annually for a further period of ten years, irrespective of the volume of revenue from duties of customs.

In the year 1921 the question of finance and the relations between the Commonwealth and the States must again be adjusted. I anticipate a comprehensive effort to remodel the Federal constitution. For some years there has been a very marked tendency on the part of different Commonwealth Governments to encroach on the sphere of State jurisdiction. At present under the constitution the States enjoy full freedom in the development of the country by means of railway construction and land settlement, and they enjoy control of their own internal trade. Although the Commonwealth is empowered to make laws with regard to immigration, yet the practical work of providing homes for immigrants rests with the States, who own the land and control the transport within their own borders. There have been several attempts to interfere with the internal trade of the States, noticeable instances of which are the well-known 'union label' and 'new protection' laws, which came before the High Court and were judged to be invasions of the rights of the States. Commercial matters, again, and the placing of contracts with buyers overseas have always been functions of the State rather than of the Commonwealth; but during the war the Commonwealth has claimed to be the medium for placing with the War Office all contracts for the sale of primary products from Australia, whatever might be the State of origin. There is, moreover, an unfortunate overlapping of effort. The several States and the Commonwealth each support their own separate Parliamentary staff and electoral machinery. Compulsory arbitration for the adjust-

ment of labour conditions, which originated in the various States, is now undertaken by the Commonwealth as well. Whereas finality and expedition are conditions precedent to the success of any machinery for the adjustment of industrial disputes, yet it frequently happens that a party who has been through the ordeal successfully of a hearing before a State tribunal is summoned to answer the same complaints before a Federal Court. Again, the duplication of taxation has spread until the people are groaning under the double burden, and it is clear that the present tension and dissatisfaction cannot continue. The national Government of the Commonwealth commenced its life with small powers and limited revenues; indeed, even as late as the year 1914, the revenues of the Government of New South Wales were almost as large as those of the Commonwealth. There is the natural tendency for every form of Government to expand, increase its own importance, and gain prestige even at the expense of overstepping the strict limits of its own jurisdiction. The narrow form of the Commonwealth constitution left little scope for dealing with local issues or the expenditure of public moneys, and thus Federal politicians were precluded from the many opportunities of gaining popularity which were available to the States clothed with the duty of internal development. The Commonwealth Ministries have learnt the importance of winning popular favour, and there has always been the temptation to expand their operations and secure popularity by the expenditure of the taxpayers' money.

Lastly, the responsibilities and successes in the war have revealed Australia to the world as a great and progressive nation, and there is a general desire amongst all classes that the Government of the Federation should be clothed with all necessary authority to maintain the national prestige.

The Labour Party at one time viewed the establishment of a Commonwealth system of government with suspicion, and strongly opposed the provisions with regard to the Senate. They have, however, become a very efficiently organized political body, and from present indications the tendency of that party is to claim enlarged powers for the

Federal Government. It is realized that it is much easier to capture one Parliament than seven. The majority in the Federal Parliament secures continuity of policy for several years operating throughout Australia, but to procure the same results through the medium of State Parliaments it would be necessary to gain a victory in each of the six States. Some change is inevitable in the near future. The time for reconsidering the fixed payment of the States will arrive in less than two years. It seems certain that the Commonwealth will refuse to continue the present rate of £1 5s. per head, and with the lever of finances they are capable of exercising very strong pressure on the various States. They may reduce the amount to a minimum, so as to make the separate existence of State Governments practically impossible, and if a satisfactory case can be made out in favour of a grant for enlarged powers to the Commonwealth some substantial alteration will probably be effected. The constitution will be in the melting-pot, but in the light of the unsatisfactory experience of centralized government since the inauguration of the Commonwealth it is doubtful whether the majority of the electors are at the present stage prepared to accept a scheme of complete unification.

V

LAND SETTLEMENT

It will be remembered that the first attempt to colonize Australia was made through the medium of a penal settlement of a mere handful of convicts and the necessary official force to control them. At this time the country was unexplored, its productive capacity and possibilities of improvement were unknown, and there was no guarantee that this first settlement would be permanent or even increase in numbers. From the outset, however, in order to encourage men to make a home in this new country and take an interest in their surroundings, a system of granting land to officers was contemplated by the British authorities. The first Governor, moreover, was instructed to make grants of small farms to convicts also who by good conduct had shown themselves fitted for such consideration: the expectations of such benefit being deemed likely to convert discharged convicts eventually into useful members of the community. The first farm so granted was occupied in November 1789. Yet it would appear the then attractions of freehold land were insufficient to induce more than a few emancipated convicts to make up their minds to settle permanently in this distant country. By degrees, however, residents became more reconciled to their surroundings, and the grants increased in number, likewise in area. Certain conditions were attached to these grants to encourage bona fide small settlement, but it was found, in spite of restrictions, that the occupants were tempted to exchange their land for money, and these small areas tended to consolidation in the hands of a few holders with money at their command. The early administrators were alive to the danger and endeavoured to obviate the

tendency to accumulate holdings, but such safeguards as were adopted were lost sight of in the almost unavoidable change of policy which later on sanctioned large areas for pastoral purposes. It is said that John Macarthur, the pioneer of sheep-breeding in Australia, was responsible for this change, and that he secured the adherence of the British Government to the advantages which accrued from sheep-farming on a large scale. In fact, he returned to Australia from England armed with the authority for a special grant of 5,000 acres for himself, and following in his train were a number of other capitalists, who also received large grants of land for purposes of stock-raising and wool-growing. No doubt the policy of encouraging settlement by colonists in possession of capital was in itself wise if prudently administered, but land was disposed of imprudently to people who were ill-fitted for, or who had no intention of, developing the resources of the country; indeed, many persons of influence (then resident in England) obtained permission to secure grants of land on condition that they came to Australia bringing capital with them; some fulfilled their obligations, others trafficked in their options. The Governor was not only confronted with the difficulty of identifying the land which had been promised in this vague way on the other side of the globe, but was forced to devise means of preventing the formation of an absentee land-owning class. Yet in spite of the strenuous opposition of the local authorities transfer of land still increased. Thus was laid the foundation of the practice of aggregating large tracts of land into one holding which threatened the well-being of the community in subsequent years and became the subject of drastic remedial legislation. At the end of twenty-five years little progress of real settlement had been made in the Colony. A Committee of the House of Commons, sitting in the year 1812, described the infant settlement as 'bounded on the north, west, and south by the Blue Mountains, beyond which no one has yet been able to penetrate the country. Some have with difficulty been as far as 100 miles in the interior, but beyond sixty miles it appears nowhere practicable for agri-

cultural purposes, and in many places the diameter of the habitable country is much less. In length it extends from Port Stephen to Port Jervis, comprising from north to south four degrees; beyond this it is stated that the Colony will not be capable of extension, and of the land within these boundaries about one-half is said to be absolutely barren.¹

A little later, however, early explorers succeeded in penetrating the hitherto impenetrable Blue Mountain range and discovered fertile lands in the interior, and large open plains with an abundance of good herbage. The circulation of this news excited much attention, and Australia at last began to be regarded as a land in which capital might be productively employed and justifiably encouraged. A man with money was encouraged, not only because he thus offered employment to the continually increasing number of freed convicts, but because the power of capital was sufficient to overcome such early pioneering difficulties as were an insuperable obstacle to the small settler. The first of the great pastoral companies which secured a footing in Australia was the Australian Agricultural Company, with a capital of £1,000,000. This company received a grant in 1825 of 1,000,000 acres in New South Wales, and it also obtained 2,000 acres of coal land and a monopoly of coal-working at Port Hunter (now the city of Newcastle) for a period of thirty-one years.² This company occupied much fertile territory for sheep and cattle raising; it has extracted immense wealth, and was one of the factors which suggested a policy of resumption of estates for closer settlement at the beginning of the present century. The characteristics of land policy up to this date had been land grants and the encouragement of large areas for pastoral purposes. The policy of large areas with fixed boundaries was accepted as necessary for the encouragement of the wool industry; but the expectation of thereby creating avenues of employment for labourers or establishing the yeoman farmer was not realized. Moreover, the issue of grants of land was discretionary with the

¹ Coghlan, *Labour and Industry in Australia*, p. 91.

² Coghlan, *ibid.*, p. 231.

Governor of the Colony. The absence of competition and the weight of influence helped to further handicap those seeking for homes in smaller areas. Thus, in later years the policy of discretionary grants was superseded by the purchase of land. Still the consolidation of estates continued. The pastoralists were no longer content to confine their operations to the areas defined for occupation to the east of the Blue Mountains, but moved westward to the fertile lands beyond the range and occupied vast tracts of country and multiplied their flocks. The lands so occupied were owned by the Crown, the pastoralists were mere trespassers. At first the authorities threatened penalties for trespass, but ineffectually. Subsequently, such occupation was condoned by the imposition of licence fees, but, strong and influential as the squatting interest now was, the pastoralists were not able to exact any security of tenure. The mere licence was not a protection against the purchase of these lands from the Crown, and although short leases and preferential rights of purchase were with limitations conceded, exclusive rights in respect of land so occupied were never granted. On the other hand, the seekers after small holdings were ever protesting against the obstacles that debarred them from access to the soil. They disputed the claim of exclusive possession advanced by the holders of large squattages, they demanded that additional areas should be made available, and that they might enjoy the right of purchasing by open competition. But they were disappointed by the tedious delays before land was put up to auction at Government sales, and they chafed under the uncertainty of obtaining it when these formalities had been completed. The squatters as a rule were not in favour of agriculture, were adverse to having farmers as neighbours upon their property, and in order to block settlement they would purchase land over the heads of intending agriculturists. Lastly, the path of the Government was difficult. The value of sheep and wool to the community was undoubted, and it was necessary to encourage persons with capital of their own to overcome the difficulties with which the early pioneers were confronted. But the demand

for land in small areas was increasing, and it was realized that if the Colony was to be occupied in large holdings population would not materially increase. It was a task of some difficulty to reconcile the clashing claims of the present and safeguard the future development of this young country.

The squatting industry increased in power. Wool was the staple product of the Colony, and also a substantial factor in development. A constant fight was maintained between the pastoralists who held these ever-increasing areas and the Governor and general community. To appreciate the extent to which these large holdings had grown, it may be said that in 1844 fifty-four large squatters (four in each of the districts for which there were returns) occupied 7,750,640 acres, for which they each paid a licence fee. Upon these lands they depastured stock, large and small, equivalent to 1,216,659 sheep. At the same date the fifty-six smallest squatters, while paying the same sum in licence fees, occupied only 433,460 acres, and depastured 68,003 sheep. In 1851 practically all the land in Victoria which could be made suitable for farming, without the expenditure of much time and labour, was already occupied by squatters. In that year 938 squatting licences were issued to about 800 separate persons, and the extent of land covered by these licences was about 31,000,000 acres. At the present time the total area of land occupied for pastoral and agricultural purposes is little more than 36,000,000 acres.¹

In 1851 the great gold rush broke out in Victoria (or the district of Port Phillip as it was then known), and new-comers arrived in large numbers. Many of those who had come in search of gold turned their attention to agriculture, and the demand for land was very great, but owing to the above-mentioned difficulties the amount of settlement was very limited and disappointing. Moreover, the condition of the working-class was gradually growing worse. In 1859 unemployment was rife in Sydney, which led to rioting, and the demand for land became intensified.

¹ Coghlan, *Labour and Industry*, vol. ii, p. 655.

After responsible government had been established in New South Wales in 1856, the power of making provision for land settlement passed to the Local Parliament; and with the democratization of the franchise (whereby it was possible for people to voice their grievances), some definite change was assured, but the struggle was severe and the passage of legislation prolonged.

The early Ministries of the Colony were of short duration, and it was not until 1859 that Mr. (after Sir John) Robertson introduced the principle of 'Free Selection on Sale Survey', which was in effect the right of any person to select and purchase a portion of land in any part of the county, provided such land had not already been granted or sold by the Crown or reserved for special purposes.

The Bill founded on this principle was strongly and persistently opposed. The Ministry were defeated upon the issue, but appealed to the country, and as a result of the General Election vindicated the policy of the Government. The measure was again submitted and passed through the Legislative Assembly, but was rejected by the Council, which was a nominee chamber. The crisis so created was noteworthy as one of the few occasions in the constitutional history of the British Dominions when the power of swamping the nominee chamber because antagonistic to a measure approved by the popular House was resorted to. Fortunately, although the Governor accepted the advice of his Ministers to appoint suitable members to the Council to procure the passage of the Bill, this decision was not pursued. The term of office of the existing members was about to expire, and the Governor filled the vacancies as they arose in the usual constitutional manner.

Parliament was again called together, and in 1861 the Crown Lands Acts became law. Under the Crown Lands Alienation Act any person might select from 40 to 320 acres of Crown land at a fixed price of £1 per acre, except town and suburban land, which was still to be sold by auction, and land reserved for public purposes. One-quarter of the price

¹ Coghlan, *Labour and Industry*, vol. ii, p. 651.

was to be paid upon selection, and the remainder could be paid during the next three years, or the payment might be spread over a longer term if 5 per cent. interest were paid. The selectors were required to reside upon the land for three years, and to make improvements equal in value to £1 per acre.

The Crown Lands Occupation Act changed completely the tenure under which pastoral lessees held their runs. The colony was divided by it into first- and second-class settled districts and unsettled districts. In the first-class districts the lands were only to be let on yearly leases at £2 per square mile; in the other districts the leases were for five years, and the rents were to be fixed by the Commissioners.¹

The Crown Lands Acts of 1861 stands out amongst the mass of legislation designed to encourage and control settlement of the Colony as the first comprehensive effort to grapple with a very complex agrarian problem. It was intended to establish a compromise between the conflicting claims of the capitalist and the poor man, the occupant of large areas and the yeoman farmer, to meet the legitimate and pressing need for opening up land for settlement whilst placing a check on the dangerous growth of large estates. The measure, however, failed to produce harmony or to secure the results that were desired. Its main policy was evaded, and abuses grew up which not only further embittered the existing class controversy but materially helped in the aggregation of large estates. The position was as follows: The pastoralists were occupants of extensive areas which probably would be contiguous to watercourses and the rich alluvial flats adjacent thereto; the homestead would be established in a good commanding position; the surrounding country substantially improved by the expenditure of money on water-supply, buildings, clearing of timber, &c., yet the intending settler was entitled to select a home anywhere within this occupied area, provided the land had not been alienated from the Crown or set apart as a reserve. Naturally, the settler would choose a spot where the soil was good and which secured him access

¹ Coghlan, *ibid.*, p. 652.

to water. A conflict at once arose between the squatter and the selector; the desire of the former was to oust the intruder, or, failing to coerce him, to secure his departure by the payment of substantial compensation. Thus it soon became apparent that the legal right to 'select' carried with it the power to inconvenience, embarrass, and possibly oppress the pastoralist in possession. The choicest country would be marked out by selectors either on the water frontage or perhaps contiguous to the homestead, and from this land the squatter and his stock could legally be excluded. The pastoralist, for his own comfort and in the interest of his stock, was naturally tempted to get rid of the intruder at any cost; the new-comer realized the strength of his position and fixed his price accordingly. Thus grew up a practice of 'buying out' selectors, and land was marked out frequently and ostensibly for the purpose of bona fide settlement, but in reality as a means of levying blackmail upon the man in possession. To meet this difficulty the pastoralists adopted the practice of causing lands to be selected in their interest by a third person, who would go through all necessary preliminaries of application, including the declaration that nobody else had any interest in the land; he would bear the necessary cost, perform the stipulated conditions, but would enter into a secret compact with the squatter for the transfer of the land to him as soon as legally permissible. This was, of course, a direct infraction of the law, for it enabled one man through a series of agents to eventually become a freehold owner of large tracts of fruitful country. This danger had been anticipated by the legislature, and such action was prohibited under penalty of imprisonment by the Act itself. But 'dummying'—as it was called—became a universal practice. It was winked at in the country. The proof of collusion between squatter and dummy in order to secure conviction was extremely difficult, and even if this evidence was forthcoming the number of cases where the jury brought in an adverse verdict could be counted on the fingers of one hand.

The result of this land trafficking was to place in the hands of the large pastoralists the best and most productive land in

the Colony for sheep-raising, to the prejudice of those who might seek it for agricultural purposes or for making a home for the individual, whilst country towns became land-locked and incapable of expansion. Large estates grew and multiplied, some properties being in extent as much as 50 miles square: agriculture and small settlement was discouraged and a bitter class-warfare was maintained which gave a colouring to every Parliamentary election.

Sheep-raising and wool-growing demanded the employment of but little labour, and by the end of the nineteenth century the country districts were making almost no progress in population, whilst the towns continued to grow out of all proportion. At this stage immigration as a matter of national policy was revived on well-organized and active lines. The danger of international trouble in the East had given rise to the fear that Australia might be a temptation to the congested nations of the world, and as the Continent was without sufficient man power for purposes of self-defence practically all the States of Australia embarked upon a policy of attracting immigrants to the country and placing them on the land. But it was found that the area of suitable land still retained by the Crown was of little use in developing a comprehensive system of land settlement, and it was determined to deal with those lands which had passed into private ownership. The policy of compulsorily resuming private property for the purpose of closer settlement was the next comprehensive attempt to deal with the growing evil of large estates. It is true that the Commonwealth Land Tax on a graduated scale had exercised some influence in breaking up these large pastoral freehold areas: but there was no provision for the corollary and equally important matter of providing homes on the land so subdivided. Moreover, the incidence of this taxation was prejudicial to the owner. The large capitalist who could afford to pay these heavy charges was unaffected; but the owners with smaller means were compelled to sell and offer their lands to the public upon a falling market through the competition so generated, and were the victims of depressed prices.

It was necessary, in order that the machinery to accomplish this revolution of land policy should be efficient, that—

1. The State should be empowered to resume against the wish of the owner where land was suitable for agricultural settlement.
2. The procedure must be expeditious.
3. The land so made available should be sufficient to provide the occupant with a reasonable living area.
4. All trafficking in land which might lead to the old evil of reaggregation must be prohibited.
5. The land should be available at a reasonable price to the settler.

In the early days of this new policy land was secured at reasonable figures and the State was able to resell at a figure which recouped the Government for their expenditure, and at the same time was not an impediment to profitable occupation. Whilst the various Governments claimed this paramount right to secure land compulsorily in the public interest, encouragement was given to the subdivision of estates into areas for productive agriculture on the initiative of the owner and subject to supervision by the State. The popularity, however, of this new legislation and the demand for settlement led to an increase generally in the cost of agricultural land, and the price per acre steadily rose until it was feared that the higher figure would discourage small men. Fortunately, however, these fears have not been realized, and with improved methods of cultivation and stable markets very few farmers have been unable to make a success of their venture. The outlay to the State in the first instance was very heavy, but, inasmuch as the holders of the subdivided land were pledged to repay the purchase money by instalments, it was anticipated that after a certain period the amount of revenue thus accruing annually would be sufficient to meet the cost of further expenditure without adding to the original capital liability.

The great objective, of course, was to prevent the trafficking in these smaller areas, and it was provided at one time that

residence should be perpetual and transfer, direct or indirect, prohibited. This, no doubt, would check the consolidation of estates, but the occupant was tied to his land for life, and this meant unnecessary hardship upon the settler. These drastic conditions were subsequently relaxed, and now always the general stipulations are residence by the holder for some fixed period of years as an evidence of bona fide settlement, and provision that no individual shall hold in all a larger amount of land than constitutes a 'living area'—a 'living area' being defined as that which enables a man under ordinary conditions, with the usual family, to maintain himself in comfort. A man may have more than one set of titles, his original area may be added to, but the total must not exceed a living area. Quite recently, however, there has been a tendency to further relax the conditions of residence. The great objective is to make the land productive and afford equal opportunities to everybody, consequently it is provided that if the individual expends a specified sum in improving the property and adding to its productivity, residence is not compulsory: the underlying condition will still operate that under no circumstances can a man hold more than a living area.

There is no doubt that the results on the whole have been eminently satisfactory. Large towns had been surrounded by large pastoral areas which employed little labour, and there was no opportunity afforded for urban expansion. These have now been subdivided, and many localities which were once represented by a few large pastoral properties, and a small population are now replaced by settlements of busy agricultural workers enjoying prosperous homes.

The policy of the living area undoubtedly has completely checked the growing danger which threatened the Commonwealth, and the combined operation of the policies of immigration and land settlement on small areas has achieved great results in increasing the population of Australia and has added to the wealth and resources of the Continent.

The form of land tenure has been a subject of keen political controversy in Australia, and for a number of years

'Freehold' or 'Leasehold' was the battle-cry of rival political parties. Originally, land might be selected as a conditional purchase which secured to the applicant—after certain money payments and the fulfilment of residential and other conditions—a freehold grant of the land; or in the alternative the land might be held on lease for an extended period, likewise dependent on the fulfilment of certain conditions set out in the lease. But the lessee was not entitled to convert his leasehold farm into a freehold tenure. The main object was to encourage settlement by men of small means, but later, as the demand for agriculture became intensified and the danger of the aggregation of large holdings was real, the leasehold tenure was attached to all future disposition of Crown lands. It was argued that inasmuch as the occupants of these massed holdings were owners of the freehold, therefore by preserving the title in the Crown a check would be placed upon aggregation. But experience demonstrated that large estates were built up, not because the tenure happened to be freehold but owing to the unlimited area that might be held under one occupancy, whether the tenure was freehold or leasehold. Consequently, the remedy for this abuse was sought in the restriction of holdings to a living area irrespective of the form of tenure. The efficacy of the leasehold principle was further impaired by the widespread desire amongst settlers to eventually become the owners of their holdings. It was objected by the advocates of the leasehold title that the freehold was the policy for a man of capital, as the payments were much heavier, whilst the easy rental conditions of leasehold gave the small man an opportunity of establishing a home for himself. It is true that many struggling men were willing to make a beginning by securing land in the first instance on easy rental conditions, but when good fortune attended their efforts and they became firmly established and in a sound financial position, they gave expression to the instinctive desire of the Britisher to make his home also his castle; and an insistent demand was voiced that whilst intending settlers should in the first instance be allowed the option of

securing land either on freehold or leasehold conditions according to his inclination or finances, he should be permitted, if so desirous afterwards, to convert the leasehold into freehold. These issues were debated at great length in Parliament and upon the public platform, and eventually Liberal Governments were placed in office in various States as advocates of the right to conversion; and legislation was enacted to enable the lessee of Crown lands to convert into a freehold tenure so much of his tenement as would represent what is known as a 'living area'. This phase of the land question is one of the manifestations of the Australian policy that want of money shall not be a hindrance to advancement, and there can be no doubt that the sentiment of ownership inspires the sense of responsibility and the spirit of patriotism which must be the mainstay of a young nation.

Perhaps the most interesting and instructive feature in Australian land policy is the liberal financial assistance offered to prospective settlers in making a home, whereby an impecunious man is helped during the initial period of struggle and which enables the farm labourer by his own capacity to rise to the proud position of a landowner. This has been a settled feature of land policy in the Australian States for a considerable period, and is in rather marked contrast to the practice hitherto in Great Britain.

The policy of the States of Australia is to make farming available to as large a circle as possible. The greater the opportunities for a man who is without capital the wider is the field of applicants. The taxpayer through the agency of the Government assists the farmer financially in many ways. Although it is unusual for a State to make a free grant of land, and money is never regarded as a gift, the following concessions are invariably granted:

1. Easy terms for land occupation and the payment of moneys due to the Crown;
2. Loans for making improvements on the holding or in the purchase of stock and plant

Closer settlement is carried out almost entirely by govern-

mental agency, and its success is traceable to two factors, viz.: (1) the land is the property of the State; (2) the moneys are advances by State-owned institutions under conditions which would not appeal to a private bank or financial corporation; not because the methods are unsafe or unbusiness-like, but because the State Government enjoys advantages that are not available to the private mortgagee.

In an ordinary mortgage transaction the occupant of land who obtains a loan of money covenants to meet the interest and repay the capital. In addition to this personal contract added security is given to the creditor by a mortgage of the land. The money advanced is always substantially less than the value of the land on which it is secured, so that the margin between the amount of the loan and the value of the land is a measure of safety in case of reduction of price through a forced sale. Mortgagees in case of entry, however, must sell; they cannot use the property of defaulting mortgagors to build up large estates. To summarize, the land is pledged as a security, the amount advanced is always less than the value of the security, and the mortgagee must offer the land for sale and risk market fluctuations. On the other hand, the tenant in occupation, with no real asset to offer as security, cannot expect to borrow on his personal covenants except at excessive rates of interest; and even where he wishes to spend this money in improving his holding, the sum advanced is such a small fraction of the cost of the proposed improvements that it is almost useless. In Australia the Crown, as represented by the several State Governments, is the owner of the unsettled areas. This land is made available either by alienation on freehold conditions, whereby the occupant is enabled to raise money on the strength of his documentary title; or by leasehold, which is in the first instance the usual form of tenure nowadays. The lease is perpetual and the rent is only $2\frac{1}{2}$ per cent. on the unimproved capital value. Provision is made also for suspending the payment of the rent, small as it is, and other charges, during the initial period of settlement, when the land has not yet become productive. But the most valuable work is accomplished by

advancing money by the State to carry out improvements, &c. In new country much preliminary work must be done; the land must be cleared, partially at least, of timber; fencing must be erected, water-tanks excavated, and a house built. Trading banks are averse to this class of business, in which the only protection is the borrower's personal credit, and that in turn is dependent on the fluctuation of the seasons. The Government, therefore, has stepped in and through the medium of State land banks now freely finances the tenant settler. Inasmuch as the land is owned by the State there is no need in case of default by the borrower for a forced sale to realize the debt. The Government resumes possession, throws the land again open for lease, and obtains the benefit of any additional value already given to it by the money spent upon improvements, when the same land is leased to another settler. Care, however, must be taken in making advances. The proposed improvements should be carefully valued and advances made by progress payments and upon certificates of a responsible person as to the work accomplished. The result in all the States has been most satisfactory. Originally, the advances were limited to 50 per cent. of the estimated cost of the improvements. In the earlier days this conservative limitation was deemed necessary until experience justified an extension. In the light of success achieved, later statutes have provided for advances with only a 20 per cent. margin, and quite recently a scheme was agreed to between the Commonwealth and State Premiers for the repatriation of Australian soldiers, which provided for advances being made to the extent of the full value of the proposed improvements. Such advantages indeed were, moreover, not limited to the general permanent improvements upon the land, but enabled the settler to secure loans for the purpose of purchasing stock as well as implements for tillage, the security in the later instances being dependent largely on the trustworthiness of the borrower. This policy, though novel and experimental, has proved to be no undue burden on the taxpayer, and the bad debts represent only a small figure. Moreover, it is an undeniable boon to the settler: a man without capital is

assisted during the initial period of anxiety and is enabled, if he is willing, to make a comfortable home for himself. Everybody is able to regard life on the land as a means of bettering his condition. Many a labourer has risen by this means to become a prosperous farmer and landowner. The success of this policy lies in the fact that the State owns the land and that money is freely advanced. The State is vendor and mortgagee on a very large scale. Such a programme, however, is not feasible in England under present conditions, except in a few instances where a large landowner has an abundance of capital and is prepared to finance his tenant as liberally as a State Government. The general trend of opinion seems to be to regard the possession of capital as essential. The Small Holdings Act in practice assumes that the applicant possesses capital equal to at least £5 per acre; the sole clause that deals with loans not having been put into operation. The report of the Departmental Committee of 1916 countenances the suggestion that no man should become a farmer unless he is in a position to maintain himself until he gets a return from his holding, and has sufficient capital to purchase both the stock and plant for that land. Why should not the State intervene and extend a helping hand as in Australia? I am of opinion that, unless the land problem of this country can be modified so that the man with little or no capital can be financed and offered some real prospect of improving his condition, the mere granting of a statutory minimum wage per week to the agricultural labourer will not of itself induce men to embark on the uncertainty of agricultural life after the war.

VI

IMPERIAL MIGRATION

THE Overseas Dominions have been populated largely by stock from the British Isles since the end of the eighteenth century. The exodus from this country was largely voluntary in its nature and seldom controlled by any sustained or systematic methods, because the Colonies were for a long time of no recognized utility, and emigration was not an attractive proposition. To-day the Dominions are of proved value, and their importance as members of the great Commonwealth of Nations is increasing. A hundred years ago a Britisher who settled in the Colonies was leaving his home for an unknown country and unknown hardships. To-day the Dominion settler considers he is changing one place of habitation for another, each of which is regarded as his home. In the future our aim should be to maintain the full interchange of people and ideas for the purpose of increasing the strength and cementing the unity of the Empire.

At the end of the eighteenth century the ill-advised attempt of Great Britain to establish detailed control over colonial trade resulted in the foundation of the United States of America, and the discrediting of the mother country's colonial policy. Within the compass of a few years, however, by methods of conquest or discovery, the British flag was flying over new territories which now constitute three of the great dominions of the Empire, viz. Canada, Australia, and South Africa.

The loss in surface area occasioned by the secession of the settlements in North America was balanced by the acquisition of these new lands. Although they represented an accretion of so many square miles to the United Kingdom, they stood

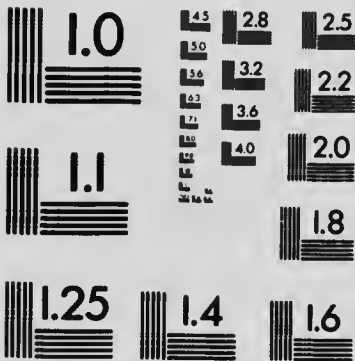
for little more in those days, or indeed for many years afterwards. They were not deemed to be a source of wealth, for they were all undeveloped. Australia was uninhabited by white men, the population of the other settlements was but scanty. In those days of European conflict it was recognized that their retention would involve the motherland in continued expense. It had been considered a logical and justifiable policy that the Colonies should contribute to the cost of the British Government in such a way as Parliament might determine; but there was little prospect of obtaining added revenues from them in the first instance. Moreover, the experience of the untoward consequences of endeavouring to exercise compulsion in the case of America was by no means an encouragement to repeat the attempt; not because it was thought it would be an unjust policy, but because after spending the taxpayers' money in their development and protection the consequence was a serious constitutional difficulty with a people whose sense of gratitude forsooth was not yet developed.

Certainly they should be retained rather than surrendered was the general opinion, but they were voted to be a costly encumbrance. How to utilize them was the problem. It was suggested at one time that the Australian Continent might be made available as a new home for those colonists who had remained loyal to the King, but this proposal was not acceptable to the Government. The sapient statesmen of the day then conceived the idea of utilizing those far-away lands as a dumping-ground for convicted prisoners. The American Colonies had been used for this purpose, and numbers of unfortunates, the victims of the drastic provisions of a barbarous criminal code, had been shipped across the Atlantic to America and the West Indies. When the War of Independence closed this door, these undesirables were for the time being herded in hulks and penitentiaries. The congestion was becoming serious, when a happy inspiration led to convicts, under sentence of transportation, being removed to New Holland. The immediate origin of settlement overseas was the transportation policy. Thus opened ingloriously the new



MICROCOPY RESOLUTION TEST CHART

(ANSI and ISO TEST CHART No. 2)



APPLIED IMAGE Inc

1653 East Main Street
Rochester, New York 14609 USA
(716) 482 - 0300 - Phone
(716) 288 - 5989 - Fax

chapter in the history of British colonization. Australia did not get a fair start. In the light of the magnificent achievements of all the Overseas Dominions in production, moral and material assistance in the present world-wide struggle, it is a subject of fervent congratulation that with such an inauspicious beginning such an unexpected and epoch-making development has taken place. It is not my place to analyse the causes or to locate the blame for such a policy. The only proposition I desire to advance at this stage is that emigration to the Colonies from this country had for a long time been associated with the undesirable citizen; and although subsequently, in consequence of the pronounced and repeated protests of the Colonies, transportation was prohibited, yet much harm had been done. In the intervening period many of the stoutest hearted of our race—English, Scottish, Welsh, and Irish—had voluntarily made for themselves a new home overseas, had endured the hardships and privations of the pioneer, and had formed the nucleus of that redoubtable manhood which has been the pride of this country and the admiration of the world in the present war. But the memory of the policy imposed upon them by an unsympathetic Government rankled in the minds of the free and independent settlers who were multiplying in the midst of these unfavourable surroundings.

These unpleasant associations lingered for a generation in this country, especially with regard to the more distant settlements. These lands were undeveloped, their future prospects uncertain, their great remoteness, the infrequency of the postal service, the complete absence of telegraph communication, the length of the journey, and too often an unsympathetic and indifferent administration, were serious obstacles to an adequate appreciation by the British public of the attractions offered by the Colonies. Although this original prejudice fortunately died out, news still travelled slowly. The lapse of sixty years had not added very materially to the knowledge in this country of the geography or social conditions of life in the Antipodes. Later the discovery of gold in Australia was noised abroad, and a large

flow of population was attracted. The Continent became known as eminently suitable for sheep- and cattle-raising, and the climate, as well as that of New Zealand and South Africa, enjoyed a reputation for salubrity under the genial influence of a sun that was seldom obscured by clouds. It was a land where no man, who was not afraid of hard work, need despair of earning a livelihood; and the youth who had outrun the constable, or otherwise sown his wild oats in the old country, might in the Colonies recover his self-respect and live a useful life without being an anxiety to or being worried by his relations during the process of regeneration. If, on the other hand, he failed to retrieve himself, I am afraid there are many who comforted themselves with the Pharisaic reflection, 'We have done our best, and at this distance he can no longer disgrace us at home'. Unfortunately, such cases were by no means unusual, and although the Colonies had succeeded in living down the earlier associations of being a suitable place for those who could not evade the police, there was still a tendency to regard them as a haven of refuge for those who had outrun the constable. In a word, emigration had not yet become a popular term with the community.

We now meet with a new phase of the movement. The word no longer implies any social disability; yet the special circumstances attending an active policy of emigration threatened to create suspicion and even opposition amongst a certain section of the British people. The last quarter of the nineteenth century had been contemporaneous with an enormous development in the means of world communication, and the advent of the electric cable, the superseding of the old sailing vessel by the steamship, improvements in the means of transit, all helped to conquer the obstacles of distance. Thus the sea voyage was robbed of its terrors, and the interchange of visits between the United Kingdom and the Colonies was continuous and always increasing. The people at last were acquiring a closer knowledge of the resources of the Dominions and the crimson thread of kinship was no longer a pious dream. The productivity of these

lands in the southern seas was undoubted, trade potentialities were vast, and large fortunes were known to have been made. In the Australasian group was one of the largest (if not the largest) silver lead mines in the world. The same claim can be made in respect of tin and copper production. There were fruitful areas fit to become the granary of the British Isles: meat and wool were grown in sufficient quantity to meet the requirements of a large part of Europe, and the conditions of labour were unequalled in any part of the Old World. Australia was undoubtedly the working-man's paradise; but, alas! a magnificent country of empty spaces, a territory larger than the United States of America with a mere handful of people. In order to fill these vast spaces the States of Australia embarked on an active immigration policy—the movement was directed and controlled by the State Governments, and a strenuous canvass was set afoot to secure immigrants from the British Isles. Only the best were encouraged, all parts of the kingdom were appealed to, and the rural districts were the object of the keenest attention. The results were most satisfactory, and a large stream was induced to Australian shores; the movement grew and had assumed very large proportions when the outbreak of the war forced a cessation of all activities. Already, however, murmurs had been heard of protest against the attempt, it was said, to denude these islands of their rural population. It was asserted that if this rate of subtraction continued the country would be entirely without the means of maintaining a satisfactory corn supply; and whilst it might be a praiseworthy policy for the Dominions to advocate, yet the price the mother country was called upon to pay—the loss of the very best type of citizens—was unreasonably heavy. To press farther the immigration movement under these conditions was accounted selfishness on the part of the States concerned. It is not material to inquire in detail whether these complaints were well founded or not, although I may say parenthetically, that the State Government took every precaution to prevent any undue interference with labour conditions where a man was enjoying permanent employment.

Yet dissatisfaction was in the air; what would have been the development had the war not intervened it is difficult to say, but there were already indications that opposition might again be met with in the event of any proposal to revive the flow of immigration after demobilization is completed, unless the true position is clearly understood.

The Australian States have hitherto drawn upon the agricultural population for their supply of immigrants, and presumably if the policy is resumed will do so again; but a great change has taken place during the last two years in the attitude to agriculture in this country. For many years the United Kingdom has produced a small proportion only of the wheat required for home consumption; the balance came from overseas, and the people have placed implicit trust in the ability of the Navy to maintain our trade routes. The development of submarine methods of piracy has forced the nation to put on its thinking-cap. The efficiency of submarines is only in its infancy, and in view of their extraordinary achievements and their power for injury in the course of the last eighteen months of the war, it is within the range of possibility that further inventions may make the undersea boat a greater menace to trade. To guard against the risks of isolation it behoves Great Britain to become a self-supporting nation, at all events as far as corn is concerned. From various causes the rural population had been steadily depleted prior to the war—many have been called away during the last three years—and inducements are now being held out not only to fill up these vacancies but enormously to increase the acreage under cultivation. The first duty of the Government, therefore, will be to ensure by every reasonable means that the ranks of the rural population are filled until thereby the nation's objective is capable of being attained. Every effort of emigration agents which interferes with the policy will properly be discouraged.

This growing prejudice against emigration in the narrower sense must be satisfied, and our attitude towards the question recast on broader lines. Strange to say, whilst there has

been this prejudice against emigration in this country, for different reasons, objection has been manifested to immigration on more than one occasion in the Dominions. It will be gathered from what has been stated with regard to transportation that the system was not popular amongst free men in the Colonies, and indeed as soon as the settlers became sufficiently numerous and influential to make their voices felt, they protested vehemently against the system. Unfortunately, there was no force of popular opinion in Great Britain to guide or drive the Secretary of State for the Colonies. The minister in those days was ignorant of colonial conditions, at times even indifferent, and the tendency was to remit the burden of administration to the permanent head of a department. The Colonies, in those far-off days, had few friends at Court, and protests were relegated to the departmental 'oubliette'. So great were the abuses, however, that public resentment steadily grew and transportation to New South Wales had ceased by 1840. As time went on the population of free settlers rapidly increased. Production expanded and industry was thriving; the demand for more labour became urgent, and an immigration policy from the old country was encouraged by the local Governments. These were, however, experimental days; the voyage was still long, the food inferior, the supervision indifferent, and the movement was subjected to severe criticism. Worse still was to follow. Through a regrettable absence of organization the influx exceeded the local power of absorption. The labour market became congested, unemployment and distress supervened. Naturally, such adverse happenings did not tend to popularize the policy, and further action was stayed for many years. It was revived subsequently, but in spite of the previous experience the mistakes were repeated and immigration was regarded as an insidious weapon for injuring the working-man. Immigration under State control was not again seriously attempted until the year 1906. In the meantime industrial depression had been operative in the United Kingdom, and unemployment was rife; the burden of the taxpayer was increasing and praiseworthy attempts were

made to relieve the distress prevalent through the medium of emigration. Societies were formed for that purpose and Australia was asked to accept some of the outward flow. The scheme met with opposition, and it was thought that the people of this country were about to dump in the Dominions a number of unemployed and even the unemployable—the human misfits who were not fashioned for the strenuous life of land settlement if placed in the country, and who would congest the labour market if they were located in the towns. Much prejudice was thereby excited and motives were misinterpreted. The official labour organizations were always very sensitive on the subject of immigration as being a veiled method of unduly increasing competition and reducing wages.

When the State Governments again entered upon a comprehensive scheme they encountered much opposition based upon the above-mentioned grounds. Much of it was unjustified, but the antagonism unfortunately received support from the misguided zeal of some agents in Great Britain, who undoubtedly misled immigrants as to the conditions of Australia. These mistakes were in turn magnified and prejudice was stored up, and it became necessary for the Governments to exercise the greatest care in their work, so as to allay the suspicion that the movement was a covert attack upon the existence of trade unions. The country, however, was crying out for labour for agricultural and dairying purposes, and in consequence the activity of the agents was directed to the country districts of Great Britain, whose efforts created the alarm I mentioned in an earlier paragraph.

Thus emigration and immigration have become invested with associations which militate against the success of the work of transferring people from the United Kingdom to the Overseas Dominions. The time has come when we must recast our ideas and reshape our attitude and associate this purpose with a wider national outlook. The time is ripe now to abolish each of these terms and substitute for them the simpler word 'migration'.

Post-war international developments are most uncertain. The Allied Nation inscribes upon its banner 'Never again', but few persons are so supremely optimistic as to expect that on the conclusion of Peace warlike weapons will at once be thrown upon the scrap-heap. We might be united in the determination that the world shall not again be convulsed at the mere behest of any caste consumed with a lust for temporal power, but such an object can only be achieved if, in the process of education, the world Powers remain prepared to strike immediately and crush any would-be disturbers of universal peace. This does not involve the continuance of extensive and national armaments; but inasmuch as the best way to prevent war is to be prepared for it, so it behoves us to frame our future policy so as to be ready for such possibilities, and to ensure, quite apart from any military measures, that we shall not be incapacitated through the want of supplies. One of the lessons taught by this war is the danger to the country of isolation through losing the commanding position on the seas. The United Kingdom can produce much more within her own borders, but there are many articles for the supply of which we necessarily depend upon overseas sources. Let us then develop our resources amongst our own people by our own people for the benefit of our own people. We should not be dependent upon the goodwill of foreign nations, which may be withdrawn at the moment we most need it, in respect of any commodity which can be produced within the confines of the British Empire. The Dominions during the past few years have exported meat which has been used to a very great extent in supporting our Army, wool to clothe our soldiers and also those of the Allies in the field, as well as the civil population at home; wheat to the extent of a large proportion of the total home consumption; metals, such as copper and lead, so vital for the manufacture of ammunition; minerals, such as molybdenite and tungsten, invaluable ingredients in the process of making steel. Common sense and commercial foresight insist on a closer connexion with our Dominions, not only for the purpose of reconstructing our civil life, but in order to

be self-supporting in the event of another international upheaval. Alas! the Dominions, with their unlimited possibilities of wealth production, are but sparsely inhabited. There are vast empty spaces, rich and productive, waiting for the plough and the man to guide the machine. Improved means of communication, more scientific methods of cultivation, and higher prices for products are of no practical value unless the human labour is available to convert these material advantages into wealth and provide sustenance for the newcomer.

It may be asked, What relevancy have these facts to our future movements? They may be of vital significance. On demobilization our social and industrial life must undergo rearrangement. During the war nearly 5,000,000 men have been withdrawn from civil occupations. In some instances their places have been filled; many trades have been entirely suspended, many new industries have sprung into existence as ancillary to the prosecution of the war; at the time of the armistice the total volume of employment, broadly speaking, was almost as great as it was in 1914. Many of these avenues of employment have automatically been closed with the war. Many suspended industries will remain stagnant; and yet a place must be found for these millions of soldiers after their discharge from the Army. It is a moot question whether the nation can absorb them all even if they are willing to settle in the land of their fathers. It does, however, seem certain that there will be a widespread desire to travel and visit other lands; the spirit of unrest as a result of the continuous strain of active warfare, the more ambitious outlet engendered in the breasts of many, are some of the causes operating to bring about a repetition on a larger scale of the experiences of previous wars. These men have no fixed goal before them, except that they will probably gravitate to the countries of the newer world. If fortune smiles upon them in their new surroundings they need not return to the British Isles. There are again many, who are neither soldiers nor belonging to the unemployed class, who will desire to try their fortunes in other lands and perhaps

be lost to the Empire. It should be the duty of those in authority to direct the wandering footsteps of these men within the Dominions of Great Britain, and our overseas cousins should be ready to welcome them. Life in the Dominions can no longer be regarded as in the nature of exile from the mother country and the uprooting of old associations. There will be the same British institutions, the same conditions of life, liberalized, perhaps, by the independent spirit of a progressive people, the same love of liberty, and they will meet thousands of men there who have fought by their side in the trenches. The inconvenience of distance is being daily overcome. The trip to Australia, the most distant of the Dominions, is not much longer than the journey from Edinburgh to London was in the days of Sir Walter Scott, but considerably safer and attended with less discomfort. That journey was not then considered banishment, and the traveller was always on British soil. To-day the boundaries of the Empire have been extended. What was once spoken of as emigration is nowadays a transfer of habitation within the Empire. Whatever may be the motive that actuates the individual he will still remain a unit in the great Commonwealth of Nations, the producer of wealth and available for the defence of their common interest. To allow these men to drift under foreign flags would be rank folly.

This interchange of population is rightly called 'migration'—the term comprehends all that is conveyed by 'immigration' or 'emigration', but the objective is national rather than sectional, and it is free from the prejudice that has from time to time been attached to the latter expressions. Moreover, migration within the Empire can be supported on economic grounds. The United Kingdom has known its periods of depression and unemployment, falling wages and distress, and those conditions frequently follow closely on a temporary boom of activity which characterizes the early days of peace. We must not be surprised if history repeats itself. It is more than likely that the labour market will be congested. Soldiers are asking, and justly asking, to be placed in occupations that are free from the humiliation of charity. Many

others who are now at work may be willing to make way for the soldiers—then there are those engaged in blind-alley occupations, which will sooner or later terminate, and they will be thrown, as their competitors, on a crowded labour market. Under such circumstances, wages *must* fall to some extent, but every competitor who is removed helps to restore the balance and with the removal of the surplus supply the normal standard of wages will be re-established. This adjustment can be accomplished if an opening can be found without delay elsewhere within the Empire. This is not a desperate remedy to relieve the unemployable, but should take place at an early stage before unemployment becomes established and is extended to men who are capable of carving their own fortunes. Such men, in the various Dominions, will presumably settle on the soil and will help to increase the output of raw material desired for the use of the British Isles or other parts of the Empire; as they increase and multiply they create fresh demands for a variety of commodities which can be supplied by the United Kingdom, and the manufacturers, instead of being oppressed by the stagnation of a glutted market and the ruinous competition of other nations, may be able to acquire an assured outlet within the boundaries of what, for want of a more expressive term, is called the British Empire.

VII

THE FUTURE

THE question now arises, What is to be the future relationship between the mother country and the various outposts of Empire? Are the ties to be drawn closer, or shall these young nations in the various Dominions be allowed aimlessly to drift? Is the crimson thread to be snapped, or shall it be woven into the fabric of an elastic and enduring union? Is the recent outburst of enthusiasm merely a passing phase of sentiment to be easily forgotten, or is the occasion to be made use of to develop the resources of the Dominions, to make the Empire self-supporting, and even ultimately to form a permanent nucleus for the League of Nations? Is the exchange of commodities to be encouraged on lines of mutual concession and common benefit, or is the narrow objective of pure commercialism again to drive the trade to the highest bidder? Is more frequent intercourse and the exchange of opinion to be stimulated? Is the Britisher who desires to migrate to be retained within the Empire, or through the want of sympathy to be driven to shelter himself beneath a foreign flag? These are vital questions. In a sympathetic audience but one answer would be expected. It would be difficult to find a gathering which would be irresponsive, but there is much diversity of opinion as to the best methods and the machinery for closer union. We have been invited to subscribe to the early acceptance of a definite constitution in the form of Imperial Federation. No doubt the privilege of consultation and representation logically carries with it the corresponding responsibility of taxation. But however anxious the Dominions may be, and however justifiable their claim, for a voice in the Cabinet Councils of the Empire,

I fear that Imperial Federation at the present time is premature. Distance is the first lion in the path. Until the voyage to Australia is greatly reduced in time, until cable rates are much cheaper and news distributed in greater detail, her representatives would be unable to perform the double duty of serving their own Dominion at home and sitting in the Cabinet in London. One duty or the other must be inadequately performed. Moreover, if representation is to be based on population, the Dominions are unlikely to surrender themselves to the decision of a Parliament in which the combined vote of all the self-governing Dominions would be less than that of the United Kingdom. On the other hand, Great Britain would be justified in resisting any suggestion that the policy of this country in respect of foreign relations should be determined by a Parliament in which she might be outvoted by the Dominions. Time will bring an increase in population and a conquering of distance. Unsatisfactory as a loose union is, bonds prematurely applied are more than dangerous, and however attractive the idea of Imperial Federation may be, the wise policy is to hasten slowly. In the near future different portions of His Majesty's Dominions may be endowed with larger powers of self-government. Possibly those enjoying the status of responsible government may be incorporated in wider federal areas. It is wise to wait and see. Much can be done in the meantime to establish a better mutual understanding, a closer union of sentiment and interest; and on these foundations, if truly and carefully laid, may be erected a grander superstructure in years to come by the process of gradual evolution.

There are three outstanding features of the Imperial problem—(1) Great Britain is not self-supporting; (2) Australia possesses unlimited resources, but (3) suffers from the sparseness of its population.

One of the many lessons that have been impressed upon us as the result of the war is the dangerous extent to which the United Kingdom is dependent upon other nations for manufactures and raw materials, and even the necessaries of life. This position is attributable to the practice of past

generations, which assumed the continuance of peaceful conditions. The two guiding stars in the policy of this country during last century were buying in the cheapest markets and reposing a blind confidence in the integrity of all our neighbours. In this way we, as a nation, had allowed our agricultural production to fall below the demands of the population. We had ceased to manufacture many articles in daily demand (some of which indeed were proved to be vital to the prosecution of the war) because it was said they could be procured elsewhere at less cost and more conveniently than in Britain; and it was owing largely to the foresight of the Government of the day in at once bottling up the enemy fleet, and the traditional courage of our Navy, that we have been able to preserve our sea-routes with comparatively small losses.

When we look around the Dominions we find in them the means of supplying the Empire with practically every product necessary for commerce, yet these opportunities have not been properly developed through want of encouragement. Overseas traders have frequently, without success, sought for markets in the United Kingdom, and whilst these overtures met with inadequate support, the old country was unconsciously pursuing a policy that was fraught with the utmost danger to the people on the outbreak of war. Let us take Australia as a typical object-lesson. I select the Commonwealth as being the country about which I am most competent to express an opinion, although I freely admit that the other Dominions have grounds for like complaint. Australia embraces an immense territory, in area exceeding the United States of America, and richly endowed by nature with mineral wealth and a soil that will supply all forms of primary produce. The Broken Hill Silver Lead Mines are one of the largest, if not the largest, of its kind in the world. The parent company has paid dividends approaching ten millions of money in the course of its operations. Tasmania possesses one of the largest tin mines in the world. The Burrinjuck Reservoir in New South Wales is undoubtedly the largest storage work in the southern hemisphere, im-

pounding as much water as is contained in Sydney Harbour, and capable of supporting, on the areas which it supplies with water, a population of many thousands. Yet, through the policy of unsuspecting confidence, the Commonwealth at the outbreak of war found themselves in the hands of German companies for the treatment of zinc and lead concentrates. The mining companies were bound by the terms of the bond to renew the contract for smelting on the termination of the war with the German people, and to supply them with the necessary raw material for munitions of war. The Federal Government appealed to the Parliament of the United Kingdom to release the Commonwealth from this burden and the Empire from this menace, believing that the British Government was the proper authority to move in such a matter. For reasons that have never been understood, or satisfactorily explained, the Government found themselves unequal to the task. Had Australia been contented with this attitude of *non possumus* the consequences might have been grave to all the Allies. The Commonwealth, however, realized the danger, and resolved to create a new precedent: they assumed the responsibility themselves and terminated this iniquitous arrangement. In respect of wool again, in quality and quantity, Australia is amongst the leading nations of the world. In that country the growth of the finer quality merino wool is carried to its highest perfection. In 1913 the British Empire produced more than one-half of the world's output of wool, and of that quantity no less than 25 per cent. found its destination in Germany and Austria. The production of Australia alone for that year of wool of all kinds was 633,000,000 lb., 28 per cent. of which was diverted to Germany and Austria; and a substantial quantity of the United Kingdom wool clip (small as it is in comparison with the wants of the nation) was sent across the Channel to our enemies. There is a metal—wolfram—a discovery of recent years, which is obtained in very large quantities within the Empire, and which plays a most important part in the hardening of tools for engineering and factory purposes. Yet by the methods of peaceful penetration the Germans had

obtained such a firm footing in the markets of the United Kingdom, that when at last the British Government awakened to the importance of being self-supporting and manufacturing their own machine tools, the enemy made a successful attempt to render the project unprofitable by severe undercutting of prices. A serious note of alarm was sounded during the war at the prospect of a general food shortage and of the insufficiency of wheat supplies, yet the possibilities of wheat production in Australia are unlimited. There are vast virgin territories still ready for cultivation, awaiting only the arrival of the settler and communication with the export markets. Research work has now produced a wheat seed that is more prolific and has greater powers of resisting drought than in past years. These discoveries, with improved methods of cultivation, have led to the occupation and profitable use of vast areas, which a comparatively few years ago were considered as being beyond the margin of productive agriculture.

Turning to the United Kingdom. We find the average consumption of wheat in the United Kingdom, taken over a period of five years, 1909-13, was 260,000,000 bushels. In 1918, which was a record year for the British Isles, the actual production of wheat was only 80,000,000 bushels—about one-third of our requirements, and the prospects of substantially increasing that yield are unduly remote. Take meat, such as beef, lamb, and mutton—seven-nineteenths of the annual consumption was imported. With regard to wool—we know of the enormous quantities which have come to this country from Australia. Further, we need only refer to the history of this war to realize how dependent we are for those minerals of which the Dominions enjoy an abundance. Self-interest, therefore, suggests that we should ensure a constant supply of those raw materials from our own kith and kin, on whose sympathies we may count, rather than be dependent on the changing goodwill of foreign countries.

Australia with a huge territory, alas! is held by a mere handful of people. If every man, woman, and child therein joined hands they could not reach round the coast-line. Yet

small as are the number great have been their achievements. For more than a century they have been occupied with the arduous task of pioneering work. Remote from the complications of European politics and undisturbed by the clash of hostile arms within her boundaries, her people have been content to pursue the paths of peaceful progress. With no reputation for military activities their wondrous rally to the cry that freedom was in danger was a surprise to the enemy and an inspiration to the people of the Allied countries. This great army hastily raised by voluntary effort won their spurs on that grey morning in April, 1915, when they faced an unknown foe at Anzac Cove: they have gained fresh laurels on many a field of battle since that day, and they have proved themselves worthy to stand alongside of the best troops of the Empire. They have been forced to participate in European policy and have made good a claim at least for consultation in the consideration of those matters which might result in the shedding of the best blood of the sons of the Commonwealth. They are a nation worthy of the stock from which they sprang.

Unfortunately Australia's output is at a figure lower than its capacity on account of the comparatively few hands engaged in production. The time will come, I hope, when the population of the Commonwealth will increase rapidly, when the output of wealth will be multiplied in quantity and value, and the raw materials will be available primarily for the constituent members of a mighty cohesive and self-sustaining Empire. On the other hand, Australians will still maintain their policy of a White Australia, and are prepared to fill their vacant spaces with their own stock from these islands and thereby obtain added strength to maintain a policy of racial purity.

At the present moment, however, any propaganda with regard to emigration is inopportune. The various Governments of Australia have the paramount responsibility of repatriating their own returned soldiers, either in city or rural pursuits. At the same time it is felt that every available man and woman is required in the United Kingdom to

re-establish the suspended industries, to help rebuild the ravaged territories of Belgium and France, and to re-equip the nation for the peaceful competition of commerce in the immediate future. Whether employment will be found for everybody is not quite certain. I hope the demand will be quite equal to the supply; but whatever may be the opportunities for employment in this country, there are no doubt great numbers of demobilized soldiers and women who are determined to travel. The yearning for adventure is not yet dead. This tendency is prompted by the spirit of unrest which is consequential on every national upheaval after a long war. Others, again, will feel constrained by the limits of their own circle with which they have formerly been content; and there is, moreover, an undercurrent of opinion that life is more comfortable and money more easily earned in the Dominions. Unfortunately, or fortunately, there is plenty of elbow-room in Australia. The population was small before the outbreak of war, but it has been seriously reduced since then. The cities are too large. The country is comparatively empty. If there is to be an exodus from these shores then let the stream be confined within the boundaries of the Empire to people our Dominions, to strengthen our manhood, to increase our resources. It is no longer a question of losing people if they are conserved to the great Commonwealth of Nations. Migration has become an issue of equally vital interest to the mother country and the Dominions.

The situation in Australia is unique and urgent. It is one of the largest of the Dominions in territory; geographically it is remote and isolated, inadequately defended against attack owing to the shortage of population, and seriously handicapped in respect of British immigration by distance and cost of transport. The passage rates prior to the war were quite beyond the reach of the ordinary immigrant, and the contributions by the State Governments became burdensome if carried out on a large scale. During the war the steamer fares were raised to prohibitive figures and the outlook was far from encouraging. The attitude, however, of the Secretary of State for the Colonies is most heartening and fraught

with untold benefits to the policy of Empire cohesion and continuity. It would appear from recent pronouncements that the British Government recognize an obligation to place the demobilized man and woman in congenial occupation in whatever part of the Empire he or she may wish to be discharged and undertake to pay for their passages to the nearest port. This declaration has been received with marked satisfaction: for it preserves British man power under the flag, it develops the resources of the Dominions, it increases their powers of self-defence, and in respect of Australia removes the handicap of distance and cost which operated prejudicially in her interests in days gone by. This policy is limited to men and women who have served in the various war organizations, but it is hoped that the principle therein recognized may be extended and some agreement may be arrived at whereby the Home Government and the Dominions may contribute to the cost of placing British civilians also in happy homes overseas.

In the interests of the Empire this policy of financial assistance might be prudently extended. It is not sufficient to pay a new-comer's cost of transport if there is no employment awaiting him in the new country. Australia endeavours to ensure that every immigrant arriving under Government auspices shall be offered an opening 'on the land'. Immigration and land settlement are thus complementary to each other. But in order to render agricultural life profitable the holding must be connected by rail with the markets. A very comprehensive scheme of railway construction was initiated before the outbreak of war; but the inevitable restriction upon State borrowing during the course of the war has correspondingly reduced the mileage of new railways very drastically. Consequently, the amount of land that can be offered in the near future for productive settlement is limited, and until the States can approach the money market with freedom this difficulty must continue. Is it unreasonable to suggest that the British Government might further recognize the Imperial responsibility for overseas settlement by advancing money to expedite schemes of land settlement

which make adequate provision for settling British ex-soldiers and eventually the ordinary emigrant civilian? Such a proposal is not unreasonable. It is not a free gift, but providing facilities for securing loan moneys which will be repaid. This will quicken the pace of land settlement overseas and will expedite the day when the British ex-soldier will find a resting-place and make a new start in the world of peace. Such a scheme would, of course, necessitate the submission of proposals of settlement which would be in its broad features acceptable to the British authorities.

In the meantime I plead for two things—a wider knowledge and a closer sympathy. Before 1914 the mutual ignorance of the various portions of the Empire was lamentable; although the war has acted as an educational agency, still there are vast gaps of knowledge to be filled; we are all conscious of each other's shortcomings. Australia being one of the youngest and the most distant outposts of the Empire is the least known, and I am afraid is at times not understood. This situation may be the result of, at all events it was reflected in, the old Colonial Office policy. Under our system of representative Government the grievances and aspirations of a constituency are ventilated through the local member and the Minister whose department is affected. Close contact and quick access and personal meetings give a power and vigour to representations which distance unfortunately destroys, and the local member carries the responsibility of loss of prestige if he fails adequately to voice the wishes of his constituents. At all events a hearing is secured and a reason must be advanced in support of a refusal. To some extent the relationship of the overseas colonies to the Colonial Office was similar to that between the individual electorate and its member in the British Parliament. The parallel may not be complete, yet it is a fact that the only channel for representation that was available to residents in the Colonies during last century (and to a large extent at the present moment) was through the Secretary of State for the Colonies; and thus it happened that distance weakened the force of the representation.

Through want of knowledge of colonial conditions and of the individuals concerned the official mind was necessarily unable to acquire the necessary note of sympathy. Colonial grievances received short shrift. The Colonies themselves, indeed, were regarded as an expensive encumbrance, and whilst petitions which were deemed by the colonist to be meritorious were pigeon-holed, the bonds of union were being undermined by the cold indifference of British administration. Those defects have to a large extent been removed in recent years, but the extraordinary and rapid changes brought about by the war in the relations of the Dominions with the mother country demand further changes and progressive administration to continually keep abreast of these new developments.

I wish to guard against any suggestion that the Secretary of State for the Colonies, or his staff, are wanting in sympathy towards the Dominions. I freely recognize that Lord Milner does his best to meet the aspirations and desires of all sections of the Empire. I keenly appreciate his goodwill, but he is working with machinery that is now becoming obsolete. The very name of 'Colonial Office' is now out of date, and resurrects associations and recollections which in old days stood for want of sympathy and indifference. Why should the Minister who presides over the self-governing portions of the Empire be encumbered with the administration of the Crown Colonies? The necessary changes are a matter of policy for the Government rather than for the individual Minister, and it is to them that I make the appeal to recognize the great pace at which constitutional history is being made to-day, to scrap the old machinery and replace it with what is up to date. I venture to suggest, as one who has had experience of the working of the Colonial Office, both in this country and in Australia, that the officers of the Dominions Department in the future should have served their apprenticeship in the Dominions; not in the Commonwealth of Australia alone, but they should devote a reasonable period of time to each of these great outposts of Empire, in order to qualify themselves for the better

understanding of them all on their return to London. They should learn the physical geography, become acquainted with the resources of each country. They should study on the spot the operations of liberal institutions and social experiments and the working of the democratic mind of these young communities. An attitude of sympathy with the aspirations of these free people should be encouraged, and their minds should be receptive to the progressive ideas that are continually being promulgated in these new countries. No business house which desires to achieve success would venture to send to a foreign country a traveller who could not speak the language and did not understand the habits and the idiosyncrasies of his new customers. How much more necessary is this personal experience in the field of Empire building and the cultivation of the bonds of sentiment! As a matter of mutual education I consider it equally important that the more capable officials in the various Dominion Governments should undergo a period of probation and training under the Secretary of State in this country. Statistics in themselves are of little value. Individual officers may be replete with knowledge acquired by reading, but it is the actual experience and the sympathy gained by personal acquaintance which breathes the breath of life into the dry bones of mere official erudition.

I take this opportunity of expressing the appreciation of Australia (I assume it is supported by the other Dominions) of the useful work that is performed by the Royal Colonial Institute in this respect. For many years it has been the rallying-point for visitors overseas, and the traveller from the Dominions always relies upon a warm welcome at the hands of the Council of the Institute. They have done much to spread knowledge of the people and the resources of the Empire. They have endeavoured to encourage the flow of migration from this country to the Dominions and to build up the strength of the British Empire and help to populate the vast and empty spaces. Much as they have done, there is a large field still before them of useful work, and their patriotic example may well be followed by organizations and

individuals who have at heart the cementing of the bonds of union.

At present Great Britain and the Dominions constitute a loosely-knit association of nations bound together by the bonds of common ancestry, common traditions, and common language; these can be strengthened by the cultivation and appreciation of a common sentiment. In past ages the idea of empire has always been identified with that of despotism, but it is the glory of the British Empire that the term has for many years been associated with and has been synonymous with political liberty. It is my belief that an unswerving respect for the political rights of the people is the strongest bond of unity and loyalty. Great Britain has much to be proud of: her people are not too conservative to adapt themselves to new conditions. In the past, England has been the nursing mother of representative institutions. We hope that the verdict of history will be that the British Empire is the most perfect type and example of the federation of free peoples in the great Commonwealth of Nations and the most effective power for good the world has ever seen.

