

A Policy for the Commonwealth

Reprinted from the Bulletin

Edmond, James

A digital text sponsored by
New South Wales Centenary of Federation Committee

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Sydney

2000



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Source Text:

Prepared from the print edition published by The Bulletin Newspaper Co. Ltd., 214 George-St. Sydney 1900

All quotation marks retained as data
All unambiguous end-of-line hyphens have been removed, and the trailing part of a word has been joined to the preceding line.

First Published: 1900

Languages: Latin

Australian Etexts 1890-1909 prose nonfiction federation

2001

Creagh Cole Coordinator
Final Checking and Parsing

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“The Bulletin” Newspaper Co. Ltd., 214 George-St.

1900

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A Policy for the Commonwealth

The Commonwealth Capital.

[From "The Bulletin," August 4, 1900.]

THE seat of Government of the Commonwealth shall be determined by the Parliament, and shall be within territory which shall have been granted to or acquired by the Commonwealth, and shall be vested in and belong to the Commonwealth, and if New South Wales be an Original State, shall be in that State, and be distant *not less than* 100 miles from Sydney.

Such territory shall contain an area of NOT LESS THAN 100 square miles, and such portion thereof as shall consist of Crown lands shall be granted to the Commonwealth without any payment therefor.—*Commonwealth Constitution, Clause 125.*

When the report of the Commissioner sent forth by the N.S.W. Government to spy out suitable situations for the Commonwealth capital has been judiciously put in the fire, and the Federal Legislature has sat down to seriously consider what kind of a Commonwealth City it wants, then Australia will have a chance, probably its first chance, to find out whether its new Government is, or is not, equal to the chances that lie before it. In the matter of the capital, to begin with, it has a great and wonderful opportunity. And the reason why, in THE BULLETIN'S opinion, the Commissioner's report should be burnt unread is that his investigations have, to a great extent, started at the wrong end and on the wrong basis. Because the Federal territory on which the capital stands is to be of not less than 100 square miles there has been a tendency to look for a convenient spot of that area (ten miles by ten) and not much more. Because it is to be not less than 100 miles from Sydney there has been an inclination to consider spots 101 miles or 100 1/2 miles from that city. There has been manifested an unfortunate habit of considering the alleged "claims" of this and that town, and of receiving deputations of the inhabitants; whereas the central idea should be to disqualify *every* town, if a suitable site with no town on it can be discovered. Also it should have been explained to the inhabitants who deputationised the Commissioner that they were so many separate and individual drawbacks; that each one of them made the chances of his district less; that his very existence was one more reason against selecting his town, and that if two equally suitable places could be found, one with inhabitants and the other without, the one without inhabitants would be unhesitatingly preferred.

The Federal territory that is wanted is an area of at least 5000 square miles—say, 71 miles long and 71 miles broad, or more if possible—in an elevated region, with a cold climate, good scenery if obtainable, a

reasonably good water-supply, no inhabitants or as few as possible, and no railways or mayor or corporation anywhere near it if a place without these drawbacks can be found. If there are inhabitants they must be put up with as a necessary evil, but they shouldn't be sought for. The site decided upon should be as far from Sydney as it can be without getting more than half-way to Melbourne or Brisbane. It should lie at least some little distance back from the coast, to guard it against attack. And the Federal Government should not only be sovereign of this area, but it should be sole ground landlord of every inch of the 5000 or more square miles for ever, and the law which fixes the Federal capital should declare the soil to be absolutely inalienable.

The political capital of Australia must needs grow, sooner or later, into a large city. This is especially so if it is located far away from any existing large city; in that case it will probably become a great industrial and commercial centre, as well as a political one. But in any case it must necessarily become, in time, a place of magnitude. The people of Australia, by making it their capital, will give the land a value it doesn't now possess. The people will create that increased value, and it should therefore be the people's property. The land on which the Federal city stands will have the greatest increase of value; but, for miles and miles around, the agricultural soil will rise in price through the establishment of a new and adjacent market. If the part of the selected territory, which is State property now, is sold when the site of the Federal city is selected, the great bulk of the unearned increment will be given away gratis. If the part of it which is private property now is allowed to remain private property, all the unearned increment will be given away gratis. Therefore, the State land in the selected area should be made the inalienable property of the Federal Government, and the private land should be compulsorily purchased—at a liberal price as so many acres of wilderness, but as so many acres of wilderness only, and with no consideration at all for the extra value which the people are going to confer upon it by building a metropolis there.

The people who created Sydney and Melbourne may be excused for missing their opportunity. There was no evidence to show them that Sydney and Melbourne were going to be great hives of humanity, and that the State was throwing away a magnificent revenue by selling instead of leasing the street frontages. But the people who make the Federal city cannot be excused if they throw away their opportunity. They *know* that they are laying the foundations of a metropolis, and that, if they part with the fee simple of the land, they are throwing away a prospective rent-revenue of hundreds of thousands per annum. The Federal territory should be let out on building and agricultural lease only—probably the best

method would be to let it on perpetual lease with a re-appraisal of value at frequent intervals. In doing this the Federal authority would merely be following the example of London—with a difference. London is also built very largely on leasehold ground—the difference being that the ground landlord is a private individual instead of the State. Doubtless the State would prove a much less grasping ground-landlord than private owners do in London, and the case is quoted merely to show that there is no practical reason why a great city should not be built up under such conditions. The reason why the area of the Federal territory should be at least 5000 square miles is sufficiently obvious. The Federal authority should seek to annex, for the benefit of the people of Australia, every penny of the additional value which the expenditure of the people's money in building up a capital will bring into existence. In an area of 100 square miles (10 miles by 10), the Commonwealth might be sole ground landlord *inside*, but for many miles beyond its narrow borders the boom in land values would extend, and everywhere outside the ten-mile radius the private landlord would gather in the profit. And while the people at large, by the expenditure of their good legal tender, make these additional land values, the people at large should gather in every penny of the profit.

The Commonwealth city should be high up on the N.S.W. tableland for a number of reasons. Australia is going to make a new centre of population. It is going, in course of time, to gather a million, or many millions, of people in and around that centre. It is going to practically create a million or more new Australians, and it wants to make them of a hardy race such as Australia may be proud of in the future, and such as will prove an iron wall of defence for this country in some coming hour of need. All the existing great cities of this continent lie low, in the hot, muggy, relaxing atmosphere of the coast. Australia is too new as yet to see the results. There has not been time for the Australian to grow weak and nerveless and effeminate in these surroundings. But all the world over it is known that the man who comes of twenty generations of mountaineers is far more than a match for the representative of twenty generations of dwellers on a steaming coast, and when this country is going to grow a million, or a few million, new Australians it wants to grow the best sample obtainable. When it is going to draw population to a new site it wants to select a site which will grow such population as this country, and every other country, wants.

The site of Australia's metropolis should be as beautiful a one as can be found because its beauty will attract population, and because any person who would select a commonplace location when a beautiful one is obtainable is only fitted to be an alderman. It should be as far away from

the coast as is possible without sacrificing other advantages, partly because it is from the coast that our invading enemy must come when he does come, and the capital should be so placed that the arsenals, the Treasury, the military head-quarters and the banks can't be seized by any sudden raid, and the Government be scattered into the hills just when Australia needs all the wits its Government has got. Also it should be away from the coast because the coast is low and hot, and it is there that the degenerate Australian will grow when, in course of centuries, his environment begins to tell on him. The Federal city should be as far away as possible from any existing city, partly because land is cheaper there, and partly because this country wants to attract population to places where there is no population, and not to further congest the few regions which are congested already—all congestion goes in this thinly-peopled land. For the same reason it should, if possible, be away from towns and railways, and mayors and corporations, and other alleged civilisation. All these things make land dear, and, if a suitable area can be found where there is only wilderness, it should have the preference. The stock gag of the Australian politician is that it is necessary to “open up the country,” and the most magnificent chance of opening up the country which Australia ever saw here presents itself. Why waste it on country that is already opened up?

The theory here advanced is one which is not likely to be received with any enthusiasm in New South Wales outside the 100-mile limit from Sydney. Nor is it likely to appeal to any wealthy inhabitant inside that limit, or in the other provinces. It is likely to be cursed by land-jobbers, capitalists, syndicates, banks, building-societies, and by country mayors and corporations generally. Its adoption would shut out *every* country town of any importance from becoming the capital; some small townships might be unavoidably included in the Federal territory, but nothing of the kind would be done if it could be avoided. Places like Albury, Bathurst, Goulburn, and Armidale, which claim consideration by reason of their importance and their population, would be regretfully told that their importance was an absolutely incurable bar—that the Commonwealth didn't desire to buy an expensive city and draw population where there was already much population, but to acquire 5000 square miles of prairie, and start with a clean sheet. The whole tribe of capitalists would necessarily be hostile, for the idea of Federal landlordism pure and simple would shut them out from the grandest land-booming prospect they have yet seen. Therefore, the capitalist tribe will necessarily state that out of its large experience, gained amid the ruins of many land-banks, and out of its knowledge of finance, evidenced by the many institutions it has steered to insolvency or reconstruction, it can say confidently, with its hand on its

overdraft, that the idea of Federal landlordism is a chimera. And the support of the inhabitants of the district selected would be worth little, for they would be few. The best chance of intelligent consideration for such a scheme lies in the more distant provinces. The people who are too far away to rush for allotments in the Federal city, and who consequently fail to see why the land-boomers of Melbourne and Sydney should divide the unearned increment which these outlying people's money helps to create, may be better disposed to give the idea a hearing.

The Cost of a Federal Capital.

[From "The Bulletin," August 11, 1900.]

WHEN the Federal Government has selected a site for the Commonwealth City—when it has pegged out 5000 square miles of wilderness, or as near an approach to wilderness as can be found, in a suitable location on the great N.S.W. table-land—when it has decided to repurchase every inch of privately-owned land in the area selected, and to be for ever the sole ground-landlord of the Federal territory—and when it has resolved to lay out there the most beautiful capital on earth—it will be promptly confronted by the need for money. It will want money to buy out the private landholders on the selected area, money for surveys, for making roads and streets, for building the Federal Houses of Parliament, and Government offices, and residence for the official figurehead of State, and Supreme Courts, and for water-works and railways. It will want money for even the common police-office in which to fine the Federated drunk, and the lock-up in which to confine the Federated assault — and — battery man, and for other purposes. The Federal territory will begin very early to yield a revenue in the shape of ground-rents (this is always assuming that the Commonwealth Parliament has sufficient vigor and originality to resolve that it will be sole ground landlord in the Federal territory), but, all the same, there will be a large and immediate expense to be faced. It may be safely assumed that the necessary sum can't be raised in time by taxation. The old nefarious device of floating the usual big loan in England—the dodge by which the Australian financial opium-eater always drowns his conscience and drugs his sense of responsibility—is there, of course. But unless the Commonwealth Government is going to follow the lazy, cowardly, shiftless policy of the old State Governments—the policy of dodge and shirk, and of never facing trouble, and always putting the responsibility off till to-morrow—it will decisively reject this solution of the difficulty. The object of this article is to show how the Commonwealth can raise the sum required for the purchase of a Federal territory and the establishment of a Federal city, without borrowing any money at interest, or floating any loan, either locally or in London or elsewhere.

The method proposed is not a new or wild experiment. It is a method which has been tried for many years in a respectable, serious-minded, and rather conservative English-speaking country, and found to act admirably. In the banks of Australia and Tasmania there is, as a rule, £20,000,000 or £21,000,000 of gold and silver coin lying idle. Sometimes there is more; hardly ever less, and the amount is likely to increase with the growth of

population. This is the amount which is not in use, not in circulation, not earning any interest, not actively helping any industry. It lies in the banks' coffers to inspire confidence, and to assure local depositors and local note-holders that they can get their money if they want it, and while they know it is there they don't want it. In Canada, a good many years ago, it occurred to a more than usually intelligent Government that this was a wasteful method of doing business, and it was enacted that the banks should keep 40 per cent. at least of their cash reserves in Federal Government notes. The Government handed over the requisite amount in its own notes and received gold in exchange, and the thing was done. The amount received was practically a perpetual loan without interest. It cost the State nothing save the cost of printing the notes. It cost the banks nothing at all. The notes were as good for all *local* purposes as gold, and there was still abundant gold left for all *foreign* purposes. The notes festered in the cellars of the banks quite as well as the gold did. The banks have prospered under this system fully as much as they did under the one of holding purely coin reserves. Nothing unusual has gone wrong, and nothing has broken. The system has stood the test of years, and has proved itself workable and wholly successful.

If this principle was adopted in Federated Australia it would give the Government command for an indefinite period, or for ever, of about £13,000,000 without interest. No part of this would have to be redeemed unless there was a serious and permanent contraction in the reserves of the banks. Instead of there being £20,000,000 of gold and silver reserves in the banks, there would be £33,000,000 of reserves, being £20,000,000 in coin and £13,000,000 (or about 40 per cent.) of Government paper-money. And of this sum £13,000,000 would stand to the credit of the Federal Government's account, and be available for the purchase of the site for, and the construction of, the Federal capital. And if, in addition, the Commonwealth made itself the sole source for the issue of paper-money, and abolished the private issues of the banks, as has been done in Queensland, or after the fashion of the Govt. paper-money issue in British India, it would get command of £3,000,000 or £4,000,000 more by displacing, to that extent, the bank-notes now in circulation. It is possible by these means for the Federal Government to get command of something like £15,000,000 without borrowing, without paying interest, without taxation, or fraud, or highway robbery, or any other immoral expedient, and after establishing a solid gold reserve against the notes in actual circulation. And all this can be done by processes which have already had a long trial in old, respectable, conservative, serious-minded British communities. All the beauty and loveliness of Precedent is behind this

idea. It isn't the dream of a Domain orator or a Yarra-banker, but plain, ordinary business. The new paper would be received in payment of taxes, and all Government and private obligations. There would be no excess of paper in circulation—the amount in actual circulation would not necessarily be any more than at present; the chief difference would be that the notes in circulation would be absolutely reliable Government currency instead of more-or-less unreliable private banking currency, and that a large quantity of paper would lie idle in the banks' cellars where only coin lies idle now.

The money which was spent on the establishment of the Federal capital would not leave the country, so the process would involve no drain on Australia's gold supply. It would be spent in buying from Australian people those portions of the 5000 square miles selected for the Federal territory which were private property. It would go in paying Australian workmen to erect buildings, construct a water-supply, make roads and streets, build railways, and do other necessary undertakings. It would go into temporary circulation a little at a time, and promptly find its way back to the banks. There would be no injury to the banks in compelling them to hold a portion of their cash reserves in State paper, for it would not be their money, but the money of their depositors, the Australian people, that would be involved. And as regards these depositors—the Australian people—they would gain rather than lose. They would gain a new asset—the Federal territory and capital—and they would escape extra taxation to pay for it, or extra taxation to meet the interest on the money borrowed to pay for it. The one thing the banks would lose would be the profits on their note circulations, and if the Federal Legislature considered it advisable they could be compensated (in strict moderation) for that loss, though THE BULLETIN can't remember that Queensland offered any compensation when it deprived all its banks of their note-issuing rights. Nor did N.S.W. offer any compensation when DIBBS'S temporary Act for the regulation of note-issues excluded the Bank of North Queensland, and cut off its flow of paper money. The old banks, in fact, would make no real loss, but rather a profit. If the Bank of N.S.W., for instance, called in its notes, it would probably find that in the course of many years fully £200,000 of them had disappeared by fire, water, miscellaneous accident, and wear and tear, and it could write this sum off its liabilities and add it cheerfully to the reserve fund. This profit, of course, exists in any case, but by abolishing the bank's note-issue it would be realised and reduced to a concrete form. On the whole, the necessity for compensating the banks is a matter that is open to much doubt. If it was done, it would be rather to buy off their hostility than for any other purpose.

The new issue need not be, in any sense, a forced currency. The Government could hold a gold reserve against the notes (about £3,000,000 or £4,000,000) in actual circulation; probably a reserve of £1,000,000 or £2,000,000 would be sufficient. The average note circulation could also be materially increased if the Government ceased to coin the objectionable and troublesome half-sovereign, and replaced it by a 10s. note— Canada issues notes of even small denominations. The Government notes in actual circulation would be as convertible as, and much more secure than, the present private issues are. The Government paper-money which lay in the banks' coffers in partial substitution for coin would make no difference to the general public. Where the difference to the general public would come in would be here:

The acquisition of the Federal territory (provided a reasonably lonesome area of 5000 square miles was selected—say such an area as could be found on the great table-land down towards Bombala), and the laying out of a splendid city, and the making of the necessary roads, streets, and railways within the territory, and the erection of the buildings required for Government purposes, and even the city water-supply (if a reasonably well-watered region was selected) would cost absolutely nothing. The revenues derived from ground-rentals in the first few years would make good any possible deficiencies, if the lump sum of £15,000,000 or so made available by the new banking system did not cover all expenses. Thereafter the ground-rentals of the Federal territory and the Federal city would be all profit. They would be so much clear revenue with no outgoings or encumbrances to set against them. And if the Federal Government was wiser than the State Governments have been it would set this splendid and ever-growing revenue aside, either in reduction of the public debts, or as an annual contribution to a Public Works Fund, in order to reduce the temptation towards the creation of new debts in the future. Or part of the revenue derived from the Federal territory could be used to gradually withdraw part of the Government paper money compulsorily held by the banks, if such a course seemed desirable.

The chief difficulty which THE BULLETIN sees ahead is that man, as a rule, doesn't struggle out of his old rut except by compulsion. Hitherto, despite an occasional check, the Australias have managed, on the whole, to borrow as much as they desired. Borrowing is easy; it is simple; it is within the comprehension of the meanest intellect; it is a panacea for so many ills; and it saves so many tired people the trouble of thinking. And it is generally assumed that because about 35 years of hard borrowing have not brought this country to complete bankruptcy, therefore 70 years, or 140 years, or 280 years of it will still find Australia afloat and paying its way.

Which is the same logic which assumes that because a man is still alive and well and in his prime at the age of 35 he will be equally well at the age of 350. And so the average Australian is of opinion that the good old loan is good enough to meet all emergencies, and that there is plenty of time to think over ways of being self-dependent. He is the financial grass-hopper in the summer, and his winter hasn't quite arrived yet, though the brown tints of autumn are already on the leaves, and the glory is visibly fading.

The Federal Railway Problem.

[From "The Bulletin," August 18, 1900.]

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

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

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

XXXIV. Railway construction and extension in any State with the consent of that State.—*Commonwealth Constitution, clause 51.*

The railway problem was one of the questions which the Federal Convention shirked by a half-hearted compromise. At first the mass of the delegates viewed the idea of "handing over our railways" as sacrilege and something akin to throwing mud at the Ark of the Covenant. Later, as they grew more familiar with it and with each other, the bogey shrank considerably. The original idea that all the other five provinces were bent on robbing "our province" of something or other, and that each State was the victim of a conspiracy of the five other States directed against its goods and chattels, and was itself a member of five separate conspiracies, one against each of its five neighbours, faded away as time went on. And in the latter days of the Convention the proposal to transfer to the Commonwealth not only the existing railways, but also the work of future railway construction, began to be viewed rather favorably. But the delegates were still doubtful, and while it was easy to decide that the railways should be federated, it was difficult to decide how to do it, so in the end the Convention compromised by giving authority to the Federal Parliament to deal with the matter if the States were willing. And the problem is so very urgent that the Federal Parliament will unquestionably have to deal with it at an early date.

The question really resolves itself into three, each large enough for any ordinary politician to wreck a reputation upon. They are as follows:—

(1) Should the Federal Government take over the existing railway systems and the work of future railway construction? It can't well do one without the other. For the Federal Government to take over and combine all the existing lines into one great system, and yet leave the work of future construction to the States, would mean that six new separate provincial systems would immediately start, and instead of the dire confusion of six

railway systems there would be the worse confusion of seven.

(2) If the Federal Government takes over the existing railway systems, on what basis should their value be estimated, and on what terms should the purchase be effected?

(3) On what system, if it is possible to devise any system, should the work of future construction be carried out so as to remove any serious imputation of unfair dealing between States and portions of States?

It is impossible to deal with all these questions in one article, but they may be taken by instalments.

The reasons why the Commonwealth should take over the railway systems are overwhelming. There are at present three distinct gauges among the Australian State railways—and even this is not inclusive of sundry toy branches built on a baby-gauge of their own. Victoria has the 5ft. 3in. gauge. N.S.W. lines are on the 4ft. 8 $\frac{1}{2}$ in. gauge. South Australia's railways are partly on the 5ft. 3in. gauge and partly on one of 3ft. 6in. Queensland and Westralia have the 3ft. 6in. gauge. So has Tasmania, but as that province can't be connected with the mainland lines its discrepancy makes no difference. The results are expensive and remarkable. A train can run right through from Melbourne to Adelaide, but not from Melbourne to Sydney, nor from Sydney to Brisbane. There is a slow, laborious and expensive process of transferring passengers and goods at the borders, and when border tariffs are abolished and trade is greatly increased in consequence, this expense and aggravation will be vastly increased. When railways multiply twenty-fold, as they will some day, and there are twenty border crossings for one now existing, the aggravation and delay and waste of money will again be vastly increased.

The various gauges, too, cause a grievous waste of rolling-stock and engine-power. If there was one gauge and one management for all Australia, then when the harvest had failed in Victoria and there was little wheat to carry, the superfluous rolling-stock could do duty in Westralia, or the Northern Territory, or Queensland, or wherever there was a superfluity of work. The harvests of the various provinces don't all fall at exactly the same period, and with one gauge and one management the rolling-stock which hauls wool at one season in N.S.W. could haul grain or sugar elsewhere at other times. When each province's rolling-stock is practically imprisoned in that province, each province has to keep enough to supply all its requirements in its own busy season, and leave much of it to moulder on sidings or in sheds for the rest of the year. There is a melancholy lack of convenience and economy about this system, and yet this is only a small part of the evil.

The diverse gauges also make Australia very helpless in case of attack.

The great purpose of railways in war-time is to take troops and supplies as swiftly as possible to the scene of trouble, to fetch non-combatants away, and also, if the defence fails, to fetch the defeated troops away and with them whatever may be useful to the enemy. Assuming that Queensland was invaded it may safely be assumed that every man that S.A., Victoria and N.S.W. could spare would be at her service, Federation or no Federation. But under existing conditions there would be more goodwill than practical aid. The S.A. and Victorian reinforcements could get along safely as far as Wodonga, for there is a continuous 5ft. 3in. gauge from Adelaide to that town. Then much valuable time would be lost unloading men and properties, and reloading them on to N.S.W. trains, the Victorian and S.A. rolling-stock being useless beyond that point. If the N.S.W. trains were not there—if the province's rolling-stock was all employed carrying its own reinforcements northwards, and shifting non-combatants away from Sydney and Newcastle to the interior, and doing other work incidental to the defence of its own coastal towns, the much-needed reinforcements from the South would simply have to moulder on the Victorian border and drink beer, while Brisbane took care of itself. If they and the N.S.W. contingent did get as far as the Queensland border, they could get no further (except very gradually and on foot) unless Queensland trains were there to meet them, N.S.W. rolling-stock being of no further use. If Queensland's southern line had fallen into the hands of the enemy, that province might meanwhile have been compelled to make a bonfire of so much of its rolling-stock as was penned up on that line. With a uniform gauge, its cars and locomotives could retreat over the border and help to bring up men and stores from the south, but under the present wonderful system it might be necessary instead to set them on fire or blow them up at the border to prevent them falling into the hands of the enemy. In case of invasion, the three separate railway gauges would paralyse every serious attempt at defence, by cutting off the provinces from one another, and blocking every possibility of rapid movement. To all intents and purposes they would cut off half or two-thirds of Australia's defenders, who are few enough already. An enemy moving round the coast in swift vessels could strike at one place and another, generally keeping ahead of a defence force which had to connect with three separate railway systems—all more or less disorganised by sudden pressure—on its passage from Melbourne to Brisbane, or vice versa. A uniform railway gauge is probably worth a force of 100,000 men for defence purposes.

There is no visible hope or possibility of agreeing on a uniform gauge except by putting the railways under one control. If the N.S.W. one of 4ft. 8 $\frac{1}{2}$ in. was accepted as the standard, then the Victorian lines would have

to be narrowed—a comparatively cheap matter; and the S.A., Queensland and Westralian lines would require to be widened—a matter of some expense. It would be impossible for each province to pay its own bill—in that case N.S.W. would get all the benefits of uniformity gratis; Victoria would get them at a cheap rate; the other provinces would pay heavily. The bill could not be assessed at so much per mile of line; in that case Queensland and S.A. would pay twice as much per inhabitant as N.S.W., and yet they would be paying for a work equally beneficial to the whole continent. Yet, if it were proposed to divide the bill according to population, and the N.S.W. gauge was adopted all round, the complaint would promptly arise that N.S.W. paid more for work done in S.A. and Queensland than those provinces paid themselves. Considering that the provinces have never managed to agree on any important point involving the outlay of money, the chances of an agreement on this one could find accommodation and to spare on the point of a needle. A Federal management would have none of these exasperating problems to consider. It would merely have to decide which gauge should be adopted throughout Australia, to adopt that gauge, and to charge the expense of alteration to the railway revenue of Australia, without allotting it among the provinces at all.

This is not a question to be hung up, on the ground that the time is not ripe, or on the excuse that public opinion is not ready for the change. The necessity for a uniform railway gauge may not be urgently felt now, but, in years to come, when there are a dozen lines crossing the N.S.W. Queensland border, and as many crossing the Victoria-N.S.W. border, and N.S.W. connects in two or three places with S.A., and there are 30 separate places, instead of only two, where the break of gauge wastes time and labor and money daily, it is certain that the necessity *will* be felt. And it is better to make the reform cheaply when there are, perhaps, 10,000 miles of line to be altered, even though the time may not be technically “ripe,” than to do it at ten times the cost when public opinion is ready for the change and there are, perhaps, 100,000 miles of railway to be dealt with.

But however important it is to put existing railways under Federal control, it is at least equally important to place the work of future construction in the hands of the Commonwealth. In railway construction matters separate provincial management is a burden too great to be borne. The difference can be expressed in a sentence. The object of an Australian railway management would naturally be to connect every place which seemed to promise a profitable railway business with the nearest seaport city *in Australia*—the one with which it could be connected at least cost, and to which its products could be carried at least expense. A really

Australian management would naturally do this to keep down its own construction bill, and also to develop trade for its own benefit; trade can't be developed by dragging a ton of oats 500 miles, at great expense, when it could find as good a market 250 miles away, at half the outlay for freight. The object of separate provincial management is to give every place which seems worth a railway access to the nearest seaport city *in that province*. That city may be 500 miles away, and there may be an equally good one in another province only 250 miles distant, but the cast-iron rule holds all the same. Many places are denied a line, to the great loss of the country, because a railway won't pay by reason of the distance to "our" capital, and though it would pay to connect them with another and a nearer capital such a thing is contrary to provincial policy. Others get a line twice as long as is necessary in order to bring their trade to "our" capital; and by reason of the heavy freights involved through needless miles of haulage it does them little good, and the line being a failure through the overwhelming expense of this needless haulage it involves a heavy loss to the State, and thus the system is a disaster all round. How many millions of good Australian borrowed money have been fooled away by this parochial policy it is difficult to guess now, and how many places have lost their chance of prosperity through it is not pleasant to think of.

Furthermore, if railway control is left in the hands of the States they will have to separately borrow the money for construction, and as their credit will be inferior to that of the Federal Government they will have to pay more for the money. Therefore the railways will cost more—a very small difference in the interest rate, accumulated for a century or two, would easily end by making the new railway built under State control cost twice as much as the same line built under Federal management. Again, if State management is perpetuated the Federal capital and territory will be in the ridiculous position of depending on the goodwill of some adjacent State or States for communication with Australia at large; if it is surrounded by N.S.W. territory, N.S.W. can refuse it any direct connection with Brisbane, Melbourne or Adelaide, and give it a line to Sydney only, thus securing all the trade. This would indeed be a curious situation for any supreme Government to occupy. And, lastly and above all, there can be no real Federation of interest and sentiment if the internal commerce of the Commonwealth is divided by five conflicting interests, and five hostile railway construction policies maintain a state of civil war in the interior of the Union—or the Commercial Disunion, as it should be called under such circumstances.

Federating the Railways—at Cost or Otherwise.

[From “The Bulletin,” August 25, 1900.]

IN a recent article an attempt was made to gild the lily, and pour water on the deluge, and be otherwise needless and superfluous, by showing reasons why the Federal Government should take over the State railways and be the sole railroad-proprietor of Australia and Tasmania. About the advisability, in a general way, of Federal railroad ownership most people are now agreed. The difficulties lie in the means, not the end. The Federal Convention slurred the matter over and bequeathed it to the Federal Parliament, because it found itself confronted with two problems too vast to be dealt with in the time available. The community wanted to know: (1) On what principle would the railways be valued when the Federal Government bought them; and (2) what arrangements would be made to ensure a fair distribution of new lines when the Federal Government became the sole railroad-constructor of Australia. The time required for the thinking-out of these problems and for educating the public up to the result was not available. Yet it is absolutely essential that the Federal Government should take over the railways, and have a uniform gauge, and uniform rates, and uniform principles of management, and lend its credit to the country's railway loans in order to get them at a cheaper rate, so the problems must needs be solved in one way or another.

There are two principles, and no more, on which the Federal Government can acquire the State railways. It may take them over

- (1) At the price they originally cost, or
- (2) At their present value.

Assuming that the Federal Government desires to take the railways over at present value, there are a number of things to be considered before present value can be arrived at. On the surface, it might seem that the only thing necessary is to take the net earnings and estimate that the lines are worth so many years' purchase. But it is not sufficient to take the net earnings for one year, or five, or even ten years. To buy the lines of one State on the strength of the returns they yielded on the top of a large temporary boom caused by wild borrowings would be a ruinous absurdity, for when the boom was over the earnings would probably drop more than half. To buy those of another State on the returns they yielded in a period of unusual depression, following upon, perhaps, a sudden stoppage of

borrowing, would be a swindle. Again, how many years' returns should be taken in order to arrive at an average? Several States have, at different times, each owned the most profitable railway system in Australia. That of Westralia is the most profitable now, and has been since 1894, though the returns now are little more than a third of what they were in 1896, and it was largely the great borrowing boom which then brought them up to the hitherto unheard-of figure of 111/2 per cent. In 1891, and several adjacent years, the South Australian railways were by far the best-paying system in Australia. The Victorian lines were the most profitable in 1885, and for some years thereabouts, till S.A. took the lead. New South Wales had the lead in 1881, and also at one or two other times, and it has long held a good second place. In the days when Victoria had the best-paying railway-system in Australia, the W.A. lines (which have since boomed up till they gave 111/2 per cent. on their cost—the highest rate on the Australian record) didn't pay for coal and grease. The Tasmanian and Queensland railway systems haven't yet had their experience of being on top, but Tasmania is coming on rapidly, and may get its turn ere very long.

Therefore it is impossible for the Federal Government to buy the railways at a price based on the profit they yield without first deciding how many years' average should be taken to decide what *is* the profit. Westralia would probably be satisfied with 10 years, so as to take in its good times and leave out its bad ones; on a 10-years' average the Westralian lines would cost the Commonwealth about six times as much as on a 20-years' average. A 20-years' average would suit both Victoria and N.S.W., taking in their best times and leaving out the worst ones. Probably S.A. would sell its lines at the highest figure on the basis of the average profits of the last 15 years. Tasmania would doubtless want to sell on the basis of last year's earnings, they being its best up to date.

And then, what *are* earnings in the sense that concerns the Federal Government? That body will have to organise reasonably uniform fares and freight-charges for all Australia. It will probably strike an average among the different rates now existing. A railway system may pay better through charging very high rates, which the Federal Government will have to reduce; or it may pay worse through charging low rates, which the Federal management will have to level up. One system may pay better through being credited with heavy allowances for carriage of mails and deadhead passengers; through not being debited with pensions to railway-employés; through being liberally credited on paper with freights for the carriage of material for building new lines; through not being debited with interest on money borrowed for unfinished lines; or through not being charged for services rendered to it by other departments. Another system,

which really pays better, may look as if it paid worse through not being credited with some of these paper items, and through having pensions, interest of money borrowed for construction of unfinished lines, &c., charged to it instead of to the general revenue. A railway system which looks profitable may only do so by paying starvation wages for an exorbitant amount of work, while a better one may give worse returns on paper through paying a decent wage all round, and through being overmanned. The Commonwealth management must pay reasonably uniform wages, and it can't be expected to buy on the basis of profits made by sweating, seeing that it doesn't intend to make profits itself by sweating. Any province can make its railways look profitable for a few years by saving money on repairs and letting the lines and rolling-stock run down. It can make its lines look profitable for many years by surreptitiously charging repairs to loans instead of revenue, and replacing worn-out rolling-stock in the same fashion. Or it can make a good system look comparatively unprofitable through economising loan money and throwing a greater outlay on to earnings. If this matter is not carefully considered, the Federal Government will find itself offering a premium for fraud and penalising honesty.

The question of borrowed money and the booms attendant thereon is always with us, and it is large, indefinite, and unfathomable. Any State can, at any time, make a tremendous burst of what looks like prosperity by borrowing enough money and spending it liberally enough; this was, to some extent, how Victoria, Westralia, S.A., and N.S.W. had their periods of splendidly-profitable railway management. While the boom lasted everything paid handsomely. The Federal Government can't be expected to buy railways on the basis of the returns thus produced. By leaving lines unfenced, and building wooden instead of iron or steel bridges, the cost may be kept down so far as to make an appreciable difference on the immediate profits, but the Federal management which paid a higher price by reason of that extra profit would be badly left; it would have to rebuild the shoddy bridges very shortly, and the fencing would be an inevitable expense when population increased. Good or bad management might make all the difference between profit and loss. But the Federal Government, which intends to pick the best manager and make him boss of all the railways in the six States, couldn't fairly be guilty of the sharp practice of penalising a State for its misfortune in having, temporarily, an inferior man at the head of affairs, or an inferior Minister to control him. There is the question whether the system which is now paying, say, 4 per cent., but which shows worse returns every year, should be bought on a 4 per cent. basis, and if not, then on what basis? Also whether a system which pays 2

per cent. or less, but is steadily and continuously improving, should be bought on a 2 per cent. basis—or on what other basis? Again, taking over the railways involves taking over the railway debts. One State's lines may be burdened with a 4 per cent. debt, and consequently represent a heavy loss, while another's is only loaded with a 3 1/2 per cent. debt, and therefore is a reasonably profitable investment. But the 4 per cent. loans may have, on an average, only 12 or 15 years to run, while the 3 1/2 per cent. loans may be fixed for nearly 30 years. And if they can both be converted into 3 per cent. debt when they fall due, then the 4 per cent. debt is the cheaper of the two after all. In that case, to take them both over on the basis of the present interest rate would be a swindle on the 4 per cent. State. And to take them both over on the assumption that all the loans could be converted into 3 per cent. debt when they fell due would be a wildly-interesting experiment, seeing that either or both might fall due at a time of financial wreck when money couldn't be borrowed below 5 per cent. Again, the profits in any case may be increased or diminished through the operation of differential border rates, or border Customs tariffs. The Commonwealth means to completely suppress these, and it can hardly buy the railways at a price based on profits or losses caused by a policy which is just about to be abolished for ever.

Supposing it were possible to decide what are legitimate earnings—the earnings which would be realised if freights and fares were uniform, if there were no border tariffs or differential rates, if wages were equal, if bookkeeping was exactly similar, if repairs were equally attended to, if exactly the same rule was adopted as to what should be charged to revenue and what to loans, if the States all borrowed every year the same amount per head so as to keep their artificial loan booms on the same basis, if the railways were equally well-managed, and the loans carried the same interest and were for the same term; and then if the Federal Parliament could decide how many years' returns should be taken to give a fair average, and it could be arranged that all the States should increase about equally in population so that the systems would retain the same relative value—then, no doubt, the policy of taking over the railways on present value would be easy. A few points may have been forgotten, but the above are the principal factors in the calculation.

But in view of the difficulty of doing any of these things, THE BULLETIN suggests that the Federal Government should offer to buy all lines at their original cost, and thus cut the knot. It is a simple, off-hand, rule-of-thumb way out of the difficulty, but in the end it would probably be found to have more elements of justice and sanity in it than any other possible device. Certainly it has the evidence of past experience behind it.

If a Federal Government had taken over the railways of Westralia, S.A., Victoria, and N.S.W. at cost 20 years ago, and had extended them just as they have since been extended—just as wisely and as foolishly—at exactly the same cost, it would probably by now, or by a few years hence, have got, on the average, the same return on its money all round. Each of these States has been, at one time or other, the one which held first place as owner of the most remunerative railway system in Australia, and they have all had turns at occupying second place and third place, and probably they will all occupy all these places again in turn. The fact that Tasmania and Queensland have never yet been on top merely goes to show that their time hasn't come yet, but that it will come is practically certain. The chances are that fifty square miles of paper covered with the most intricate calculations of the most learned calculators in Australia would arrive at nothing which, judged by the average results of the next 100 years, would be more fair to all parties in the end than the purely mechanical expedient above suggested. To arrive at a mathematically accurate result—to split the last hair exactly and to divide the last halfpenny fairly among six—it is not only necessary to know what each railway system would have paid for, say, the last 20 years if all conditions had been equal, but also to decide what effect a totally different set of conditions will have on each system. To be absolutely fair to the States and to itself, the Commonwealth Government wants to know what each set of lines will prove to be worth under a combination of new circumstances—so new that there is absolutely no evidence to go upon. It can't find out by leaving the lines under State management for a term of years after Federation is established, and judging by results at the end of the term; the reresults produced under Federation and six antagonistic managements, and the results that would be produced under Federation and one uniform management, are as wholly distinct as MOSES and MAHOMET. The obvious way out is to abandon the impossible problem, and take over the six railway systems at cost. It may not be an ideal basis, but it is a basis. The other is a quicksand.

Federal Railway Construction.

[From "The Bulletin," September 1, 1900.]

WHEN it was suggested, in the days while the Australian Constitution was in process of construction, that the Federal Government should be the sole railroad-owner and railroad-builder of the Commonwealth, the Parochial multitude, and many of the weaker Federalists as well, said that the suggestion was revolutionary, and that it gave them a severe shock. They asked, in the tone of one who propounds an absolutely crushing objection, if it was not a fact that, under the proposed circumstances, N.S.W. would be unable to extend its railway into Sydney, or build a half-mile branch at Parramatta, without the consent of the other provinces. Being frankly informed that that was the exact size and nature of the situation, they said that the impracticability of the scheme required no further demonstration. They inquired, also, what guarantee there would be under these terrible conditions that "our State" wouldn't be grossly wronged and defrauded in the matter of new railways, and being informed that "our State" had only the same security as all the other States they replied that, under these circumstances, the idea was obviously visionary. They further desired to know, in a horror-stricken voice, if it was actually proposed that the other States should dictate to "us" what lines we should or should not build. And being informed that the other States would dictate to "us," and that "we" would equally dictate to them, and that, in point of fact, Australia would dictate to itself on railway-construction matters, just as it does now, only that it would do so as a whole instead of as six sections, the Parochial party rose to its feet and denounced the idea as an obvious conspiracy on the part of that unknown person who was always supposed to be laying plans to steal something from "us." They also said something about giving away our Independence, and being Crushed beneath the Iron Heel of Despotism.

The fact that the existing railways must be federated sooner or later has already become too evident to be disputed. It is the only way to secure a uniform gauge, uniform rates, economical working, to wholly abolish the border war of tariffs, and to arrive at many other advantages. And yet it is a logical certainty that federating the existing lines must also mean handing over the work of railway construction to the Commonwealth. If the Central Government, when it has bought up the existing lines, leaves the work of construction to the States, and allows them to build what lines they please and work them under State control, then there will be no uniform Federal management after all. It will become a case of starting the old confusion

over again, and where there are now six hostile and disjointed State managements fighting among themselves there would presently grow up six hostile and disjointed State managements still fighting among themselves, and also fighting with a seventh hostile and disjointed Federal management. Also by leaving new construction to the States the greatest benefit which can accrue from Federation will be lost. Australia needs to be opened up by railways, and to be opened up as widely and cheaply as possible. Every place in the interior which can give reasonable cash excuse for a railroad wants connection with the nearest seaport that will answer its purpose, so that its railway will be as cheap as possible, and will be built as quickly as possible, and fares and freights will be as low as possible. And that can't be done by the State Governments, which have powers of construction only within certain areas, and which are paralysed by an ink-streak on a map, or stopped short by a meridian. Further, the Commonwealth can't leave the States to construct what lines they please and then take them over, for two reasons: It can't make the railways pay if it is liable to have hopelessly unprofitable new undertakings dropped upon it at any and all times by a power which it can't control, and which might build unprofitable lines quite recklessly when the after loss would not be its private funeral. On many lines the after loss is a far larger consideration than the first cost. And it can't build a scientific, economical railway system—that is, one which will take the shortest road to the most profitable destination, irrespective of county or parish or State boundaries—if it leaves the work of construction to authorities which are brought up short by a parallel, or a meridian, or a peg stuck up in a dry wilderness to show that one side of the peg is Us and the other side is You.

After all, how much is there in the alleged horror of being dictated to by outsiders as to whether or not a new two-mile branch or loop shall be laid down in Sydney, or Melbourne, or Adelaide, or Perth, or Hobart, or Brisbane, or any other place? Under the existing separate management it is impossible to lay half a mile of new rails at Brisbane if Central and North Queensland, situated from 500 to 1300 miles distant, object, and a paltry little siding that is much wanted at Warwick may be refused by one vote—and that the vote of a cantankerous Australian from Carpentaria, much more than 1000 miles distant. That is quite as bad as if the same proposition was liable to be lost in the Federal Parliament by the vote of the much nearer and not more cantankerous member from Sydney. Brisbane can't get the money to build a new ticket-office without asking the assent of Cooktown, and that is fully as humiliating, except to those unaccountable souls who find balm and consolation in a streak on a map, as asking the consent of the member from Melbourne, who is very much

nearer, and who can hardly be less sympathetic. Albury, in N.S.W., can't get any new railway expenditure without the permission of Bourke and Sydney and other places 400 or more miles distant, and the horrors of having, under a Federal railway construction system, to consult Wodonga, in Victoria, three miles distant, are not so grievous as they look. It is quite as painful an outrage for Sydney to be unable to patch its dilapidated railway station without submitting to the dictation of Broken Hill and Wentworth and Tibooburra and other far-off places on this side of an imaginary streak, as it would be if it had to consult Mildura, which is about five miles nearer than Wentworth, only on the other side of an imaginary streak. Esperance Bay has to argue about its railway with the member for East Kimberley, and East Kimberley is a shade further off than Melbourne, and much more remote than Adelaide. All the alleged dangers of handing over the work of railway construction to the only authority which should possess it—the Commonwealth—is based on a Grovelling Reverence for Imaginary Streaks. It is held to be quite fair, just, and obviously reasonable that Portland's railway-extension policy should be dictated from Melbourne, 250 miles east; but the proposal that it should be controlled in any way from Adelaide, 250 miles west, is too horrible for words. The fact that Sydney has waited 30 years for a decent central railway terminus, and can get no further forward, largely through the hostility of the country districts, including places like Tenterfield, Bombala, and Milparinka, is considered regrettable, but it isn't looked upon as an outrage on the liberty of Sydney. But the proposal that Boorgunyah or Tintalra should be at liberty to vote for Sydney having a decent railway station immediately is regarded in many quarters as good cause for revolution. They are nearer, certainly, than Tenterfield, but the fetish or Joss or Mumbo-Jumbo of Imaginary Streaks on a map makes all the difference.

And yet the States, under the present system, are, in one important sense, less independent in railway construction matters than they would be under Federal control. As an instance, N.S.W. has built a miserably-unprofitable line to Cooma, not far from the Victorian border. It might be made to pay if it were part of a second through line to Melbourne, but Victoria refuses to move an inch at the construction of its end of the line. N.S.W., under the present policy, might vote till the Day of Judgment for the extension of that line to Melbourne, and get no further forward. If railway construction was the work of the Commonwealth Parliament, where N.S.W. will have great weight, its vote might decide the construction of that through line whether Victoria agreed or not. As it is, under the alleged policy of State freedom its railway management in this matter is dictated by Victoria. When the inevitable transcontinental railway to connect the east and the west comes

in view, N.S.W. will meet the same trouble in a more aggravated form. If the building of the new lines rested with the Federal Legislature N.S.W. would have a voice—the loudest voice—in the laying out of the whole line. Under the existing policy the question whether N.S.W. will ever get direct communication with the west rests with the little intervening population of S.A., and N.S.W. can only get that communication on such terms and by such route as S.A. sees fit. Queensland, in like manner, is pushing its railways towards its western border, and when they get there further progress stops, unless the western province is appeased and propitiated with sufficient grovel, and allows the lines to cross its territory and develop into another transcontinental system. At present there are only four places in Australia where railways cross the Imaginary Streaks that make all the trouble. When the iron roads extend to the borders in many directions it will become apparent that under the old separate policy no province has real control of its own railway system, and that each one is subject to the irritating dictation of all its neighbours. Moreover, under the separate system there is no remedy for this dictation. The smallest State, if it happens to be in the way, can dictate to any possible combination of big neighbors with absolute impunity.

As for the plea that, when the Federal Parliament is the sole railway-builder, there will be no guarantee that each component part of the Commonwealth will get its fair share of the new lines, that must be admitted. It is just the same way now. It will be just the same way if the States continue separately in the railway-building business. It will be the same way if the Commonwealth takes the business over. As things are now, South Queensland is liable to be unjustly treated by North Queensland, 1000 miles away, in the division of the available construction money, and, as things will be, it will be liable to be treated just as unfairly by N.S.W., one mile away. All the other parts of Australia are in the same situation. If any attempt had ever been made, or any means had ever been devised, for ensuring a fair division of the cash under State management, then that would be a reason either for demanding that State management should continue, or that Federal management should give an equally good guarantee of fairness. As things are, and always have been, the worst that can be said is that, in this one particular, Federal control is open to the same drawback which has always attended State control. To put the situation in a sentence: If the work of railway construction is handed over entirely to the Commonwealth, things are liable to be no worse in this one particular, and they are certain to be much better in all others. These are THE BULLETIN'S reasons for being in favour of absolute Federal control of the present and future railways of the Commonwealth. And on the other

side there is the fetish of Imaginary Streaks on the map, and, possibly, the plea that a consolidated railway system will be too vast an undertaking for one head to manage. But the latter difficulty can be surmounted by judiciously dividing the work and the responsibility among district managers, and district railway committees; if a Federal Premier and a Federal Treasurer are possible, a Federal Railway-Commissioner is equally possible. As for the gospel of Imaginary Streaks on a map, it is only a very small superstition, or Joss, or Mumbo-Jumbo.

The Federal Land and Income-Tax.

[From "The Bulletin," September 8, 1900.]

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

II. Taxation, but so as not to discriminate between States or parts of State.—*Commonwealth Constitution, clause 51.*

During a period of ten years after the establishment of the Commonwealth, and thereafter till the Parliament otherwise provides, of the net revenue of the Commonwealth from duties of customs and excise, not more than one-fourth shall be applied annually by the Commonwealth towards its expenditure.

The balance shall, in accordance with this Constitution, be paid to the several States, or applied towards the payment of interest on debts of the several States taken over by the Commonwealth.—*Commonwealth Constitution, clause 87.*

Chiefly owing to the hard lying practised by the anti-Federal press, much misconception exists as to the financial situation created by the Commonwealth Bill. Despite a large amount of misinformed public opinion to the contrary, that document does not commit Australia to either Protection, Revenue-Tariffism, or Freetrade; it leaves the whole question as open as it is now. It does not commit the Federal Government, as so frequently alleged, to "raise four times as much revenue as it requires." It does not commit the Federal Government to raise any customs and excise revenue at all; if the Government does raise any customs and excise revenue it has to refund three-fourths of the sum to the States, but the Constitution leaves the Commonwealth absolutely at liberty to pay its way by direct taxation, and to wholly and entirely abolish the tariff if it feels so inclined. The only reasons why it will impose a tariff that will afford Protection and raise a large revenue at the same time lie in its own common sense and in the necessities which the States, by their great debt-accumulations, have created. The Commonwealth Bill did not supply either of these reasons.

Further, the Commonwealth Government is not bound to impose only such taxes as it requires for its own use. It may impose others that it doesn't require, and hand over the proceeds to the States. Though it is only pledged to hand over to the States not less than three-fourths of the tariff-revenue, this is merely a minimum; it can also hand over anything else it pleases. And herein lies one of the Commonwealth's grandest opportunities to

promote prosperity, discourage land-monopoly, break up absenteeism, provide land for closer settlement, and otherwise do a great and noble work in Australia. For the Commonwealth can impose heavily-graduated land-and-income taxes and absentee taxes throughout its territory, quite irrespective of its own financial needs. It can do this simply because Australia requires these things for the discouragement of the great and insolent oligarchy of land-grabbers, and to suppress the absentee, who make this country a slave and tributary to foreign States. In one or two States the oligarchy of land-stealers is so impregably entrenched in a property-vote Upper House that the people can't carry out these urgently-needed reforms through their State Parliaments. They are suppressed and over-ruled by a privileged and immovable handful. Therefore the natural and obvious way out is for the people to seek the line of least resistance, and effect their purpose through the Federal Parliament, where no privileged handful will be allowed to block the road.

The Federal land and income and absentee taxes would not be additional upon any such taxes levied by the States, therefore any cry about double-banking the burdens of the people would be wholly irrelevant. It is not proposed that the Federal Parliament should retain the money for its own use, but that the entire net proceeds should be handed back to the States, or that the Federal Government should balance things by taking over State liabilities and responsibilities sufficient to equal the amount derived from the land, income and absentee duties. Therefore those States which have such taxes now could be relied upon to abolish them with all possible speed. South Australia is the only Australian province which has a scientific system of direct taxation, and its system, with a few improvements, is the one which should be followed. N.S.W. and Tasmania have a miserably unscientific and undemocratic land-tax, which falls about as heavily on the small owner as the large one, and which does not discourage the accumulation of large estates, or facilitate closer settlement. Victoria has a still worse system, and the privileged House of 48 Rich Landlords blocks the way like a vast Boer entrenchment, and makes improvement impossible. Westralia and Queensland have no land-tax. Neither have they an income-tax; the great landlords and great financiers run these States with a regard for their own interests which is deeply touching. S.A., Tasmania, and Victoria have a tolerably scientific income-tax system which varies according to the amount of the income, and according to whether it is a precarious revenue derived from personal exertion and liable to stop at any moment, or a reasonably permanent one derived from investments. And N.S.W. has a hopelessly unscientific one which falls on the income derived from personal exertion and the income

from property alike. S.A. is the only Australian State which has an absentee-tax, and its absentee-tax is much too small for the purpose it is intended to serve.

The purposes of the land and income tax should be to raise revenue, to raise it where it can be best afforded, to encourage the settlement of land by small landholders, to discourage the formation of large estates by taxing them so heavily that a £200,000 estate in one lot will be worth only half or thereabouts of what the same land would be worth if cut up into holdings small enough to be below the taxation limit, and to make the existence of the absentee landlord wholly unprofitable. The absentee, by taking his rents out of the country, is a constant drain on the national resources. The owner of £1,000,000 worth of property can, at any moment, by permanently leaving the country, convert that asset into £1,000,000 of debt owing by Australia to a foreign State. The fact of Australia having to send abroad the rents on £1,000,000 of property places it in exactly the same position as if it had borrowed £1,000,000 at 6 per cent. or so, and had to send the interest abroad. Therefore it is most essential that the absentee should be specially included in every scheme of direct taxation. If there is enough of him he is about the shortest possible cut to ruin. But there is little hope that the slow-going and undemocratic State legislators of New South Wales will recognise these facts. There is less hope as regards the Boodle Government of Queensland, and the FORREST gang of Westralia, both of which are abject slaves to the fetish of foreign capital. There is quite as little hope with the land-shark Legislative Councils of Victoria and Tasmania. There is no reason, however, why the Democracy should grieve over these matters any longer. Nothing can be gained by spending years and years in weary effort to bring the local Parliaments of Property to a sense of their backwardness and incompetence, when the Progressive party, by throwing its weight into the truly democratic Commonwealth Legislature, can accomplish all that is necessary without the least difficulty. If it likes to do this the local property-vote Upper Houses and the local Boodle Ministries will be of as little account in stopping the way as the dead leaves of last year. And even if the State Houses of Property were willing to reform, of which they show no signs whatever, it is better that the work should be done by the Commonwealth Parliament, if only for the sake of uniformity.

So THE BULLETIN proposes that the Federal Parliament should, at the earliest possible date, impose taxes on these lines: All incomes not exceeding £240 a year to be exempt. From that point up to £600 the tax to be 4½d. in the £ on incomes derived from personal exertion, and 9d. in the £ on incomes derived from investments. From £600 to £2000 the tax to

be 6d. in the £ on incomes derived from personal exertion, and 1s. on incomes derived from property. Above £2000 the rates to be 9d. and 1s. 6d. With regard to land tax, every holder of not more than £500 worth of land (unimproved value) to be exempt. From £500 to £10,000 the rate to be 1d. in the £; from £10,000 to £20,000, 11/4d. in the £; and an additional 1/4d. in the £ for every additional £10,000 up to 6d. in the £. Also that every absentee—thereby meaning a person or corporation that has been more than two years continuously out of the territory of the Commonwealth, or that resides out of it for more than half the time, averaged on a term of four years or more, even though there may not be any two years' continuous absence, shall pay *fifty* per cent. extra both in land and income tax—holders of State or Federal Government securities that were originally issued abroad being alone excepted. In the case of corporations the fact of the head office being out of Australia, or the majority of the capital being held outside Australia, to constitute absenteeism.

This is placing the absentee-duty higher than either Maoriland or S.A. have done, the tax in both these cases being too small to be efficient. On the other hand, it is bearing more lightly on the small landholder than any of the land-tax systems now existing in Australia. It is specially devised to give every possible assistance to the small farmer; to make land worth more and more per acre as it is subdivided till it gets down to the exemption limit, and less and less per acre as it accumulates in huge estates. At the same time, it is more merciful to the large landholder who is willing to cut up and sell his huge holdings than any land-tax now existing in Australia. It gives an extra value to holdings worth £500 or thereabouts by relieving them of all taxation. Under the proposed new taxation policy a single estate in S.A. or N.S.W., now worth £100,000 or so, would be diminished in value by reason of the extra tax on large properties. At the same time, if the owner subdivided that property into 200 small farms worth £500 each, and sold them singly, he would get more for his property than he would get under the existing law of either S.A. or N.S.W. Small farms would be more valuable by reason of the extra exemption allowed; under the proposed Federal taxation system a farm worth £500 would be free of tax, whereas it now pays £1 1s. 8d. in N.S.W. and about the same in S.A. Therefore the proposed extra exemption would add fully £20 to the selling value. By making the large estate less profitable and the small one more profitable than under any existing Australian land-tax system the establishment of a class of small independent proprietors should be greatly accelerated, and the growth of the obnoxious classes of “squires” and “tenantry” would be stopped short.

Also the plan outlined is specially designed to reduce the exhausting

tribute which this unfortunate country pays to foreign lands—more particularly the interest, rents and dividends exported to maintain people who are away hunting for titles and decorations in London and elsewhere. It is devised with the intention of steadily diminishing the hold which the innumerable foreign mortgagee has on Australia. And incidentally the policy here suggested would supply S.A., Tasmania and N.S.W. with as much revenue as they have now, and the other provinces with more. It would, to a great extent, fill the gap created by the abolition of Border duties. It would turn the entrenched position of the Victorian House of 48 Rich Landlords, and the Tasmanian House of Proprietors, and the Boodle Government of Queensland. It would transfer the fight on the most essential of all democratic questions from the Parliaments where class privilege is strong and the people are weak, to the Legislature where class privilege is nil and the people are all-powerful. So far it doesn't appear that the Australian Democracy has seriously realised the splendid chances that lie before it, if it only uses wisely the powers conferred on it by the Federal Constitution. That Constitution is the greatest opportunity ever offered to this country, and one of the greatest ever offered to any country at any time in history.

The Federal Debt.

[From "The Bulletin," September 15, 1900.]

The Parliament may take over from the States their public debts as existing at the establishment of the Commonwealth, or a portion thereof according to the respective numbers of their people as shown by the latest statistics of the Commonwealth, and may convert, renew, or consolidate such debts, or any part thereof; and the States shall indemnify the Commonwealth in respect of the debts taken over, and thereafter the interest payable in respect of the debts shall be deducted and retained from the portions of the surplus revenue of the Commonwealth payable to the several States, or if such surplus is insufficient, or if there is no surplus, then the deficiency or the whole amount shall be paid by the several States.—*Commonwealth Constitution, clause 105.*

IN the early days of the making of the Commonwealth Constitution a considerable party of Parochialists or Scared Federationists opposed the consolidation of the State debts into one Federal liability on any terms or conditions whatever. This party gradually faded and has now almost disappeared, but even to this day there are a few desolate souls who want to know how or why the Federal Government should be able to renew loans as they fall due at a cheaper rate than the State Governments can do. As things are, everything in Australia is pawned as security for the £200,000,000 or so which this country owes, and if the debt is consolidated there will be the same amount owing, and the same assets in pawn as security. The difference will be that all the assets will be security for all the debts, instead of certain portions of the assets being security for certain portions of the debts, and that doesn't look so very much of a difference. THE BULLETIN doesn't propose to expound at great length the reasons why the Federal Government should be able to renew the State loans at a lower rate than the States could renew at. It is content to know that, either for some good and sufficient reason, or because of the prejudices of the public creditor, or for some other cause, it will be able to do so. The reason, whatever it may be, is doubtless the same which enables N.S.W. to borrow more cheaply than Parramatta, or Victoria than Geelong; which enables the Canadian and U.S. Federations to borrow on better terms than the separate States which make up Canada and the U.S.; and which enables every solvent State to borrow on cheaper terms than its component parts can do. While Canadian 3 per cent. stocks are worth £101, and the 3 per cent. stocks of its province of Quebec, with a larger population than N.S.W. and only one-tenth the debt, are only worth £91, it is needless to

argue as to why the lender will advance money more cheaply to the supreme Government than to the merely local one. The obvious fact is that he does it.

It is, of course, not absolutely certain that the Federal Government will be able to renew expiring loans *very* much more cheaply than the rate at which the most solvent of the separate States can do it just now. But it will assuredly be able to renew a little more cheaply than the best of them, and very much more cheaply than the worst of them. There will certainly be a saving in interest, large in the case of some States, and small in the case of others, but a saving all round. There will also be a great saving in management expenses—the policy of having one management instead of six must count for a good deal. The conversion of a great part of the multifarious existing loans into one great uniform stock itself amounts to something, for the British market loves a huge uniform stock which lends itself to market operations on a vast scale, and will pay more for it in consequence. And in any case the consolidation of the State debts is compulsory, for even if the Federal Government can't renew loans much more cheaply than N.S.W. and Victoria can do *now*, it will certainly be able to do so much more cheaply than they can in the future. When the existing State loans were floated the security at the back of them was the State customs and excise revenue, and unlimited power of taxation in the State. When these loans fall due after this year the Federal Government can renew them, offering as security the customs and excise revenues of all Australia, and unlimited powers of taxation over all Australia. That will be a better security than they had before, and consequently, other things being equal, it will be possible to renew on better terms. But if the States retain their separate liabilities they can offer as security no customs or excise revenues whatever, and only such powers of direct taxation in the State as remain after the Federal Government has levied its direct taxes. They can't even offer as security the three-fourths of the customs and excise revenue which is to be returned to them by the Federal Government, for there is no guarantee that the Federal Government will collect any such revenue, and if it doesn't the States will only get back three-fourths of nothing. Therefore, when the States proceeded to renew their loans they could only offer very much worse security than heretofore, and they would, consequently, other things being equal, have to renew on very much worse terms. The Federal Government must needs take over the State debts, not only to reduce the present rate of interest but to prevent a great increase in the future rate.

THE BULLETIN has already advanced the theory that the Federal Government should take over the State railway systems at cost, in order to

avoid the vast mass of impossible complications which would arise in endeavouring to ascertain the present value of each system. It holds that the Federal Govt. should cut the knot of a multitude of other similar problems by taking over at cost all the other property which it requires —postal, telegraph, and telephone buildings and plant, custom-house buildings, barracks, fortifications, mints, light-houses, observatories, offices, and sundries. Then it should pay for these by issuing to each State its own 3 1/2 per cent. Federal securities for the full amount. These need not necessarily be issued in the ordinary sense of the term; there is no knowing what a reckless and impecunious State Treasurer might not do at a time of deficit with £30,000,000 worth of saleable Federal bonds, if he had them in his safe. But if the Federal Government owed the States in the gross £130,000,000 at 3 1/2 per cent. for State properties taken over, it would make the interest (£4,550,000) a first charge on the net earnings of the railways, &c., and on that three-quarters of the customs and excise revenue (if there is any such) which belongs to the States. It would credit each State with its proportion of the £4,550,000 according to the amount of Federal securities held by that State. Then it would further credit each State with its share of what remained (after payment of the Federal interest bill) of the three-quarters of the customs and excise which falls to the States.

The object of this method of book-keeping is that the Federal Government may take over at once the railways, telegraphs, &c., without taking over any direct responsibility for the payment of principal and interest of the State debts, until they are converted into a uniform Federal debt at a lower rate of interest. To pay immediately for the railways, &c., by taking over a corresponding proportion of the State debts would mean giving to a very large proportion of the State creditors the added benefit of the Federal guarantee without any concession on their part in the way of interest. Having taken over the railways, &c., and given each State the Federal IOU for the value of the works it has surrendered, the Federal Government should then take over the management and control of all the State debts to the last penny. It should also take over the existing deficits where there are any, and thus give the States a fair start and a clean slate. But it should do this without in any way guaranteeing (until the State debts are formally converted into a uniform Federal debt) that the interest or the principal will be forthcoming. Its position as regards the States' creditor would be this: "The Commonwealth guarantees that there will be placed to each State's credit a sum equal to 3 1/2 per cent. on the money which the Commonwealth owes to that State for railways, telegraphs, &c., purchased. It further guarantees that out of whatever remains, after the interest on the Federal debt is met, of the three-quarters of the customs and excise duties

payable to the States, the due and fair proportion will be put to each State's credit. It will hand these sums over to the States, and they can use them in any way they please. If any State needs the money for other purposes than paying interest, that is not the Commonwealth's funeral. And the Commonwealth isn't pledged in any way to raise a large customs and excise revenue merely for the purpose of ensuring that each State will have enough money to pay its creditors. It guarantees to raise enough revenue to pay the interest on the amounts which it owes the States for works taken over, but it promises nothing beyond that.”

And it is just here that the conversion operation would come in. For the Federal Government would also lay this offer before the States' creditors: “The Commonwealth, however, keeps before you a standing offer to convert your existing State stocks into 3 per cent. Federal securities at par. These will be fixed for 25 years and thereafter be redeemable at the Commonwealth's option only, so that instead of having loans falling due at all manner of inconvenient times, and renewing them at great expense, these loans will never fall due except when it suits us. If you accept this offer your securities will be guaranteed by the Federal authority. They will become its securities, for which it will be fully responsible. It will pledge itself to raise enough customs and excise and other revenue to see you paid to the last farthing. If you accept you have the security of all the taxable power of Australia and Tasmania. If you don't accept you have merely the IOU of an individual State which has surrendered its railways and its customs-and-excise-raising power, and has no security of its own save its lands and its capacity for bearing direct taxation of its own—this latter on top of, and in addition to, any direct taxation that may be levied by the Commonwealth.”

The situation need not, perhaps, be put with quite such brutal directness, but that would *be* the situation. And in such a situation it is practically certain that a very large immediate conversion of the State debts could be made at a great saving of interest. The balance of the debts could, of course, be converted as they fell due. When a sufficient amount of each State's debt has been converted to counterbalance the sum due to it by the Commonwealth, then the fiction of a debt due by the Commonwealth to the States can be abandoned, the one being set against the other. When the whole debt has been converted then the Commonwealth can absolutely relieve of all liability the State with the least debt per head, and it can take over absolutely a corresponding amount of the debt of each of the other States. If the least indebted State owes £45 per head it can be relieved of all liability, and the rest can be relieved to the extent of £45 per head all round. The system of debiting each State with its separate share of interest

need only be maintained as regards the balance.

The one complaint that is likely to be made is that this process of coercing the public creditor is dishonest. Perhaps it is. The situation is a difficult one. The Federal Government necessarily deprives the States of command of the source of revenue (customs and excise) on which they mostly depended to pay their interest bills. If it thus deprives the State creditor of a large part of his security without immediately giving him a Federal guarantee in return, it may be alleged that it is dishonest to the State creditor. On the other hand, if it gives the State creditor the guarantee of all Australia for his money, whereas he only bargained for the guarantee of one State, and if it does this without exacting any concession in return in the way of reduced interest, it is certainly a case of being grossly dishonest to Australia. And there are no ways open except these two. Therefore, one way being as dishonest as the other, THE BULLETIN proposes being honest to Australia first.

Paying off the Federal Debt, and Other Matters.

[From "The Bulletin," September 22, 1900.]

WHEN the Commonwealth Government has taken over and consolidated the State debts it has two courses to choose from. It may be honest or it may be dishonest. So far, the States have been shamefully and disgracefully dishonest. In their dealings with the loan funds the policy of the best of them would have disgraced a three-card sharp or a wheel-of-fortune man. Within the last 40 years there is hardly an Australasian Minister who, for the harm he has done to posterity in this one matter, doesn't deserve to be hanged—personally if possible, in effigy if the personal proceeding is not possible. The short and simple creed of the average Australian Minister has been to make things easy for himself and his contemporaries by the ruin of his and their children; to avoid taxation in the present by selling the public estate and treating the proceeds as revenue, and to avoid it again by paying ordinary current expenses out of loans and leaving the repayment of these loans to posterity, thus diminishing the inheritance of future generations on one hand and heaping up their burdens on the other. It has been a policy of unmanly cowardice as well as of unmanly dishonesty. Worst of all, the policy of Australia's politicians has, in the last 40 years, so corrupted the public conscience that it is almost impossible to arouse the community to a knowledge that there is anything wrong about their remarkable doings. Further, it has so undermined the courage, manliness, and self-reliance of the nation that any proposal to the effect that Australia should pay its ordinary expenses out of ordinary taxation, as many far poorer nations do, is invariably met with the piteous whine that this great, rich country "can't afford it." If Australia is ever going to reform in this matter it can't do better than make a beginning with the inauguration of the Commonwealth.

Roughly speaking, the six federating States have among them a public debt (fixed and floating) of about £200,000,000. Of this sum, to begin with, about £36,000,000 has been spent on public works, or alleged works, which yield no return, which are never expected to yield any return, and which are really matters of ordinary expenditure and should be charged against ordinary revenue. A large amount has gone in immigration, something in State aid to religion (preachers' salaries and the like), in ammunition, education, mining and agricultural subsidies, in salaries, street and road repairs and the like. Even the State aid to religion has been cheerfully described as a "permanent and reproductive work." A vast amount has gone in repurchase of land for various purposes; that is to say,

the State sold the land and used the proceeds as revenue, and then bought the land back with loan-moneys. Then in addition to this, nearly £10,000,000 of the fixed and floating debt has been openly and unashamedly put into revenue to make good deficiencies which arose because the Australian (even after using the proceeds of land sales as revenue, and charging an enormous amount of his ordinary daily expenses to loans) hadn't grit enough to pay the remainder of his outgoings out of ordinary taxes. About another £12,000,000 of borrowed money has been surreptitiously used, not for works of any kind, productive or unproductive, but for the purpose of paying interest. Fully five times out of six these States have floated their loans at a lower rate of interest than their credit was good for; consequently they had to float them at a discount. And that discount was simply part of the interest permanently added to the public debt. When a State whose credit was only good enough to enable it to borrow at £3 10s. per cent., floated a 3 per cent. loan at £93 and thereby created a liability of £1,000,000 in return for £930,000 cash, the interest payable on the money actually received was £3 4s. 6d. per cent., and the £70,000 added to the debt for which there was no cash received represented the other 5s. 6d. per cent. interest. Which meant that that part of the interest was paid out of the borrowed money because the country was too tired to face its full responsibilities.

And even in the matter of the moderate proportion of the loans which were spent on reproductive public works, the Great Australian Loan Fraud asserted itself. In every honestly-conducted mercantile business, depreciation and wear and tear are charged to revenue. The Australian States never did this. When they borrowed money for wharves, bridges, telegraph-wires and posts, buildings, &c., they never supplied out of revenue a sufficient sum to cover the loss that must needs arise through old age and the mere passage of time. When the old wooden wharf that was built out of loan-money wore out, a new one was built, also out of loan-money, and another new one when that wore out, and so on. The old unpaid-for telegraph-posts, and the old unpaid-for iron telegraph-wires, were similarly replaced. The unpaid-for obsolete wooden bridge was replaced by an unpaid-for iron one. The unpaid-for steam-tram is giving place to an unpaid-for electric-tram, and the new strong unpaid-for locomotive is taking the place of the old, weak, obsolete unpaid-for locomotive that has gone to the scrap-heap. So the Great Loan Fraud may come under five heads, including the money that was borrowed for unproductive works; the money that was borrowed to eke out the revenue; the money that was borrowed to pay interest with over and above that used to eke out the revenue; the money that was borrowed to pay for works

reproductive in their day but now either greatly depreciated through age, or as dead and gone as CLAUDIUS CÆSAR; and the money borrowed to buy back land which had been previously sold and the proceeds used as revenue. For when the State sells land at £1 an acre, and treats the £1 as revenue, and then buys it back at £3 or £5 or more an acre, for however reproductive a purpose, the least the revenue can honestly do is to disgorge that original £1. The six States of the Commonwealth owe among them £200,000,000, and of that sum fully £80,000,000 is pure swindle—a stupendous monument to the cowardice and incapacity of Australia's legislators.

THE BULLETIN does not propose that the Commonwealth Government, when it takes over the State debts, should make any attempt, by levying extra taxation in order to pay off the results of this monumental fraud. It doesn't propose to advocate impossibilities, or even violent improbabilities. The two axioms—that Australia is, in proportion to population, about the richest country in the world, and that it is at the same time too miserably poor to stand any additional taxation—have taken too deep root in the Australian mind. This paper merely proposes that every penny of the amount *saved* by the conversion of the existing State debts into a cheaper uniform Federal stock shall be set apart as a sinking-fund for the reduction of the debt, and for its final extinction. It proposes that, as each separate State loan or portion of a loan is converted into Federal stock, the total amount that was payable in interest thereon in 1900—the last year of separate State control—shall be made a permanent charge on the Federal revenue. That when the whole of the State debts are taken over and converted into Federal stock the whole of the interest that was payable on these debts in 1900 shall be made a permanent charge on the Federal revenue. And that the charge shall remain until, through the saving effected in interest, the whole of the State debts, as they were on 31st December, 1900, are paid off—whereupon a load of some £8,000,000 a year will be suddenly lifted off this country, and railway-fares can be reduced nearly one-half, and the millenium will set in. Also that the debt which is owing outside Australia shall be paid off first, not a penny of the locally-owned stock being redeemed till the English debt is liquidated.

This isn't proposing very much; THE BULLETIN would propose a great deal more if it saw the remotest hope of any larger proposition being favorably considered. It is simply suggested here that a sharp line be drawn underneath the present debt—the Old Federal Debt it may be called—and that a systematic attempt be made to clear it off, whatever happens to the New Federal Debt (presumably the Commonwealth will promptly start a New Federal Debt) later on. It isn't proposed to levy a single penny of extra

taxation to liquidate the debt—this paper reckons it knows its countrymen better than that — but only to apply the savings made by future conversion processes to paying off the loans. By this method the present £200,000,000 of debt won't cost a penny more than it does now; it will continue to cost the same amount, and that is all. It will be all paid off without a fraction of extra taxation or an ounce of extra effort. The old pauper plea that “the country can't afford it” is barred out in this case; the fact that the country has afforded it in 1900 is sufficient evidence to the contrary. In adopting this policy Australia will be closely following an old established British precedent, and surely, at this time of Jingo enthusiasm, when Australia follows so many bad British precedents, it can't object to follow one good one. Especially in N.S.W., where it is so persistently preached that Revenue Tariffism *must* be right because it is British, surely no one will be found to deny that a systematic policy of paying off the public debt must be right when Britain follows it. The annual British vote for the service of the public debt has for many years (with the single exception of the war year 1900–1901) included a large sum to go in reduction of the principal of the debt. It has frequently been suggested that it is absurd to pay off old debts with one hand while incurring new ones with the other, and that when Australia has finished borrowing for public works it will be time enough to start liquidating. If Britain had adopted that idea the decrease of £200,000,000 which has been effected in its liabilities would never have been even attempted. No country knows when it has finished borrowing.

And as regards future loans—what may be called the New Federal Debt, supposing there must be such a thing—THE BULLETIN desires to offer four propositions: (1) That no money be borrowed save for directly reproductive purposes; (2) that all loans have a currency of so many years (not more than 25 if possible), and be thereafter repayable at the option of the Commonwealth only—this will save the constant expense of renewal; (3) that every new loan shall have attached to it a sinking fund of at least £1 per cent. to accumulate at compound interest for its extinction; and (4) that every new loan shall be floated in Australia, even if, on some rare occasion, the money costs 10s. or more per cent. *above* the English rate, and that the interest on these securities be subject to income-tax and to a crushing absentee-tax—this latter to prevent wholesale exportation. Allowing for the saving in cost of flotation in London, in British stamp duty, in cost of management, in income tax on the interest (interest paid in Britain being free of Australian income-tax), and the saving of the cost of remitting the interest to England twice a year, and the principal when the loan is repaid, it is an economical proceeding to pay a far higher rate on Australian loans than on English ones. An English loan of £1,000,000 at 3

per cent. takes, in 50 years, £1,500,000 out of this country in interest alone, and probably another £100,000 in discounts and miscellaneous expenses, and when the loan money is repaid £1,600,000 of good Australian money has totally departed out of Australia. A £1,000,000 loan floated in this country at 3 1/2 per cent. would cost practically nothing in expenses, and £1,750,000 (less income-tax) in interest. So the difference may be summed up in this question: Is it cheaper for £1,600,000 to go out of the country, or for £1,750,000 to remain in it? Is a country richer for losing £16 or for retaining £17 10s.?

As regards the plea that Australia hasn't enough money to subscribe its own loans, that is too puerile to stand investigation. It is the finance of the infant school or the kindergarten. The amount which a country can lend to its Government, provided the Government spends the money in the country and thus puts it in circulation again, has no relation at all to the amount of money in the country. The actual money in Great Britain in the days of the great Napoleonic wars is estimated by the best statistical authorities to have been about £23,000,000, and out of that Britain lent its Government in 24 years £601,000,000 (nominal)—in other words, even allowing for the fact that the loans were issued at a great loss, it lent every penny it possessed 15 or 20 times over. In 1890 all the gold and silver in the world was estimated at 2450 million pounds' worth, and out of this the world had lent to its various national Governments alone 6160 millions, to say nothing of thousands of millions lent to provincial and city governments, to banks in the shape of deposits, and to other people and institutions. The people of the Seven Provinces of Australasia lent three or four millions to their State and municipal governments last year, and their stock of coin, instead of diminishing, *increased* by £4,000,000. They own only £25,000,000 in cash, yet they have lent out of that £102,000,000 to their banks alone in deposits. Australasia, with £25,000,000 of cash, could lend its governments £300,000,000 in 30 years (£10,000,000 a year) or even much more, provided the money was spent on public works in the country. And it could do this without diminishing the stock of money, or seriously reducing the amount of money available for private enterprise. In fact, it would enormously increase the amount available for private enterprise; instead of there being £24,000,000 of coin in the country there would be, at the end of 30 years, the same £24,000,000 in coin, and £300,000,000 in liquid and negotiable State securities, making £324,000,000, and also £300,000,000 worth of remunerative public works. THE BULLETIN isn't suggesting anything incredible or unusual when it proposes that all Australian loans, Federal, State, or municipal, should be floated locally. If Australia had lent to its Governments the entire £200,000,000, most of which they so

foolishly borrowed in England, it would have done nothing more remarkable than Britain did when it lent all its visible cash to its Government 20 times over in 24 years—and still had the cash at the end of that time.

The Federal Tariff.

[From "The Bulletin," September 29, 1900.]

NEXT year it will be necessary to make a Customs tariff for all Australia, and therefore the whole tariff question will come up for review as a matter of necessity. Consequently, the subject will be argued all over again, and in view of this opportunity a great rally of the Foreign-trade party is already being organised, and the old brass god is being specially scoured and burnished for the occasion. A new weekly paper, decorated with most lamentable illustrations, most of them showing a partly-dressed female with large feet (understood to be Britannia), has been started to meet the emergency, and much irrelevant and bare assertion is published therein. The Foreign-trade party is once more bellowing its two old war-cries, which are: "Look at England, and see the wondrous prosperity that arises through Freetrade," and "Look at Victoria, and see the awful disasters that arise through Protection." And these two war-whoops certainly do a great deal of service. Very many people don't look at all; they simply take things for granted. A few do look, and note the fact that the United Kingdom of Great Britain and Ireland is the richest country in Europe, has the most commerce, the most manufactures, and the most of some other things, and are convinced thereby that Freetrade must be best. And yet these matters, in themselves, have nothing at all to do with the subject in dispute. It is a primitive kind of baby logic that only looks at one end of a case and takes no heed of the other end Britain is admittedly ahead of many Protectionist countries in many respects. *And if Britain is further ahead of them than she was when she abandoned Protection, then it may be fairly claimed that Freetrade has a good case.* But if Britain, though still ahead, is not so far in front as she was when she left off Protection, then Freetrade has no case worth mentioning. If, on the whole, she is only the same distance ahead, then it is a dead-heat. Britain, previous to about 1840 or 1850, was one of the most intensely Protectionist countries in the world; and Britain then was far in advance of almost every other country in almost everything. The energy, intelligence, aggressiveness, and fighting capacity of her people, and the fact that she was more Protectionist than most of her rivals, had given her a lead that seems almost incredible when the facts are viewed in cold print. Then Britain took to Freetrade, while her leading rivals either remained Protectionist or became more Protectionist. And then, for the first time, the relative merits of the two policies had a chance of fair comparison.

The heat and burden of the following statistics are mostly taken from the

latest edition of the great “Dictionary of Statistics” of MULHALL, the best-known statistician of the day, and himself an Englishman and a Freetrader. Where the “Dictionary of Statistics” doesn't contain the required information MULHALL'S “Industries and Wealth of Nations” has been used instead, but the eminent Freetrade statistician is the authority used all through. Britain is quoted as the typical representative of Freetrade; France, Germany, and the United States as the leading representatives of Protection. It was impossible to set against the three great Protectionist ‘States three great Freetrade ones, for there aren't three notable examples of COBDEN'S hazy policy. So far as possible, the statistics deal with a comparison of the years 1840 and 1896; the first date goes far enough back to take in the beginning of the Freetrade period in Britain; and the second one is adopted because the statistics go no further. Where different years are used it is only because MULHALL doesn't furnish figures for these two exact dates. Unlike the Sydney Freetrade organ, whose main argument consists in unsupported assertion and the villainous woodcut of the woman with big feet, THE BULLETIN gives chapter and verse for all its statements, and it quotes from a Freetrade authority in every case.

The comprehensive test of progress is the wealth of each State, in proportion to its population. That includes everything— shipping, railways, canals, buildings, telegraphs, mines, factories, agricultural and pastoral products, forests—everything. The ordinary Freetrade authority, as a rule, sticks closely to Britain's superiority in commerce and shipping, and if shipping was the only form of wealth, he would be quite justified. But shipping has no more right to be considered to the exclusion of other forms of wealth than have wheat or brown soap or new-laid eggs. If Britain rules the world in commerce it is good for Britain, but if, where Britain makes a million out of commerce, another country makes a million out of peanuts, one fully balances the other. The total wealth *per inhabitant* is the test which includes all assets, and therefore the following figures are a solemn essay on the futility of that logic which consists in waving the arms windmill-fashion and crying wildly, “Look at England!” The figures in brackets refer to the page in the 1899 edition of Freetrader MULHALL'S “Dictionary of Statistics” where the information may be obtained. The figures for 1840 are worked out from MULHALL'S statements of wealth and population, and anybody can check the result for himself. The figures for 1896 are taken bodily from a table on page 818, the result being worked out by MULHALL:—

UNITED STATES (Protectionist).

Population.	Total Wealth.	Wealth per Inhabitant.
1840 17,063,000 (450)	£782,000,000 (593)	£46 (593)
1896	16,350,000,000 (818)	234 (818)
Increase per inhabitant (56 years) £188		
Increase per inhabitant per annum, £3 7s. 2d.		

FRANCE (Protectionist), according to FLAIX'S estimate of wealth in 1841.

Population.	Total Wealth.	Wealth per Inhabitant.
1841 34,230,000 (445)	£3,240,000,000 (591)	£94
1896	9,690,000,000 (818)	252 (818)
Increase per inhabitant (55 years) £158		
Increase per inhabitant per annum, £2 17s. 5d.		

FRANCE (Protectionist), according to GUYOT'S estimate of wealth in 1841.

Population.	Total Wealth.	Wealth per Inhabitant.
1841 34,230,000 (445)	£3,600,000,000 (591)	£105
1896	9,690,000,000 (818)	252 (818)
Increase per inhabitant (55 years) £147		
Increase per inhabitant per annum, £2 13s. 5d.		

GREAT BRITAIN AND IRELAND (Fretrade).

Population.	Total Wealth.	Wealth per Inhabitant.
1840 26,582,800 (444)	£4,100,000,000 (589)	£154
1896	11,806,000,000 (818)	302 (818)
Increase per inhabitant (56 years) £148		
Increase per inhabitant per annum, £2 12s. 10d.		

MULHALL supplies no wealth statistics for Germany, except as regards a very few recent years, so it is reluctantly omitted. Also he gives no British population statistics for 1840 (only for 1831 and 1841). The 1840 population figures are arrived at by deducting one year's increase from the figures for 1841. But the eminent Fretrade authority shows that in both France and the United States the individual citizen is growing rich faster under Protection than is the individual Briton under Fretrade. (The increase in the total wealth of France would have been much greater but for the loss of two rich provinces in 1871.) This result is not what one might have expected from so ardent a Cobdenite, and evidently MULHALL should be suppressed by Parliamentary enactment.

MULHALL (this time in the "Industries and Wealth of Nations") gives some rather ragged information about the total earnings of various nations. The results are difficult of comparison; still they are interesting. (Figures in brackets refer to the page of "Industries and Wealth of Nations," where the matter quoted can be found):

	National earnings.		National earnings.	
	1843	1894		
Increase in 51 years.				
France (129)	£639,000,000	£1,199,000,000	£560,000,000	
(Increase of £10,980,000 per annum.)				
	1836	1895	Increase in 59 years.	
Britain (95)	600,000,000	1,423,000,000	823,000,000	
(Increase of £13,950,000 per annum.)				
	1840	1894	Increase in 54 years.	
Germany (151)	389,000,000	1,284,000,000	895,000,000	
(Increase of £16,570,000 per annum.)				
	1870	1894	Increase in 24 years.	
U.S. (307)	1,323,000,000	3,116,000,000	1,793,000,000	
(Increase over £74,000,000 per annum.)				

The fact that the returns do not relate to exactly similar years is a drawback. Another drawback is that there are no population returns for many of these years, so the exact increase per head can't be shown. Still, it appears that the earnings of the people composing what is now the German Empire increased more in 54 years than the earnings of the British people did in 59 years. And the earnings of the United States increased over twice as much in 24 years as those of Britain did in 59 years. In the case of the States the comparison starts at 1870 in order to avoid the period of the Californian gold discoveries, and the civil war, and the Mexican and Texan annexations, and to deal with a period of steady-going industry only.

Also on page 129 of his "Industries and Wealth of Nations" Free trader MULHALL gives a curious set of figures as regards the average earnings of every inhabitant of Britain and every inhabitant of France in 1816, 1860, and 1894 respectively. By this he elaborates the fact that in 1816 the Briton averaged £6 a year more earnings than the Frenchman. In 1860, when the Protectionist era in Britain had not long ended, the Briton earned £8 a year more than the Frenchman, thus showing that while Britain was, in the main, more intensely Protectionist than France, the Briton kept getting further ahead. And in 1894, when Britain had enjoyed 34 years of Free trade, and France had had another long spell of Protection, the Briton's average earnings were only £5 per annum more than the Frenchman's. The Protectionist Frenchman kept dropping further and further behind the Protectionist Englishman, but he seems to be fast overtaking the Free trade Englishman. No similar tables regarding Germany and the United States appear to be published.

Then Free trader MULHALL takes to publishing things like this in his "Dictionary of Statistics" (page where figures may be seen quoted in brackets):

TOTAL VALUE OF MANUFACTURED AND AGRICULTURAL PRODUCTS. FRANCE.

	1840.	1896.	Increase in 56 years.
	£	£	£
Manuf.	264,000,000 (365)	596,000,000 (765)	
Agri.	269,000,000 (11)	416,000,000 (615)	
	533,000,000	1,012,000,000	479,000,000
 BRITAIN.			
Manuf.	387,000,000 (365)	876,000,000 (765)	
Agri.	218,000,000 (11)	230,000,000 (615)	
	605,000,000	1,106,000,000	501,000,000
 GERMANY.			
Manuf.	150,000,000 (365)	690,000,000 (765)	
Agri.	170,000,000 (11)	417,000,000 (615)	
	320,000,000	1,107,000,000	787,000,000
 UNITED STATES.			
Manuf.	96,000,000 (365)	1,980,000,000 (765)	
Agri.	184,000,000 (11)	772,000,000 (615)	
	280,000,000	2,752,000,000	2,472,000,000

In 1840 Protectionist Britain was ahead of Germany and the U.S. in agriculture, and only £51,000,000 behind France; in 1896 Free-trade Britain was right at the bottom of the list. In 1840 Protectionist Britain was the boss manufacturing country of the world. In 1896 Free-trade Britain is only second, and as her lead over Germany has decreased by fully fifty millions she has every prospect of becoming only third.

Also the same weighty authority publishes this statement of the amount of gold and silver coin possessed by the one Free-trade and the three Protectionist countries (“Dictionary of Statistics,” page 777):

Great Britain	£147,000,000	France	£263,000,000
Germany	183,400,000	United States	271,100,000

As regards mining, the indefatigable but rather weary MULHALL does not give facts and information extending very far back, but on page 773 of his “Dictionary of Statistics” he gives this comparison covering 20 years:—

VALUE OF ALL MINERALS RAISED.

	1876	1896	Increase in 20 years.
France	£15,000,000	£21,000,000	£6,000,000
Britain	58,000,000	69,000,000	11,000,000
Germany	15,000,000	39,000,000	24,000,000

United States 70,000,000 101,000,000 31,000,000

Then finally we come on this mass of information regarding trade. The commerce of Free-trade Britain is the sheet-anchor of the Free-trade logician, and in this matter the mode of presenting British statistics has given him a great advantage over all comers. The average trade statistics deal with external trade only, and Britain reckons as external trade what most of its rival states regard as internal. Britain may be said to have started its Empire with the three kingdoms of England, Scotland, and Ireland. It added to them many other possessions, and the trade of the three kingdoms with these other possessions is called external trade, and therefore it appears written large in the statistics. The present German Empire extended from the Kingdom of Prussia, and the U.S. extended from the original 13 States, and the Russian Empire from the petty Grand Duchy of Muscovy; but old Muscovy's trade with Poland and Siberia, or New York's with Chicago, or Prussia's with Bavaria are not mentioned in the ordinary trade statistics at all. On page 388 of MULHALL'S "Industries and Wealth of Nations" can be found the total trade, internal and external, of the four great States, in 1896, as follows—and by this method they are all put on the one footing:

United States	£3,311,000,000	Germany	£1,501,000,000
Gt. Britain and Ireland	1,884,000,000	France	1,324,000,000

No statistics of previous years are given, so comparison of relative progress is impossible. Still, the fact that Britain is so far behind the United States in the gross, and can't even keep pace with it in the amount of trade per inhabitant, is hardly what Free-trade literature would lead one to expect.

Britain is undoubtedly far ahead as the great ship-owning country of the world, and this fact is the great capital of the Free-trade logician—or illogician. But the value of shipping is included in the figures relating to wealth, and the profits of it are included among earnings, and the making of ships is included among manufactures, so in the above tables Britain has received full credit for this item. The general result seems to be that Britain under Free-trade barely keeps pace with the decadent Frenchman, now the boss drunkard of Europe, while as regards the two great Protectionist States of its own branch of the human family—the two that are largely of the same descent, and gifted with the same energy, grit, and staying power—it is being rapidly overhauled in some respects and has been already overhauled in some others. The crucial test is that which deals with the increase of total wealth per inhabitant, for that item covers everything; and this test shows that the enormous lead which Britain gained in its Protectionist days is being shortened every year under its later Free-trade

policy. The mere spreading of Britain's empire has nothing to do with the case, though there is a vague, unreasoning idea abroad that the Anglo-Saxon shoots straight through the helpful influences of a low tariff; the so-called Anglo-Saxon was the same successful and enterprising fighter and annexer long before he heard of Freetrade that he is now. It is for the reasons above shown that the war-cry of the Australian Calico-JIMMY party, "Look at England and see the Glorious Results of Freetrade," does not appeal much to THE BULLETIN. It *has* looked at England, while most of those who use that war-whoop, and most of those who are impressed by it, evidently have not. And now that the cry of "Look at England" is evidently going to do service once more in the Federal tariff campaign, this paper asks every Australian voter to look, to take a good, long, intelligent look, and judge for himself, instead of taking things for granted. Looking at England has done more than anything else to make this paper Protectionist. A Protectionist policy will indirectly yield much revenue, which this country requires badly. And the balance of evidence appears to be in favour of the theory that it will yield a great increase of prosperity at the same time.

The Federal Tariff Again.

[From "The Bulletin," October 6, 1900.]

THE Foreign-trade enthusiasts of N.S.W., and the Remnant which follows that creed in other States, is just now banging its hollow drum with great vim to the two tunes which make up the whole of its vocabulary. They are: "Look at England as compared with Protectionist nations, and see the glorious results of Freetrade," and "Look at N.S.W. as compared with Victoria, and see the same thing." In the last article of this series THE BULLETIN did look at England. This time it proposes to look at Victoria in like manner. Victoria, to be sure, isn't by any means the only Protectionist province in Australasia. Maoriland, for example, follows the same policy, and Maoriland is prospering exceedingly just now. Still as the N.S.W. Freetraders have chosen of late years, and most of all since the bursting of the Vic. land boom, to take Victoria as the one and only example of the horrors of Protection, this paper doesn't object much.

To start at the beginning, however, the comparison between N.S.W. and Victoria is *not* a comparison between Freetrade and Protection. The statement that N.S.W. is Freetrade is one of the chronic lies which pass for truth among the unreasoning through much iteration. In N.S.W. the sugar industry is protected to the extent of £3 a ton on raw sugar and £4 a ton on refined. The wine industry is protected to the enormous extent of 5s. and 10s. per gallon; beer is protected up to 3d. and 6d. a gallon, being the difference between the customs duty on imported beer and the excise on the local article; locally-manufactured tobacco is similarly protected to the extent of 1s. 9d. per lb.; cigars and cigarettes up to 3s. 6d. per lb. Biscuits, confectionery, dried fruits, jams, jellies, treacle and molasses are all protected, some of them heavily. Many of these duties were first put on by Freetraders; they were all retained by Freetraders. The Protection they afford doesn't rise out of mere need for revenue; the State would get more revenue by taxing local wine, tobacco, cigars, cigarettes, beer, &c., to the same extent as the imported articles, and at the same time it would live up to its principles and prevent the curse of Protection falling on the country. And in addition to this N.S.W. indirectly protects its agricultural industry with differential railway rates, and boosts local enterprise in various sidelong fashions. A party which hasn't the courage to fully practise its own doctrine; which is never tired of telling about the advantages of absolute Freetrade, yet dare not enforce absolute Freetrade, even when it has got into office on the Freetrade ticket, and when it isn't driven by revenue necessities; which curses Protection in every shape and form, yet

lives, to some extent, by surreptitiously practising Protection—ought to be out of court, and only its ineffable impudence keeps it afloat. It is self-convicted of being either a shameless fraud, or a conspirator trying to injure N.S.W. by imposing on it fragments of a system which it knows to be injurious. The comparison between Victoria and N.S.W., so far as it rests on tariff matters, is a comparison between complete Protection, openly and honestly acknowledged, and partial Protection, denied and lied about and practised sneakingly in the dark.

Apart from the tariff question, there are two principal methods of making things boom in Australia. One is by borrowing lots of money; any State will prosper while lots of money are coming into it, no matter how the money is acquired; and land values will go up, and industries will flourish, and wages will be high and trade brisk. Another way is by selling abundance of public lands, which is a way of bringing money into the Treasury without borrowing, though in the end it is almost as thrifless as the loan process. This is leaving out all question of good or bad internal administration on other than tariff matters; as a general thing internal administration has been moderate, or a little less than moderate, all over this continent. Victoria took to Protection when its gold-boom had broken, and its wealth had in a great measure fled, and it was a very poor, dispirited land. Up to 1892 both N.S.W. and Victoria boomed heavily on borrowed money, but N.S.W. boomed the most. They both kept up an artificial state of prosperity by trading off public lands wholesale and using the proceeds as revenue, but N.S.W., having more lands and being more reckless, did it hardest. Also, they were both blessed with a revenue from land-rents, though N.S.W. had about three times as much of this as Victoria. At the end of 1892 COGHLAN estimated that N.S.W. had borrowed publicly and privately to such an extent that the net interest payable to foreign creditors was £5,100,000 a year, which, assuming that the interest averaged 5 per cent. all round, meant a net public and private debt of £102,000,000. Victoria's net interest burden was £3,392,000, representing, on the same basis, a total public and private borrowing of £67,840,000. This meant, roughly speaking, that N.S.W. had borrowed about £34,000,000 more than its neighbor to keep up an artificial prosperity. N.S.W.'s land revenue averaged £2,000,000 a year for the ten years prior to 1892; Victoria's averaged £600,000. So the main elements of the comparison between the two States in 1892 were:—

NEW SOUTH WALES.

Partial Protection.

Land revenue for previous 10 years, about £20,000,000.

VICTORIA.

Protection.

Land Revenue for previous 10 years, about, £6,000,000.

Total aid from public and private borrowings, about £102,000,000 net.

Total aid from public and private borrowings, about £67,840,000 net.

Total aid from public loans (included in above), £54,200,000.

Total aid from public loans (included in above), £46,680,000.

If N.S.W., with its vastly larger territory, its great coal supply (coal is the first essential in manufactures), its 50 years' start, its boom created by the influx of about £34,000,000 more in borrowed money than Victoria received, the enormous extra endowment it received in the shape of land revenue, *and* the advantage it allegedly derived from what its shoddy party swears was Freetrade—if with all these things it wasn't materially ahead of its little rival in 1892, then it is indeed a poor look-out for the thing which the N.S.W. shoddy party declares was Freetrade. That a great influx of borrowed money and a great land revenue make a temporary boom no one has ever denied, and N.S.W.'s advantage in these respects is unquestionable. The only questionable element in the case is the alleged Freetrade.

And yet Victoria was distinctly ahead in some respects in 1892, and very close up in many others. It was 3 1/2 times as thickly populated as N.S.W. The total value of its crops was £6,600,000 a year against N.S.W.'s £3,900,000. The total value of its manufactured products was, as nearly as the N.S.W. State Statistician could get his figures, £22,000,000 a year against N.S.W.'s £16,000,000. It had, according to COGHLAN's estimate, only 43,192 hands employed in its factories as compared with N.S.W.'s 44,268, but it had more machinery and produced more goods. COGHLAN estimated the wealth of N.S.W. about that time at £368 per head, and HAYTER estimated that of Victoria at nearly £400, though probably neither estimate, considering the artificial value given to almost everything by hard borrowing, was worth much. N.S.W. was very far ahead in mineral and wool production, for Protection couldn't make acres to feed sheep on, nor make coal and silver where they didn't exist, but still the total annual products (mineral, agricultural, manufactured, pastoral, dairying, and all other) of Victoria were worth £30,267,690, while the four times bigger province showed a total of £35,007,490. Victoria produced, according to COGHLAN, £226 worth of wealth per annum for every square mile of surface, against N.S.W.'s £93. It was a question of much artificial coddling with loan money, a huge subsidy in the shape of land-revenue, a splendid coal-supply to keep manufactures going, 50 years start, *and* a kind of Freetrade—as against less loan-money, very little land-revenue, manufactures grievously hampered by lack of coal, and Protection. And N.S.W. did little more than hold its own at best.

Then a Government rose in Victoria which had a deep contempt for the

bastard prosperity that arises from the throwing about of borrowed money. Borrowing practically ceased. The loan expenditure was cut down from an average of £2,000,000 a year to an average of less than £250,000. The difference meant that about 17,000 adults and their wives and families, perhaps 80,000 or 100,000 persons in all, formerly and for many years employed by the State on works paid for with loan moneys, lost their accustomed means of livelihood, and so did all the people engaged in supplying these 80,000 or 100,000 with food, clothing, drink, house-room, &c. So the people who formerly lived on loans, and their families and direct and indirect dependents, emigrated, where-ever it was possible, to States where lavish loan expenditure was still in progress. The whole of the recent emigration from Victoria is fully explained by the vanishment of £1,750,000 a year of loan expenditure. It became a case of competition between N.S.W., with nearly four times its rival's territory, 50 years' start, abundance of cheap coal, which should enable it to manufacture at far less than Victorian rates, a huge land revenue and a great influx of loan money to create artificial prosperity, *and* its alleged Freetrade—against a small province with very little of the sinews of manufacture (*i.e.*, coal), very little land revenue or borrowed money to create an artificial boom, and Protection. For the six years, 1893–98, the elements of the comparison were about thus:

N.S.W.	VICTORIA.
Partial Protection.	Protection.
Gross Land Revenue	Gross Land Revenue
about £12,000,000.	about £2,700,000.
State Borrowings	State Borrowings
about £9,500,000.	about £1,350,000.

Private borrowings unknown, but supposed to be very small in both cases.

If N.S.W. by 1899 (the last year for which most of the returns are available) was not vastly ahead of Victoria it is again a very poor look-out for the blessings of alleged Freetrade. For N.S.W. had, between '92 and '98, apart from taxation, over £17,000,000—nearly £3,000,000 a year—more to spend in paying wages to its people, and that is sufficient to find work for nearly 30,000 men, or counting their wives and dependents, to find sustenance directly for fully 120,000 people, and indirectly for all the multitude employed in feeding, clothing, housing, amusing, educating, and quenching the thirst of these 120,000. The borrowing and land-sale policy is the most stupendous coddling of local industries on record; even a 25 per cent. Protectionist tariff is nothing to it. Yet in 1898 Victoria was still three times as thickly populated as N.S.W., and it is recorded that there were 54,778 persons employed in Victorian factories against 52,518 in N.S.W.,

showing that the Protectionist State, which was behind in 1892, had got a decided lead. And the interesting COGHLAN, in his “Seven Colonies of Australasia,” thus sets down the value of *all* the products (agricultural, pastoral, manufacturing, mining, &c.) of the two provinces for the years 1892 and 1897—no returns are yet available later than 1897:—

VALUE OF ALL PRODUCTS.

	1892.	1897.	
N.S.W.	£35,007,490	£33,751,000	Decrease £1,256,490
Victoria	30,267,690	30,405,000	Increase 137,310

The returns of hands employed in factories, as already mentioned, show a similar advantage for the Protectionist State which calls itself Protectionist, as against the semi-Protectionist State which calls itself Freetrade:—

HANDS EMPLOYED IN FACTORIES.

	1892.	1898.	
N.S.W.	44,268	52,518	Increase 8,250
Victoria	43,192	54,778	” 11,586

The first table—that dealing with production—is the best test of all, for it takes in everything by which the two communities make an honest living—floating loans to create employment isn't making an honest living. And it shows that, while the Protectionist province has improved a little, the alleged Freetrade one has gone back very badly. The statistics of hands employed in manufactures point in the same direction; these two eminent Freetrade authorities, PULSFORD and REID, evidently felt it so when they got down to the cheap dodge of instituting comparisons between one year in N.S.W. and a different year in Victoria in order to give the former the appearance of being ahead. Many other comparative details are, unfortunately, wanting, and will remain so till next census supplies the deficiency.

Incomplete as the returns are, the above are some of the reasons why THE BULLETIN, when it views the relative conditions of N.S.W. and Victoria, is rather confirmed in its Protectionism than converted to the side of the party which practises semi-Protection and preaches Freetrade. Of course taxation is heavier in Victoria than in N.S.W., but Freetrade wouldn't make it lighter unless Freetrade could give Victoria 220,000 square miles more land to derive revenue from, and the only important river system in Australia to make that land valuable. So the subject may be summed up in these four positions:

(1) THE BULLETIN is prejudiced against Freetrade by the fact that its own advocates haven't courage enough to try it. It has doubts of the doctor who won't try his own infallible remedy for everything, and the inventor who won't stand anywhere near his own gun when it is fired.

(2) It is further prejudiced against Freetraders because they are such

perverters of the truth. The crowd which can call N.S.W. a really Free-trade country has so many suspicions on its character that there are grave doubts about everything it says.

(3) It declines to be such a fool as to regard a comparison between semi-protected N.S.W. and fully-protected Victoria as in any sense a comparison between Free-trade and Protection. But it reckons that if there was any chance that real Free-trade would show better results the Free-trade party would have tried Free-trade before now.

(4) It declines to be so one-eyed as to suppose that Free-trade and Protection account for *everything*. If a Protectionist is only 4ft. 6in. high, while a Free-trader is 6ft. high, the former won't grow 18in. immediately he becomes a convert to the shoddy gospel. If a Free-trader is born heir to a large estate and a Protectionist isn't, the latter won't be born again through changing his creed. Still, if the Free-trade party will prove that the acceptance of their doctrine by Victoria will make that State as large as N.S.W., give it the same abundant supply of cheap coal and the same land revenue, this paper is quite willing to regard any deficiencies in Victoria as compared with N.S.W. as entirely owing to Protection and a sudden limitation of borrowing, as against semi-Protection and an artificial boom created by the lavish use of loan funds. But when Free-traders (who daren't practise Free-trade) claim that Protection ought to make a State with 87,000 square miles hold more people than one with 310,000 square miles; that these people should be richer, despite the fact that land is the biggest single asset in this country—*i.e.*, that Protection ought to make land nearly four times as valuable; that 87,000 square miles should produce more income and more industries than 310,000; and that Protection ought to more than make up for £1,500,000 a year extra land revenue, and if it doesn't Protection is no good—then this paper regards the Free-trade party as a crowd that is talking foolishly through its hat—the imported hat that it paid for out of loans.

THE BULLETIN does not claim, despite all the figures given above, that Victoria has more wealth than N.S.W. in the aggregate. It may have—or it may not. Private wealth consists largely of land, and there are 45,700,000 acres of privately-owned land in N.S.W. against only 24,200,000 acres in Victoria. At an average of only £1 an acre, taking town and country together, this gives N.S.W. a start of £21,500,000 on one item alone. But what this paper says is, that it has “looked at Victoria,” and after comparing, so far as is possible, a large number of diverse circumstances which can't be reduced to mathematical certainty, it reckons that the balance of evidence is largely in favor of Protection. And it votes for Protection as the policy of the Commonwealth accordingly.

The Federal Tariff Some More.

[From "The Bulletin," October 13, 1900.]

JUST now the air is full of appeals to the people of the prospective Commonwealth to choose between Freetrade and Protection; therefore it is advisable to point out that the people who thus state the case are appealing to the public under false pretences. The case doesn't lie between Freetrade and Protection any more than it does between bigamy and Protection, or measles and Protection. There are no civilised Freetrade countries in existence, and there never have been within modern times; the only places which practise Freetrade are some of the kanaka islands, a few hopelessly savage tribes in the interior of Africa, and possibly the Eskimo and their like. Even Britain, with all its boast of Freetrade, does not follow that doctrine, and, so far as is known, it last did so about the days when its aboriginal inhabitants painted themselves blue and went to war in chariots. For a country which raises about £22,000,000 a year by Customs alone to call itself *Freetrade* is one of the great jokes of the century. And for New South Wales, with its protective duties on wine, beer, sugar, cigars, cigarettes, tobacco, treacle, molasses, biscuits, confectionery, and other things, and with a purely customs revenue of £1,300,000, to call itself Freetrade is a still more remarkable proceeding. The question which the electors of the Commonwealth have to decide is one between Revenue Tariffism and Protection; or, possibly, between the mixture of Revenue Tariffism and Protection which is practised in New South Wales and the straight-out Protection which is followed in Victoria and South Australia. It is as well to describe things by their right names and accurately define the position. In New South Wales a party which calls itself Freetrade has been in power, mostly with huge majorities, for the best part of 50 years, and it has never dared to practise Freetrade. Evidently it knew its own doctrine too well. It has never dared even to get down to straight-out Revenue Tariffism. It has always adopted a certain measure of Protection, and has been a poor, mean, truckling ANANIAS, and denied that it did so; and while it protected a few of its leading industries, it used language about Protection which was violent and full of scorn. Also it has persistently pointed to any measure of prosperity that N.S.W. has enjoyed under its mixture of Revenue-Tariffism and Protection, and asked the world to look at the glorious results of Freetrade. All the days of its life it has been a fraud, a turncoat and a shuffler, and the truth has not been in it.

So when the people of the Commonwealth are invited to choose between Freetrade (which isn't in the question at all) or Protection, and the examples

of N.S.W. and England are held up before them as matters that have some bearing on the case, many points require to be considered. New South Wales is not Freetrade by principle; it probably drifted towards (never into) that policy through having a large land-revenue. It has more good arable and pastoral country than any other province, and it has chief possession of the only big river system in Australia to water that land and make it valuable. Also, it has been more reckless than some of its neighbors in disposing of the public estate. Thus the land revenue of the six federating States was as follows in 1899 :—

	Land Revenue.	Land Revenue per Inhabitant.
New South Wales	£2,002,023 £1 9	9
Queensland	575,106 1 3	1
Westralia	142,720 0 17	0
South Australia	175,137 0 9	6
Tasmania	68,899 0 7	11
Victoria	395,012 0 6	9

Again, New South Wales has built up the largest debt in the Commonwealth. It has acquired the largest deficit in the Commonwealth. And it has used more loan funds for revenue purposes (£11,861,711 up to June, 1900, against Victoria's £3,554,413) than any other province in the Commonwealth. It has done these things because its tariff didn't yield enough revenue, and because its Freetrade rulers dared not levy enough direct taxation to make up the shortage lest the shibboleth about "lifting the burdens off the people" should become a bye-word and a mockery. When the other provinces are invited to follow the bright and shining low-tariff example of N.S.W. it is necessary for them to remember that that example has only been made possible by a reckless policy of deficits, by a most lavish stealing of loan funds for revenue purposes, and by a geographical accident.

The Commonwealth being invited to adopt Freetrade, it is well to figure out, in the first place, what Freetrade would amount to. The adoption of *real* Freetrade would involve raising the income-tax in N.S.W. to about 2s. 6d. in the £ and the land-tax to about 5d. in the £ of capital value, and even this is assuming that N.S.W. goes on appropriating at least £700,000 a year of loan money for revenue purposes. In some of the other States which are not blessed with N.S.W.'s great land revenue, and which don't steal the loan funds so extensively, real Freetrade would necessitate an income-tax of fully 5s. in the £ and a land-tax that would almost amount to confiscation. Even the adoption of the mongrel semi-Protective revenue tariff of N.S.W. would involve rather serious results. In N.S.W., unless that State is going to continue heaping up deficits and using about £700,000 a year of loan funds for revenue purposes—a policy that must lead in the end to great disaster—a continuance of the present tariff will involve raising the income-tax to 1s. or 1s. 6d. in the £ and doubling or trebling the land-tax. In some of the other provinces the N.S.W. tariff would involve an

income-tax of at least 2s. 6d. in the £ and a land-tax equal to nearly half the income derivable from the land—say, about 5d. or 6d. in the £ of capital value. All the brilliant conversation about how Freetrade would “lift the burdens off the people” takes no account of the fact that a more staggering burden must be put on somewhere else to make good the deficit. Only a few people realise how very little direct taxation brings in as compared with the tariff revenue, even in the most Freetrade of the Australias. In N.S.W. for the year ended 30th June, 1899, the land and income taxes yielded £454,000, while the tariff yielded £1,621,800. After all the deafening corroboree which has gone on during the last five years about establishing *Freetrade* and replacing the nefarious system of duties with direct taxation, the tariff yields nearly four times as much as the land and income taxes, and 2½ times as much as all forms of direct taxation put together. It would take about another 4d. in the £ of land-tax and another 2s. in the £ of income-tax to make even N.S.W.—the lowest-tariff State—a Freetrade province, and even that would leave its finances no more honest or solvent than they are now. The people who propose to replace the tariff revenue by direct taxation apparently don't understand the full dimensions of the contract.

If Australia, under Federation, goes on borrowing as largely as in the past (which is impossible, for its credit is giving out), and accumulating deficits as liberally as in the past (which is impossible, for deficits must end in insolvency some day), and selling land as vigorously as ever (which can't be done, because the best land is sold), it will require as much revenue under Federation as it has now. And as it can't do the three things mentioned above it will presently require more revenue. Most of the provinces, if they are prepared to face an income-tax ranging as high as 2s. 6d. in the £ and a land-tax varying up to about 5d. in the £, can get to the N.S.W. level, and raise their required revenue by duties on, say, 40 articles. If they are not prepared to go beyond, say, 9d. in the £ income-tax and 1½d. in the £ land-tax, with the exemptions at the present average rate, then most of them must tax as many articles as they do now, and do it about as heavily as they do now. So the choice lies between adjusting the unavoidable tariff on a revenue basis or a Protective basis. The difference is just this: Protection yields revenue and at the same time it creates industries and supplies employment and wages; also, it is alleged that it increases prices, and, to some extent, it may do so—for a time at least. A revenue tariff also raises revenue; it undoubtedly increases prices; and it is guaranteed by its own most infatuated admirers *not* to create a single industry, nor to supply employment or wages to anybody. And added to Protection (which yields revenue, and furnishes employment, and, it is

said, raises prices), and Revenue-Tariffism (which yields revenue and doesn't furnish employment, and raises prices), there is a third alternative in enormous direct taxation, which also yields revenue, and doesn't furnish employment, and raises prices. It doesn't raise prices in name, but it gets there just the same in reality. To leave the wages the same and raise the price of commodities, or to leave the price of commodities the same and take away part of the wages by an income-tax, is exactly the same result in the end.

No country ever became a great industrial State under Freetrade unless it had cheaper labor than its neighbors, and cheap labor means degradation and slavery. Britain was the wealthiest nation in the world, the greatest manufacturing, mining, and commercial nation and one of the greatest agricultural nations in the world, and the world's greatest shipowner, before it abandoned Protection. It didn't gain any of these advantages under its Revenue Tariff policy, though it has lost several of them under that policy. Nor can any nation, in these days of cheap freights, remain a great industrial State under Freetrade unless it pays as low wages as the cheapest of its rivals, or unless its workers can hold their own by exceptional skill. Australia is young and its industries are mostly in their infancy. Its workers are, on the whole, less skilled than many of their competitors. It doesn't want to compete in the matter of wages and be one of the cheapest-labor countries on earth. And if it opened its ports and reduced its wages to the level of the cheapest of its competitors, it would carry an additional handicap, for, by reason of its vast accumulation of foreign debt, its low-wage workers would have to pay more in taxation than the low-wage workers of almost every other land beneath the sun. The politicians who prate of what can be done in Australia under Freetrade are discoursing on mere theory. No Australian State has tried Freetrade yet. In this country there is not one industry of the kind that are exposed to foreign competition which has grown up without being either protected by a tariff or (what is the same thing) directly or indirectly subsidised by the State.

The example of Britain has nothing to do with Australia's case. That country, as already mentioned, didn't grow up under Revenue Tariffism. Britain, before it abandoned Protection, was not only the greatest manufacturing, banking, commercial, mining, shipowning, and annexing nation on earth, but it had lent money to almost all the nations of the globe, and that money has been piling up at compound interest ever since. Britain receives a private income, or endowment, or pension of about £80,000,000 a year (say £2 per inhabitant annually) from foreign investments. Australia has to pay away to foreign lands £3 per inhabitant annually on its public and private foreign borrowings; the difference is £5 per inhabitant per

annum, or about 10s. a week for every family. A few centuries of Protection and foreign conquest, the looting of another India, and the plunder of another Spanish Empire, might make Australia as rich as Britain, and then it might try Revenue Tariffism on the same basis. But this country can't get into Britain's condition, even assuming it is a wholly desirable condition, by adopting Britain's tariff policy unless it is possible to adopt Britain's circumstances at the same time. The alleged Free-trade party appeals to Australia in general to throw off the "burden" of Protection; but unless Australia is going to file its schedule and stop payment it can only do this by putting on an equally heavy and less productive burden somewhere else. Protection may not do all that some of its most enthusiastic advocates claim in the way of creating industries and supplying employment; every policy has some over-excitables adherents. But it does much in that way, while the other available means of raising the wind do absolutely nothing. Taking Tasmania as an example, the Free-trade party in that heavily-taxed isle is crusading with great violence about the money "exacted" from the people by the Protective system as compared with the alleged freedom enjoyed in England under its alleged Free-trade. But Tasmania's real burden is its debt, and no juggling with the fiscal system will shift that one iota. Its real trouble is that it has to find £275,000 a year for interest *over and above the amount earned by its railways and public works*, and that this one item of taxation—the taxation it has to levy for the single purpose of paying interest—is as much per inhabitant as all the taxes levied for all purposes in Canada, Russia, Sweden, Norway, Switzerland, and half-a-dozen other countries. Every Australian State has the same trouble, in a greater or less degree. Debt incurred for unremunerative purposes is Australia's one great difficulty. If the Free-trade party, which dare not practise its own doctrines, can show that a change of tariff will induce the British money-lender to accept 10s. in the £ then there may be some shadow of reason in the promise to lift the burdens off the people by abandoning Protection. But otherwise it is merely a case of Australia paying as much for the policy which doesn't supply employment as it does now for the policy which does; and abandoning the policy which is so good that its advocates venture to practise it, for the one that is so bad that its own most violent apostles have always lacked the courage to put it into full execution.

Federal Old Age Pensions.

[From "The Bulletin," October 20, 1900.]

The Parliament shall, subject to this Constitution, have power to make laws for the peace, order and good government of the Commonwealth with respect to XXIII. Invalid and Old Age Pensions.—*Commonwealth Constitution clause 51.*

So far none of the States of the coming Commonwealth has really established an Old Age Pension system, though the matter is being talked about with the same deadly and abstract persistence that has made N.S.W.'s Local Government Bill and Sydney's city railway cheerful but unproductive subjects of conversation for 35 years. Maoriland, where a virile race does things, instead of being only on the verge of doing them, has led the way, and proved that the Old Age Pension idea is practicable, and perfectly within the range of everyday politics. Victoria has proved the same thing accidentally and without being aware of the fact. Under a disastrous Civil Service Act, passed by certain wildly irresponsible parties in the very early days, Victoria is paying about £312,000 a year in pensions, not to the poor and aged, but to a rather affluent class—many of them not at all aged. The pension law was repealed nearly 20 years ago so far as concerned new-comers into the Civil Service, but its consequences remain, and will remain, though in a constantly diminishing degree, for many years. According to Maoriland experience, and according to the respective populations, £312,000 a year would be about sufficient to provide for every indigent male and female Victorian of 60 or 65 and upwards. The State pays this sum to its excivil servants with so little effort that probably not one voter in twenty is aware that the responsibility exists; and while the Tories of the land denounce Old Age Pensions as an impossible burden Victoria proves every day, without being really conscious of the fact, that there is no real difficulty in the matter. The State Governments of New South Wales, Victoria, and S.A. are all understood to be "considering the matter" with great energy, and the other three States are supposed to be keeping it in view—with rather less energy, perhaps, but very steadily. In fact, some kind of Old Age Pension system is inevitable in several of the Australias within a very few years, either as a State or as a Federal responsibility.

The reason why it should be made a Federal matter is that the Central Government can carry the system out more thoroughly than the individual States. As a matter of necessity there must be a residence as well as an age stipulation. The applicant must qualify by living in the State for a certain

number of years—enough to make it reasonably certain that he gave the State some value in labour and taxes, and in carrying the other burdens of citizenship, before he began to receive value from it. If any State granted Old Age Pensions without a residence qualification it would become a home for the Aged of all Nations, and on the deck of every incoming ship the white heads of the applicants for State aid would be like Kiandra's snows in winter time. Therefore, if the matter is left to the States, Queensland, N.S.W., Victoria, Tasmania, S.A., and Westralia can each pension, out of its own resources, the aged inhabitant who has spent 15 or 20 or 25 years of his working life in Queensland or N.S.W., or Victoria, or Tasmania, or S.A., or Westralia, as the case may be. And when this has been done there will remain, unprovided for and rejected all round, a multitude of good old deserving Australians, who have spent, it may be, all their years in this country, and done it good service, but who never remained long enough in one State to qualify anywhere. The hardiest of the pioneers—the prospectors, carriers, shearers, cattle-men, pearl-fishers, the men who find new goldfields, new pastoral country and new stock-routes, the great legion that never was listed, the whole tribe of CLANCY of the Overflow—would be shut out. The inhabitants who vegetated would qualify for pensions because their vegetable souls kept them in one place. The inhabitants who opened up Australia wouldn't. But if the Old Age Pension system is the concern of the Federal Government, then the only needful qualifications will be that the applicant must be in need, of the prescribed age, and have put in so many years' residence any where in Australia or Tasmania—or in Maoriland, when Maoriland comes in. To leave the pension system in the hands of the States when there is a Federal Government to attend to it would be to greatly reduce its usefulness and make it a gratuitous mockery.

And when the Federal Government does take the matter up it will probably find it one of the best investments any Government ever undertook. Australia wants to gain population, and when it is known as the one country in the world where an old citizen can't come to absolute want, that will bring population. It will probably do more in that direction than all the millions of revenue money and loan money that have been spent in promoting immigration. Australia wants to retain its own population, and there will be a strong inducement for population to remain in the only country which offers something better and more reliable than a workhouse or Benevolent Asylum to the impecunious citizen in his last years. The Old Age Pension system will probably cost the Commonwealth £1,000,000 or £1,500,000 a year for a population of 4,000,000, and the bill will naturally increase as population increases. But at present the charitable votes of the

various States amount to about £600,000 or £700,000 a year, and that also tends to increase as population grows. In all probability about half of this amount will be saved. Private charity absorbs a sum which it is impossible to accurately estimate, though it is certainly a vast amount, and much of this will also be saved. There will be a saving in gaol expenses when the broken-down pioneer is no longer run in under the vagrancy laws. There will be a certain saving in hospital expenses, in coroner's inquests upon the ancient who is "found dead," and in pauper funerals. The pressure on the labour market will be somewhat relieved when the fringe of brokendown toilers, who are now ready to sell such powers as they still possess at almost any price, are no longer on the market, and that will make things better for those who remain, and reduce the expenditure on relief works and other like expedients. The grant of a pension of, say, 10s. per week to every impecunious male and female of 60 or 65 who can show a reasonable residence qualification may look a large order, but the burden will be alleviated by so many savings that it will probably be found only half as large as it appears. So far as concerns the other half, it will be merely a question of systematising the relief already granted, making it a matter of right instead of a favour, abolishing the pauper element in the receiver and the arrogant patronage of the giver, placing the pensioner in the position of a free citizen who has simply come into the annuity he has himself paid for by his tax-contributions in better days, and enabling him to collect it without cringing to any unpleasant person clothed in a little brief authority.

Probably, in the long run, an Old Age Pension system which costs £1,500,000 a year will be less of a burden on the community than a £5,000,000 British loan at 3 1/2 per cent.—and heaven knows *that* is a burden on which this country enters lightly enough. It is always made a condition that the old-age pensioner must live in the country, and therefore circulate his little income in the country. By spending his money here he improves trade and helps the grocer and butcher and other deserving and more or less greasy fellow-creatures on their path, and if in 40 years perhaps £60,000,000 has been spent in Old Age Pensions, the money hasn't left the country, and the country is none the poorer in the aggregate. And in 40 years a £5,000,000 British loan at 3 1/2 per cent. takes £7,000,000 in cash out of the country and out of circulation, and leaves the country that much poorer, and its expenditure doesn't aid the local grocer and butcher in any way. The difference between £7,000,000 and £60,000,000 may be large, but £7,000,000 taken out of the country is certainly much more costly than £60,000,000 left in it.

When the Commonwealth Government takes over the vexed Old Age

Pension question it is to be hoped that it will do it in a wide and generous spirit. Above all it is to be hoped that it will drop the weary shibboleth about confining State aid to the “deserving.” If a citizen has the requisite age and residence qualifications, and is in need, no further questions should be asked. If he is undeserving by reason of drink it should be remembered that drink is one of the principal sources of revenue, and he has manfully aided the State with his mouth, and helped to keep down the deficit. If he is undeserving through mere shiftlessness it should be remembered that the man who gets up does it through being a little more energetic and intelligent than those who remain down, and many a man who is a semi-millionaire to-day attained to that giddy elevation through being a great fool, but not quite so great a fool as others. If the bulk of the community wasn't shiftless, most of the members of the Upper House would be in the road-metal business, and they should bear lightly on those whose incapacity enabled such incapable persons as themselves to be less incapable than the average, and to profit by it. If the undeserving person spends his pension in drink, the State has the satisfaction of getting three fourths of it back in liquor duties, and of knowing that it will be rid of an undesirable person all the sooner. A thoroughly undeserving citizen may drink himself to death with one year's pension, and the economist who would keep him alive and miserable and useless for 20 years by confinement in some kind of dry asylum is a person whose £ s. d. is defective. Even if the pension applicant is a chronic gaol-bird there is at least the satisfaction of knowing that, should he relapse and go back to gaol, his pension will be saved during his confinement. And if he doesn't relapse—if the possession of a small regular income induces him to keep out of gaol—it probably costs less to pay him his pension when he is out of prison than to maintain him in it, so there is satisfaction that way also. At all events, when the undeserving person is old and past work he must live on the community *somehow*, unless he is poleaxed by special Act of Parliament. If he gets a pension he will probably live on the community as cheaply that way as any other, and the public will at least have the advantage of having his address, which will make it easier for the police to find him should he relapse into crime and be wanted. There is no real reason to believe that the State would save anything appreciable by refusing the undeserving patriarch his pension. It is even possible that it would lose heavily. It might economise by refusing his little allowance to the good man; he would probably starve to death quietly and inexpensively. The bad man helps himself and breaks things, and runs the country into grievous outlay. The community has itself to consider in other ways also. If it refuses a pension to the otherwise qualified old man who is

past work, merely because he has been a frequent law-breaker, and he is driven thereby to drown himself in the community's water-butt, his moral badness doesn't make the circumstance any the less unwholesome.

The Federated Chinaman.

[From "The Bulletin," October 27, 1900.]

THE Parliament shall, subject to this Constitution, have power to make laws for the peace, order, and good government of the Commonwealth with respect to

19. Naturalisation and Aliens.

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

27. Immigration and Emigration.

Australia lies, unfortunately, at the back-door of Asia and the side-door of Polynesia, and even Africa is not very far off, when the Kaffir becomes a factor in the itinerant cheap-labor problem. Also, it has a climate in which the black man thrives. England lies remote from the black man's track, and its winter withers up the tropical nigger, and England can dispense with laws for the exclusion of HAM and his elder brother. Consequently, the Australian planter and miscellaneous Fat Man, who want cheap slave labor, strike a high moral attitude, and beg that Australia will follow the noble and liberal example set by England, and not despise the brown stranger within its gates, nor inhospitably bang its portal against a suppliant brother with very little on. The said Fat Man is here woefully inconsistent. England is even more liberal in its treatment of the rabbit than of the nigger; in that cold and narrow isle neither of them multiplies dangerously, so it lets the black man in, neither welcoming nor restraining him, while it specially protects the rabbit by Act of Parliament. The Australian Fat Man scorns Britain's hospitable example as regards the rabbit because it doesn't pay him to welcome that animal, and he only urges the importance of following British precedent as regards the nigger because he thinks that to do so *will* pay him. Where it isn't profitable to follow British precedent no man scorns British ideas more utterly than the Stout Person of this great country.

The miscellaneous colored alien is a real danger in these lands. When the census of 1881 was taken there were in Australia about 80,000 Chinese, miscellaneous Asiatics, Africans, Polynesians and sundries. In 1891 they numbered about 90,000. There was an increase despite the fact that more or less severe restrictive laws were enacted in most of the provinces; the diminution in these provinces was more than counter-balanced by the increase in others. And owing to the foolish weakening of the restriction laws in Victoria, and the appearance of the Japanese, Hindoo, Afghan, Javanese, Malay, Filipino, and other formerly almost-unknown quantities

in the Far North, there is every reason to believe that next year's census will show a much greater increase. In Victoria alone the Chinese population is known to have grown by about 1900 in the past seven years, and the miscellaneous nigger has probably expanded to an equal extent. New South Wales has long been getting rid of the Chinaman by virtue of the most rigid anti-Chow law in the Commonwealth, but the recent influx of the black British subject (who isn't poll-taxed) into the sugar-growing districts is already undoing the good work that has been done. The Chow is increasing in Tasmania; and in Queensland and Westralia of late years the alien of various hues has flourished exceedingly.

It is commonly alleged that the black man and the yellow man are, after all, not a very large item as yet, and, as they are not increasing very fast under present conditions, there is time enough to consider the matter. There is *not* time enough. The present conditions, even if they were partly satisfactory, can't last. The Commonwealth has to make a uniform law dealing with this matter. It has either to decide to let the black and yellow and brown men into the whole Commonwealth, or to shut them out of the whole Commonwealth. If it decides to let them in—well, Australia can guess, by the size of the influx while only one State, and that not the most attractive, was freely open to them, what the overwhelming rush will be like when all six are open. It is impossible to draw a line about the Tropic of Capricorn and say that the new mongrel shall come thus far and no further—to mark out a Black State and keep the rest White. It is impossible to police a line about 2000 miles long in order to prevent the brown alien drifting across. It is impossible to prove that the new heathen who has sneaked across such a line *is* a new heathen, and not one of the old ones who was in the Southern provinces before Federation began, and who consequently had to be tolerated as an already established fact. It is impossible to recover the expense of capturing the escapee, and taking him back over the imaginary line, by fining a heathen who has probably no money, and to goal him is only adding to the cost. It must be a case of exclusion all round or admission all round, and the latter is not to be thought of. Asia is just learning to emigrate, and just beginning to know of the existence of Australia, and those parts of Australia convenient to Asia are just becoming populated and ready to attract immigrants. Asia counts 200 people to one white Australian, and the number is daily increasing, and the pressure growing greater. A mere ripple moving southward over the surface of SHEM would leave Australia with three or five or 10 black men to one white— would turn it into a Black Man's State, and make an end of White Australia for ever and a day. And it is essential to keep out the British nigger and the British Chinaman just as much as the non-British

ones. They are just as black and just as yellow as the other sort. The British nigger is 300,000,000 strong, and he is even more dangerous than the loose or unannexed nigger, because Britain is spreading some kind of European education among him, and teaching him to forsake some of the old-time conservatism that prevented him wandering into new lands. The British, or partly-British, Chinaman numbers some millions already, and he will probably number 100,000,000 some day or other. The British Asiatic and Polynesian and African are the biggest half of the problem; if they are not shut out it is hardly worth while interfering with the other half.

It is Absolute Exclusion that is wanted. No mere tonnage regulations or poll-tax or other half-hearted restrictions will fully meet the case. The door must be shut on SHEM, and HAM must be warned off with a gun. A mere handful of white men close up against 800,000,000 blacks and yellows can't afford —if it proposes to remain white and not become a nation of half-castes—to take half-measures. And there is no reason why it should. Shutting out the Asiatic does him no injury save the passive injury of leaving him as he is, and as Australia isn't responsible for him being as he is, to leave him so is no wrong. The Australian Fat Man, it is true, complains of the inhospitality of excluding our coffee-colored brother, but he is a mere fraud and hypocrite and doesn't count. In reality he doesn't care a straw about the inhospitality. When the coffee-colored one comes in the Fat Man doesn't welcome him at Potts Point or Toorak, but inhospitably does his best to shunt him out of these places, and bids him go and dwell on the Lean Man's preserves about Wexford-street or Little Bourke-street. And he only welcomes him to come and intrude into the Lean Man's trades; he shows no anxiety to force him into such occupations as the Law, or to invite the cheap Hindoo physician to come and compete against the pale local sample. The colored alien is patronised and encouraged solely that he may cut down the Lean Man's wages and make labor cheap. The Kanaka plantation-hand is welcomed in Queensland, but the inhospitable planter demands that the “walk-about” Kanaka shall be suppressed by special laws because he doesn't work cheaply enough on the plantations, and asks that this Kanaka's rights as a citizen be violently outraged. The Indian cane-cutter was welcomed on the N.S.W. plantations till he began to leave off cane-cutting and start for himself. Then he also became a subject of complaint on the part of employers.

There is nothing that the coloured man does which the white man can't do as well. He fills no want whatever. Nobody felt the need of him before he came, or will feel it when he is gone. He is an unhealthy and artificial habit, like opium or chloral. Taking him in is merely fooling with a reckless experiment out of which no rational being expects any permanent

good to arise. It certainly has been said by the nigger party in Queensland that the black man is an essential element in the sugar industry. "The white man won't trash cane," cried the Brisbane COURIER recently in a moment of anguish, and it went on to allege that, if the beloved nigger goes, then the Queensland sugar industry is dead. The white man probably won't trash cane at Kanaka wages and with Kanaka treatment, but experience shows that, for anything even dimly resembling a white man's wage, he is ready and willing to trash anything under the sun. He doesn't even draw the line at driving a night-cart or being a hangman. He trashes cane on the N.S.W. sugar lands, and has done it for many years. He produces, by white labor only, more than half the world's sugar supply. He stands the climate of North Queensland vastly better than the frail Islander, and does harder labor. There are two reasons, and two only, why the black man may appear to be essential. One is that work in the cane-field is foolishly supposed to be exclusively nigger work, because the Queenslander is accustomed to see the nigger doing it, just as, on the continent of Europe, farm-labor was once regarded as slave-labor because the community was accustomed to see it done by serfs. The one superstition is as groundless as the other; cane-growing will be as much white man's work as wheat-growing when the nigger leaves it. The other reason is that the white worker in the cane-field will want something approaching a white man's wage, and therefore sugar will be made dearer. Possibly it will. If sugar can't be grown at present prices and yet pay the laborers a white man's wage, then it ought to be made dearer, and its present cheapness is a disgrace to Australia. There is no reason that sugar should be made unnaturally cheap by importing low-priced semi-slave labor to grow it, any more than that wheat or beef or wool should be similarly cheapened by the importation of cheap niggers for farm-work and cattle-raising and shearing, or that law should be unnaturally cheapened by importing Hindoo lawyers who will take JACK WANT'S briefs for one-fourth of the money.

For which, and many other reasons that can't be here set forth through lack of space, THE BULLETIN moves these resolutions:—

(1) That under Federal law it shall be absolutely illegal for *any* black, brown, or yellow man to settle in this country, whether he is a British subject or not. All such individuals at present in the country to be registered and have licenses issued to them. Any such individual found thereafter without a license to be required to prove that he was a resident prior to Federation, or be fined heavily and shipped back to his native land. Transfer or forgery of licenses to be heavily punishable. Kanakas here under contract to be compulsorily shipped back to their islands when their time expires. Miscellaneous coloured settlers to be offered free passages

home by the Federal Government, provided their departure is permanent.

2. A heavy import duty to be put on sugar, in order that it may be able to compete with white labour against the nigger-grown sugar of other lands, and have a safe margin over. If the duty has to be £10 a ton, then let it be £10 a ton with enthusiasm. If the Australian supply of white-man-grown sugar is insufficient then let the Federal Government offer such inducements as shall ensure the establishment of the beet-sugar industry on a sufficiently large scale.

3. If these necessary measures lead to an increase in the price of sugar the circumstance is not regrettable. The nation which will abandon its status as a white race and become a mottled hybrid to make its sugar 1/4d. or 1/2d. or 1d. per lb. cheaper doesn't deserve to have any sugar, and may the Lord have mercy on its soul.

A Federal Life Assurance Department.

[From "The Bulletin," November 3, 1900.]

A Federal Life Assurance Department.

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

14. Insurance, other than State Insurance; also, State Insurance extending beyond the limits of the State concerned. —*Commonwealth Constitution, clause 51.*

As the Federal Government is entrusted with power to make laws dealing with insurance matters in every form, except as regards State insurance where the business is confined within the limits of the State concerned, it is fairly obvious that it has power to establish a Federal Life Assurance Department doing business all over the Commonwealth territory. As to the desirability of using that power, there is, in THE BULLETIN'S opinion, no possible shadow of doubt whatever. Life assurance, above all otherthings, requires to be founded on a rock. There is no rock too large or too solid to found it on. It is pre-eminently a thing for the State to undertake, for the State can give better security than any company or society whatsoever. The A.M.P. Society is one of the grandest and most solid things of its kind, but another A.M.P. Society, with, in addition to the guarantee of its £16,000,000 of assets, the added guarantee of all Australia and Tasmania, would be a great deal grander and much more solid. It is impossible to have too much security behind an institution which is responsible for the fortunes of so many thousands of prospective widows and orphans. Moreover, life assurance is now compulsory with a large class of the community. In a considerable portion of Australia civil servants are required to take out a life policy as one of the fixed conditions of their employment. It will presumably be the same, or something like the same, with the Commonwealth's servants. And no Government has a right to compel anybody to assure his life unless it also provides him with an absolutely safe office to do it in. At present the public servant is merely bidden to go out and buy a life policy somewhere or anywhere, and if, in his ignorance, he is beguiled into doing it with an office which comes to grief and doesn't pay up, the State offers him no redress.

Next to providing an absolutely safe office it is essential to provide a cheap one. The Commonwealth Government can do both. It can build up a large institution where the expenses, after the unavoidable preliminary outlay of the first year, won't be over 5 per cent. of the receipts. It can work

its institution at little more than half the cost of even the marvellously cheap A.M.P. Society. The great outlay with the ordinary life office is the very heavy commission and other preliminary charges that have to be paid to secure new business. The Commonwealth Government, by compulsorily insuring all its own servants to begin with, can get a large amount of good and *permanent* business without paying any commission. It can also collect the premiums without any commission, by the simple process of deducting the amounts from its servants' salaries. As its servants increase in number so also will its business increase. It can also, probably, make arrangements for doing business with the servants of the State Governments. As regards the general public it can reach them by allowing a number of its employes to act as agents on a very small commission. The commission would certainly be much smaller than the rate they could get from private offices if they were allowed to act as agents for private offices, but as they are not allowed to do so they would lose no existing income, and would gain a small new one. The competition of the Federal Government might injure the business of existing offices, but if there isn't enough business to go round, and someone must be injured, it is to the public interest that the cheapest office with the best security should win, and that the more expensive offices with the second-best security should lose.

Even if the extra competition ended in the closing up of some of the existing offices it would be rather beneficial than otherwise. Several of the small proprietary offices of this country exist more for the benefit of the shareholders and the management than for the good of the policy-holders, and as far as concerns the insuring public—which is the community at large—their destruction would be a blessing. Some otherwise respectable mutual societies are managed so expensively that, if they could be replaced by a far more cheaply-controlled State institution, the advantage to the insuring public in the shape of increased profits would be very great, and their vanishment would also be something of a blessing to the community in general. In some cases it might even be beneficial to the existing members if these institutions were compelled, by the extra pressure of State competition, to give up doing the new business which they buy so expensively, and go into a gradual process of winding up. It would be bad, no doubt, for the glory and vanity and salary of the management if an office ceased growing and began to die away, but the existing policy-holders in these extravagantly-managed concerns gain nothing by the struggle to attract new business. It is an open question if the new business does not, in some cases, cost so much as to seriously diminish the old member's profits, in which case these old members might gain a visible cash advantage if their institutions went into a process of slow extinction.

The Commonwealth's Life Assurance Department would need no palatial offices to make known its existence. It wouldn't require to spread itself over a huge mass of advertising space. Its security and the handsome profits it made by the economy of its management would be its advertisement. It would have a considerable body of clients secured to it, without expense, among the public servants, and it could take whatever other business came in its way, and wait. It needn't scatter its money in frantic and costly efforts to make itself within a few years the biggest office in Australasia; size would come to it. If it never became the biggest office in Australasia that wouldn't matter; it would be the safest, which is much better, and it would be large enough for all ordinary purposes.

Such an institution wouldn't require to hustle after a large, insecure mortgage business with a view to making extensive profits. If it invested all its pile at an average rate of 3 1/2 per cent. (and it could probably get that in good State and municipal securities) and kept its expenses down to 5 per cent., it would be able to pay practically the same bonus rates as the A.M.P. Society, and nothing much better could be asked for. It could pay much larger bonuses than any of the A.M.P.'s large rivals. The expense of managing its funds would be greatly reduced by this method of investment, and that would be an additional factor in diminishing the expenses. Further, there would be no heavy losses through the periodical slump in the value of the foreclosed property. With practically no commission to pay, no need for display, no lavish advertising, no ponderous investment department to maintain, no foreclosed properties to manage, and no losses through slump in the foreclosed properties to write off, there is no visible reason why a Commonwealth Life Assurance Department should not be managed at a cost of 5 per cent. or even less. It would bear no resemblance at all—except in the matter of its State security—to the Maoriland State Life Office, which hustles for business in the ordinary expensive fashion. There would be no need for any special judgment in the selection of securities, for the rules laid down would make it almost impossible to commit serious error, and there would be no vast and elaborate system of pushing business to organise at the out-set. Under these circumstances one small and reasonably honest man and an office-boy, with a two-roomed office to start in and a sign-board, could lay the inexpensive but solid foundations of the most reliable life assurance department in the world. The loud and bitter cursing of the Fat Man press would give it a good send-off gratis in the way of advertising. It could be further advertised cheaply on the cover of HANSARD and on all government publications, blue-books, books of statistics, Bills and Acts of Parliament; and a notice-board (not the kind that disfigures the landscape) could be hung outside every Government

office, benevolent asylum, hospital, gaol, lock-up, railway-station, &c., setting forth its advantages at length. The Federal Old Age Pension office could be run in the same building and under the same management to further reduce the expenses. Old Age Pensions are a kind of life assurance, and the association of the two establishments would emphasise the fact.

Some day, no doubt, in a more advanced state of civilisation, life assurance will be made general and compulsory. When that time comes there will be a magnificent future before the Commonwealth's Life Assurance Department, but that stage of civilisation can't be reached until there is such a department; the public can't be compelled to insure unless the same power which compels it also supplies a safe place to insure in. There is no definite reason why the Commonwealth should not some day add fire and accident insurance to its other avocations; the latter, in particular, is an essential feature in every scheme of civilisation, and at present it is solely in the hands of proprietary companies whose rates, if the vastness of their profits is any criterion, are woefully exorbitant. In a certain indirect way, too, such a Department as that suggested above would do a good work apart from the ostensible reasons of its existence. By investing its accumulations mostly in State securities it would help a little towards buying out the British money-lender who has such a stupendous lien on this country, and aid in making Australia independent of that external incubus. And every agency which helps, however slightly, in that direction is a blessing to the much-mortgaged land of Australia, whose three great products are wool, gold and I O U's, with a few obscure vegetables in the background.

The Federal Public Works System.

[From "The Bulletin," November 10, 1900.]

WHEN the Federal Government has hung up its legislative hat in its legislative halls, and assumed formal control, it will presently have to develop a Public Works policy. As owner of Australia's postal, telegraph, and telephone service, as its principal railway-maker, and possibly its principal harbor-constructor, it must needs be a mighty builder throughout the land. Whether it will build for cash or on tick is a question which has to be left to its own good sense to decide. Hitherto it has been in some sort of way a daily-paper axiom that the Australian is a weak-kneed, degenerate creature, with a streak of cowardice in him which makes it impossible to hope that he will pay his way and take thought for the future as a Britisher or American, or any other superior being, might possibly do. Newspaper proprietors and Fat Men generally have demanded that public works shall be built out of loans so as to save them a little immediate taxation, and have laid it down as a gospel that the people won't stand being taxed sufficiently to pay their way. The people have been told so often that they are too limp to stand enough taxation to pay their way (though it isn't put in exactly these words) that they have almost come to believe it. When a Government a shade more honest than the rest borrowed a little less than usual for unproductive works, and of necessity taxed a little more to make up the difference, the people didn't really notice any change, but the Fat Man's papers told them they were tottering under a huge tyranny, till they thought they noticed it. So they threw the more-honest-than-usual Government out of office, and the next one took off the extra taxation and went back to the extra borrowing. The people didn't notice any relief, for the relief was really imperceptible, but the Fat Man papers told them that they were now able to breathe again after being bowed down to the dust by a crushing load of imposts, and being told this so often the people at last almost began to feel as if they had been relieved. The Fat Man press has made the cultivation of national cowardice and the discouragement of self-reliance one of the leading features of its policy—with the worst kind of result.

There was never any need for Australia to borrow a single copper for public works; and though the past, unfortunately, can't be undone there is no need for Australia to borrow a single copper more. The business doesn't pay. Victoria is, in proportion to population, the least indebted of the Australasian States, and this is how its record stands: It has borrowed in all about £48,000,000—that is the amount it received in cash, though it owes

about £49,000,000. It has already paid in interest about £43,000,000, and the country is young yet; in another 20 years the same £48,000,000 of debt will have cost about £80,000,000 in interest. New South Wales has borrowed about £65,000,000, and has already paid about £43,500,000 in interest; Tasmania has borrowed £8,400,000 and nearly £5,600,000 of it has already gone in interest. The heavier recent loan flotations of the two latter provinces have kept their borrowings further ahead of their interest payments, but taking the three together very nearly the whole of the influx of British capital in the shape of Government loans has gone back to England already in the shape of interest payments. In about another five years it is probable that the three States will be able to look back on their past financial record and make this solemn remark:

If we had built all the public works (railways, telegraphs, fortifications, public buildings of all sorts, harbors and sundries) in N.S.W., Victoria and Tasmania out of taxation we would not have required to tax our people to the extent of one penny more than they have paid in taxation under the borrowing system, and we would not be burdened with £125,000,000 of debt; nor would we be loaded down with an annual and eternal interest liability of £4,375,000 a year. All this incredible burden is money wasted and utterly lost for the want of a little courage and a little foresight. There isn't a penny more in the three States now than there would have been if we had never borrowed anything at all. The money which came from England in loans has all gone back to England in interest, and left us just where we were—except that we owe £125,000,000 with nothing to show for it, and have to pay £4,375,000 a year with nothing to show for it.

The trouble arises out of the fact that the men of years gone by wouldn't face their responsibilities when they were young, and if some of them are still alive and have to face them when they are old it is only poetic justice that they should do so. If they put their policy into actual words, about the memorable year 1850, they probably said something like this: "If we build £50,000,000 worth of public works in the next half-century out of our own means, that signifies that we must pay £50,000,000 within the half-century out of revenue. If we build £50,000,000 worth of public works in the next half-century out of borrowed money that also means that we must pay £50,000,000 (for interest) within the next half-century out of revenue, and there will be the stupendous drawback that we will still owe the £50,000,000, making £100,000,000 in all. The difference lies in the fact that if we pay for the public works out of revenue, we and our children will pay about equally. If we pay for them out of loans, we will pay less and our children will pay more. And if it is a question of making things a little easier for ourselves at the expense of making them an enormous amount

harder for our children we decide, without hesitation, to make them easier for ourselves. In a general way our verdict is: Damn our children!”

And these fine old characters of 20 and 30 and 40 years ago went in for having a good time, and damned their children cheerfully. Here is the combined record of N.S.W., Victoria, and Tasmania at four different dates in their career:—

1870.		
Influx of Loan Money	£1,809,600 Interest	£1,202,288
	Balance—Money coming into the country	607,312
	£1,809,600	£1,809,600

Then the boom grew bigger and more riotous, and this is how things were with the three States a decade later:—

1880.		
Influx of Loan Money	£3,738,638 Interest	£1,762,960
	Balance—Money coming into the country	1,975,678
	£3,738,638	£3,738,638

Then the boom grew larger and wilder still, and for the last year of the next ten N.S.W., Victoria, and Tasmania showed these results:—

1890.		
Influx of Loan Money	£7,788,690 Interest	£3,629,453
	Balance— Money coming into the country	4,159,237
	£7,788,690	£7,788,690

Up to this time the three States had adhered manfully to the policy of floating larger and larger loans, so as to cover the outflow of interest and leave a balance of borrowed money over to keep the boom going. But suddenly Britain became chary about lending, and what made the smash, so far as concerned N.S.W., Victoria and Tasmania, three years later was this:

1893.		
Influx of Loan Money	£2,782,905 Interest	£4,625,275
	Balance — going out of the country	1,842,370
	£4,625,275	£4,625,275

The simple and sufficient reason why the collapse was worse in some places than in others was that the States didn't come to that famous temporary stoppage in their borrowing frenzy with equal suddenness. The respective figures were these:

1893.			
	New loans coming in.	Interest going out.	Net loss.
N.S.W.	£1,929,580	£2,425,987	£496,407
Victoria	606,721	1,876,138	1,269,417
Tasmania	246,604	323,150	76,546

There has been a balance going out of the country ever since 1893. It has been more or less according to circumstances; in some years an extra spurt

of foreign borrowing has made the outflow smaller than in others, but the outflow is always there, and it is always large. Also, as Australia can't make up its mind to leave off borrowing, the outflow always tends to grow larger. Superficial people of a consolatory disposition point to the fact that the railway earnings cover a large part of the interest bill, but that makes absolutely no difference in the result. Whether the money that goes out of the country in interest is taken from the people in railway charges, or income-tax charges, or in any other charges, it is the same old outflow and the same old drain on the country's aggregate resources. Forty years ago, when the borrowing disease was still very young and the bill hadn't yet come home to roost, there were neither land nor income taxes in N.S.W., Victoria, or Tasmania; nor was there any need of them. Now all three provinces have got them badly, and the struggle to pay interest on borrowed money is the reason. If all three provinces had levied land and income and other taxes at their present rate about 1860, and applied the proceeds to the building of public works, and used the net revenue from these works (which would not then have been swallowed up in interest) for the construction of more public works, it is quite probable that the three provinces would have had all the public works they have now, and have had no debt at all, and no interest to pay, and they would be about able to abolish their land and income taxes by this year 1900, instead of struggling to find new taxes to put on. If the shiftless and irresponsible and shoddy old pioneers had taken the same care for their children that they did for themselves, and had been willing to carry their fair share of the tax burden, that is how things might have been. It is pleasant to remember that some of these persons lived unreasonably long, and the burden they shirked when they were young has fallen on them with an extra thud when they are old.

And as to how things *are*: When the Federal Parliament takes over the business of railway and telegraph and many other kinds of construction, it has to decide whether it will be another shoddy pioneer or not. If it likes to double the direct taxation now existing, and use the extra income as a Public Works Fund, it may find in 30 years that the debt has considerably diminished, and that the income from new works constructed out of revenue will keep the Public Works Fund going to such an extent that the new extra taxation, as well as a lot of the old taxation, can be taken off permanently. On the other hand, it may go on as at present, in which case the extra taxation will come along just the same—a little later, certainly, but, on the other hand, when it arrives it will come to stay, for it will be required to meet the further enlargement of the interest bill, and the interest bill goes on for ever. In fact, the present generation has just the same question before it that the last one had. If the Federal Government decides

to build £150,000,000 worth of public works, in the next 50 years or so, out of revenue, it has to find £150,000,000 out of revenue in that 50 years to do it with. And if it decides to build £150,000,000 worth of public works in the next 50 years out of loans, it will have to find about £150,000,000 in the same 50 years out of revenue to cover the interest, with the stupendous additional disaster of having £150,000,000 of permanent debt at the end of the period. It will have to pay about the same sum out of revenue in the same time whether it borrows the money or whether it doesn't borrow it. If it doesn't borrow, the burden will be spread pretty evenly over the half-century, and there will be no £150,000,000 debt at the end of it. If it does borrow, the burden will be a little lighter at this end of the half-century and an enormous amount heavier at the other end, and there will be a permanent liability of £150,000,000 after that. The beasts that perish, having no foresight, would doubtless adhere to the old loan policy on the ground that it makes things a little easier to-day, and though it makes them a vast amount worse to-morrow, that is a thing for to-morrow to reckon with—for we are only beasts grazing in the fields of the immediate present, and there is no certain future. The Federal Parliament is expected to be a little higher than the beasts, so it may, perhaps, view the matter in this rather different light : A public work costing £1,000,000, if built to-day out of revenue, only costs £1,000,000. The same work, if built out of loans at 3 1/2 per cent., costs nothing to-day, but within the next 50 years it costs £1,750,000 in interest alone, and in 100 years it costs £3,500,000 in interest, and if the money is repaid at the end of that time it has cost £4,500,000 in principal and interest. And the million of local capital thus “set free for private investment,” as the phrase goes, lies idle in the cellars of some bank, and isn't invested, and earns nothing. It isn't a question as to whether Australia can afford to pay its way without loans. The much larger and more urgent question is whether it can afford to go on floating loans—whether it is rich enough to pay 4 1/2 millions, or 9 millions, or 18 millions, for a railway worth only a million. Also, whether any nation of this size is rich enough to keep fully £20,000,000 over and above its real requirements lying idle in its banks, and costing fully £700,000 a year in interest, without yielding any return whatever.

For very many years Great Britain has been gradually paying off its back debts while Australia has paid off nothing—the small amount contributed from revenue to various sinking funds has been more than counterbalanced by new debt incurred to make good revenue deficiencies. There is no special reason why one branch of the Anglo-Saxon family should go up in a financial sense while the other goes down—save this reason : Britain strikes its population with direct and indirect taxes (local and national) to

the extent of about £3 10s. 6d. per head per annum. Australia and Tasmania levy taxes (local and national) to the extent of about £3 2s. 6d. per head per annum. That extra 8s. per head makes the whole difference. If Australia had taxed itself at the British rate from 1860 onwards it need never have had any debt. If it taxed itself at the British rate now it could gradually free itself of its burden. Unluckily it has come to be a boast in some of these States—especially in New South Wales—that they are among the most lightly-taxed countries on earth ; and they are getting deeper and deeper into the mire through trying to live up to this record. THE BULLETIN trusts that the Federal Government will up-end these things. If it can truthfully say, two years hence, that Australia is one of the most heavily-taxed countries in the world—that the heap of useless cash in its banks is at last being used to some good purpose—and that it is employing the proceeds of the extra taxation wisely to obviate further borrowing and to pay off the liabilities of the dead and malodorous past, that will be something worth boasting about.

A Federal Bank.

[From "The Bulletin," November 17, 1900.]

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

XIII. Banking, other than State banking; also State banking extending beyond the limits of the State concerned, the incorporation of banks, and the issue of paper money.—*Commonwealth Constitution, clause 51.*

Two of the States of Australasia now conduct banks, or partly conduct them ; three of them conduct land banks on a large scale, and three more have started, or propose to start, them in a small, apologetic, experimental way. Therefore Australasia is more or less definitely committed to the State banking idea. The people didn't rush at the idea; they were practically driven to it by the incompetence and dishonesty and failure of Private Enterprise. Private Enterprise, after scoffing for years with a supercilious scoff at the impossibility of the State knowing how to run a bank, and after inflating itself with pride at its own success in that direction, appealed despairingly to the Government to save it from the ruin which its own muddle had brought about. And the Government did so, with surprising results. The Bank of New Zealand, which lost £37,356 in its last year of private management, made a splendid profit of £242,520 for its last year under State management. In other words, if it had been wholly a State Bank, instead of merely one where the State supplied almost all the capital and all the management and the brains, while most of the profits went to improve the position of the private share-holder—if, instead of having £2,500,000 of State capital and £419,519 of private capital, the State had put up the whole £2,919,519 capital, borrowing the money at 3 1/2 per cent.—last year's profits of the Bank of New Zealand would have paid full interest on the said £2,919,519, and there would have been sufficient besides to add £70,000 to reserve fund and pay £70,000 to the public Treasury in aid of the revenue, and by way of paying off the borrowed capital. In like manner, the Queensland National Bank, which lost £27,033 in its last year under private management, made a profit during its last year under modified State control of £54,788. If the £425,000 or thereabouts of alleged shareholders' capital had been all State money borrowed at 3 1/2 per cent, this would have been sufficient to pay interest and leave nearly £40,000 towards a reserve fund or to assist the public revenue.

In each case the profits were less than they should have been on account of the mass of non-profit-earning assets left behind by the imbecile private

management. In each case the State handed over the profits to help pay the awful burden of debt left behind by the private management. In each case the Government gave its own brains and labour gratis, for the benefit of the private shareholders. But the results show not only that the State can run a bank successfully, but that it can do it successfully under circumstances where private management can't. The regrettable mistake that the Governments of Queensland and Maoriland made was in not absolutely taking over the two banks which they are nursing into solvency. They could have bought them both very cheaply in the days when private management had reduced them to be worth less than nothing, and re-built them, so that they might become immensely profitable State assets, and yield a large revenue to the Treasury. As it is, the State, by means of the public money and credit and intelligence, is building them up to be great profit-earning institutions, so that the large proportion of shareholders who live in England may drain more money out of this country in dividends than they otherwise would; and be greater and more costly absentees, and a heavier tax on a community which has far too many absentees to support.

There are these reasons for the opinion that the Commonwealth Government should start a great Federal Bank, with branches in all the principal centres of the Commonwealth. The experience of Maoriland and Queensland, to say nothing of very many years of experience in Europe, has shown that the State can run a banking business safely and profitably, and furnish a more secure place for the deposit of the people's money than *any* private institution can offer. It can find the money to start a Federal Bank, or to buy up existing institutions and create a Federal Bank out of them, at 31/2 per cent., whereas the private shareholders, in anything like good times, get three times as much on their money, and as more than one-third of Australian banking capital is held in England, the payment of this heavy dividend rate is a very serious drain on Australia's resources. With only 31/2 per cent. to pay on its capital, the Federal Bank could build up large reserves out of surplus profits, and out of these reserves it could, in a comparatively few years, repay the capital in full. After that, even if it carried half the profits to reserve fund and put only the other half in the Treasury, the Commonwealth's institution should be a very handsome source of revenue. And the Commonwealth naturally wants all the sources of revenue it can find—especially those it can find without taxing the people and most of all those that it can find while doing direct good to the people.

Of course it will be urged that a Federal Bank must needs injure the business of existing private banks. Not only is this the case, but its direct object and purpose should be to injure certain of the private banks. Its

object should be, directly or indirectly, to crush out the English-owned banks, or buy them out and take over the business, or in some way to occupy their place. This is said, not in any spirit of animosity, but as a matter of business, and of hard necessity. Out of £21,000,000 of Australasian banking capital £8,000,000 is owned in England. So far as local shareholders are concerned this country has no grievance. The local shareholders make their money out of Australia, and they spend it in Australia, and Australia has nothing serious to complain of. But the English shareholder—and several banks are almost wholly owned in England—is only another form of the absentee, who is such an appalling drain on this country's resources. Australia can't afford to pay 9 or 10 per cent, for the use of English capital, and that is about what it has been paying on an average, despite the falling off in profits of the last few years, and what it will probably be very soon paying again, for the use of banking capital supplied from England. The Federal Government should offer to buy up, at their fair market-value, the businesses of the English banks trading in Australia, with a view to creating a Federal Bank out of them. If they won't sell, it is so much the more to be regretted; the Federal Bank should be created all the same, and the only visible resource then is to levy an absentee income-tax of such large proportions (even to the extent, if necessary, of making it 400 per cent. higher than the local income-tax) as will tend to stop the export of bank shares, and to make it more profitable for English shareholders in Australian banks to sell out to Australian holders. And if the English banks doing business in Australia are willing to sell their business to the State a very large absentee-tax should be imposed all the same to prevent another great body of absentees growing up. It isn't a crime, or even a moral disparagement, to be an absentee bank shareholder. The only trouble is that Australia can't afford to pay 9 or 10 per cent. interest on borrowed money even to a most honorable and deserving class, and it is essential to abolish that class, partly to make more room for a Federal Bank, partly on general principles.

Also—which is another equally important consideration—Australia can't afford to lose the large sum per annum which a Federal Bank would yield in course of time to the Federal treasury. Of course, this wouldn't be an immediate profit. If the Commonwealth Government bought up the Anglo-Australian banks at their fair present value, the Federal institution would probably start with a goodwill item of over £2,000,000, which would require to be written off out of earnings before there would be any real profit. But in twenty years or so it should be possible, judging from the success which State bank management has already achieved, to repay out of profits the entire sum borrowed for the purchase of the Anglo-Australian

banks, and after that the earnings of the Federal Bank would be all net profit for the people of the Commonwealth, and a very large and exorbitant absentee, who has drained Australia of an incredible amount of money, would drain it no longer.

A Federal land bank is the natural concomitant of the Federal bank. Cheap money, not only for farmers, but for *everybody* who can offer good enough security in the form of land or brick and mortar, is one of the essentials of prosperity. So far as concerns South Australia and Victoria, there is no special reason why the Commonwealth Government should interfere in this line of business. Each of these States has its own State land bank, and these two institutions are run on sufficiently liberal principles, and fill the public want reasonably well. Doubtless, too, the principles will expand, and they will fill the public want still better as time goes on. If the other four States could only decide to follow their example instead of pottering feebly with the idea, or not pottering with it at all, as in the past ; and still more if the other four States could decide to improve on their example, there would be no urgent reason why the Commonwealth should go into the land bank industry. But if the four States don't very shortly devise some comprehensive system of cheap money-lending, there is every possible reason why the Commonwealth should establish a Federal Land Bank, with branches in every State, and supply cheap money for all Australia and Tasmania, and take over the Victorian and S.A. banks as the nucleus of the institution. Any Government which furnished cheap money to the producers of Queensland and Tasmania and Westralia would give these States a lift such as they haven't met with for many a weary year, and as the Commonwealth can make profit for itself and the people by supplying cheap money to the non-producer as well, there is no reason why it should not do that also. It could raise the capital for loan purposes a shade more cheaply than even the best of the individual States, and the business would be all the more profitable in consequence. Land banks, either State or otherwise, have existed for many years in Germany, Austria, France, Russia, Norway, Sweden Denmark and other countries. In fact, the time has come when no State with a civilised land system is complete without them ; the absence of them in Britain, where a handful of great proprietors own practically the whole country, only proves that Britain has not a civilised land system. If the more backward of the Australian States can't resolve to supply this urgent want for themselves, then the Federal Government must needs fill the gap. One of the chief purposes of the Federal Government is to shove the more backward of the Australian States into the line of progress and make money for itself while doing it, and to profitably round up the most hopeless of the stragglers.

Moreover, even the admirable State land banks of Victoria and S.A. are disfigured with one curious blot, and there is room for the Commonwealth to improve upon even the best of the existing Australasian systems. Both in Victoria and in S.A. the founders couldn't quite realise that State land banking is a tried and successful institution of at least 48 years standing. They had a lingering idea that they were fooling with a dangerous animal, and that their wildly-original experiment, as they considered it, might break down or blow up. They were so anxious on this point that they loaded up their system with provisos about the State's power to repay at short notice the money borrowed for land-bank purposes, and consequently people in want of a permanent investment didn't rush to supply the necessary capital so freely as they otherwise might have done. The Federal Parliament could afford to recognise that its land bank has come to stay as long as Australia stays. It could get abundance of money at 3 1/2 per cent. in Australia by offering a certain investment for 20 years, the money being repayable thereafter at the Government's option only. In course of time, it would be able to commence repaying the borrowed capital out of accumulated profits, and thus, in the remote future, make the Federal land bank a great unencumbered national asset. The whole financial policy of the Federal Government — the one truly democratic Government in Australasia—should be based on a yearning after unencumbered national assets, if only to mark its divergence from the old semi-Tory system, whereby everything Australian was put in pawn, and the Australian never, from his cradle to his grave, stood on anything that hadn't also a mortgage on it to keep him company.

The Federal Premier.

[From "The Bulletin," November 24, 1900.]

WHEN Governor-General HOPETOUN arrives as Chief Ornamental Figurehead for Australia he will naturally "send for" someone to form a Federal Ministry. That individual, if he can get together any kind of a Ministry, will presumably be Premier until the first Federal Parliament meets. Then it will be for the Federal Parliament to either confirm HOPETOUN'S nominee in his office, or to eject him and signify in the best way it can who shall be his successor. The Premier that HOPETOUN appoints doesn't necessarily matter much, for until confirmed in his office by Parliament he is a mere stopgap. But the Premier that the first Federal Parliament either appoints or confirms in his position will matter a great deal. The man who holds the chief office in the Commonwealth for the first three years or so will have unique opportunities for making or marring Australia. He should be the best organiser that Australia possesses, for the whole departmental machine has to be created. Many a second or third or tenth-rate man has held office and done well enough because he inherited well-organised departments and good departmental heads, and had sense enough to be guided by their experience. But no such man will do adequately for the first Premier of the Commonwealth, for the first Federal Government has not only to start without departments to assist it, but also to create them. Its chief should be a man with an enormous capacity for work, and for getting work out of others, for the labour of rightly constructing the machine of Government will necessarily be enormous. He needs an infinite capacity for detail, and a comprehensive grasp of large things as well. He requires to be an admirable financier, for he doesn't inherit a fiscal system; he has to construct one. Many a man can go right in his finances when he inherits a ready-made system, yet cannot make a system. Also many a man can inherit a workable system of finance, and can go wrong even then, through inherent crookedness or a lamentable incapacity to even stand by intelligently. On the one question of taking over and converting the State debts a good financier might save Australia £20,000,000, while an inferior one might make a loss of £20,000,000. Then in addition, the first Federal Premier requires to be a good democrat, for democratic as the Federal Constitution is, it can be surreptitiously perverted to the ends of Toryism by a Tory Ministry, or even by a Democratic Ministry which hasn't the courage of its convictions. That first Ministry has to fix the Federal franchise; to resolve whether the Commonwealth shall endeavour to take over the railways and make them a

really national system, or whether they shall remain the five disjointed hostile fragments they are now; it has to keep out niggers and Chinamen or let them in; to decide whether the Federal capital and the surrounding area shall be the people's property for ever and a great source of public revenue, or whether they shall go to enrich boomsters and syndicates; to decide whether the Northern Territory—which will presumably be handed over to the Commonwealth Government—shall be jobbed away for a song to foreign boodlers and land-stealers, and VINES and BOTTOMLEYS, or preserved for the people by a wise system of land legislation; and also, if it decides in the latter direction, it has to make that wise system of land legislation.

Then it has to evolve a good tariff out of chaos and a good excise system out of nothing in particular. It has to start the Commonwealth on a spendthrift and downward career of borrowing and financial destruction, or it has to know enough to see that it is best to do without borrowing, and also to know enough to know how to do without borrowing. It has a chance to decide for or against State banking, State note issue. State life assurance; to make a sensible law dealing with life assurance in general in order to prevent its people being fleeced by bogus companies; and to settle questions of land-tax, graduated land-tax, income-tax and absentee-tax. It has to deal with huge labor problems and Old Age Pension problems, and problems about bounties; to construct a Federal capital, and do other things without number. Merely by reason of the necessity for making the law uniform on many points the first Federal Ministry must deal with an immense number of matters; and according as it deals with them wisely or unwisely, in a progressive or a Tory spirit, so will it start the whole Federal legislative system along the right path or the wrong one. And the first Federal Ministry will be, to a great extent, a reflex, for good or evil, of the first Federal Premier. Australia never attempted a more tremendous problem than when it set itself to consider the question of selecting the first political head of all Australia.

And yet, with all this depending on the issue, and despite the fact that an incapable Premier might easily, in three years, involve Australia in a hundred million pounds or more of needless loss merely by starting things the wrong way, there is hardly a word to be heard about the necessity for selecting the best man for the position. About the empty foolish vanity of grabbing the position for the man from “our State,” quite regardless of his capacity, plenty can be heard at every street corner. About the claims of this man or that man, because he is the Premier of the oldest State, or because he has been in some billet longer than some other man, plenty of whirling eloquence can be met with in daily papers and public-houses. The

Scotch GEORGE REID is recommended, not because he has a single qualification for the position, but because he suggested the Federal Convention which met at Hobart in '95. EDMUND BARTON, because he was a noble, persistent and eloquent advocate of the principle of Federation, is said to have an indubitable claim on the billet of chief Federal organiser, administrator and financier—this despite the fact that no one ever knew EDMUND BARTON to possess a semblance of financial ability, or to have any administrative capacity worth mentioning; and his polished periods are held to give him a right to steer the democratic constitution from his own Tory standpoint. The very ordinary and unexciting LYNE is also said to have claims. His abilities are of the plain, routine order only, but he is accidental temporary head of the “mother State” and it is alleged to be a point of honor that the mother State should force its casual adopted Tasmanian on Australia, even if he should run Australia's affairs to wreck. There are also claims based on the fact that somebody will insist on having the Federal capital close to Sydney, and the claims of somebody who will look after the Calico JIMMY interest, and the claims of almost everybody except the man with the one qualification that counts for everything—the man whose record points to him as the best and strongest combination of good democrat, good organiser, and good financier.

No politician has a claim based on *anything* except fitness for the position. The politicians who represent the oldest State, or the youngest State, or the biggest State, or the smallest State, or the State with most people, or least people, or the heads of the driest or the wettest subdivision of the Commonwealth, should all be tested by that one test, and no other. The newest or the oldest Premier are both alike—even JOHN FORREST, with the longest continuous term of office, and the headship of the biggest State, has no more lien on the billet of Chief of the Commonwealth than any other man, unless he can show the necessary qualifications. The politician who represents the most populous or the largest State has no more prescriptive right than the one who represents the most populous or the largest constituency. The Premier of the oldest State, and the oldest Premier, and the oldest inhabitant in the Benevolent Asylum stand exactly on a par, unless they can show special fitness and special ability. Australia, it is true, owes an immense debt to EDMUND BARTON as a most conspicuous, untiring, and unselfish advocate of union. BARTON has a claim on the best billet that Australia can give him and that he is qualified to fill, and the well-paid life billet of Federal Chief Justice might be that billet. But he has no claim on any position that he isn't qualified to fill—neither the chief command of the military forces, nor the control of the

navy when Australia has one, nor the Federal Premiership. All that Australia knows of him as a practical administrator is that he was Attorney-General for about two years in two rather unsuccessful Ministries, that he has never been suspected of any special financial ability, that he was never a Premier, that he never conspicuously identified himself with any democratic measure except the Commonwealth Bill, and that he never organised anything in particular. Even with all his ardor and eloquence for the establishment of the Commonwealth, he never fought for the democratic features of the Commonwealth Bill as many others did. And it would be a poor reward for all EDMUND BARTON'S services to put him into the precarious billet of Federal Premier, to be ejected probably in a few months with a wrecked reputation through his utter unsuitableness to the position. It would be just as kind to reward the Federal services of that able and intensely-practical financier, GEORGE TURNER, by appointing him Poet Laureate to the Commonwealth at a high salary, so that his name might be handed down to public derision as the worst bard in this or any other country.

GEORGE REID, the worst Parliamentary financier in Australia (bar only DUNCAN GILLIES, of Victoria), and very nearly the most incapable administrator in Australia to boot, and certainly the most ridiculous political clown who ever attained high office in this country, has already appointed himself leader of the Foreign-trade party in the Federal Legislature. His claim on the position is that he is the most unscrupulous purveyor of unreliable Foreign-trade statistics in these States; and that he was for five years a Freetrade Premier without daring to practise the faith that he said was in him. If there is a Foreign-trade Federal Ministry at any early date he will probably be its leader, despite his financial and administrative incapacity, merely by reason of his clowning, his imaginary statistics, and his readiness to sacrifice the interests of all Australia to those of a few importers. And in the meantime, having no immediate visible chance himself, GEORGE REID is cheerfully willing to back up the claims of either LYNE or BARTON (LYNE for preference) to be the first Protectionist Premier of all Australia. His anxiety to select the leader of the Protectionist party, and to select a leader who is likely to associate it with administrative incapacity, administrative failure, and financial muddlement, is truly touching. REID is in the position of NAPOLEON before Waterloo demanding the right to nominate the commander of the opposing army. REID'S plea is the imaginary right of the man from the "Mother State" to have the highest Federal office, quite regardless of his fitness. And it is an especially wily plea in more ways than one. Not only is he cheerfully prepared to saddle the Protectionists of Australia with the

least promising leader that has any reasonable hope of getting the position, and to associate Protection with administrative and financial incapacity, but to create dissension in the party by inducing the N.S.W. Protectionists to demand that their State shall supply the Protectionist leader while the other ones furnish the bulk of the Protectionist following. In all his career of dodgery GEORGE REID never looked so artful as in his readiness to saddle his enemy's incapacity on the Protectionist party in general, to associate the party with his enemy's failures, to select a nice, easy antagonist for himself, and incidentally, to uphold the claims of N.S.W. to the Premiership, whereby GEORGE REID, of N.S.W., has all the better show for the reversion of the Premiership later on.

The first essential, as already mentioned, is to get the best combination of good administrator, good financier, good fighting Democrat and good Protectionist for the Federal chieftainship. If the N.S.W. Protectionists allow themselves to be saddled, and try to saddle all Australia, with an incapable and unprogressive leader, merely because he comes from their own State, and allow their policy to be associated with incapacity and Toryism out of mere parochial prejudice, so much the worse for their cause and for Australia. If the N.S.W. Democrats allow themselves to be saddled, and try to saddle all Australia, with a chief whose financial and administrative incapacity will make their democratic programme synonymous with failure, insolvency, and confusion, so much the worse for their cause and for Australia, and so much the better for the Fat Man party, whose tools they will thereby become. N.S.W. has got the Federal capital, and the naval and military head-quarters, and the Governor-General, and the Commonwealth celebration, and it can get the Federal Chief-Justiceship for the asking. It can also get a fair share of the Federal portfolios and other billets. But seeing that there are such enormous chances for the first Federal Premier to make or mar Australia's fortunes, and that the difference between having a brilliant financier and able democrat or a mere ordinary politician may easily amount to £100,000,000, AND THAT N.S.W. MUST STAND A LARGER SHARE OF THIS LOSS THAN ANY OTHER STATE, N.S.W. can't afford to put any but the best available man in the position. It is possible to pay too high a price for the questionable honor of having the Scotchman REID, or the Tasmanian LYNE, or even the cornstalk-born EDMUND BARTON in the position.

The reasons why THE BULLETIN has persistently nominated C. C. KINGSTON, of South Australia, as the most fitting person to be head of the first Federal Government have no relation to the part of Australia he comes from, or the size of the State he represents, or any considerations

outside himself. Even the fact that he is an Australian does not weigh in the least. KINGSTON'S claims are these: He was always a good Federationist, and fought hard for Federation as far back as 12 years ago, while GEORGE REID was still clowning it in the sloughs of Provincialism, and when LYNE was the same anti-Federalist he is now. He is the one living Australian Premier who has fought for the democratic cause every time and all the time. He was six years continuously in office as Premier of South Australia, and office, which has corrupted so many good democrats, left him the same consistent Liberal as before. He has been constantly thwarted by an immovable, property-elected Upper House, but despite the ruin of one scheme after another, he has never wearied or lost heart. He drafted and tried to pass a comprehensive Conciliation and Arbitration law before even progressive Maoriland had got that length. He has fought constantly against cheap alien labor. He passed a valuable Employers' Liability Bill, and was practically the pioneer of this kind of legislation in Australia. He originated the famous graduated land-tax and absentee-tax for the breaking up of big estates. He created a State Land Bank, and originated the measure for the resumption of large estates for closer settlement. He has been a good and consistent Protectionist, an opponent of sweating, and an advocate of Old Age Pensions, the minimum wage, and the leasing principle as opposed to the sale of State lands. In the Federal Convention he fought with the tenacity of a big man with a square under-jaw for every democratic feature in the Commonwealth Constitution. And he is the only—absolutely the *only*—consistent and fearless democrat in Australia, who has also proved himself, during a long term of office, a respectable financier, an able administrator and organiser, a tireless worker, and a man whose sympathies with the poor don't deteriorate in the glare of a salary and a portfolio.

These are the reasons why THE BULLETIN nominates KINGSTON as the best possible Federal Premier in sight. By electing him as their leader the Protectionists will not only get a Protectionist, but one who will associate Protection with the most advanced and intelligent Liberalism. By selecting him as their leader the democratic party will not only choose the best available democrat, but the only prominent Australian democrat who is reasonably certain, by virtue of his past record, to associate their cause with that of honest and capable government, and not make it synonymous with administrative failure. Of course KINGSTON may degenerate as so many other good democrats have degenerated, but at all events he is a long while about it. Among the man with the good record who may degenerate some day but who shows no signs of it as yet, and the man with the bad record who may improve but isn't likely to, and the man with no particular

record who may very improbably wake up in his declining years, there should be no hesitation about choosing the first.

The Northern Territory.

[From "The Bulletin," December 1, 1900.]

The Parliament of a State may surrender any part of the State to the Commonwealth; and upon such surrender, and the acceptance thereof by the Commonwealth, such part of the State shall become subject to the exclusive jurisdiction of the Commonwealth.—*Commonwealth Constitution, clause 111.*

The Parliament may admit to the Commonwealth or establish new States, and may, upon such admission or establishment, make or impose such terms and conditions, including the extent of representation in either House of the Parliament, as it thinks fit.—*Commonwealth Constitution, clause 121.*

The Parliament may make laws for the government of any territory surrendered by any State to and accepted by the Commonwealth, or of any territory placed by the Queen under the authority of and accepted by the Commonwealth, or otherwise acquired by the Commonwealth, and may allow the representation of such territory in either House of The Parliament to the extent and on the terms which it thinks fit.—*Commonwealth Constitution, clause 122.*

New South Wales casually dropped the Northern Territory some 40 years ago, and its status has been vague and undefined ever since. South Australia fortunately stepped into the breach and took over the Lost Province, not as owner but as administrator, sole unsecured creditor and benevolent man-in-possession. If it had not done so, the Territory would probably, long ere this, have been jobbed away to another South African Chartered Co., and the co. would have imported swarms of cheap, indented nigger laborers or semi-slaves, and garrisoned its slave State with an army of adventurers, and established over one-sixth of Australia a joint-stock military despotism of the most unspeakable description. Then the Territory would have been another Rhodesia, and a huge nigger problem would have been heaped on this country, which has already more problems than enough. And there would have been no United Australia and no prospect of any. South Australia deserves the gratitude of all this continent for its services in holding the fort against the tribe of RHODES and VINE and BOTTOMLEY and their kind for all these years, and thereby making an all-Australian Commonwealth possible.

But S.A. held the fort under enormous difficulties. The Territory could only be made to pay by the introduction of white population, and there were only three ways by which white population was likely to get there. It

might spread round the coast from North Queensland when that country was itself populated; but then that end of North Queensland is only now beginning to have an inhabitant or two, and another 20 years will probably elapse before the Territory fills up appreciably from that source. It might fill up by the overflow of population from Northern Westralia, but it is likely to be another 50 years before that begins to seriously happen. And it might fill up from South Australia itself if the intervening desert was bridged by a railway. The S.A. Government started building this stupendous continental line from both ends—and failed utterly, because it was beyond the power of S.A.'s handful of people, and beyond the resources of that rather poor and barren State, to find the necessary money. So the situation stands thus: The Northern Territory contains over 500,000 square miles and about 5000 people. It has a railway and public works debt of somewhere between one and two millions; this was raised by S.A. on its own security. It owes S.A. nearly another million for unpaid interest. Its railway, which might be a profitable affair if it was carried across Australia to Adelaide, doesn't pay working expenses as a mere isolated fragment; it gives access to no market, and opens up hardly any land, and promotes no settlement worth mentioning; hence the constant deficit. The Territory comes into the Commonwealth as an appanage of S.A., and it is understood that S.A. is willing to hand it over to the Commonwealth to be administered as provided in clause 122, if only the Commonwealth will assume its liabilities. A province nearly twice the size of N.S.W., with many patches of really rich soil, some good rivers, a respectable average rainfall, one town and an apology for another, several good harbors, and millions and millions of acres of unsold land, is going for a song. S.A. can't make it pay because it is unable to build that essential railway which will give access to it. The Commonwealth Government can make the essential railway and branches, and with them there is every reason to believe that the Territory will become a splendidly-profitable asset. And if it does it will add a seventh State to the Commonwealth, and open up a new Australia for the Commonwealth's landless people.

The principal reasons why the Commonwealth should take over the Northern Territory as a sort of Crown Colony, to be administered directly by the Federal Parliament until it has sufficient population to support a State Government of its own, are these:—

(1) It is not good to have that great extent of northern coast-line practically tenantless, undefended, and cut off from the rest of the continent. It makes a huge weak spot in Australia's general scheme of defence.

(2) It is not good to have a comparatively rich province of over 500,000

square miles lying practically idle and deserted merely for want of communication over the intervening desert, when the demand for good land is almost unlimited.

(3) It is not good to leave S.A. to carry the burden of the great annual loss—a loss which arises wholly from the want of communication, S.A. being too poor to supply the communication. The avoidable loss of one State is the impoverishment of Australia in general.

(4) It is not good to let the Territory's debt—already about £500 per inhabitant—keep piling up hopelessly per medium of its annual railway deficit when, by finishing the line, the deficit could almost certainly be turned into a profit. The deficit of one part of Australia is the impoverishment of all Australia.

(5) It is not good to leave things as they are, for S.A., in despair of otherwise turning its hopelessly isolated province to profit, has already begun to job it away in large areas to absentee English syndicates. And it is not to Australia's benefit that huge estates should be owned by absentee syndicates, which don't promote settlement, or improve the country to any extent, or contribute anything worth mentioning to the revenue.

(6) It is not good for Australia to lose the great revenue which must accrue in course of time from the Territory, when it is in the hands of a Government which can find the money with which to open it up, and which will run it in the best interests of the Australian people.

(7) And it would be sheer folly for the Federal Government to lose the chance of building up a new State on wise and liberal principles, to be an object-lesson to the other Australias. The Territory is the last great vacant area on this continent. It is the last place where a new State can be built up. In spite of sundry foolishnesses on the part of the S.A. Government in the way of land-grants it is still mostly a clean sheet. And there is a chance, if the Federal Government likes to take hold of the Lost Province and to rule it wisely and well, to make it the model State of Australia. It has no convict traditions, no dismal record of mismanagement under the old Crown colony system, practically no past to live down, and few serious past blunders to undo.

Everything depends on whether the first Federal Ministry consists of the right kind of men. If they are strong, far-seeing, enterprising men who love to deal with great questions, and to make great successes, and to face great difficulties for the mere sake of conquering them, they will propose that the Commonwealth takes over the Lost Province at once. If they are small, mediocre men they will either avoid the responsibility, or enter on the work feebly and do it badly. The taking over of the Northern Territory is a matter of urgency because every day the deficit grows, and every day there is a

danger of some spineless S.A. Premier like HOLDER, or some unwise Tory like Sudden SOLOMON, jobbing away more leagues of good land for a song to some BOTTOMLEY syndicate, and thus grievously depreciating the value of the asset. One of the first acts of the Federal Government—before even the Federal Parliament is elected—should be to exact a promise from the S.A. Government that, pending the necessary arrangements for the transfer, not another acre of the Northern Territory shall be granted, sold, or leased, to any absentee person, company, or syndicate on any terms whatever.

When the transfer is effected THE BULLETIN desires to offer, with all due respect, these proposals for the better government of the new possession:—

(1) That it should first of all be furnished with a name (*one* name—not three like New South Wales, nor two like South Australia or New Guinea). No place can lumber along to any fair or hopeful destination under the burden of a fearful cognomen like Northern Territory.

(2) That the Federal Government takes over all the State assets (railway, wharves, telegraphs, public lands, &c.) and all the liabilities of the province. The liabilities are all owing to South Australia. They shouldn't be paid in cash lest S.A. drinks the money, but a corresponding amount of the S.A. debt should be assumed by the Commonwealth.

(3) The Territory (population about 5000 at present and a very large proportion of them Chinamen) should be admitted as a State with, say, one member in each House of the Federal Parliament (as provided for in clauses 121 and 122 of the Constitution), it being understood that its representation will be increased as its white population increases, until its white population equals that of Tasmania, when it will have full representation.

(4) The whole Chinese and Asiatic population should be disfranchised.

(5) The Territory should have no elaborate State Government until its white population rises to, say 100,000 or even 150,000. It starts with an incredible debt for such a very small handful of people—by far the biggest debt per head on record—and it can't stand the cost of a State Government as well until its population has very greatly increased, and its affairs are put in some kind of order. In the meantime, its affairs should be administered by the Federal Parliament with the aid of a Government Resident as heretofore, and the best available man should be Minister for the Territory in the Federal Cabinet.

(6) Its debt should be converted at the earliest opportunity into a low-priced Federal stock, and other existing burdens reduced to a minimum.

(7) A very heavy poll-tax should be levied on Chinese and Asiatics (these

at present form about half the population), in order to preserve the Territory as a White Man's State. This is essential, for Port Darwin is Australia's back door, and Asia is just over the doorstep.

(8) The transcontinental line should be completed as cheaply and expeditiously as possible. This will give direct communication with Adelaide. There is very little apparent hope for the Lost Province until it is rescued from its present isolation. A railway to Adelaide will give some kind of a value to much land that is at present valueless, and open the way for settlement. The necessity for connecting the transcontinental line with Queensland on the east and Westralia on the west must be considered later.

(9) Regular and frequent steamboat communication should be supplied with Westralia and Queensland.

(10) A good mining law, as nearly akin to that of Victoria (probably the best all-round mining law in Australasia) as circumstances will admit, should be fixed up.

(11) The lands should be disposed of by lease only, and to residents only. Residence should be a fixed condition. A State with such financial burdens can't afford to export its wealth for the maintenance of absentees—even absentees in other States of the Commonwealth. Agricultural land might be leased in lots varying up to, say, 10,000 acres according to quality, though in the richer districts the maximum area should be less. Pastoral lands, as a matter of necessity, would be subdivided in much larger areas.

(12). The leases should be for, say, 25 years. If necessary during the first few years they could be free-of rent. After that the rent should be on a very humble scale until the 25 years expire, when there would be a re-appraisal, the tenant in possession having the right of renewal for another term of years, if ready to pay the rent demanded. Failing that he should have a claim on the incoming tenant for the value of his improvements. The great object would be to attract population, in order to create customs, excise, railway and income-tax revenue. Land revenue, for a number of years, would probably, in such a remote spot, have to be a secondary consideration.

(13). All new town-sites, especially on the coast and along the railway, should be reserved as State property, and let on lease only.

(14) An absentee-tax should be levied for the discouragement of existing outside land-holders and syndicates. Existing absentee-leaseholders and concessionaires should be compelled to rigidly observe the terms of their agreements as to improvements; and labour conditions as regards the mines of dreadful outsiders like BOTTOMLEY ought to be enforced to the letter, the penalty being prompt and remorseless forfeiture. A new State, as already mentioned, needs population and hard work and vigorous

development. It can't live on looking at the pegs which mark unused land grants or unworked mining claims.

(15) Every aid that the Federal Government can safely give in the way of low railway freights, export bounties, public batteries, artesian bores, &c., should be given in order to get the youngest brother of the Commonwealth fairly on his feet.

(16) A careful account should be kept of the Territory's finances, and all surplus revenue used in reduction of the Territory's liabilities, or for the Territory's further development.

(17) And when the Territory has a sufficient population (say 150,000 white inhabitants) to bear the cost of a State Government of its own, it should be furnished with the most democratic State Constitution that the Federal Parliament can devise, and turned loose, with the blessing of Australia in general, to be the full-fledged seventh member of the Federal brotherhood.

The Northern Territory, as already mentioned, has a debt of about £500 per inhabitant—the boss debt of the globe. As far as can be seen, it will have to get enormously further into debt before it begins to get out of it. Experience has shown that there is no visible hope for it until it is rescued from its present isolation. At present, it is weeks of travel from any Australian capital, and that is its one chronic blight. It is in the position of Southern Siberia before it got railway communication — a valuable country that is worth nothing. It may contain another Charters Towers and another Kalgoorlie and another Bendigo—owing to its isolation it has never been adequately prospected. If, by doubling its debt in order to provide means of bringing it in touch with the outer world, its population is raised to even 25,000, and if the transcontinental line just pays working expenses, and *all* the interest on its cost has to be found from other sources, even then the Territory's finances will be more than twice as solvent as they are now. If no transcontinental line is built and things are left as they are, the present very heavy debt will double itself automatically in not very many years by the mere accumulation of the annual deficit. (The shortage is equal to the whole revenue—in fact, the income, as a rule, doesn't half cover outgoings, the deficit of about £70,000 a year being over £12 per inhabitant—the same as if N.S.W. had an annual deficit of sixteen million pounds.) And if the debt is left to double itself by the mere passage of time there will be no corresponding increase of population to carry the burden. The Territory is not a rich land as the term is understood in Europe, but there seems every reason to believe it is quite equal to the average richness of Queensland, N.S.W., and Victoria, and they are not the sort of assets that any sane Government would throw away. Probably, under good

management—such management as it has never yet possessed—the Lost Province will prove the most valuable asset of the Federal Government. Everything depends on what kind of Federal Government that Federal Government is.

The Differential Tariff Idea.

[From "The Bulletin," December 15, 1900.]

EVEN at this early stage of Federal politics there is a great upheaval of more or less Jingo politicians demanding that the Commonwealth shall give special trade advantages to Britain as against the outside world in general. The proposal has taken no definite shape as yet, and the details require filling in, but the central idea is that the Commonwealth should charge lower duties on British than on non-British goods, and by thus—to the extent of the difference in the duty—shielding the British manufacturer against the foreigner, afford that same British manufacturer Protection in Australia which he doesn't get in his own country. The spectacle of Australia going out of its way to afford Protection to a Freetrade country, and the spectacle of a Freetrade country grabbing with both hands at the benefits of a Protective tariff while professing to have long since seen and abjured the errors of Protection, may look just a trifle humorous, but that is another story. If Britain chooses to look humorous it is Britain's own affair.

Regarded as a purely business proposition there appears to be no reason worth mentioning why Australia should not admit British products at lower duties than the products of other countries—provided Britain is prepared to reciprocate. But Britain must reciprocate, or it won't be a fair deal. If Australia fosters Britain's products by giving them a special advantage in its markets over the products of France, Germany, &c., then Britain may justly be called upon to respond by giving Australian products an equal advantage in its markets over the products of France, Germany, and other countries. As matters stand at present, the benefits and advantages are all in favor of Britain. Australia buys more of Britain's goods than Britain buys of Australia's. In 1899 the States of the Commonwealth bought about £21,000,000 worth of imports, other than gold, from Britain, and Britain bought about £17,000,000 or £18,000,000 worth of goods, other than gold, from the Commonwealth. On paper it certainly looks as if Britain bought more largely from Australia than Australia does from Britain, but the several millions worth of gold which Australia sends annually to Britain (or to other people on Britain's account) towards paying interest on public and private debts, and as rents to absentees, isn't a purchase made by Britain from this country, nor is it commerce in any reasonable sense of the term. Each of the Australian States admits Britain's goods on precisely the same terms as it does those of all other countries. Britain admits Australian goods on the same terms as those of other States, and levies the same heavy tax on Australian wines and Victorian brandy as it does on French

and Spanish wines or brandy. And each is, and always has been, guided by purely selfish motives. Five of the Commonwealth States are more or less Protective because they believe Protection pays them best. Britain and N.S.W. are Revenue-Tariff States because they believe that Revenue-Tariffism pays them best, and for no other reason. There isn't a penn'orth of sentiment in the case on either side. Foreign-trade advocates publish statistics, just as Protectionist ones do, to prove that, by their policy, they are personally getting ahead of their trade rivals—are personally grasping the other fellow's money for their own sordid pockets, and over-reaching and ruining the other fellow for their own sordid benefit. Foreign-traders certainly allege that theirs is a policy of brotherly love—but their statistics never attempt to prove anything else than that their policy is the best policy for grabbing the brother's wealth and leaving the brother in the lurch.

It is necessary to point out these things in order to put the matter on its right basis—the purely business one. The fact that Australia has always been a far better customer to Britain than Britain has been to Australia, and that the obligation has been wholly on Britain's side, has never evoked the least sign of consideration in trade matters from Britain towards this country. Australia has met its obligations to its principal creditor with scrupulous exactness—and its wool is admitted to England on no better terms than that of Argentina, which cheerfully defaulted and left the British bondholder on the rocks. It has shown itself on various occasions frenziedly loyal to Britain, and its wines and wheat receive not one pennyworth more consideration than those of Britain's worst enemies—Russia and France. It has cost Britain nothing in active defence; and it is treated not in the least more kindly than France, which cost Britain £600,000,000 in war expenses in one huge act. Britain has spent enormous sums in defence of Turkey and Portugal—the bill for one day's campaigning in aid of either of these lands amounted to more than the defence of the Commonwealth States cost Britain in a century. And Turkey and Portugal gave their benefactor no aid in return, and promptly swindled her out of much loan money to boot; yet her consideration for them in trade matters is quite as tender as her consideration for these States. The U.S., which fought her in two wars, and broke her empire asunder, and which sells much to Britain and buys hardly anything, gets exactly the same treatment as we do. And it was Britain which inaugurated the policy of taxing the products of her colonies, and which put things on this unfriendly basis. Under all these circumstances it would be interesting to know what Britain's share of the proposed differential tariff system is to be.

Obviously if it is to be a matter of sentiment the sentiment should be mutual. If it is to be a matter of business the business advantages should be

mutual. If the Australian Commonwealth is willing to charge, say, 5 per cent. more duty on the manufactured goods it buys from other countries than on those it buys from Britain, Britain should be prepared to reciprocate by charging 5 per cent. more on the grain, butter, wine, wool and frozen and preserved meats of other countries than it charges on those of Australia. If Australia charges Britain's manufactures 20 per cent. all round while it charges those of other countries 25 per cent. it is only a fair return that Britain should charge 5 per cent. on foreign wool, butter, meat, grain, &c., while letting Australia's in gratis, and should give Australia a 5 per cent. advantage on her wine and brandy tariff. Even at these rates experience affords every reason to believe that Australia will buy rather more from Britain than Britain buys from Australia, and so long as it does that the terms are good enough as a basis for any fair dealing.

But if the concession is to be on one side only—and judging from the language used by some of its advocates that appears to be actually contemplated—then it should, on the basis of figures, be a one-sided concession granted by Britain to Australia, not a one-sided concession granted the other way about. Apart from the export of cash which goes towards paying interest on this country's British debts, and which is not in any sense an exchange of commodities, this country buys more from Britain than Britain buys from it in return. Therefore if one party is to give a special advantage it should be Britain—with a view to encouraging the further purchase of Australian commodities in the United Kingdom in order to make the trade even. But as all the discussion so far is about the special terms which Australia is to grant to Britain, at least let Britain give something in return, if it is only to avoid making the business a burlesque. If Australia gives special assistance to Britain by giving British products 5 or 10 per cent. Protection over the products of other countries it is bestowing on the British manufacturer the blessing of Protection in Australia, which is ridiculous enough without any other elements entering into the case to make it worse. To protect the Briton abroad when he isn't protected at home—to protect a man who says Protection is a foolish and accursed thing—to show him up to the world as a hypocrite who grabs with both hands at the advantages of a system which, he is always understood to allege, has no advantages—to profess to be kinder to him than he is to himself—all these are remarkable proceedings. And if, on top of all this, Australia gives Britain this special aid and advantage without getting any equivalent, then, in addition, it puts its massive parent in the absurd situation of receiving pauper relief from this young dependency. And that is still more ridiculous.

Why the subject of a differential tariff should have risen so violently just

now, more than at any other time, is difficult to explain. The fact that Australia has just spent a good deal of money over a British war is no visible reason why it should feel called on at this special moment to make other sacrifices for Britain's benefit. If Britain was desirous to offer some special assistance of the kind to Australia the situation would be more understandable. The time is inopportune in another sense; Australia doesn't know for certain yet how it will draft a Federal tariff that will make ends meet even without granting special concessions to anybody, and before it talks of sacrificing customs revenue, even for Britain's benefit, it should find out with some certainty what revenue there will be to sacrifice. This country has to be just before it is generous, and the necessity of having enough money to pay the British creditor is far more conspicuous than the need to make a superfluous gift to the British manufacturer. Further, if Australia does commit the amusing folly of giving Britain this special trade advantage without getting any similar benefit in return, it is at least to be hoped that Britain can supply some means of adequately distinguishing between its own goods and those of foreigners that have merely passed through England's open ports on their way hither. And it would be well to sit down in a cool place and reflect seriously as to whether this special advantage is to be bestowed on the United Kingdom only, or on all the British possessions. If it is to be bestowed on all the countries that make up the British Empire—the Empire wherein Britain itself is only a speck both as to area and population—are all these countries to come in on the same terms as Britain? Is Canada, for instance, to get a special advantage in this market without giving one in return, and if so what has Canada done for this country to deserve such consideration? And if it is proposed to give Britain the advantage of a differential tariff without any direct return, and merely by way of expressing this country's natural love for its parent, is it to be thereby understood that Britain has no natural love for its descendant?

Also, if the concession is intended as some return for Britain's protection, which isn't sentiment but pure business, it would be well to have that matter also put on an understandable basis. As matters are, Australia has supplied Britain with a stupendous amount of money. A very large number of needy Britons made their pile out here in the golden days, and took it home to enrich the United Kingdom, and this place has paid exorbitant interest to an immense number of British investors, and done much for the mother-land in the way of supplying a field for investment. It has paid much more than it has received for the active defence of the empire, and it has done more for British shippers and manufacturers than any other population of its size on this earth. If it is held that there is still a balance

owing for the passive protection afforded by Britain, then if the proposed tariff concession is granted let it be at least understood whether it is to square the debt, or partly square it, or whether it is a gift and Britain is to go on demanding extra naval contributions from this country, just as if no such concession had been made. If it is all a matter of business, let the account be properly drawn out and audited and receipted. And if it is sentiment, at least let the sentiment be intelligible. Hitherto Britain has given as good terms, in commercial matters, to the hostile Frenchman and Russian, and the bloodthirsty and fraudulent Turk, as she has to Australia. If the differential-tariff idea is to be wholly one-sided, then these people will, upon the whole, in their dealings with Britain, be receiving better terms than Australia does. Perhaps there is no reason why Australia should object to this arrangement, but it should at all events understand that there is such an arrangement.

Imperial Federation.

[From "The Bulletin," December 22, 1900.]

IT is Australia's misfortune that its Commonwealth begins at a time of feverish Jingoism, when the public is not quite in its right mind, and its head is swollen to more than ordinary dimensions. Therefore, there is more violent conversation than usual about Imperial Federation, and about the union of Australia being only a footstep on the path to the "greater union"—that of the whole empire—which is to follow. In Maoriland the disease is especially bad, and politicians like WARD and REEVES and SEDDON have been performing in a lamentable fashion; but Australia has also its share of Imperial Federationists, and their capers have of late been distressing to witness as they pranced beneath the full moon of lunacy with the political sky for a background. But, though Imperial Federationists are numerous in theory, there isn't one among the crowd who has proposed a workable scheme of Imperial union. There have been suggestions that Australia should be represented in the Greater Imperial Parliament—the Parliament which must decide all the greatest concerns of this country—by the Agents-General, or by making any wandering Australian M.P. who may chance to be in England an honorary member of the Commons during his stay. There has also been talk of a Council which is to have no legislative power, but which is to obtrude its advice on hot and exasperated British Ministers when they have important business on hand—a Council of Irresponsible Bores which will rank with the Peace Society, and the Methodist Conference, and the Association of Collectors of Rare Stamps, and the League of Seekers for Curious Beetles. But Australia is certainly not going to hand over the most important part of its Government to a Legislature where it will be represented only by the nominee Agent-Generals, and by the occasional dropping in of Jawbone NEILD or Ginger CLARKE or SOLOMON of the Northern Territory as he passes by. And the proposed purely ornamental Council of Irresponsible Bores is neither one thing nor another. There can be no Imperial Federation without full arrangements for the adequate and permanent representation of this country on democratic principles, in a real, live Imperial Parliament. So THE BULLETIN invites Imperial Federationists to stop their promiscuous cheering and their oose waving of the Flag, and to leave the incoherent banquet and the enthusiastic whisky, and look at the business aspect of their own case.

If there is to be a great Imperial Parliament representing all the Empire, it has first of all to be decided that nine-tenths of the people of the Empire

shall be permanently disfranchised. Hitherto Britain has skimmed lightly over the question of drawing a colour-line and declaring the vast mass of its black, brown, and yellow subjects to be permanently inferior beings, by denying Constitutional Government to those regions where the black man predominates to an alarming extent. In India the 250,000,000 or so of Asiatics have been refused any self-governing powers by the simple process of refusing them also to the 250,000 or so of Europeans, and thus putting both races on something like a level. This has enabled the British Government to avoid a question which could only be actually solved in one of two ways, both unsatisfactory. And in many other regions where the British subjects are almost wholly black, brown, or yellow, the same difficulty has been evaded in the same way. But if there is ever to be a real Imperial Federation with a real Imperial Parliament exercising real powers over the whole empire, this difficulty can be skimmed over no longer. It is impossible to have the vast mass of nigger States represented by mere nominees. Australia can't possibly hand over the control of its affairs to a body which is largely non-elective, and have its own elected representatives voted down by Anglo-Indian and Anglo-African civil servants appointed by the British Government; that would be getting back to the Crown Colony system in its worst form. It is impossible to leave out the black-man States altogether for then there would be no Imperial Federation at all; it would not be a union of the empire but only a union of a fragment of the empire. It is impossible to give all the people of the Empire fair and equal representation in an Imperial Parliament; that would hand over the control of Britain, Canada, and Australia to the colored races of India and Africa and put an end to the White Man's dominion. The only way is to throw all pretence of equal justice overboard, draw a sharp color-line, and declare the Queen's black, brown and yellow subjects permanently inferior beings, who must hold for ever the political status of the slave in the old days when the white man bought and sold and flogged his black brother at his own sole discretion.

Next it is reasonably obvious that the present Imperial Parliament must go. It is not only a Parliament which exercises general supervision over the affairs of the empire outside of the United Kingdom, but it also attends to the domestic affairs of the United Kingdom. If Australia, Canada, India, Maoriland, the West Indies, South and West Africa, Newfoundland, Ceylon, Malta, &c., send representatives to that existing Parliament the situation becomes too complicated for words. Either all these States must abolish their local Legislatures and let the Imperial Parliament attend to the domestic affairs not only of Britain but also of every part of the empire, right down to a question of a culvert in Far-Western N.S.W. and a dispute

about a selection in Westralia — but the position is too absurd to be worth further mention. Even a Legislature of 60,000 members, divided into two dozen working committees, and sitting 48 hours a day all the year round, could not carry so stupendous a load. Or else the new members from all the places above-mentioned must be allowed to help to decide the purely domestic concerns of Great Britain and Ireland while the members from Great Britain and Ireland have no corresponding control over the internal government of Australia and the other places, but that arrangement would be so one-sided that the British people could not possibly consent. Or again, the members from Australia, Canada, India, &c., must sit in the Imperial Parliament while purely Imperial affairs are being considered, and be driven out like a flock of sheep when a local Bill comes on, to camp on the doorstep, and catch cold and sneeze in the British atmosphere, and wait till the next Imperial matter crops up. That would also be wildly absurd. To send members all that distance that they might spend the best part of their lives in being thrown out of their own Parliament would be more like comic-opera than serious legislation. The only visible way is either to turn the present Imperial Parliament into a purely British Legislature and establish a new purely Imperial Parliament over its head, or to create a subordinate British Parliament for purely British concerns, and let the present Imperial Parliament be Imperial and nothing else.

Assuming that the black, brown and yellow man problem had been solved by disfranchising, and leaving without representation, and wholly ejecting from the Legislature about 95 out of every 100 British subjects, it would then be necessary to consider the question of representation. If this was according to population in both Houses, Australia, for the present, would practically cease to have any voice in the control of its own affairs so far as they rested with the Imperial Parliament. It would hand over a large number of important Australian interests, and these would be managed from a purely British point of view by a body wherein there were 10 British votes to one Australian. By way of compensation Australians would have a nominal share in the control of British affairs; they would also be managed from a purely British point of view by a body where there were 10 British votes to one Australian. Of course there would be one compensation. Some day Australia, merely by reason of its size, will have more people than Britain has, and then in the representation-by-population system it would probably shift the capital of the British Empire to Bombala, and send an Australian governor to rule in London. That is, provided Canada didn't get there first, and move the whole business to Quebec. But these are far-off possibilities. On the other hand, the Imperial Federation might follow the safe example of almost every other successful

Federation, and go on the basis of representation by population in one House, and equal representation of States in the other.

Either way the House of Lords would have to go. It won't fit in with any scheme of Imperial union. If it was a case of representation by population, Australia couldn't put up with being bossed by 600 British noblemen, all hereditary legislators by virtue of being the eldest sons of some previous noblemen, and all knowing nothing of this country. Even if they were assisted by 60 hereditary Australian noblemen, who would necessarily live in England to attend to their legislative duties, so that in a generation or so they would know as little of this country as the British noblemen do, it would make things no better. And if the system of equal representation in the Upper House was adopted, Australia couldn't stand being bossed by 600 hereditary British noblemen who knew nothing of this country, assisted by 600 hereditary Australian noblemen, and 600 hereditary South African noblemen, and 600 hereditary noblemen from Canada, and the same number from India and many from other places, making about 8000 hereditary noblemen in all. They would all live in England, and their sons would be purely English, and in a few years these outlying countries would be as wholly unrepresented as if they had never sent 600 hereditary noblemen to London at all. Besides, the Imperial Parliament would probably be an unpaid body, in which case this country would have to send thither its richest men. And if 100 legislators, worth, on an average, £2500 a year each, thus became absentees spending their wealth in England, that would drain this country of £250,000 a year—which is equal to incurring a debt of £8,333,000, without getting a pennyworth of value for it. This is a pretty high price to pay.

And it is equally impossible that Australia, Canada, India, South Africa, &c., should send elective members to sit in the British House of Lords along with Britain's hereditary nominees. For Britain's hereditary peers would still have as much say in the control of Australian affairs as the Australian elective members would, and even in its maddest Jingo drunkenness this land is hardly drunk enough to hand over the control of its affairs to any body of hereditary Eldest Sons. The British House of Lords won't fit anywhere into any scheme of Imperial Union. If Britain cares to wipe that body off the slate, and establish an elective Upper House chosen by manhood suffrage, wherein the great States of the Empire (say, Canada, South Africa, India, Australasia and Britain, the other places coming in as dependencies of these) shall be equally represented, and let representation go by population in a paid House of Commons also elected by manhood suffrage, then it is possible something may be done. At the same time it is seriously to be hoped that nothing will be done. But it is no earthly use for

Jingo politicians at *this* end of the globe to waste their eloquence over dreams of Imperial Federation, and to appeal to Australia to rise up and unite. As long as Great Britain imposes an insuperable obstacle in the shape of a hereditary legislative anachronism which can't possibly adapt itself to any scheme of union, there is nothing for this country to do or to talk about. Australia can't unite with Britain while Britain insists on blocking the way.

The Imperial union would necessarily mean a uniform Imperial tariff, and the British majority, aided possibly by votes from South Africa and India, would promptly decide, in Britain's trade interests, that it should be a moderate Revenue Tariff on the British model. This would probably wreck a good many Australian industries, and between the loss of tariff revenue and the increased naval and military burdens it would probably be necessary to multiply the existing land and income taxes by four, and impose house-tax and other British imposts hitherto unknown here; but, doubtless, the really good Australian Jingo would gladly face that small burden for the greater glory of the Empire. The Maoriland and S.A. absentee-taxes would probably have to go; the Imperial union would hardly allow one part of the Federation to levy special imposts on the people of another part. The alien restriction laws would also, no doubt, have to go, in so far as they referred to black, brown, and yellow men from other parts of the Empire, and the Hindoo, the Hongkong Chinaman and other Federated brethren of colour would come in free. The annual contribution of Australia to the Imperial army and navy would be, on a population basis, somewhere about £3,000,000 per annum, increasing with the increase of its people; and when, after the establishment of the Imperial union, a purely British war the size of the recent small Boer disagreement came along, Australia's share of the bill, in addition to its regular military and naval contribution of £3,000,000 or so per annum, would be possibly £5,000,000. If a purely British war of really large dimensions came along, Australia's contribution might be £10,000,000 or £20,000,000. These are the business aspects of the case. The sentimental aspects—those with the banquets and speeches and flag-flappings in them—are being so well attended to in other quarters that it is unnecessary to touch on them here, and THE BULLETIN therefore confines itself to the much-neglected detail of the subject.

Lastly, if Imperial Federation does come, and Australasia commits itself to all the above chances and expenses, THE BULLETIN trusts that it will be specified, at the very beginning of the movement, that none of the politicians who take a leading part in it at this end shall be rewarded with any title, bauble, decoration, handle or gew-gaw whatever. For it would be

a sad, sad thing, when this country faced the bill later on and had a sudden spasm of regret for what it had done, if it began to call SEDDON and WARD and LYNE and people like that so many mean, degraded, low-down ISCARIOTS, who had sold their country for a title, and betrayed their trust for dirty, sordid considerations. The business should be kept clean. If it is the kind of business which can't be kept clean it should be kept no dirtier than is absolutely necessary. If it is understood that the Australian politicians who bring about Imperial Federation (supposing it ever is brought about) will only get such reward as Australia thinks fit to give them, the position is fair enough. But if Britain rewards them for bringing about an arrangement whereby this country commits itself to large risks and expenses on Britain's account, it will look too much as if they were a crawlsome gathering of traitors who had sold their country and were collecting the price of their iniquity. So long as all the titles and all the small decorations for which the souls of our politicians hunger, come from Britain, no title-hungry politician can be trusted to take a fair and honest view of any question where the interests of Australia are on one side and those of Britain on the other.

Some Sources of Federal Revenue.

[From "The Bulletin," December 29, 1900.]

IF the Government of the Australian Commonwealth is going to be a sane, decent, economical Government it must needs be confronted with the necessity of raising a great deal of revenue. There are innumerable things to be done—a Federal territory to acquire, a Federal city to build, a uniform railway gauge to be established, many new railways to be constructed (notably the two transcontinental lines), telegraph lines to be extended, a Federal arms and ammunition factory to be founded, and other things without number. Further, the Commonwealth Cabinet has to consider the question of gradually reducing the overwhelming debt which has been left behind by provincial extravagance and mismanagement. It can't—if it is a sane, decent, and economical Government—adopt the dreadful practice of the old provincial politicians and eke out its revenue by misapplying the loan money and using it for purposes of ordinary expenditure. And—if it is a decent, sane, and honest Administration—it will endeavor to pay even for reproductive works out of revenue, or at the very least, if it borrows for reproductive works, it will insist on a heavy sinking fund being attached to each loan. As for borrowing for unproductive works, if it is any kind of a Government it will shut down on that old iniquity hard and decisively. Under the lamentable devices of Australia's thriftless parochial rulers this country has many financial leagues of leeway to recover, and it will take a very strong man and a very great amount of gold and silver to meet the interest on the old liabilities and to pay out of revenue the legitimate new liabilities as well.

Australia can find the money easily enough, though it may be necessary to travel beyond the ordinary rut of customs, excise and land and income tax to do it. There is no reason why the individual Australian shouldn't be able to pay as much annually in local and national taxation as the Englishman or the Hollander, or why he shouldn't pay his legitimate outgoings out of revenue as well as they, or why he should have recourse to the miserable device of using loan funds for ordinary expenditure purposes if they are strong enough to avoid doing so. Still there is an art in raising the largest possible amount of money while drawing the least possible amount of attention. THE BULLETIN has already indicated (in the articles on the Federal capital) how it is possible to raise from £10,000,000 to £15,000,000 by making the issue of bank-notes a State monopoly, and by requiring the banks, as in Canada, to keep a large proportion of their at present idle cash-reserves in Federal paper. This fund

would make it possible to establish a Federal capital, situated on a Federal territory of 5000 square miles or so, whereof the Commonwealth Government would be sole and perpetual ground-landlord. Thereafter the rents of the Federal territory would be a source of revenue of no mean dimensions. The profits of a Federal Bank should be another item of some importance. Sweden, with a population not much larger than that of Australia, derives an income of about £110,000 a year from the profits of its State Bank, and even this contribution is not to be despised. A Federal graduated land-tax and a Federal absentee-tax have also been alluded to in the course of these articles. A bicycle-tax is a French excise expedient which yields no inconsiderable revenue; it has been derided in England as a burlesque means of raising money, but it has at least more to recommend it than the English house-tax.

Russia is now putting into practical operation THE BULLETIN'S oft-recommended expedient of a Government Monopoly of the Manufacture of Strong Drink. The Russian experiment is of comparatively recent date, yet it has already been proved that it is possible for the State to supply pure, honest liquor at a moderate price, and make money by so doing. Australia imports most of its alcoholic liquors; if the Federal Government likes to shut down hard on this importation, and make its own whisky and brandy and rum, Russia's experience tends to prove that it can thereby realise a handsome income—one which will make good the loss of customs revenue and leave something over. That is, provided the experiment is intelligently worked; and it is difficult to see why the Australian should regard himself as less intelligent than the Russian. A State monopoly of the manufacture of playing-cards has been tried in Greece and has been found productive of reasonable cash results. Playing-cards are not among the necessities of life, but they are a luxury in very common use, and if the Federal Government chose to prohibit their importation and fill the public want itself, it should be able to do so profitably, without inflicting any hardship on the community. Salt and tobacco monopolies are also industries which the State might take over with profit and without any public injury. These devices have not been attempted in England, but the Indian State opium monopoly is a British precedent that is worthy of consideration just here.

If the Federal Government decides to permit "Tattersall" to continue his honest and interesting gamble in the land, or if it abolishes him so far as Australia is concerned yet permits Australian money to pour into his coffers in New Caledonia or some other foreign State—which is practically the same thing, it may possibly occur to the Federal authority that it might as well be its own "Tattersall" and reap the profit itself. Certainly there is no appreciable moral difference between the Government running a horse-

gamble and the Government winking its immoral eye while a private individual does it, and there is a very appreciable cash difference to the Government. A 5 per cent. tax on tote investments might be included among Federal excise duties. This would necessitate the recognition of the sinful machine, but then the lawful tote already exists in some of the States, where it pays either an absurdly small percentage to the revenue or else no percentage at all; and in other States the unlawful tote flourishes and pays nothing whatever. A heavy annual license fee on bookmakers is one more excise device which has much to commend it; if there is any person who more thoroughly deserves to be taxed than the gentleman with the book and the bag this paper is unable to imagine what gentleman that other gentleman is. And if it is pleaded that tote-revenue and lottery-revenue and bookmakers'-licence revenue would be ill-gotten wealth gained by the recognition of Sin, it can only be suggested in reply that the revenue derived from drink duties, and from fines levied on drunkards and wife-beaters and brutal assault men, are also money derived from Sin. Also there is no visible reason why the virtuous inhabitant should pay all the taxes, while the other kind of inhabitant escapes.

The profits on the coinage of silver would be another promising source of income, and there is little doubt that the British Government would grant the right of silver coinage if the Commonwealth demanded it with sufficient energy. For many years Britain has insisted on selling this country 7d. or 8d. worth of silver for a shilling, and the time seems fairly ripe for a more equitable arrangement of the swindle. A national pawnshop after the fashion of the French Mont de Piété is an institution which might afford no small measure of relief to the poor, as well as a certain amount of money to the public Treasury. Further, if the Federal Government could arrange with the State Parliaments to levy a reasonably heavy *minimum* fine on drunks and small offenders of that description—one heavy enough to not only cover the expense of gathering in the drunk, but sufficient also to make him a source of profit—and would share the fines with the Federal Treasury, the result would be that the State Treasuries would lose nothing while the Federal one would gain considerably. At the same time an eminently insanitary and unpicturesque class would be turned into a source of gain. The British idea of levying excise taxes on coats of arms, male flunkeys, on agreements for the letting of furnished houses, on house agents, carriages, on the capital of limited liability companies, on churches, firearms, on houses (the British house-duty yields nearly £2,000,000 per annum), on people who receive titles, on marriage licenses, on dealers in sweets, &c., might possibly be regarded in Australia as too grievous an infringement of the liberty of the subject, and it must certainly be admitted

that Britain has got the art of taxation down very fine. By charging 1/2d. newspaper postage in all the States of the Commonwealth (at present local newspapers go free in three States) the revenue might probably be improved to the extent of £80,000 or so annually, and there is certainly no visible reason why the Government should pauperise and demoralise the newspaper owner by doing expensive work for him at the public cost. An export duty on gold is also worth serious consideration for quite a number of reasons.

The Federal Government has two alternatives before it. It may tax the people heavily, but temporarily, for public works purposes now, and gradually reduce and finally abolish the extra taxation later on as the revenue from the new works begins to materially supplement the public income. Or it may evade the necessity now by incurring a larger and larger debt, and tax the people heavily and permanently later on to make up the interest. The States have preferred the latter alternative, wherefore land taxes, income taxes, legacy and succession duties, dividend duties, property tax, and other once-unknown burdens have come into existence one by one, and have apparently come to stay. Even they fill the bill so inefficiently that hardly a single State now makes ends meet, and some more new burdens will have to be devised by-and-bye. But in case the Federal Administration decides on the other alternative. THE BULLETIN suggests the above as imposts by which it may be found practicable to raise the necessary cash without drawing too much attention—to tread on the public worm, so to speak, without making it too apparent to the worm that he is being trodden on—to step upon him lightly but effectively, and to flatten him as little as may be, and for as short a time as may be, while producing the best financial results. There are many more expedients which might be suggested, but an effort has been made to keep to the well-trodden paths of precedent, and not to alarm the public by wildly-novel propositions. Everything herein suggested has been tried with success in some civilised country or other. Such devices as the Dutch polltax and beef excise are omitted as being rare and exceptional expedients. The proposed Government monopolies of playingcards, liquor, tobacco and salt have their British counterpart, as already mentioned, in the Indian opium monopoly. The proposal to compel banks to hold a large proportion of their reserves in Government paper comes from the British province of Canada, and it also has a counterpart, to some extent, in the Indian State note issues. Newspaper postage is a strictly British idea, and so are many of the other proposals. And at a time like this, when there is a more than usually violent conviction that it is advisable to follow the British model in all things, the fact that many of these ideas are British should be a recommendation of

some weight.

Payment of Federal Members.

[From "The Bulletin," December 29, 1900.]

THE cheap and nasty politicians—the rich noodles who can afford to legislate badly without pay, the poor noodles who can afford to legislate badly for the small pay offered because it is as much as they can earn in any other walk of life, the has-beens and the mediocrities and the miscellaneous—are gathering strongly among the candidates for the Federal Legislature. But as regards the more promising men, the news comes a great deal too often that pressure of private business stands in the way, and that one and another will probably keep out of Federal politics because he can't afford to go in at the price. The salary offered to a Federal member is £400 a year, to a Federal Minister something under £2000. The private member's salary is probably equal—while it lasts—to about £200 a year at most in private business. There have to be deducted from it election expenses, contributions to charities in the member's electorate, expenses on periodical visits to the constituency—the member who wants to keep his billet must periodically orate to his supporters and give an account of his stewardship, expenses involved in a residence at the seat of Government during the session and many small, special outgoings. If a member is to really know his business, and to do it well, he must devote practically his whole time to it; politics require as much study as any other profession. Of course, a man may be a farmer or a doctor or a merchant by profession, and make or botch laws ignorantly in the fag-end of his time, just as a man may be a bootmaker by profession and perform intricate surgical operations with his awl when his day's bootmaking is over— but that isn't desirable. The country has to choose between the professional politician who makes politics the study of his life, so that he really gets to know how to draft a Bill that will hold water, or the amateur politician; just as it has to choose between the professional doctor, who knows where to find the organ he is looking for, or the quack who treats everything at random with a decoction of boiled grass.

And if Australia wants to get men who have brains enough to make laws intelligently, and who will give their time unreservedly to the study of the most difficult science on earth, it must pay them adequately. The man whose ability is sufficient to command a salary of £600 a year for life is seldom willing to abandon his position, and drop out of the running in his profession, and surrender chances which he may never be able to fully pick up again, for a net annual income of about £200, which may vanish at next general election. Of course, the man who hasn't patriotism enough to serve

his country in Parliament without remuneration, or at a miserably small remuneration, is a mercenary and sordid being, but that is a mere side issue; so is the man who hasn't patriotism enough to serve his country gratis on the Bench, or in command of the army, or in the Civil Service, or the police, or with the pick and shovel in making the country's railways, or in driving the country's locomotive, or teaching in the country's schools. The paid politician and the paid Judge, schoolmaster, soldier, engine-driver, &c., are all sordid, and the matter may be left there. The country has to accept things as they are, and in a general way this is how they are: The system of unpaid legislators practically confines representation to wealthy men, who are mostly elderly, having spent the best part of their lives in making their wealth, and who have the Toryism of age superadded on the Toryism of riches. It admits also a few young and adventurous axe-grinders, but they are not much of an improvement. And the system of badly-paid legislators admits the old rich Tory, and the axe-grinder, and also a third class—the poor man who can afford to take a precarious net income of £200 a year as full pay for his services because it is the full market value of his services. There are bright exceptions under both systems, but they are far less numerous than they should be.

It is advisable to greatly reduce the size of the average Parliament, and to greatly increase the remuneration. As regards the Federal Parliament it is to be a very small body—far smaller than the single legislature of N.S.W.—so in its case the salary of the private member should be increased to £1000 a year without any reduction in membership. The proposed £400 a year—which means about £200 net—is utterly insufficient. Australia doesn't want to be compelled to entrust the tremendous responsibility of law-making to rich old men, or to men whose mental endowment makes them only worth £200 a year net, or to men who give most of their time to other occupations and attend to the nation's concerns with the mere fag-end of a tired intellect. It needs men who are young, brilliant and ambitious—and these kind of men are not to be bought with a clerk's wage. And it needs the best of their services. It wants to make politics career that will attract the brightest minds in the country, and to make it worth a politician's while to do his utmost for the nation by making his billet one that is really worth keeping. In a thickly-peopled country like Britain, the wealthy class is so large that it is possible to find among it a reasonable number of good legislators—even a reasonable number of good Liberal legislators—to make one tolerably efficient unpaid Parliament. Australia, with less than one-tenth of the population, can't find among its handful of wealthy men anything like enough to make *seven* efficient Parliaments. It must needs buy its politicians, and if it wants good men it must offer them market

value. If members of Parliament are, to a great extent, inferior men who ask silly questions, and make wandering speeches, and compound ridiculously unworkable Bills, they are at least as good as any country can expect to get at the price.

Not only should the salaries of private Federal members be raised to £1000 a year, but the salaries of Federal Ministers should be fixed at £5000 annually. Australia wants its Treasurer—the man who is responsible for the public cash of a continent—to be as good a financial expert as the head manager of a bank, and while a leading bank-manager can get £2000 or £3000 a year for life, and a Federal Treasurer, who can only hope to hold his place for three or four years, and is liable to discharge at a moment's notice, receives much less, it is obvious that the country is paying for an inferior man and is only likely to get an inferior man. And while the Cabinet—which has to do the original work of thinking-out and framing the country's laws—has a precarious billet at a low salary and no pension, and the Chief Justice, who does the mechanical business of administering these laws, has a high salary, a permanent billet and a pension, it is obvious that there is a lamentable discrepancy somewhere. The same discrepancy is visible in all the Australian legislatures. This country has always suffered from the idea that any kind of cheap individual is good enough to make laws—and then it wonders why laws are so inefficiently made. The reform of the State Parliaments should go on the lines of cutting down the membership by one-third or one-half (it is always easier to find 50 able men than 100), and doubling the salary (it is generally easier to secure the services of a good man for £400 than for £200). And the first reform of the Federal Parliament should be in the direction of offering an adequate wage; the country may not always get good service for good wages, but there is usually very little doubt about getting bad service for bad wages.

Appendix

The Tariff Question: Freetrade Britain and its Protectionist Neighbors.

THE Australian Freetrade party is on top in one State—New South Wales. There it has a majority and a mandate from the people to practise Freetrade, or at least pure Revenue Tariffism; and there it persistently points to whatever prosperity New South Wales enjoys as a proof of the blessings and advantages of Freetrade. And in New South Wales the Freetrade party levies heavy protective duties to prop up the sugar industry, the beer industry, the wine industry, the newspaper industry (the N.S.W. Freetrade paper enjoys 50 per cent. Protection), the tobacco, cigar and cigarette industry, and some smaller trades such as the manufacture of confectionery, jams, jellies, biscuits, &c. But all the same, partially-protected New South Wales is the centre of the Freetrade doctrine in Australasia; and the party which declares that Protection is a curse, and which keeps on Protective duties as far as it dare, and which denies that it keeps them on, has its stronghold there.

The said party has two principal arguments in defence of the faith which it doesn't practise. They are that the enormous progress of Revenue-Tariff Britain as compared with its Protectionist rivals is a standing evidence of the advantages of Freetrade, and that the enormous progress of partially-protected and partially-Revenue-Tariff New South Wales as compared with Protectionist Victoria proves the same thing. To take the British argument first—the usual process is to show by figures that Britain has more money or more industries or more ships than some Protectionist States, and leave things there. It is a fool of an argument, and proves nothing. BRITAIN UP TO ABOUT 1840 WAS A RIGIDLY PROTECTIONIST STATE. AND UNDER PROTECTION BRITAIN BECAME THE GREATEST COMMERCIAL, MANUFACTURING, MINING AND BANKING STATE ON EARTH, ONE OF THE GREATEST AGRICULTURAL STATES ON EARTH, THE WEALTHIEST STATE ON EARTH, THE STATE WHICH HAD LENT MONEY TO ALMOST EVERY OTHER STATE AND WHICH HAD A MORTGAGE ON THE GLOBE. Then it gradually abandoned Protection while other nations either adopted it or continued in it. Germany, for example, only adopted Protection after Britain abandoned it. So the position is really this: IF BRITAIN, THE MOST ENERGETIC AND INTELLIGENT EXPONENT OF FREETRADE, IS FURTHER AHEAD OF THE LEADING PROTECTIONIST STATES NOW THAN IN 1840, IT MAY BE FAIRLY INFERRED THAT FREETRADE IS GOOD. IF

BRITAIN HAS LOST GROUND SINCE 1840, AND THE LEAD SHE GAINED UNDER PROTECTION HAS BEEN LOST OR PARTLY LOST UNDER FREETRADE, THEN THE GREAT FREETRADE ARGUMENT FALLS TO THE GROUND FLAT.

The following statistics dealing with this subject are taken from the "Dictionary of Statistics" (1899 edition) and the "Industries and Wealth of Nations" (1896 edition) of that eminent British statistician, MULHALL. In every case the page is quoted so that the reader can hunt up these works at some public library and verify the figures for himself if he feels so inclined. He isn't asked to take anything on trust. THE BULLETIN has no desire to follow the fashion of certain prominent Australian Freetraders who manufacture their statistics as they go along, and plant them down without a shadow of evidence to support them, as if they were the dogmas of an infallible church. "Britain" in these tables includes Ireland.

Aggregate Wealth of States.

This includes land, houses, railways, ships, furniture, crops, cattle, money—every kind of fixed or movable asset, in fact. The figures in brackets refer to the page in the 1899 edition of Freetrader MULHALL'S "Dictionary of Statistics" where the information may be obtained. The figures for 1840 are worked out from MULHALL'S estimates of wealth and population, and anybody can check the result for himself. The figures for 1896 are taken bodily from a table on page 818, the result being worked out by MULHALL. They don't apply to exactly the same year in each case, but they get as near to it as the records supplied will permit:—

UNITED STATES (Protectionist).

Population.	Total Wealth.	Wealth per Inhabitant.
1840 17,063,000 (450)	£782,000,000 (593)	£46 (593)
1896	16,350,000,000 (818)	234 (818)
Increase per inhabitant (56 years)		£188
Increase per inhabitant per annum,		£3 7s. 2d

FRANCE (Protectionist), according to FLAIX'S estimate of wealth in 1841.

Population.	Total Wealth.	Wealth per Inhabitant.
1841 34,230,000 (445)	£3,240,000,000 (591)	£94
1896	9,690,000,000 (818)	252 (818)
Increase per inhabitant (55 years)		£158
Increase per inhabitant per annum,		£2 17s. 5d.

FRANCE (Protectionist) according to GUYOT'S estimate of wealth in 1841.

Population.	Total Wealth.	Wealth per Inhabitant.
1841 34,230,000 (445)	£3,600,000,000 (591)	£105

1896	9,690,000,000 (818)	252 (818)
	Increase per inhabitant (55 years)	£147
	Increase per inhabitant per annum,	£2 13s. 5d.

BRITAIN (Freetrade).

	Population.	Total Wealth.	Wealth per Inhabitant.
1840	26,582,800 (444)	£4,100,000,000 (589)	£154
1896		11,806,000,000 (818)	302 (818)
	Increase per inhabitant (56 years)		£148
	Increase per inhabitant per annum,		£2 12s. 10d.

The Freetrade State shows the smallest progress. MULHALL gives no actual population figures for 1840, but he records that the British population was 24,133,000 in 1831, and 26,855,000 in 1841, so the increase was at the rate of 272,200 a year, which makes a total for 1840 of 26,582,800. MULHALL, unfortunately, supplies no comparative statistics as regards Germany.

Earnings From all Sources.

The figures in brackets refer to the pages of MULHALL'S "Industries and Wealth of Nations," where the information can be verified. The dates are as nearly uniform as the information supplied will admit of.

	National Earnings.	National Earnings.	
	1843	1894	Increase in 51 years.
France (129)	£639,000,000	£1,199,000,000	£560,000,000
	(Increase of £10,980,000 per annum.)		
1836	1895		Increase in 59 years.
Britain (95)	600,000,000	1,423,000,000	823,000,000
	(Increase of £13,950,000 per annum.)		
	1840	1894	Increase in 54 years.
Germany (151)	389,000,000	1,284,000,000	895,000,000
	(Increase of £16,570,000 per annum.)		
	1840	1894	Increase in 54 years.
United States(307)	331,000,000	3,116,000,000	2,785,000,000
	(Increase of £51,570,000 per annum.)		

The Freetrade State occupies third place only so far as progress is concerned.

Total Value of Manufactured and Agricultural Products in Each Year.

These figures are taken from the "Dictionary of Statistics"—page where figures are printed given in brackets:—

FRANCE.

1840	1896	Increase in 56 years.
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	£		£		£
Manuf.	264,000,000 (365)	596,000,000 (765)			
Agri.	269,000,000 (11)	416,000,000 (615)			
	533,000,000	1,012,000,000			479,000,000

BRITAIN.

Manuf.	387,000,000 (365)	876,000,000 (765)			
Agri.	218,000,000 (11)	230,000,000 (615)			
	605,000,000	1,106,000,000			501,000,000

GERMANY.

Manuf.	150,000,000 (365)	690,000,000 (765)			
Agri.	170,000,000 (11)	417,000,000 (615)			
	320,000,000	1,107,000,000			787,000,000

UNITED STATES.

Manuf.	96,000,000 (365)	1,980,000,000 (765)			
Agri.	184,000,000 (11)	772,000,000 (615)			
	280,000,000	2,752,000,000			2,472,000,000

The Freetrade State comes in a bad third. As a matter of literal accuracy it should be mentioned that the second batch of agricultural returns are really for 1895, no figures for 1896 being supplied.

Mining: value of All Minerals Raised.

These figures will be found on page 773 of MULHALL'S "Dictionary of Statistics." As they only go back as far as 1876 they are of less comparative value than some of the others:—

	1876	1896	Increase in 20 years.	
France	£15,000,000	£21,000,000	£6,000,000	
Britain	58,000,000	69,000,000	11,000,000	
Germany	15,000,000	39,000,000	24,000,000	
United States	70,000,000	101,000,000	31,000,000	

In the matter of progress the Freetrade State is again a bad third.

Stock of Gold and Silver Money.

MULHALL'S "Dictionary of Statistics," page 777:

Britain	£147,000,000	France	£263,000,000
Germany	183,400,000	United States	271,100,000

The Freetrade State comes last.

Total Trade, Internal and EXternal.

The figures refer to 1896, and can be traced on page 388 of MULHALL'S "Industries and Wealth of Nations":

United States	£3,311,000,000	Germany	£1,501,000,000
Britain	1,884,000,000	France	1,324,000,000

The Freetrade State occupies second place in this instance. It is only quite recently that accurate estimates of internal commerce has been made, so it is impossible to say what the relative progress has been. These figures are arrived at by adding together internal trade (which includes imports) and exports.

Savings-Banks' Deposits.

That very remarkable person, ex-Premier REID, of New South Wales—the eminent Freetrader who kept on so many Protective duties—recently quoted Savings Banks' deposits as affording a good criterion of the progress of the working classes. The Savings Banks are pre-eminently the banks of the poor, and as their deposits increase, so it may reasonably be inferred the condition of the poor improves. GEORGE REID declared that the fact of there being £154,000,000 of deposits in the British Savings Banks was a most conclusive evidence that Freetrade was the best policy. *Apropos* of which the following figures, dealing with the period 1840–1889, will be found on page 86 of MULHALL'S "Dictionary of Statistics":—

FROM 1840 to 1889.

<i>Freetrade State.</i>	Savings Bank Deposits (1840).	Savings Bank Deposits (1889).	Increase.
Britain	£23,400,000	£107,200,000	£83,800,000
<i>Protectionist States.</i>			
France	7,600,000	111,800,000	104,200,000
Austria	3,000,000	122,600,000	119,600,000
Germany	4,000,000	144,600,000	140,600,000

No particulars about the United States are given in this table—U.S. statistics don't go back so far. Then, on page 643, MULHALL gives another table dealing with the same subject, and covering a further period of seven years—from 1889 to 1896:—

FROM 1889 TO 1896.

<i>Freetrade State.</i>	Savings Bank Deposits (1889).	Savings Bank Deposits (1896).	Increase.
Britain	£107,200,000	£154,800,000	£47,600,000
<i>Protectionist States.</i>			
France	111,800,000	165,800,000	54,000,000
Austria	122,600,000	178,400,000	55,800,000
Germany	144,600,000	212,500,000	67,900,000
United States	284,000,000	446,000,000	162,000,000

Up to the time Britain left off Protection it had far more Savings Banks

deposits—more deposits of the poor in the banks of the poor—than France, Austria, and Germany put together. And now it can't compete in this respect with the poorest among them.

Something More About Agriculture: Area Under Crop.

The figures for 1840 will be found on page 7 of the “Dictionary of Statistics;” those for 1895 on page 613.

	1840. Acres under crop.	1895. Acres under crop.	Increase.
United States	50,000,000	226,000,000	176,000,000
Germany	45,000,000	65,000,000	20,000,000
France	55,000,000	67,000,000	12,000,000
			Decrease.
Britain	22,000,000	20,000,000	2,000,000

Education.

Whether there is any connection between tariffs and education is a mystery, but the alleged illiteracy of some Protectionist countries has been occasionally used as an argument by Freetrade theorists. So the following figures (from Mulhall's “Dictionary of Statistics,” page 693) are thrown in on general principles:

	Proportion of Adults able to read and write in 1896.
United States (Protectionist)	83 per cent.
Britain (Freetrade)	94 per cent
France (Protectionist)	95 per cent
Germany (Protectionist)	99 per cent.

Emigration.

For many years past Britain seems to be the country, among the great States of Europe, which people have left with most enthusiasm. Curiously enough there is a gap of two years in MULHALL'S figures, but on page 245 of his “Dictionary of Statistics” he gives the emigration for the period 1851-1888, and on page 695 that for the period 1890-1896:—

	Emigration 1851-1888.	Emigration 1890-1896.	Total.
Britain	7,491,000	2,020,000	9,511,000
Germany	4,540,000	533,000	5,073,000
France	1,220,000	203,000	1,423,000

Immigration

Also among European countries Freetrade Britain certainly does not

seem to attract foreign settlers as do Protectionist France and Germany. On page 696 of his “Dictionary of Statistics” MULHALL gives the number of foreigners who have been attracted to and are settled in three leading countries:

Foreign Residents.	
France	1,140,000
Germany	524,000
Britain	275,000

Food.

Apparently the people of the allegedly unprosperous Protectionist States come off about as well in the matter of food as those of the allegedly prosperous Freetrade State. On page 715 of his “Dictionary of Statistics” MULHALL reduces all the food consumed in each country—grain, meat, potatoes, sugar, fish, &c.—to its equivalent, so far as nourishment is concerned, in grain. Comparing the amount of food consumed annually by each nation, as shown on page 715, with the then population, as shown on pages 787 and 789, we get these results:

	Tons of food consumed annually reduced to their equivalent in nourishment of grain.	Population.	Lbs. of food per inhabitant annually.
United States	117,200,000	62,622,000	4,192
France	47,300,000	38,520,000	2,750
Britain	42,900,000	39,830,000	2,413
Germany	52,000,000	52,480,000	2,219

The man of the Freetrade land, according to these figures, compiled by an eminent British authority, doesn't get his victuals either so plentifully or so regularly as the Protected American or Frenchman. Victuals are a sordid thing, still they are worth considering. On the other hand, the Briton seems to be some distance ahead of the German, in which there is consolation. And, though Protection is alleged to make food dear, while Freetrade is said to make it cheap, MULHALL (“Dictionary of Statistics,” page 286) proceeds to show that the Protected Frenchman and American get more food for less money than the Freetrade Briton, and the Protected German also gets his food for rather less per lb. all round than the Briton does:

COST OF FOOD PER INHABITANT PER ANNUM.

United States	£7 12 0	France	£9 8 0
Germany	8 8 0	Britain	9 12 6

Female Labour.

In view of the considerable number of females employed in Victorian factories (though the proportion of females in the factories of protected Victoria is only a fraction of the proportion of females in Free-trade Britain), the Free-trade party in N.S.W. (the party which preaches Free-trade but is so very reluctant to practise it) has set up a theory that the employment of females in manufacturing industries is one of the curses of Protection. Also, that a tendency of the number of female factory employées to increase is pre-eminently the curse and birth-mark of Protection. In view of which it is interesting to find (MULHALL'S "Dictionary of Statistics," page 422) how Free-trade Britain is getting on in this respect. MULHALL here sets forth the number of males and females employed in manufactures and agriculture from 1841—about the end of the Protectionist period—to 1881, when Britain had long been enjoying the "blessings" of Free-trade. Unfortunately he publishes no similar series of statistics about other countries, so it is impossible to say whether the same alleged evil is growing there or diminishing. But in view of the constant declaration that an increase in the number of females employed at laborious occupations is a sign of a bad and foolish and utterly corrupt fiscal system, the figures for the United Kingdom are interesting:—

AGRICULTURE AND MANUFACTURES.

	Male employées.	Female employées.
1841	4,974,000	1,564,000
1881	5,088,000	2,008,000
Increase	114,000	444,000

The fact that between 30 and 40 years of Free-trade led to an increase of 440,000 females in these ill-paid and laborious occupations, and an increase of only 114,000 males, is interesting in view of the constant assertion that it is Protection which forces women to struggle for a crust in ways for which they are constitutionally unfit. But if a comparison is made for the 20 years from 1861 to 1881, when Free-trade was really well-established in the land, the results for the United Kingdom are still more surprising:

AGRICULTURE AND MANUFACTURES.

	Male employées.	Female employées.
1861	5,312,000	2,001,000
1881	5,088,000	2,008,000

Decrease of Males 224,000 Increase of Females 7000
No details are supplied for any year later than 1881.

Pauperism.

MULHALL supplies no returns showing the number of paupers either in the United Kingdom or in other countries as far back as 1840. But on page 439 of the “Dictionary of Statistics” he gives the number of paupers in various countries for the year 1888—no later figures are furnished:

	Paupers.
France (Protectionist)	290,000
Germany (Protectionist)	320,000
Austria (Protectionist)	290,000
Britain (Freetrade)	1,015,000

A case of 1,015,000 paupers out of barely 40,000,000 people in the Freetrade State, as compared with 900,000 paupers out of 137,000,000 people in three Protectionist States!

Proportion of Females to Males.

It is commonly alleged by N.S.W. Freetraders that the fact of there being rather more females than males in Victoria is in some way connected with the evils and horrors of Protection; and it is thrown up as one of the many alleged evidences that Protection is undermining the country. On page 443 of his “Dictionary of Statistics” MULHALL gives these figures:

United States	1000 men to every 965 females.
France	1000 men to every 1004 females.
Austria	1000 men to every 1034 females.
Germany	1000 men to every 1039 females.
Britain	1000 men to every 1047 females.

If, as is so constantly alleged in the case of Victoria, a preponderance of females is an evidence that a country's fiscal system is bad, Britain's fiscal system is evidently the very worst in the above list.

Congestion of Population in Cities.

Another frequent allegation (based on the fact that Melbourne is a remarkably large metropolis in proportion to the population of the country to which it is attached) is that Protection leads to an unhealthy and unnatural congestion of population in bloated cities. It isn't a matter of much importance, still, this is how population may congest in bloated cities under Freetrade (MULHALL'S “Dictionary of Statistics,” page 444):

Protectionist States. Proportion of population in towns of over 20,000 people.

Germany	16 per cent.
United States	18 per cent.
France	18 per cent.
<i>Freetrade State.</i>	
Britain and Ireland	39 per cent.

Steam Power.

According to a table on page 545 of MULHALL'S "Dictionary of Statistics," the whole available steam force of Europe amounted, in 1840, to 860,000 horse-power, and of this Britain, then still a Protectionist State, owned 620,000 horse-power, or 72 per cent. In 1888 the steam-force of Europe was equal to 28,630,000 horse-power, and of this Britain owned 9,200,000 horse-power, or only 32 per cent. This includes practically the whole manufacturing and a great deal of the carrying power of the community. It is another evidence that Britain's great industrial achievements are not quite all owing to the blessings of Freetrade. THE UNITED KINGDOM WAS FURTHER AHEAD OF ITS RIVALS BEFORE IT GOT THE BLESSINGS OF FREETRADE THAN IT IS NOW. In fact the general bearing of all the available statistics is towards the impression that the United Kingdom has lost under Freetrade a good deal of the amazing lead which it gained over all competitors in its old Protectionist days. It isn't sufficient to demonstrate that it has made amazing progress since it took to Freetrade; a nation with such a vast capacity for invention, commerce, and conquest must needs make progress. That proves nothing so far as the fiscal issue is concerned. The real question is: Has Britain progressed faster under Freetrade than the more intelligent of her rivals have done under Protection? It doesn't look like it. Finally, by way of footnote, it is worth while to consider these remarks on

The Diffusion of Wealth.

Speaking of Great Britain, MULHALL says ("Industries and Wealth of Nations," page 100):

Nearly 80 per cent. of the total wealth is held by 11/2 per cent. of the adult population. . . . Fortunes over £5000 are multiplying much faster than those under £5000, which is the reverse of what is desirable, and this congestion seems to increase in intensity the higher we go.

On the same page he gives the average number of deaths of adults in the United Kingdom for each of five years to December, 1893, and the distribution of the wealth of the deceased:—

478 adults left	£63,800,000, equal to	£133,000 each.
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5,544 adults left	70,100,000, equal to	12,600 each.
43,898 adults left	30,900,000, equal to	702 each.
341,080 adults left	Nothing worth mentioning among them.	
391,000		

This is the distribution of British society into four classes—the immensely rich, the affluent, the class that is above want, and the class which, in point of numbers, is equal to all the other three classes seven times over, and which has practically nothing save its muscle and a little furniture. And in the face of these results, in the country which is the world's great and shining example of Freetrade, the Freetrade party is never tired of asserting that it is Protection which makes wealth accumulate in the hands of the few.

The Tariff Question: New South Wales and its Protectionist Neighbor.

WHEN the New South Wales Freetrader (the man who preaches Freetrade and levies a heavy Revenue Tariff, with Protective duties on wine, beer, sugar, tobacco, cigars, cigarettes, confectionery, biscuits, jams, jellies, preserved fruits, Freetrade newspapers, &c., thrown in)—when this individual discusses the fiscal issue as it affects Australia, he generally narrows it down to the old weary comparison between New South Wales and the adjacent State of Victoria. He has done this especially since the bursting of the great Land Boom struck Victoria so heavily. Maoriland, which is nearer to the size of New South Wales, and which is quite as Protectionist as Victoria, might do equally well for an example of the alleged evils and disasters of Protection, but Maoriland has no lately-crumpled land boom, and its remarkable prosperity of late years makes it the kind of Protectionist example that is better left alone. Victoria is about one-quarter the size of New South Wales, about one-half the age, and its manufactures have been crippled all its life by the want of the sinews of industry—a good local coal supply. And there is a general impression in Freetrade circles that the fact of Victoria only containing 87,000 square miles against N.S.W.'s 310,000 is a judgment on that State for its fiscal beliefs, and that if it practised Freetrade it would be a great deal larger. Also the fact that 87,000 square miles don't hold quite so many people as 310,000 is a final and damning proof that Protection is the worst kind of a failure.

So THE BULLETIN presents a few statistics, all taken from reliable official sources, to put the case as between the Protectionist State (Victoria) which has sufficient faith in its own creed to practise Protection, and the allegedly Freetrade State (New South Wales) which hasn't enough faith in its creed to practise Freetrade, but follows a curious mixture of Revenue-Tariffism and a little Protection:

Relative Wages in N.S.W. and Victoria.

One of the most persistent assertions of the alleged Freetrader is that wages are lower in Victoria than in N.S.W., and that they are lower owing to Protection. THE BULLETIN doesn't know of any Freetrader who has produced any evidence in support of the assertion; it is one of those offhand lies which live on mere loudness and reiteration. The following table of maximum and minimum wages in the two States isn't mere

assertion; it rests on the figures supplied in the last issue of the official "Victorian Year Book," part III., pages 602 to 606, and on the figures of the latest official "N.S.W. Statistical Register," part XIV. Every industry regarding which information is supplied by both volumes, and regarding which it is possible to bring the wages to the common basis of so much per week, has been included. Some cases, where weekly wages are quoted in one State and piece-work rates in the other, had to be omitted as comparison was impossible. The Victorian work puts each trade in one line, whereas in the N.S.W. one such occupations as those of tinsmiths and moulders may appear again and again under six or eight headings, but every effort has been made to give the maximum and minimum wage in every trade. And the authorities are open to the inspection of everybody who has a good public library within reach—the statements are not bald dogmas like most Freetrade arguments, which the public is ordered to take on trust:—

These results may be summed up as follows:— There are 194 quotations in all for each province. In 20 cases the wages paid in New South Wales and Victoria are equal. In 106 cases the Victorian wage is quoted as higher than the N.S.W. one. In 68 cases the N.S.W. wage is quoted as higher than the Victorian one. Victoria has the higher minimum wage in 71 cases, and N.S.W. in 16. N.S.W. has the higher maximum wage in 52 cases and Victoria in 35. The inference seems to be that in the Protectionist State wages don't get so high as they do in a few cases in the Revenue Tariff State. On the other hand, in the Protectionist State they don't fall so low as they do in many cases in the Revenue-Tariff country. And the *general* result is in favour of the Protected province.

Relative Population maintained by each State.

COGHLAN'S "Statistics of the Seven Colonies" for 1899 gives this information on page 1:

Victoria	1323 people to every 100 square miles.
New South Wales	434 people to every 100 square miles.

Area Under Crop.

COGHLAN'S "Statistics of the Seven Colonies" for 1899 show these results (page 15) as between the very small wholly-Protected State and the very large State which is only partially Protected:

Victoria	3,159,312 acres under crop
New South Wales	2,440,968 acres under crop

As N.S.W. has 142,000,000 acres more than Victoria, it will probably catch up with that State, for even the best fiscal system won't make more crops grow when there is no more arable land to grow them on. But, so far, the small State is far ahead.

Value Per Annum of Production According to Latest Estimates.

The latest returns on this subject seem to be those on pages 349, 350, and 351 of COGHLAN'S "Seven Colonies" for 1898:

N.S.W.	Victoria.	Surplus N.S.W.	Surplus Victoria.
Agricultural	£5,322,000	£6,042,000	£720,000
Pastoral	13,237,000	5,693,000	£7,544,000
Dairying	3,003,000	3,357,000	354,000
Mineral	4,355,000	3,344,000	1,011,000
Forestry, &c.	718,000	651,000	67,000
Other industries	7,116,000	11,318,000	4,202,000
	£33,751,000	£30,405,000	

New South Wales is ahead in wool because wool-production depends on area, and in forestry because timber-production depends on the acreage of timber-country supplied by Nature, and in minerals because Providence gave it Newcastle and Broken Hill. But, so far as concerns everything that isn't dependent on size and good fortune, it is behind. Victoria's supremacy in manufactures is the more remarkable considering that, until quite recently, every ton of coal used in its industries cost it, by reason of freight, about 40 per cent. more than the price paid by the industries of N.S.W., and the same heavy handicap still exists, though to a less extent. This accidental circumstance is in itself a considerable measure of Protection for New South Wales.

Production in Proportion to Area.

COGHLAN'S "Seven Colonies" for 1898, page 351:—

Value of all produce—agricultural, pastoral, mining, manufactured, &c.

New South Wales	£85 14 6	per square mile per year
Victoria	£217 3 8	per square mile per year

The amount of a country's produce must depend to a great extent on the amount of land that it possesses to produce things from. Grain, wool, sheep, pigs, cattle, and timber can't be grown without surface to support them. And the above figures certainly show that Victoria, under complete Protection, has managed to turn its acreage to much better account than N.S.W. under Revenue-Tariffism and a little Protection.

Manufactures.

In the table dealing with the various kinds of production a great deal of manufacture (ore-crushing, smelting, wool-washing, butter and cheese making, &c.) appears under the head of dairying, mineral production, &c. The whole value of the manufactures of N.S.W. and Victoria for the last year for which returns are available can be found on page 348 of COGHLAN'S "Seven Colonies" for 1898:—

All Manufactured Products.

N.S.W. £16,625,258

Victoria 22,390,351

And here is something about the progress of the two States from 1892 up to the last year for which the returns of both States are available. This covers the period when Victoria was retarded by the bursting of its Land Boom, and also a period when it reduced its borrowing to about £250,000 a year. N.S.W., during the same period, borrowed about £1,500,000 a year, wherefore the alleged Free-trade State had £1,250,000 a year more artificial assistance with which to pay wages to its people and create employment for its people. The figures are from COGHLAN'S "Seven Colonies" for 1894, page 268, from the same publication for 1898, pages 345, 346, and 348, also from COGHLAN'S "Statistical Register" for 1899 (page 569), and from the "Abstract of the Statistics of Victoria" for 1899 (page 48):—

Value of All Products.

1892. 1897.

N.S.W. £35,007,490 £33,751,000 Decrease £1,256,490

Victoria 30,267,690 30,405,000 Increase 137,310

HANDS EMPLOYED IN FACTORIES.

1892. 1899.

N.S.W. 44,268 55,646 Increase 11,378

Victoria 43,192 60,070 Increase 16,878

A reference to COGHLAN'S N.S.W. "Statistical Register" for 1899 (page 569) shows that out of N.S.W.'s small increase no less than 4899 is not a real increase, but only arises through the fact that certain industries not included in 1892 were included in 1899. The same change of the method of computation accounts for about 3000 of the Vic. increase. These figures, however, deal with the manufacturing population employed in registered factories only. It doesn't include single workers, or those employed in workshops where there are only two or three hands. The latest available return of the whole manufacturing population of the two States was that of last census, when the figures were as follows (COGHLAN'S

“Seven Colonies” for 1898, page 335):—

**PERSONS
EMPLOYED IN
ALL
MANUFACTURES.**

New South Wales	74,559
Victoria	87,656

The Wealth and Social Condition of the Two States.

On page 20 of COGHLAN'S “Statistics of the Seven Colonies” for 1900 will be found some information about the Savings Banks deposits of N.S.W. and Victoria, and comparing these with the population returns on page 1 some interesting results can be arrived at. That eminent Free-trade authority, GEORGE REID, the N.S.W. Premier who kept on so many Protective duties, lately laid it down that the returns of the Savings Banks—the banks of the poor—were the best test of a country's prosperity. This is how the test works out—figures are as at 30th June, 1900:—

	Population.	Savings Banks. Deposits.	Savings Banks. Deposits per Inhabitant.
N.S.W.	1,348,400	£10,069,434	£7 9 4
Victoria	1,162,900	9,110,818	7 16 8

The N.S.W. deposits were divided among 260,826 depositors, or one to every five inhabitants; the Victorian ones were divided among 375,070 depositors, or one to every three inhabitants, showing a much more general diffusion of wealth in the Protectionist State. On page 21 of COGHLAN'S “Statistics of the Seven Colonies” appears some information about deposits in banks of issue:—

	Population.	Deposits in Banks of Issue.	Deposits per Inhabitant.
N.S.W.	1,348,400	£32,656,232	£24 4 4
Victoria	1,162,900	30,640,375	26 6 11

Added to this there is some information—not quite so recent—about Friendly Societies in COGHLAN'S “Seven Colonies” for 1898, page 464:

	Population.	Funds in Friendly Societies.	Funds per Inhabitant.
N.S.W.	1,340,400	£561,813	£0 8 4
Victoria	1,162,900	1,155,408	0 19 10

The N.S.W. funds are divided among 63,073 members; the Victorian funds among 80,691, again showing a more general diffusion of wealth in the Protectionist State. Owing to the want of a decent life assurance law it is impossible to compare the amounts of life assurance in force in the two States, but here are some remarkable figures from the printed reports of the A.M.P. Society for 1893 and 1899:—

New South Wales. Number of A.M.P. policy-holders. Insurance in Force.

1893	32,609	£12,437,955
1899	39,987	13,409,775
Increase	7,378	£971,820

Victoria. Number of A.M.P. policy-holders. Insurance in Force.

1893	31,590	£9,562,578
1899	42,215	11,377,857
Increase	10,625	£1,815,279

The A.M.P., though nominally a New South Wales office, is now owned almost as much in Victoria as in N.S.W.; it has more policy-holders in Victoria than in N.S.W., its business is increasing much faster in Victoria than in N.S.W., and it depends much more on the Protectionist State than on its own State for its continued progress.

If the A.M.P. figures can be taken as any criterion the more equal diffusion of wealth in Victoria is again apparent in the larger number of policy-holders and wider extension of the society's benefits.

Cash in Each State.

The only way in which this can be approximately arrived at is from the quarterly returns of coin and bullion in the hands of the banks. The latest returns (for quarter ended 30th September, 1900) are published in the INSURANCE AND BANKING RECORD for November, 1900 (page 844):

	Cash	Proportion to Banking Liabilities
New South Wales	£6,709,434	£20 8s. 0d. per cent.
Victoria	8,538,352	28 0s. 0d. per cent.

Debt, Public and Private

And Victoria didn't get this extra £1,800,000 odd of cash by the simple expedient of borrowing £1,800,000 more. In fact its Government borrowings are £16,000,000 less. On pages 24 and 25 of COGHLAN'S "Statistics of the Seven Colonies" for 1900 appear these figures:

	Total Public Debt at 30th June, 1900.	Debt per Inhabitant.
New South Wales	£65,332,993	£48 0 0
Victoria	49,324,885	42 4 6

And the interest bill appears on page 24:

	Interest and charges of Public Debt per annum.	Interest and charges per Inhabitant per annum.
New South Wales	£2,369,392	£1 18 6
Victoria	1,887,355	1 12 3

Nor again, was the extra £1,800,000 of cash in Victoria's banks as compared with New South Wales obtained by extra municipal or private

borrowings. The following, from pages 429 and 430 of COGHLAN'S "Seven Colonies" for 1898, is the latest estimate of the total net indebtedness of the two States—government, municipal, and private—to outside creditors, also the annual burden of interest on these debts, *and* the annual payments in the shape of rents, &c., to absentees:

	Net External Indebtedness.	Annual Interest, and Rents to Absentees.
N.S.W.	£106,655,000	£4,570,000
Victoria	90,544,000	2,912,000

More about the Diffusion of Wealth.

It is commonly alleged by Freetraders that Protection leads to the creation of a handful of very rich and a great multitude of very poor. Yet in more or less Freetrade Britain MULHALL records that 80 per cent. of the wealth of the country is owned by 11/2 per cent. of the people. And in more or less Freetrade N.S.W. it also would seem that wealth is much more closely concentrated in the hands of a few than in Protectionist Victoria. The probate returns are practically the only means of ascertaining how things go in this respect. COGHLAN, in his "Seven Colonies" for 1894 (page 291), same work for 1896 (page 321), and same work for 1898 (page 425) tells how many people in Freetrade N.S.W. and in Protectionist Victoria died in 1892, 1894 and 1896 respectively (he does not supply the intermediate years, nor, pending the issue of the next edition of his work, does he go any further than 1896) and left any appreciable assets behind them:

	Number of Estates left by Deceased Persons.	Total Value.	Average Value.
1892 N.S.W.	2,117	£4,542,350	£2,145
Victoria	3,208	9,669,784	3,014
1894 N.S.W.	1,493	4,114,325	2,756
Victoria	2,805	5,419,225	1,932
1896 N.S.W.	2,488	6,694,916	2,691
Victoria	3,335	6,091,421	1,827

Allowing for the difference in population it would seem that the proportion of people who die in comfortable circumstances, so that they don't require to leave their wives and families to sell newspapers in the streets or to go to the Benevolent Asylum, is quite 50 per cent. larger in Victoria than in New South Wales. Also, it looks as if Victoria, even with its smaller population, had more total wealth to leave behind it when it died. Further, on page 426 of the "Seven Colonies" for 1898, COGHLAN sets forth that the proportion of people dying in the two States who left behind them enough wealth to appear in the probate returns was as follows, from 1884 to 1896:—

—	1880 to 1884.	1885 to 1889.	1890 to 1894.	1895 to 1896.
N.S.W.	110 per 1000 deaths	116 per 1000 deaths	132 per 1000 deaths	151 per 1000 deaths
Vic.	127 per 1000 deaths	131 per 1000 deaths	173 per 1000 deaths	207 per 1000 deaths

Not only is wealth more widely diffused in the Protectionist State, but it would appear that the process of diffusion is going on faster.

Habitations.

Information as to the housing of the people is collected only once in 10 years, in connection with the census. The latest information is for 1891, and will be found on pages 68 and 69 of COGHLAN'S "Seven Colonies" for 1898. In 1891 New South Wales had 241,991 houses to accommodate 1,165,300 people, or rather over 48 people to every 10 houses. In the same year Victoria had 241,560 houses to accommodate 1,157,678 people, or a shade under 48 people to every 10 houses. Judging by the mere number of houses, therefore, the accommodation is much the same, with a slight advantage in favour of Victoria, but in the matter of the size of the houses Victoria shows a distinct advantage. Victoria, at the 1891 census, supplied information about the size of all houses; N.S.W. about the size of occupied houses only. The figures, given on page 69 of COGHLAN'S "Seven Colonies" for 1898, are as follows:—

N.S.W.: Out of 215,940 occupied houses, 41,013, or 19 per cent., were of the poorest class—the one and two-roomed variety.

Victoria: Out of 241,560 houses, only 28,497, or barely 12 per cent., were of the poorest class—the one and two-roomed variety.

But again it appears that while the poorer class of Victorians is better off than the poorer class in New South Wales, the small class of the extremely rich is more conspicuous in the Freetrade State. New South Wales has far more one and two-roomed shanties than Victoria, but at the other end of the category N.S.W. has 3072 mansions of over 16 apartments against only 2899 in Victoria.

Education.

At the census of 1891 the number of people in N.S.W. who could neither read nor write was returned as being 244,848; the number of illiterates in Victoria, which had then practically the same population, was only 198,821. Of course, the bulk of these are children in both cases. But the relative proportion of adults in each State who can neither read nor write may be gathered from these figures for 1896 (COGHLAN'S "Seven Colonies" for 1898, page 100):—

Persons married in Number of persons married who could not write Proportion of illiterates to persons

1896.	their names.	married.
N.S.W. 16,990	371	about 21/4 per cent.
Victoria 15,250	106	about 23/4 per cent.

The Tax Burdens of the People.

Probably the point on which the Freetrader lays most stress in his perpetual comparison of N.S.W. under the blessings of Freetrade (with a certain number of Protective duties thrown in) and Victoria groaning under the alleged curse of scientific Protection, is the extra taxation levied on the people of the latter State. And certainly Victoria is more heavily taxed than N.S.W. One reason is that N.S.W., because it has nearly four times as much land, and chief possession of Australia's only large river system to water that land and make it valuable, has a land revenue which, in the year ended 30th June, 1900, amounted to £2,108,433, while Victoria's land revenue was only £375,276. Victoria naturally had to make up the discrepancy, to some extent at least, by extra economy or extra taxation. And if Protection causes Victoria to have only 87,000 square miles of territory, while under Freetrade it would swell up to 310,000 square miles, then this extra taxation is certainly a proof that Protection is very bad indeed. And, in addition, Victoria is more heavily taxed than N.S.W. because it is more honest, more self-dependent, and doesn't steal such an awful amount of loan money for expenses that should be paid out of revenue. In time of peace the only possible excuse for borrowing is that the money is applied to productive works, which will defray, or largely defray, interest on their cost. Unproductive works should be paid for out of revenue, and they are only paid out of loans because the Government hasn't the grit to face its responsibilities, or because, if N.S.W. paid its way even as fairly as Victoria does, it would have to tax its people as heavily, and the legend about Freetrade "reducing the people's burdens" would go broke. The following, from Coghlan's "Statistics of the Seven Colonies" for 1895 (pages 17 and 20), 1896 (pages 17 and 20), 1897 (same pages), 1898 (pages 18 and 21) and 1899 (pages 22 and 25), shows the amount of taxation raised and the amount of loan money used for revenue purposes in N.S.W. and Victoria, and fully explains why Freetrade N.S.W. is more lightly taxed than its Protectionist neighbor:

NEW SOUTH WALES.

1895-96.—Customs Revenue	£1,825,240
Excise and Direct Taxation	740,872
Loan money used for Ordinary Expenditure	559,552
	£3,125,664
1896-97.—Customs Revenue	£1,280,715

Excise and Direct Taxation	1,177,354	
Loan money used for Ordinary Expenditure	562,658	
		3,020,727
1897-98.—Customs & Excise Revenue	£1,529,830	
Direct Taxation	974,026	
Loan money used for Ordinary Expenditure	650,514	
		3,154,370
1898-99.—Customs & Excise Revenue	£1,621,062	
Direct Taxation	937,896	
Loan money used for Ordinary Expenditure	833,491	
		3,392,449
1899-00.—Customs & Excise Revenue	£1,735,621	
Direct Taxation	881,692	
Loan money used for Ordinary Expenditure	879,282	
		3,496,595
		£16,189,805

VICTORIA.

1895-96.—Customs Revenue	£1,733,672	
Excise and Direct Taxation	949,248	
Loan money used for Ordinary Expenditure	Nil.	
		£2,682,920
1896-97.—Customs Revenue	£1,759,392	
Excise and Direct Taxation	868,330	
Loan money used for Ordinary Expenditure	49,417	
		2,677,139
1897-98.—Customs & Excise Revenue	£2,110,866	
Direct Taxation	798,164	
Loan money used for Ordinary Expenditure	157,060	
		3,066,090
1898-99.—Customs & Excise Revenue	£2,234,436	
Direct Taxation	818,513	
Loan money used for Ordinary Expenditure	222,949	
		3,275,898
1899-00.—Customs & Excise Revenue	£2,267,141	
Direct Taxation	673,817	
Loan money used for Ordinary Expenditure	294,954	
		3,235,912
		£14,937,959

(Up till June, 1897, COGHLAN lumps excise revenue in with direct taxation; after that, he includes it in customs, and this writer has followed his system throughout). The results for the five years may be summarised thus:

	Taxation.	Loan money Misappropriated as Revenue.
New South Wales	£12,704,308	£3,485,497
Victoria	14,213,579	724,380

Therefore, on the authority of N.S.W.'s official Statistician, it isn't

Fretrade which makes N.S.W., for the time being, a less heavily-taxed place than Victoria, but dishonesty and plain steal, and the cowardice of its rulers who won't face the situation.

The Relative Progress of Population.

The population of New South Wales has, since 1892, increased considerably, while that of Victoria has been stationary. That is how things stand according to the annual guess made by statisticians, though, as a matter of fact, until the census of 1901 is taken, no one can say how the figures have gone. Assuming, however, that the guess is correct, the stoppage of Victoria's population increase and the advance in New South Wales are a useful stock argument of the Fretrade party in support of its policy. Yet there is very little in the argument. In the first place a country which has already 13 persons to the square mile can't absorb population as can one with only four persons to the square mile. Victoria has practically no good land left to offer to intending settlers; it is exactly in the same position as regards N.S.W. as Britain occupies with regard to the eastern States of the United States, where a large proportion of Britain's immigrants go—that of a comparatively over-crowded country.

And, in addition, New South Wales is buying population on an enormous scale by finding artificial employment for its people per medium of loan expenditure. Victoria almost abandoned this practice for some years after 1892. While Victoria and N.S.W. both borrowed largely and kept up an artificial supply of employment both increased in population. When N.S.W. continued finding employment out of loan funds for about 16,000 people (equal, with their wives and families and the commercial class dependent on them, to about 100,000 persons), and Victoria suddenly cut down its loan expenditure and reduced the number of persons employed out of loan funds to about 2800 (equal to perhaps 19,000 workers and dependents), there was a slump. Victoria, in 1894, by partially swearing off the loan curse, deprived about 150,000 people of their usual direct or indirect sustenance as compared with 1891. For five years ending with 1893 the money the two States had to spend, apart from taxation and land revenue, in finding work for their people, was as follows (COGHLAN'S "Statistics for the Seven Colonies" for 1899, pages 33 and 41):—

	Expenditure of Loan Money, N.S.W.	Expenditure of Loan Money, Vic.	Extra Expenditure in N.S.W.
5 years to 1893	£13,459,078	£12,288,322	£1,170,756
Next 5 complete years	7,763,865	1,365,469	6,398,396

Up to 1893 N.S.W.'s population increased rather faster than Victoria's,

because it had more room for new agricultural settlers, had £1,500,000 a year more land revenue to spend in finding work and wages for the people, and because it spent £230,000 a year more loan money in finding work and wages for the people. For the next five years N.S.W.'s population increased much faster than Victoria's because it had more room for agricultural settlers, had £1,500,000 a year more land revenue to spend in finding work and wages for its people, and spent nearly £1,300,000 a year more loan money in supplying them with work and wages. The extra population was bought with loan money.

The Protected Industries of N.S.W.

Apropos of the claim that N.S.W. is a Freetrade country, and that its progress is not ascribable in any measure to partial Protection and to the temporary inflation arising from lavish borrowing, but is wholly owing to Freetrade, the following is a brief statement, from COGHLAN'S "N.S.W. Statistical Register for 1899," Part VI., of the number of persons employed in the protected industries of the alleged Freetrade State:

	Employed in N.S.W.'s Protected Industries.
Breweries	885
Biscuit Factories	744
Confectionery Works	613
Jam Factories	658
Sugar Mills and Refineries	1488
Tobacco Factories	741
Newspapers probably about	3000
(These are classed as "Printing and Bookbinding, 4714.")	
Sugar-growing	Unknown
Wine-growing	Do.
Tobacco-growing	Do.
	8129

Even allowing nothing for the unknown items this is a good deal of protected industry for such a rampantly Freetrade State to have on the premises.

Prices of Necessaries.

The question of prices is too vast to be fully entered into here. But in view of the fact that the alleged enormous cost of necessaries in Victoria is one of the stock lies of the Foreigntrade party, and in view of such outrageous foolishness as GEORGE REID'S recent assertions about the respective prices of starch in Melbourne and Sydney, a list of the prices of a few of the commonest necessaries is here appended. They are all ordinary

groceries. The Melbourne prices are those of MORAN and CATO, and the Sydney ones those of LASSETTER'S Universal Providery— both notoriously cheap firms. The lowest price is quoted in each case, as it is the cost of the cheapest article with which the masses are most concerned. Any person who desires to cast doubts on the correctness of the figures is requested to call at THE BULLETIN office and see the price lists before he starts making reflections:

—	LOWEST PRICES QUOTED	
	Moran and Cato, Melbourne.	Lassetter, Sydney.
	s. d.	s. d.
Candles, per lb.	0 5	0 51/2
Cocoa (Epps), per packet	0 5	0 4
Coffee, per lb.	1 0	1 0
Tea, per lb.	0	1 0
Figs, per box	0 6	0 8
Fresh Herrings, per tin	0 61/2	0 51/2
Flour, per 25lbs.	1 9	not quoted
Jam, per 1lb. tin	0 31/2	0 4
Matches (wax), per doz. boxes	0 31/2	0 3
Kerosene, per case	10 8	10 0
Lollies, per lb.	0 21/2	0 4
Currants (Patras) per lb.	0 91/2	0 81/2
Marmalade, per 1lb. tin.	0 51/2	0 7
Oatmeal, per 7lb. bag	1 2	1 3
Split Peas, per lb.	0 2	0 2
Rice „	0 2	0 21/2
Sago „	0 2	0 21/2
Salt „	0 01/2	0 1
Soap, per cwt.	11 0	12 6
Starch, per lb.	0 4	0 31/2
Sugar, „	0 21/2	0 2
Tapioca, per 12lb.	2 0	2 3

Out of 21 common groceries three prices are exactly similar. The Melbourne firm is cheaper in 11 cases, and the Sydney one in seven, but as the Sydney man has a discrepancy in his favour on sugar, which is probably the most essential item in the list, it is probably almost a dead heat. But the figures are an interesting commentary on the famous Freetrade anecdotes which have been doing such good service of late.

Pauperism.

On page 105 of the “Seven Colonies” for 1898, N.S.W. Statistician COGHLAN estimates the number of paupers in 1896 at:

According to the then population the proportions were 66 paupers to every 10,000 inhabitants in N.S.W., and 65 paupers to every 10,000 inhabitants in Victoria, the population of N.S.W. being then 1,297,640, and of Victoria 1,174,244.

The figures in these appendices mostly represent the result of Revenue Tariffism upon Britain as shown by British authorities, and the result of Revenue Tariffism plus a very insufficient amount of Protection upon New South Wales as shown principally by New South Wales official authorities. Among them they represent some of THE BULLETIN'S reasons for being Protectionist. Statistics certainly are not perfectly reliable authority, but they are the most reliable authority obtainable. The alternative lies between relying on statistics and relying on ignorant prejudices, and THE BULLETIN prefers statistics.

The Disease Called Commerce.

There are two kinds of commerce, and one of them is a Disease. Australia has got the disease kind badly, and the Freetrade party in Australia worships the disease. Commerce, in the cant meaning of the term, is the profitable or unprofitable shifting of goods over the imaginary streak on a map which marks a political division. Sending goods, even at a profit to all parties concerned, 450 miles from Newcastle to Albury, both in N.S.W., is not commerce in the Freetrade acceptance of the term, and doesn't amount to much. Sending goods, even at a dead loss, three miles from Albury in N.S.W. to Wodonga in Victoria is commerce, and therefore it is the source of all earthly goodness and greatness, the only true test of prosperity, the fulfilment of man's noblest destiny, the root of all progress, and the beginning, middle, and end of things in general. The Cornstalk Freetrade party says: "Look at our commerce as compared with that of Victoria," and holds that the fiscal problem is settled for good and all. For the one purpose of Progress and Civilisation is to tear much raw material out of the ground and drag it up a plank on to a ship, and to drag much manufactured goods down a plank off a ship. And the country which drags much foreign goods down a plank is Saved, and the one which drags comparatively little raw material up a plank is Lost, and the country which doesn't see that its one ambition should be to drag exports up a plank and to drag imports down a plank is Damned—politically, that is.

And this faith leads to curious results. The Freetrader measures things almost wholly by exports and imports, and regards local industry as nothing in particular by comparison with his fetish—Commerce. If a country hauls out of the ground an extra £1,000,000 worth of raw material, and puts it on board a ship, and pays an enormous price to have it carried by some foreigner to the farthest ends of the earth. that is commerce. And if it pays £3,000,000 for the same material, on an equal amount of similar material, brought back in a manufactured state from the farthest ends of the earth, and also pays a great deal to some foreign shipowner to carry it back, that is also commerce. The people at the other end of the earth may have got the great bulk of the profits, but the items appear in the trade returns as £4,000,000 worth of commerce, and there is great drinking at Freetrade banquets about the obvious increase in the country's prosperity under a civilised and enlightened fiscal policy. And if a Protectionist country also digs up £1,000,000 worth of raw material out of its own soil, and manufactures it on the spot into £3,000,000 worth of goods for the use of its own people, and keeps the £2,000,000 worth of employment involved in

the manufacturing process for its own people, then it has no £4,000,000 worth of extra commerce to show, and the dreadful results of Protection are therein manifested. Yet so far as commerce consists in this kind of exchange—and a vast amount of Australia's commerce does so consist—it is a curse and a disgrace, and an evidence of the nation's lack of enterprise and lack of capacity, and a proof that it is largely confined to the poorest, least intelligent, and most animal of occupations— that of scratching raw material out of the soil and shipping it away to be manufactured by more intelligent communities. If Australia, with its existing population, was more advanced in the industrial sense, it would have less commerce. It would send away less raw material, for it would use more in its own industries, and it would bring in less manufactured goods, because it would make more for its own use. And so far as its exports represent the sending away of its raw material to be made up by other people into goods for its own use, and so far as its imports represent the return of its own or similar raw material manufactured for it by more enterprising races, Australia's commerce is a misfortune and a curse, and the Freetrade policy which seeks to foster it is a curse also.

As already mentioned there are two kinds of commerce—of external commerce that is—and one of them is a Disease. Although the Australian Freetrade party habitually speaks of this country's commerce and that of Britain as if they were the same thing, there is really very little resemblance. Britain, by successful war, conquest, fortunate adventure, enterprise and Protection, became, early in this century, the carrier of the world. She still holds the position to a great extent, though not in the same proportion as she once did, and she still holds a prominent position as a manufacturing State, though not by any means the position she once did. Britain's commerce consists in loading its own and other people's—mostly other people's—goods, mostly manufactured goods, on its own ships, and carrying them all over the earth. The carriage of these goods is one of Britain's important sources of revenue. Australia's commerce consists mostly in loading its own raw material on other people's ships, and paying other people at great expense to carry them, The one is driving a cart and being paid handsomely for it. The other is sitting in a cart and paying heavily for it. “TATTERSALL” and his clients may both be classed as gamblers because they are both in the same gamble, but “TATTERSALL” gets 10 per cent. of all the money that goes through and his clients lose 10 per cent. Commerce, as it is understood in Britain, France, and Germany, and commerce as it is understood and bragged about by the Australian Freetrader, are both commerce in a way, only with much the same difference as in TATTERSALL'S case.

The producer of raw material is, on the whole, the worst-paid of the industrial workers. Yet Australia must remain in a great measure this Gibeonite among toilers—or else it must damage that beautiful commerce which is the Freetrader's Ark of the Covenant. To the Freetrader there is a great and sacred joy in the fact that New South Wales, in proportion to population, exports and imports more than Victoria. He is glad to his very heart because New South Wales makes less of its own clothes and boots and hats, and underwear and ironware and leatherware, and other things, and therefore uses less of its own raw material in its own industries, and so has more of them to haul up a plank on to a foreign-owned ship at a wharf—which is commerce. And he is overjoyed to the bottom of his soul because, for the same reason, it has to drag more clothes, boots, hats, shirts, ironmongery, leather goods, &c., down a plank off a foreign-owned ship at a wharf—which is also commerce. His great ambition is to be, in proportion to population, the greatest wharf-lumper on earth—a tremendous national wharf-lumper for other nations' ships. It is his ideal to be an ox-like beast of burden on a quay—not his own ox, even, but the ox of the British and French and German shipowner, on the quay that was built with money borrowed in England. He wants to spread the wharf-lumping complaint all over Australia, and he is moved to profound pity for other communities which don't wharf-lump quite so much as he does.

As already mentioned, there are two kinds of commerce, and one of them is a Disease. A nation which buys raw material, of the kind which it can't produce sufficiently itself, from less enterprising and intelligent races, and makes it into finished goods, and sells them to backward communities which don't manufacture much for themselves, has one kind of commerce. A nation which sells raw material only because it is only far enough advanced to be a digger and delver, or a ploughman, or a person who pursues cattle and sheep, and which buys its finished materials from more intelligent communities—it has the other kind of commerce. To the Freetrader, all kinds of commerce are alike, because they all consist of dragging something heavy off or on a ship; but in reality a good deal of the honor and profit and the evidence of progress depend on the nature of the goods dragged and the ownership of the vessels they are dragged from or to. Even the question whether the wharf they are dragged off or on has been paid for or not enters, to some extent, into the question. If Australia ever becomes a self-dependent nation, and supplies its own requirements in the way of manufactured goods, and furnishes work and wages for its own people in the manufacturing process, and keeps the profits of manufacture for itself, and ceases to waste money needlessly in paying other nations for carrying its goods to and fro, the first sign of the great improvement setting

in will be a large diminution in the amount of its commerce in proportion to population. There will be less wool and hides humped on to ships and less clothes and boots and saddlery humped off before that portion of Australia's trade which is only a Disease will abate; and some ships which formerly came in at our ports to carry the Disease will cease to call here; and some wharves which they formerly occupied in the process of the Disease will be deserted. And then the Freetrader will wail bitterly because this country isn't so vast a wharf-lumper as it used to be, and will point out for the billionth time that the only true test of a country's prosperity is the amount of wharf-lumping that it accomplishes, and the country that doesn't lump is Lost.
