

# THE LABOUR MOVEMENT IN AUSTRALASIA

A STUDY IN SOCIAL-DEMOCRACY

BY

VICTOR S. CLARK, PH.D.



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MANY FRIENDS IN AUSTRALIA AND NEW  
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## PREFACE

THE American Federation of Labour has recently advised the trade unions of the United States to enter the next political campaign. This action may not revolutionise our parties, but nevertheless the step is significant. It indicates maturity of sentiment in favour of political action not hitherto manifested by conservative labour organisations. Though most American unions have opposed socialism, still, considering current phases of popular thought, they can hardly engage in politics without making socialist policies a live issue—perhaps in the near future a leading issue—before our people. Therefore the experience of the Australasian democracies, so closely resembling the United States, where a powerful political party has been erected upon a foundation of trade unionism, has timely interest for Americans.

This book is an attempt to describe the his-

tory of the political labour party of Australasia, to analyse its policy and the results of that policy so far as applied, and at the same time to make clear the differences as well as the similarities characterising those countries and America, which must affect the application to our own problems of their experience. I have tried to write from the standpoint of an agnostic in social creeds. My observations were made during visits to Australia and New Zealand, in 1903 and 1904, under a commission from the Government. Allusions to more recent events are based upon correspondence and printed information.

The methods of social-democracy in Australasia are historically continuous with the methods of political-democracy in Great Britain. In their struggle for civic freedom, the commons of England relied upon adjective rather than substantive law. From the Magna Charta down, every bill of rights wrung from the sovereign provided procedure for asserting and realising personal and political liberty, not general definitions of what that liberty was. The

measures by which popular control was extended were concrete measures. Their development was not symmetrical and subordinate to a preconceived theory of government or the rights of man. They were not automatic checks upon arbitrary authority, but means by which each citizen in maintaining his own rights defended the rights of every other citizen.

The social-democratic policy of the colonies is following a similar development. Australasian socialism is distinguished from Continental socialism by the same features that distinguish the Magna Charta and the Bill of Rights from the crystallisations of political theory in the documents of the French Revolution. It has been called a "socialism without doctrines." Its object is to secure instruments by which workers may control industry. It seeks tools rather than proclaims theories, and does not try to harmonise practical attainments with a preconceived ideal of society. Therefore the socialism of Australasia is unique, and worthy of study as a phase—though still incomplete, and possibly not abiding—of Anglo-

Saxon history. Even more important from a practical standpoint is its revelation of the vital forces directing the labour movement as a world-wide phenomenon.

VICTOR S. CLARK.

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*June, 1906.*

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## CHAPTER I

### THE COUNTRY AND ITS RESOURCES

THE term Australasia is used to include the Commonwealth of Australia and the Colony of New Zealand, lands separated by twelve hundred miles of water, but intimately connected in social and industrial development. Both countries lie largely in the south temperate zone, are peopled by a race of almost pure Anglo-Saxon stock, and are governed by elective parliaments modelled upon that of England. Their natural resources are broadly similar, though climatic differences exist great enough to affect the economic condition, and even to be reflected in the social condition of the

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inhabitants. The people have been so drawn together by their remoteness from other centres of European civilisation, and by the identity of the public problems they have had to face, that they are distinguished by close community of sentiment and opinion. Neither country could well be considered alone in any account of social movements in which either was concerned.

Australia approaches in territorial extent the mainland of the United States, though the proportion of arable land is much smaller than in America. Of the two countries it is relatively the warmer, having more than one-third of its area within the torrid zone. The continent presents a relief somewhat like a reversed dinner plate. Along the sloping rim the land is generally fertile and well watered, and forested with the ever-present but ever-varied eucalyptus. Here agricultural industries thrive and small homesteads are possible. The ridge of loftier country towards the interior consists of low ranges of coastal mountains, from whose highlands flow the streams that occasionally break the even beach line of the continent with

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narrow valleys, and whose waters brought down the gold that formed the placer deposits of the early mining days. This barrier of broken land contains valuable quartz lodes of the precious metals, besides copper, coal, and yet undeveloped iron mines. Beyond it sink the boundless plains of the interior, extending into that "Never-Never" country which alternates between the aridity of the desert during drought years and the wonderful fertility of rich, recuperated fallow lands whenever a tardy rainfall comes to its relief. Gradually, as the remote interior is approached, grazing becomes scantier. Large tracts of country are covered with drought-resisting scrub, or are entirely devoid of vegetation except in the vicinity of water-holes. Sometimes this waste area comes even to the coast, while in other places, especially in the southeastern portion of the continent, the breadth of an empire separates the desert from the sea. Country of no value for agriculture or grazing sometimes contains great mineral wealth. The richest gold mines of the Commonwealth are nearly four hundred

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miles from a constant water supply. The possibilities of the continent have not been measured, but the portion that will be permanently settled is pretty well defined. Probably over half its area will never be profitably habitable.

Other climatic influences than rainfall affect the distribution of population. The heat and humidity of the tropical northern coast discourage or prevent manual labour by white men. Europeans are employed as herdsmen on the cattle stations of the interior plains, and labour in the underground workings of the highland gold mines of northern Australia. They have constructed the railways and other public works in that country. On the sugar plantations they are employed in machine cultivation and as mill hands. But such occupations must be either exceptionally profitable or of a temporary character to attract white labour. Caucasians do not engage in pioneering and homesteading, or become permanent settlers on plantations in those latitudes.

These climatic conditions have determined the limits of present development and the po-

litical geography of Australia. The Commonwealth includes, besides the mainland, the island state of Tasmania, about one hundred miles from its southern coast, and the tropical dependency of British New Guinea, which is ruled directly by the Federal Government. Five of the six states of the Federation are upon the continent, and their boundaries are so arranged that no state is exclusively tropical or inland. While their respective areas vary from 87,884 square miles in case of Victoria, to 975,920 square miles in case of Western Australia, or from a state slightly larger than Minnesota to one approaching four times the size of Texas, the disproportion in the amount of arable land they contain is not remarkably large. In population and developed resources, however, New South Wales and Victoria far excel all the other states, and contain nearly five-sevenths of the inhabitants of the Commonwealth.

Second only to climate in determining the distribution of settlement, has been the physical conformation of Australia. Climate has con-

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fined Europeans largely to the southern and coastal portions of the continent. The absence of great river systems leading into the interior, and the presence of mountain ranges parallel with the sea, have also helped to make the people litoral dwellers. A uniform coast line and rare though sometimes excellent harbours have caused the concentration of urban population in a few large maritime towns. The absence of navigable streams of constant volume is accompanied by the rarity of reliable water-power. Therefore inland cities and manufacturing and transportation centres do not exist in Australia. The larger interior towns are mining camps or rural trade markets, relatively unimportant compared with the nearest port metropolis.

Although the southern point of the continent just crosses the thirty-ninth parallel, as far from the equator as the city of Washington and northern Virginia, snow seldom falls at the sea level, and Melbourne is as warm a city in winter as New Orleans. Oranges grow in Victoria and almond trees blossom in midwinter at Ade-

laide. There are no mountains high enough to have perpetual snow, though Mount Kosciusko, in Victoria, reaches an altitude of over seven thousand feet; but except in Queensland snow is not uncommon in the highlands during the cold season, and some of the upland districts of Victoria and New South Wales have winters as rigorous as those of our northern states. The summers are characterised by extreme heat, with humidity on the coast, though in the interior the dryness of the atmosphere and rapid radiation at night help to mitigate the debilitating effects of high temperatures. Upon the whole, the climate of the settled portions of Australia, except Tasmania, corresponds more nearly with that of our Gulf States and Southern California than of any other part of the Union. This influences both social and labour conditions in the Commonwealth.

Compared with other continents, the natural resources of Australia are limited in variety, but abundant within those limitations. The fisheries are less extensive than those of coastal Europe or America, though pearl fishing af-

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fords some employment and supports a few settlements on the northern coast. The litoral regions of all the states contain forests of some economic value. But they lack the soft woods used in house construction, and these have been imported. Railway ties and heavy timber are exported from Tasmania and Western Australia. The agricultural capabilities of Australia are extensive and varied, and the area fitted for cropping is probably much larger than the boundaries of present development indicate. But grazing will doubtless continue to be the more important rural occupation. The latent possibilities of mining cannot be measured. But past experience and present prospects indicate that Australia is very rich in minerals, and that their distribution probably extends into vast tracts of country yet unexplored. Gold and silver lead in value; but the industrial metals—iron and copper—abound, while ample coal fields provide for their reduction. The local supply of fuel is sufficient to encourage manufactures. Raw materials and power are at hand for great textile, leather, and mechanical



industries when the development of the country has reached a stage encouraging the diversion of labour to these pursuits. At present the small population and the speculative inducements of ranching, prospecting, and exploration confine the attention of the people largely to primary production.

Tasmania is an isolated and somewhat Arcadian island, with a farming population counting back for generations in the same townships. It has less centralisation of population and less speculative enterprise than other parts of Australia. Copper mining has recently become an important industry. Tasmania raises apples and pears for all Great Britain and part of northern Europe at certain seasons. The cooler climate and picturesque scenery make it a summer resort and recreation ground for the eastern states of Australia.

Despite its century and more of settlement the Australian continent is yet unexplored. The full possibilities of irrigation and experimental agriculture have not been tested. Railway development has not broken highways through the

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interior. The last great land area to be occupied by civilised man, it is the most dependent upon scientific knowledge and organised industrial effort for economic progress.

New Zealand presents a marked contrast to Australia in these respects. The remoteness of the country was the only obstacle to settlement and development, and the compass of its resources was easily determined. The climate is equable and temperate, the rainfall reliable and sufficient for agriculture, the interior accessible to a coast provided with ample harbours; and in many places large stretches of grassy prairie have invited occupancy in a country where white settlers found no enemy, animal or human, and endemic diseases were unknown. Some parts of New Zealand were heavily forested and occupied by warlike natives, but even here the passive opposition of nature and the active opposition of man did little to check exploration and settlement.

The colony consists of two main islands, which contain more than ninety-nine per cent. of its area, a small grazing island to the south

of these, and a number of unimportant groups in the South Pacific recently annexed by the colonial government. The North and the Middle Island are the only two of industrial importance, and contain practically all the European population. Their combined area is a little greater than that of New York, New Jersey, and Pennsylvania. These islands are separated by a strait so narrow that they are practically continuous territory. They lie in lower latitudes than Australia, their southern limit passing the forty-seventh parallel. Auckland, the most northern city, is farther south than Sydney. The climate is cooler than that of any part of the Commonwealth except Tasmania, although the insular position of the country gives it the equable temperatures of the ocean. Oranges mature and a semi-tropical vegetation flourishes in the vicinity of Auckland, while the Middle Island is visited by severe snowstorms in winter, and upon the misty plains of the southern province crops sometimes fail to ripen in the fields. It is as far from Auckland to Invercargill, at the opposite extremes of the two

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islands, as from New York to Jacksonville. The archipelago forms a long ribbon of land, trending southwest, with a backbone of mountain that crosses the central and eastern part of North Island and continues south along the western coast of Middle Island, where the highest peak reaches an altitude of twelve thousand feet, until the range terminates suddenly at the sea in the lofty walls of a series of magnificent fiords, which present some of the grandest scenery in the southern hemisphere.

The natural resources of the colony are chiefly agricultural and pastoral. Some districts, especially in the uplands, are fit only for grazing, and economic causes have favoured the extension of this industry. Sufficient coal is mined for domestic use, and even for occasional export. Placer gold deposits, worked by dredges, and quartz mines exist in both the islands. But the industrial metals are not abundant, and no profitable iron ores have been discovered. The fossil gum of the Kauri tree is dug for varnish, and a wild native flax yields a valuable fibre for export. The forests furnish excellent

building timbers for the domestic and Australian market. There are no important fisheries, in spite of the broken coast line and insular position of the colony. Wool, frozen meat, and butter form the chief items of the export trade, and contribute most largely to the country's wealth. New Zealand is essentially a land of rural industry.

The Australians are to some extent a seafaring people, because they inherit the instinct of sailors and are forced by local needs into this occupation. Hitherto, however, their attention has been turned landward by the more profitable vocation of developing the country. With longer settlement, the appropriation of the natural wealth by individuals and corporations, and all the lessening opportunities of older communities, the people will probably devote their energies more to navigation, and utilise their advantage of position to secure a larger share of the growing commerce of the Pacific. The promise of maritime power might almost be counted among the natural resources of Australasia.

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Here, then, is a people occupying more than three million square miles of territory, of which probably a third will support a fairly dense population and the remainder will offer in the future isolated centres for very profitable development. These lands command a sea area that gives them virtual command of the South Pacific and part of the Indian Ocean. They are near to the crowded marts of Asia. They contain most of the raw materials necessary to supply the complex needs of modern civilisation. New Zealand and Australia supplement each other. That colony and Tasmania are a granary for the mainland in time of need. Metals, fuel, and facilities for manufacturing lacking in the insular countries are abundant on the continent. In many respects Australasia could become as self-contained as the United States.

The nation's future depends upon the use made of these advantages. They are too great to remain unutilised. The people cannot leave their talent wrapped in a napkin. But they are now embarrassed by a problem of method. Like the Americans, the Australasians believe

it their task to make the desert blossom like a garden, turn trails into highways, log cabins into mansions, and villages into cities. But while Americans have gone ahead as individuals to accomplish this purpose, the Australasians, who started later, have begun with an awakened social consciousness. Therefore a conflict of ideals has arisen. Partisans of individual enterprise desire that every man shall have a free hand in developing the country. But the party with a different ideal proposes that society as an organised body shall undertake this task, tolerating the individual, if at all, only provisionally. The struggle between these two policies is now at its height, and is a fundamental issue in the labour movement.

## CHAPTER II

### PEOPLE AND INSTITUTIONS

THE American Revolution indirectly caused the colonisation of Australia. Prior to that event British convicts had been sent to the southern plantations, and when this transportation ceased the authorities sought another place for their disposal. The recent discoveries of Captain Cook directed attention to Australia, which was chosen as the site of the new settlement. The first party, of over one thousand prisoners and guards, arrived in January, 1788—the year before the first president of the United States was inaugurated—and after pausing at the original destination of Botany Bay, discovered and occupied the shores of the adjacent magnificent harbour of Sydney. The colony was re-enforced by accessions of convicts from England, and in 1793 free immigrants began to arrive. After en-



countering the usual hardships and struggles of pioneers in a strange and remote land, settlement began to spread, and a population of freemen and freedmen took root in this new home.

A majority of the convicts were ordinary criminals; but there were among them people of character—gentlemen transported for political offences, and others who had violated laws long since obsolete. They included trade union leaders convicted under the old statutes against conspiracy, notably the Dorchester labourers, transported for organising the agricultural workers of England. It is to be inferred, however, that skilled artisans and persons accustomed to regular labour were not numerous among the prisoners. They were gathered mostly from the towns and cities, and were generally kept together in barracks and stations after their arrival in Australia. So the habit of town life remained with them.

Convicts did the manual labour of the nascent colony. After an employing class arose they were hired out to private landholders. From

the first, therefore, they were an offence to free workers. Even released convicts resented the competition of their former comrades in the labour market. The prejudices thus created lasted as long as transportation continued, and even affect the present immigration policy of the government.

The administration of the convict stations was necessarily autocratic. They were under a military governor, whose powers combined the authority of a commander with those of a prison warden. When settlement began to extend, it was largely through grants of land to former officers of marines, who worked their estates with convict labour under military discipline, and themselves remained in sentiment as well as fact subordinate to their old commander. The civilian spirit was therefore slow to permeate the structure of colonial government. For thirty-seven years military courts were the sole dispensers of justice. Local autonomy of plantations and parishes could not be allowed where many of the free citizens were only recently or provision-

ally released from prison, and most labour was performed by persons still under penal restraint. But if the settlers did not participate in the government, neither were they taxed for its support. Roads and other public improvements were built by the convicts. The cost of administration was paid by the home authorities. New South Wales did not become self-supporting until forty years after its establishment. Supplies were brought to the colony by transports and naval vessels. For some years released prisoners, cultivating their own holdings, drew provisions and supplies from the public stores.<sup>11</sup> Even free immigrants soon learned to accept centralised government and to depend upon the authorities for labour and support.

Australia's inheritance from convict days is political and social, rather than individual.<sup>11</sup> A thriving population in a new country cleanses itself like flowing water from the impurities of its source. If criminal tendencies predominated among many of the early settlers, these have been eliminated until the people are now

more law-abiding than Americans. Convict transportation entirely ceased in all the colonies but Western Australia when the population of Australia was about one-eighth what it is at present. It never existed in Victoria, South Australia, and New Zealand. The disproportion of males among the prisoners, and the conditions attending their confinement or assignment to contractors, prevented their adding greatly to the increase of population. But the political and social effect of their presence, and of institutions shaped with convict transportation in view, determined the character of the government during the formative period of colonial life, influenced the public land policy, and modified conditions of rural industry and terms of employment.

The influence of penal settlement is not to be measured by its positive effects alone, but also by the reaction it caused in public sentiment. The convict station ideal of a colony called forth its reverse, the conception of a new state where only the best elements of society should be gathered, where moral salubrity should char-

acterise the condition of the people, where government should regulate for the exclusion rather than for the reception and control of social outcasts. Such a conception was evolved in the mind of Gibbon Wakefield, a settler of education and ability whom a youthful escapade had brought under the restraints of the law without giving a criminal disposition. Wakefield's theory of colonisation, which he developed in various pamphlets and published articles, helped to shape the conditions under which both South Australia and New Zealand were settled. This theory contemplated the founding of colonies as a conscious and deliberate national undertaking, for the purpose of creating an ideal state. Convicts were to be excluded, and settlers chosen with a view to their fitness for the needs of an infant community. The government should possess local autonomy, on the assumption that the political requirements of colonial life could only be known to those experiencing them. Finally—and this economic theory had an important effect upon the actual attempts to carry out these ideas—the land of the

colony should be public property, administered for the welfare of the State. This land was to be sold for a "sufficient price," which was variously fixed at different times and places, with two purposes directly in view—to provide a fund for public works and assist settlers of the labouring class to emigrate; and to prevent labourers from obtaining land with such facility that their services would be withdrawn from wage-earning occupations, and capitalists thus deterred from making investments in local undertakings.<sup>1)</sup> Wakefield's plan of colonisation was therefore essentially regulative—an attempt artificially to create economic and social adjustments that in older communities are the resultant of complex natural forces. Although the scheme was a partial failure in operation, it placed a birth-mark upon South Australia and New Zealand.

In both these colonies the selection of early settlers left little to be asked. Most of them came to a new land of their own initiative. Many possessed capital and culture. The Dunedin Colony, in New Zealand, was composed of

Scotch Free Kirk people, and Christchurch, in the Canterbury district, was settled by the Church of England. While the pioneers of South Australia were not drawn to the same extent from any single religious community, they represented rather more than the average intelligence and enterprise of the English middle classes.

The public lands of Australasia have been administered under a variety of different policies and statutes, but in every instance with identical results. Large estates and land monopolies have characterised the country. Economic and social, as well as political causes, account for this. Relatively to the occupied area, a very large proportion of both Australia and New Zealand is suitable only for grazing. The natural market for the products of the land is Europe. In competition with the two Americas, Australasia has always laboured under the disadvantage of its great distance and consequently higher freights. For this reason the country could market profitably only products of large value in proportion to their

bulk and weight. Until recently, since cold storage has been perfected, fresh meat, butter, and other perishable produce could not be exported. Therefore by a process of elimination, as well as on account of special natural advantages, the people resorted to raising wool. England's expanding textile industries made the demand for that commodity certain. Like tobacco in colonial Virginia, it was a cash crop. In the mild climate, no housing for sheep was necessary. The only capital required was the flock itself. Few natural enemies existed. In the interior and on the uplands pasturage was open and plentiful, and during normal years sufficient water was accessible. The task of herding sheep was not arduous, nor did it require adept ability, advantages in a climate that does not invite to strenuous exertion and where labourers were recruited from unskilled and mostly inexperienced workers. The life of the bush and plains, free from social restraints and where the past is forgotten, appealed to many of the early settlers. The population was small, and the immigrants not a land-hun-



gry peasantry, such as has swarmed from Europe to America—coming to till farms. Consequently flocks multiplied faster than the people, and vast sheep stations spread over the country far more rapidly than the slow-going government facilities for land registration and control.

The irregular occupation of the public domain that followed gave the temporary holders their title of "squatters," a word borrowed from England, where it was applied to unauthorised occupiers of the commons. It has a different meaning in the colonies from that familiar to Americans. In Australia it denotes wealth and influence, as well as the occupation of a pastoralist, and no longer suggests a formal flaw in the holder's title to his estate.

The early private land grants in New South Wales were made directly by the governor, but in 1831 sale by auction was introduced, in connection with a system of pastoral leases. After 1840 half the proceeds from the sale of public lands were required to be spent in assisting immigration, and half to pay for public works.

Provision was made in 1842 for three land districts, which later became New South Wales, Victoria, and Queensland. By an imperial act of 1847, squatters were given the option of leasing the lands they had appropriated, with a privilege of purchase at the end of a term not exceeding fourteen years. Knowing that the government would not dispossess them, they generally refrained from making leases until the inflow of population attending the gold discoveries, when they hastened to establish legal title to their holdings.

Although the history of land occupation and tenures varied in the other states and New Zealand, and a vast amount of legislation upon the subject was subsequently enacted, the agrarian question was everywhere serious by the middle of the century. An immense vested interest in large holdings had been created. The antagonism between the squatter and the agricultural settler had arisen. The pastoralists controlled the government in their own interest, and land was not granted to promote settlement. Until very recently, in Western Aus-

tralia, no system of free allotments to homesteaders, under government survey, with residential requirements depriving this privilege of its speculative features, has ever been attempted. The land laws of the colonies have consistently disregarded the interests of the labourer and the man without capital.

Those leaseholders who did not secure freehold titles to their estates fought stubbornly, with all their great influence in the colonial parliaments, the efforts of the public to dispossess them in order to make way for closer settlement. This struggle gave a precedent to the later policy of resuming private estates against the will of the owners. The agricultural possibilities of Australasia were systematically maligned by persons interested in maintaining pastoral leases of arable territory. For years the sheep and cattle men of the Darling Downs, now one of the fairest tracts of farming land in Australia, stoutly maintained that the ground would not grow a cabbage. An incident is related of an old squatter, who left his estate in charge of an enterprising young manager dur-

ing a trip to England. On his return he found thrifty fields of oats growing where formerly were wild grasses. He ordered the ripening crops burned immediately, lest they should bring agricultural settlers to the neighbourhood.

The population that flowed into Australia so freely during the gold rush was composed of men bent on making a quick fortune and leaving the country. At first they did not think of acquiring estates. During the railway development that followed, when lands still owned by the government might have been rendered accessible to farmers, the interest of the great proprietors was often sufficient to direct these enterprises to their own benefit. They promised ready freight and got the railroads. Intending settlers wishing to occupy distant public lands could promise future business but no immediate returns. So conditions that caused a subdivision of land in California, only strengthened the pastoralists of Australasia in their property rights and political influence.

The conditions thus established have contin-

ued until to-day. The land laws have been modified in the interest of closer settlement, but the large estates remain. Much more than one-half of the occupied land in New Zealand is in tracts of over ten thousand acres, and only about one-fifth is in holdings of less than 640 acres. One-half of the occupied land in New South Wales is in holdings of over five thousand acres. In that state about one-half of the private land is owned by 738 persons or institutions; in South Australia by 1,283; and in New Zealand by less than 500 holders. Similar statistics are not available from other states, but it is safe to assume that those quoted are fairly representative for all Australia.

The monopolisation of the arable land adjacent to transportation routes by pastoralists reduced to a minimum its power to absorb population. This favoured the growth of cities in a new and undeveloped country, and fostered what Gibbon Wakefield sought to obtain, a wage-earning population as large in proportion to the whole number of inhabitants as in the older states of Europe. A reflex effect has been

that country people have not recruited the city artisan class, and the frugal, hard-fisted spirit of the farmer has not influenced industrial workers. Small freeholders, with their conservative interests, are in a political minority. The herdsmen and shearers of the stock ranches are wage-earners and trades unionists. Socialism and land nationalisation do not threaten them. Wages are lower, because labourers have not been drawn away from hired service by the opportunity to become their own employers on a homestead. Unemployment has been greater, because no farmer's boys have left the crowded labour market for their home in the country in times of industrial depression.

Much British capital has been invested in pastoral pursuits, and ideas of manorial dignity were early brought to the colonies from the mother country. One of the earliest projects for a constitution submitted in New South Wales provided for a colonial nobility, formed of landholders, who should constitute the upper house of parliament. Tenancy laws contain provisions favouring the landlord that were

long ago abolished in America, and date back to feudal precedents. The landlord can destrain the chattels of his tenant for rent despite the prior claim of a mortgagee. The latter cannot sell stock from his farm without the consent of his landlord. The tenant's right to improvements is equally limited. These laws encourage holding land for rental purposes. Whole suburbs of Sydney pay ground rent to a single proprietor. The Australian landowner leases to tenants where an American would subdivide and sell his holdings. The labour party protests against these laws in its political platforms, and they foster socialist sentiment in both town and country. A tenant who has built a home, or otherwise improved a leasehold, is predisposed to question the rights of capital represented in his landlord—who at the expiration of the lease may claim the product of the renter's industry. But the freeholder, however small his equity, considers himself a capitalist. His occupancy is not transient. The product of his labour does not pass by course of law into the possession of another. His interests be-

come more conservative with each payment on his property, while the tenant has less at stake in existing conditions as his lease draws to a close. Land ownership, which is everywhere an antidote for radical economic theories, is not diffused in Australia.

A close connection has always existed between the land and immigration policies of the colonial governments. As soon as large estates were founded, the prisoners began to be regarded as a source of labour supply. Pastoralists strove to maintain convict transportation as long as possible, in the face of vigorous opposition from other classes in the colonies. In Western Australia the landholding council voluntarily invited convict settlement after twenty years of free labour. The struggle to abolish the penal labour system left among the working people a class sentiment hostile to all immigration. Before transportation ceased, the policy of devoting half the proceeds from the sale of public lands to assisting immigrants was well established. The law was so administered as to create an abundant labour sup-



ply, not a self-dependent rural population. So the assisted immigrant was dumped into a labour market already congested, to find employment as best he could. Nothing was farther from the minds of the squatters than that he should become an independent farmer. Therefore the newcomers were not clearing fields, increasing the production of raw materials and the consumption of manufactured goods, and, like European immigrants to the United States, absorbing more hired service than they furnished. Government aid was given persons likely to become a public charge in England, not to those with means to live at home. These immigrants were seldom agriculturalists. They began to leave England at the time of the Chartist agitation and the bread riots. They arrived in a new country without other capital than their skill or strength, and with no disposition to employ these in unaccustomed occupations. So they stayed in the cities where they landed. As early as 1851, before the gold excitement, Sydney already contained one-fourth of the inhabitants of New



South Wales. Therefore the newcomers depressed wages and increased unemployment. The working people naturally opposed this importation of competing labour with the aid of government funds.

The system of assisting immigrants had a selective influence upon the present population of Australasia. That population is still less than five million. Incomplete returns show the number of immigrants introduced wholly or partly at the expense of the State to be over 761,000. The descendants of these people, therefore, constitute a very large fraction of the present inhabitants. As assistance was given only to British subjects, Australasia is peopled by an almost pure British stock. Three-fourths of the inhabitants were born in the colonies, and four-fifths of the remainder are natives of the British Islands. This homogeneity of population has some pleasant and desirable results. National energy is not absorbed in assimilating foreigners. Uniform standards of conduct and living are easily maintained. The community of sentiment among

the people is strong. The consciousness of national kinship, the collective family spirit, is greater than in America, and for this reason communal sympathies are more active, and the socialist tendency more pronounced. But this is at the cost of some national inbreeding, and at the sacrifice of the virility and aggressive energy begotten by the fusion of kindred races, and of the greater amount of variation and wider scope for natural selection in nation building that the mingling of different peoples causes.

The mental attitude of an assisted immigrant might be that of a taker of charity, or of a man paid his expenses for his services. In either case he looked to the State for something further on—continued assistance or employment. He probably felt that a country so eager for men as to bring them six months' journey from home, had some occupation to offer on their arrival. If he were disappointed in this expectation, and found unemployment and distress facing him in Australasia, he had a right to complain. His grievance was

against the government. He looked at once, and with justice, to government remedies for his industrial hardships.

Compare this Australasian with the average immigrant to the United States, and the contrast helps to explain their different attitudes towards government. The immigrant to America is usually more self-dependent than his neighbours in Europe, a man dissatisfied with the restraints and limitations of the Old World, who trusts to his own energies to escape from them. Family ties mean less to him than to the boy who remains with his parents. Even though theoretically a socialist, he is practically an individualist. This immigrant meets strange tongues and institutions in his new home, and learns to stand alone more than before. Alienated from the social environment of his birthplace, and always half an alien in his adopted land, he in some respects remains a man without a country. His courses are self-determined. He does not revolve about a government. Laws have not the sacredness of ancestral traditions, but become mere social con-

ventions. He looks to himself, and not to society, for support and direction. It is not strange then, that in America, independence; and in Australasia, interdependence, should characterise the popular attitude toward political and economic problems.

In Australasia the construction of highways and other public works has remained a function of the central government since the days of convict labour. When railways were demanded the government undertook these enterprises for two reasons—they were an extension of transportation routes already built and controlled by the public, supplementing but not superseding the state wagon roads; and the colonial authorities could borrow capital for these undertakings at better rates than private corporations. But in undeveloped countries like Australia and New Zealand, building public works and carrying commodities are among the principal occupations of the people. Production is confined largely to raw materials, which are exported, and consumption is supplied by manufactured goods made in other countries. The govern-

ment, in supplying transport service for the inflow and outflow of these commodities, has become the largest employer in the colonies. Working people therefore view the State under the dual aspect of an industrial and a political superior. When the industrial functions of government are accepted in principle, it is easy to extend them in detail; and State control of all industries becomes a practical issue without a revolution in accepted ideas. Furthermore, labour grievances are the direct concern of the State in its relation as an employer. Large bodies of workmen can modify their terms of employment only by political agitation and legislative action. The custom of appealing to the government to decide industrial disputes to which it is a party, makes it easier to recur to the same authority to fix labour conditions in private employment.

During the decade ending with 1860 parliamentary government was granted to all of the colonies except Western Australia. Both legislative and executive authority were previously vested in a royal governor, assisted by an ad-

visory council, who exercised mild but almost despotic sway in the name of his sovereign. When representative institutions were established, the governors were retained with lessened prerogatives, and the governor's council became the upper house of parliament. The constitution of this body was but slightly modified. Prior to the introduction of popular government, it had been composed of higher officials and a few wealthy citizens of the colony. The latter were usually squatters. In New South Wales, Queensland, and New Zealand, the members of the upper house are still appointed by the governor, and in the two former states hold office for life. Until 1891 the appointment in New Zealand was for life; and members of the upper house were at first appointed in Western Australia, which had no parliament before 1890. In the four states of the Commonwealth where the upper house is elective, there is a property qualification for voters, and in some cases for members. Workingmen consider this limited franchise a grievance, and the councils are less popular with the people than the cor-

responding house of American legislatures. Property influence is increased in these bodies by the fact that in New South Wales, Queensland, and Victoria members are not paid for their services.

The property qualification for electors to the lower house has recently been abolished, except in Queensland and Western Australia. Women have the franchise in federal elections, and in New Zealand, New South Wales, South Australia, Western Australia, and Tasmania. The payment of members of the lower house has been established, in most instances upon the initiative or with the support of the labour party. Plural voting originally existed in all the states. New Zealand was the pioneer in adopting manhood suffrage and the "one man, one vote," the first elections under these provisions taking place in 1890. It was followed by New South Wales in 1894, and Victoria in 1899. Prior to these reforms, which are due to the democratic movement which has found expression in the labour party, a person was entitled to vote in all the election districts in which he held prop-



erty enough to qualify him as an elector. The plural vote still exists in municipal elections.

Members of parliament are not required to reside in the districts they represent. This works to the advantage of labour politicians, who usually receive their political training in metropolitan trades hall councils. The metropolis of each state is the capital and the seat of political organisation. The predominance of city men in party councils gives them an advantage in soliciting nominations. Therefore real farmers are strikingly absent from legislative assemblies. Representatives are the attorneys of their district, not part of the people they serve. The city rules the country, not the country the city. Legislation, taxation, and public works show the impress of this condition.

The separation of Church and State came slowly in the colonies, and State aid was long granted to educational institutions under ecclesiastical control. Public schools are disparaged in comparison with private schools. Government lands have not been used to endow State education. Partly for this reason the

scope and liberality of the school system are more limited than in the United States. New Zealand and most of the states provide primary instruction without cost to the parents, but in New South Wales and Tasmania fees are still charged. Secondary and higher institutions are aided by the government, but tuition is not free. Fees are also required in the technical schools. Nothing corresponding to our state universities exists in Australasia. An aristocratic sentiment and class distinctions more English than American still persist in the universities of Melbourne and Sydney. A student could not pay his way through those institutions by his own labour without losing social caste. This is not true of the technical schools, where a thoroughly democratic atmosphere prevails. There is less faith in popular education for all the people beyond a certain standard than in the United States. Australian sentiment in this respect is about where American opinion stood fifty years ago. In both the Commonwealth and New Zealand a boy is educated for his class, as if in accordance with a

dogma of social and industrial predestination. Primary and technical instruction are strictly utilitarian. Australasian educators strive to give each pupil the kind and amount of education that will fit him to follow the footsteps of his father. This does not satisfy the democratic ideal, that every youth has a right to an equal opportunity to fit himself for any career, regardless of his present rank or probable future status in society.

State activity has been extended into experimental spheres partly because Australasia has a highly efficient instrument for these enterprises in its centralised administration and elaborate civil service. In a body politic an organ sometimes creates a function. Thousands of State employees, seeking their common welfare through political means, make employment for themselves, and have a class interest in governmentalism. A centralised government involves a salaried administration. In America the township precedes the state historically in many sections, and has a common-law claim to residuary political authority. Local officers

are mostly unsalaried, or are not paid enough to make public service a profession. They follow their regular vocations and attend to official duties at spare moments. They are elected for fixed terms, expect soon to return to private life, and so do not sever their former business relations. In Australasia, on the other hand, local government is historically a concession from the colonial parliament. The powers of local units are hedged round with statutory limitations. Towns and districts do not directly support or administer the public schools or the principal highways. Their financial matters are closely supervised by the state. The functions performed by unsalaried officials are few compared with those in charge of permanent civil employees. Serving the people in public capacities is more of a life profession than in the United States. To an American the local political units of Australia and New Zealand do not seem governing bodies at all, but rather administrative divisions of the State.

This is not due entirely to historical causes.

It is partly occasioned by the sparse population and pastoral pursuits of Australasia. In the states where farming communities are most extensive, local government is most vigorous. There is now a positive movement toward enlarging the powers and responsibilities of the smaller political divisions.

Australian civil servants have been charged with abusing their political influence. They are said to have held the balance of voting power in twenty-three parliamentary districts in Victoria, and to have used this power to increase the State's payroll several hundred thousand pounds. The evil was real enough to justify in the minds of the people a constitutional amendment, giving government employees separate representation in parliament. Civil and railway servants elect one member to the upper house and three members to the lower house, but have no franchise in regular election districts. With the extension of State employment the conflict of interests between the tax-payer and the tax-receiver increases, and the political rights of the multitude of public servants must

be curtailed, lest they become masters of the people.

The difference in the history of social movements in the United States and Australasia is partly due to the fact that industrial and political problems that presented themselves in succession in the United States have come up for solution simultaneously in the colonies. In America, during the first half of the last century, a party composed of working people agitated for equal suffrage and other political reforms for which the same classes in Australasia are now striving. The fight for the public schools in the United States was a democratic movement that might have been fused with the labour movement had it been delayed. The "Know-Nothing" party, with its jealousy of alien labour competition, marked a stage of national sentiment from which Australia has not yet evolved. Because we realised so many phases of social and political equality before the great labour questions of the present became prominent, the latter are with us a distinct and purely industrial issue, and therefore less di-

rectly the concern of the government. If the working people of the United States were fighting for equal suffrage, free schools, immigration restriction, and liberal land laws, at the same time as for higher wages, shorter hours, and generally better conditions of employment, trade union methods would appear to them as inadequate as they do to colonial workingmen.

## CHAPTER III

### WORKINGMEN AND TRADE UNIONS

THE people of the colonies regard the American Republic as an industrial and manufacturing nation, and themselves as engaged chiefly in primary production. But from the standpoint of labour conditions this is not true. Nearly twenty-seven per cent. of the bread-winners of Australasia follow manufacturing and mechanical pursuits, as compared with but twenty-four per cent. in the United States. Among primary producers, the proportion of farmers, more than half of whom are their own employers, is twice as great in America as in Australia and New Zealand. Therefore employing industries are more prominent, and wage-earners have relatively more political strength in the Australasian colonies than in the American Union. The ratio of urban to rural population is also higher in Australasia, where forty-



seven per cent. of the people reside in cities of not less than four thousand inhabitants, as compared with thirty-seven per cent. in the United States. The average concentration of working population is therefore greater in those countries, and the labour element has better opportunities for organisation.

Four main groups of occupations employ the service of most of the workers engaged in the labour movement. The industrial workmen in the cities were earliest organised and have led in political agitation. Closely allied with these and forming part of the urban labour centre are the men employed in transportation, especially seamen and waterside workers. The railway associations also have their headquarters in the metropolis. The two large non-urban bodies of workers are the miners and the shearers. The former are collected in mining camps, under conditions favourable for organisation. The shearers and station hands are an exception to the rule that trade unions are usually most powerful where workingmen are skilled and associated in large bodies by the nature of their

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employment. These men are intermittent and nomadic workers, employed under conditions somewhat similar to those prevailing among lumbermen in the United States and Canada. Their occupation is seasonal and might alternate with some other form of employment. They live in small groups during the shearing season, but are isolated from other society and develop class peculiarities—as do lumbermen and seamen. Accustomed to comparatively short periods of strenuous labour under monotonous surroundings, many of them waste the savings of a season in reckless dissipation when they reach a settlement. They are often obliged to live from hand to mouth, as a consequence of their own indiscretion or because other employment does not offer during the dull season on the ranches. This uneven economic condition breeds social discontent. The solitary life fosters strong and almost fanatical allegiance to trade union ideals. Therefore the shearers and employees in occupations associated with shearing, form one of the most influential labour organisations in Australia.

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The general welfare of the working classes in Australasia does not differ widely from that in the United States. The hours of work are fewer in most occupations, but the wage per hour is less than in America. The cost of living is about the same in both countries. The difference in the wage of skilled and unskilled workers is much greater in our own country, where the common labourer is usually either a negro or a foreigner. This variation of wages in the United States, parallel with national and race lines, lessens solidarity of sentiment and class consciousness among workmen, as compared with those of Australasia, where such conditions do not exist. Not only is the touch of sympathy closer among people of the same nationality and similar economic status, but their rivalry is less keen. Where the difference between the wage of a helper and a journeyman is fifty cents a day, as in Australia and New Zealand, the former does not make the same effort to drive the latter out of his position that he does when this difference is two or three dollars, as in America. But a marked gradation

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of wages promotes industrial efficiency, because skilled workers therefore increase their skill, attention, and perseverance, in order to maintain their wage advantage over unskilled workers, and the latter for the same reason strive more strenuously to reach an equal status with the men above them. The opportunities for progress within a craft afford to some extent an end of attainment—an object towards which ambition is directed inside the four corners of the industry. This ambition can be satisfied only by individual effort, by each workingman's increasing his personal efficiency, not by collective action. But where all those engaged in an occupation receive about equal pay, the desire for improvement embodies itself in an effort to raise the wages of the entire group, and thus starts a class agitation.

The level rate of wages in Australasia is explained by two chief causes. The demand for unskilled workers, in proportion to artisans and factory operatives, is greater in undeveloped colonies, like Australia and New Zealand, than in an older country like Great Britain. Eng-

land is in so marked a degree a manufacturing country, that the British immigration to Australasia probably contained a larger proportion of skilled workers than a new country required. On the other hand, the immigrants to the United States have been very largely land-seekers from the unskilled rural population of Europe. In the one case the new arrivals tended to lower the relative wages of skilled, and in the other of unskilled workers, by contributing in each instance to the better supplied section of the labour market. Another potent influence in raising the wages of untrained workmen in Australasia has been the high profit of primary production, due to natural resources large in proportion to population. Other things being equal, the most productive industry usually pays the highest wages. The per capita value of primary products placed upon the market annually is fifty per cent. greater in Australasia than in the United States. This justifies the expectation that the wages of common labourers, by whose work primary production is largely carried on, would be high in the Com-

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monwealth and New Zealand. Turning to manufactures, the reverse is true. The per capita product of workers employed in this group of occupations is nearly three times as valuable in the United States as in Australasia. In the latter country the primary producer creates about \$760 worth of wealth per annum, and the manufacturing operative turns out \$763 worth of manufactured commodities, while in the United States the primary producer returns about \$500 worth of raw materials, and the manufacturing operative turns out about \$2,278 worth of manufactured goods.

However, the absolute wages of unskilled workers are not much lower in the United States than in Australasia. The highest pay of common labourers anywhere in the colonies is \$2.50 a day, which is the prevailing rate in the Western Australian gold fields, where the cost of living is excessive. In Sydney and some other urban districts union labourers try to maintain a rate of two dollars a day, but are only partially successful. The average weekly

earnings of over 2,300 labourers in that city were \$9.25. In many parts of the Commonwealth and in some places in New Zealand the usual wage ranges from \$1.25 to \$1.50 a day. This is in nearly all cases for eight hours' work. The pay of farm labourers is about the same in America and Australasia, for working days of equal length. Unskilled labourers have been well paid in America because they have had ready access to public lands or easily acquired farming property. In the colonies wages have been kept down by the land monopoly in spite of the larger product of the labourer. The rapid development of natural resources attending our large immigration, and the construction of railways and other means of communication required by this development, have also caused an exceptional demand for labourers in America.

The eight-hour day, while an ancient labour ideal, has been established in Australasia partly because of the climate. The conditions that temper the physical activity of white men in our Gulf States obtain in the greater part of

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Australia and much of New Zealand. Frost seldom comes to tone up the relaxed energies of the manual labourer, and snow and ice never compel a rest from outdoor industries. Where nature works long hours, men require short hours. The propaganda for the eight-hour day antedates the present labour movement, and is a condition out of which it has arisen. Short working hours gave wage-earners leisure for organisation and political agitation.

Although the winters do not interrupt labour in Australia, the not infrequent droughts are a climatic influence more important in lessening employment than a protracted reign of ice and snow. They create a general depression in both rural and city industries. More than any other single cause, they account for the periodical climaxes of distress among workmen, which have at times loomed large in the public horizon of Australasia, and have led to large loan expenditures for public works and other measures of government relief.

These periods of forced idleness favour the spread of new social theories. Business depres-



sions in America have usually promoted the growth of socialist sentiment. It is the contrast between prosperity and want, rather than the permanence of either condition, that creates discontent. However stultifying habitual idleness may be, occasional and involuntary idleness makes men think—if not wisely, at least intensely. The large city population, and the crippling of rural industries which drives country labourers to the city in times of drought, encourage the diffusion of novel social doctrines. The open-air speakers who take possession of the public domain at Sydney, and the corresponding parkway on the Yarra Bank at Melbourne—shaded preserves that, in the genial Australian climate, invite idle workmen—reach a possible fourth of the population of the Commonwealth. These speakers are not officially recognised by labour politicians as coadjutors, but they help effectively to weave the loose strands of discontent into a fabric of radical social theories.

The first trade unions in Australasia were branches of the English societies, formed about

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1850 in Sydney—at the time the only city in Australia important enough to support labour organisations. Soon afterwards the gold discoveries caused a large immigration to Victoria, and unions were formed at Melbourne, which soon rivalled the older metropolis in wealth and population. No unions were formed in the other colonies until after 1874, those in New Zealand and Western Australia being of even more recent origin.

Agitation for an eight-hour day, and opposition to Chinese immigration, were the first issues to bring workers together in associations. The latter question had an intercolonial aspect, because measures to restrict immigration in one colony were ineffective without the co-operation of neighbouring colonies. The effect was to create a sense of common interests among the workmen throughout Australia. The organisations of coastal seamen helped to maintain this sentiment of solidarity. As early as 1879, an intercolonial trade union congress, modelled upon a similar conference of labour organisations in Great Britain, was held at Sydney. At

this and the following congress, which met at Melbourne in 1884, constitutional reforms, such as "one man, one vote," and payment of members of parliament, were agitated. No measures looking to a revolution in industrial organisation were proposed, and the strictly labour demands were mainly inspired by the trend of trade union demands in Great Britain. But the need of supporting a programme of constitutional reform by political effort did not escape the delegates. The second congress unanimously adopted a resolution urging the unions in different colonies to appoint parliamentary committees, to lobby in the interest of labour, and—"where possible to endeavour to obtain for labour direct representation in parliament." The debate upon the motion brought out the fact that direct representation was understood to mean that "artisans should send artisans to parliament, and miners should send miners."

In 1885 the number of organised workmen in Australia was estimated to be 150,000, in a population of 3,000,000, a proportion probably

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fifty per cent. larger than the present ratio in the United States. At the fifth trade union congress, held at Brisbane in 1888, every colony except Western Australia was represented. The proceedings reveal more or less socialist sentiment among the delegates. This congress was the first to adopt an electoral programme, the predecessor of the present party platform. Unionists were to vote only for parliamentary candidates pledged to carry out these demands. The trade unionists of South Australia had secured the return of seven out of nine candidates supported at a previous election. Although these candidates were not workingmen, and so not direct representatives of labour in the sense advocated by the earlier congress, this success gave impetus to the policy of political organisation.

The following three years were very eventful in the history of public opinion in Australasia. The first incident that reacted strongly on popular sentiment was the great dock strike in London. That event evoked sympathy with working people and a certain social altruism

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among all classes in the colonies. As in America at about the same time, there seems to have been a contagious and emotional socialism of the "Looking Backward" variety abroad. Henry George had been in the colonies, and his views were receiving much attention. Australasia had been seeking a land panacea for half a century. A few years later an offshoot of this movement manifested itself in an attempt to realise some of these socialist ideals in an Australian communistic settlement in Paraguay, which, like many similar enterprises in America, resulted in gradual failure.

The turning point in the history of trade unionism came in 1890. The pivotal incident was a strike among the seamen in Victoria, which soon extended to other trades throughout Australia and New Zealand. The original point at issue did not relate to wages, but to the right of a ship masters' and mates' association to join the Melbourne Trades Hall. The real object of both parties, however, was to settle the relative authority of employers and unions in all lines of business. As the strike extended

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from trade to trade, industry of every description was paralysed. Public sympathy was divided. The chief justice of Victoria subscribed \$250 weekly to the strike fund of the unions. When the trouble spread to New Zealand the present chief justice and former premier took the platform in favour of the strikers. But, upon the whole, people sided with employers. This was especially true in New Zealand, where the public resented having the industries of the colony tied up by a dispute originating twelve hundred miles across the ocean. The workers were completely defeated, and the seamen have not even to-day recovered the rate of wages prevailing before this contest. Trade unionism was for a time prostrate, especially in the larger cities.

The miners' and shearers' organisations were less affected, and the latter conducted strikes of their own in Australia during 1891 and 1894. These difficulties were accompanied by disorder, especially in the back country of Queensland. Houses were burned and men were shot. The shearers formed camps in remote

districts, and maintained the semblance of a military organisation. In some colonies the government was sufficiently alarmed to call out soldiers, and many of the strikers were imprisoned. Men who served terms in confinement for participation in these strikes have since risen to be cabinet ministers in Australia. The severe measures taken by the authorities against the strikers were bitterly resented by the workingmen, and made them more anxious to acquire power in the government.

The substitution of political methods for older forms of propaganda that followed has not superseded trade unions, though it has made them subsidiary to party organisation. For a short period after the maritime strike there was a tendency unduly to decry industrial weapons and exalt political, but experience soon sobered those labour optimists who saw in organised battalions of workingmen voters an instrument for subjugating capital. Nor did strikes cease with the defeats sustained by the unions in the early nineties. A few years later there was a mining strike in New South Wales that cost the

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colony half a million dollars, of which \$62,363 was spent for police. The most important industrial disturbance of recent years was in 1904, when the government railway employees of Victoria struck, and after tying up the transportation of the state for a short period were defeated.

At present trade unions are becoming modified into industrial unions, which are litigious rather than militant organisations, the creatures and instruments of state regulation. In the old unions the principle of self-dependence was emphasised; in the new unions state-dependence is made prominent. The conservative traditions of the transplanted English organisations still survive in such societies as the Amalgamated Engineers, the Amalgamated Carpenters and Joiners, the Stonemasons, and some of the metal workers' associations. These unions retain their benefit features and possess accumulated funds. They seldom engage in strikes, and disparage political activity. They adopt a critical attitude towards laws passed and legislation proposed by the labour party, and look



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upon the modern tendencies of the labour movement with the stern eye of an older faith. But the members are not numerous and they mostly assume the passive attitude of the supporters of declining doctrines. Their influence is little felt in the councils of labour.

Recent laws have somewhat strengthened trade distinctions among workers, because state regulation deals only with organisations in specific trades and industries. On the other hand, the exigencies of political propaganda tend to relax trade lines and favour composite unions. For when a workingmen's society becomes in one of its most important relations an organisation of voters, it naturally places a premium upon numerical strength. This makes it to the interest of leaders to embrace as many occupations and classes of workers as possible within the association. The Australian Workers' Union, which is the great shearers' society of the eastern states, not only enrolls all classes of ranch employees, but even country storekeepers and small farmers.

One effect of industrial unionism as con-

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1. trusted with trade unionism, is to lessen the importance of craft skill as a qualification for membership, and to emphasise correspondingly the comparatively chance relationship of employee. The State thereupon assumes the function of guaranteeing the competency of workmen, by regulating apprenticeship and fixing a graduated minimum wage for different degrees of skill and experience. A second effect, most important in shaping union policy, is the greater influence thus given unskilled workers in labour councils. So long as common labourers organise separately, they count only by association units. If in a city there are nine unions of skilled workers of a hundred members each and one labourers' union of a thousand men, the unskilled workers are outnumbered nine to one in the practical determination of labour policy. This is what class-conscious propagandists mean when they refer to an aristocracy of labour. But when skilled and unskilled workers are associated in the same societies, the numerical superiority of the latter makes itself felt. Control passes from the skilled minority

to the unskilled majority, and a democracy of labour is established.

So long as highly trained workmen are separated from their less skilled fellow-employees by trade union barriers, their societies aim to secure special benefits as compensation for this training, and to limit competition by curtailing the supply of workmen; therefore they are conscious of interests diverse from those of lower grades of workers. Such an organisation of labour favours a marked difference in the wages of skilled and unskilled employees. Industrial unionism takes away the instrument by which highly paid workmen maintain their superior status, by fusing their interests with those of their fellow-employees, and tends to establish a comparative equality of wages throughout the entire membership of the organisation. Conversely, the level wage rate naturally prevailing in Australasia probably favours the growth of industrial unions. This condition approaches the socialist ideal. Needs rather than services become the measure of compensation. The democratic spirit raises its demand from po-

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litical equality to economic equality. The first is made a stepping stone to the second. Industrial unionism, or the organisation of workers along lines of common employment, recognises a principle more collective than trade unionism, which rests upon a basis of individual skill. Co-operative service rather than individual ability is its principle of classification. Trade unionism protects the class through the craft; industrial unionism protects the craft through the class.

It is interesting to note how many causes may co-operate to deflect a social movement into a new channel. Unskilled labourers, who form the mass of workers in every country, are the last to be organised. They became an influential force in Australasia about the time of the shearers' strikes recently mentioned. At the same time agitation for an extension of the franchise placed the political weapon in the hands of the new unions just as they were able to use it. Methods for preventing strikes devised by lawyers and men out of touch with practical labour matters called logically for

modification in workers' societies that favoured opening them to many not previously admitted. The political labour party, whose primary units are the trade societies, gave representation to these associations in its councils proportionate to their voting strength. Finally, the Taff Vale decision, which was immediately adopted as a precedent by the courts of Australasia, struck directly at the financial resources of the unions, without giving them compensating protection, and by thus depriving them of their most important strike weapon forced them to adopt political methods. All of these causes co-operated within a decade to strengthen the disposition of workmen to employ as instruments for remedying industrial grievances organisations working in alliance with the State or a political party. At the beginning of this period their unions were hardly more radical than the British organisations from which they sprang. At its close they were committed to a programme even now far from being generally accepted by the workmen of the mother country. This period dates from the organisation of a

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labour party in Australia, and of a liberal-labour party in New Zealand, in 1891, to the adoption of compulsory arbitration in two states of the Commonwealth, after four years' trial in the sister colony, ten years later.

## CHAPTER IV

### THE POLITICAL LABOUR MOVEMENT

THE failure of the maritime strike, in 1890, made the workingmen of Australasia distrust trade union methods. The disorders and business embarrassments which this disturbance occasioned strongly affected public opinion in the whole community. The period of depression that followed, culminating in the crisis of 1893, was accompanied by a wave of social discontent. The leaders of the discredited labour organisations saw the need of adopting new tactics. Friendly and unfriendly advisers from all classes of society pointed out the evils of industrial conflicts, and sang the praises of legal remedies for labour grievances. The workingmen were told to go into politics, and use their ballots to right their wrongs. They took the advice, and the political labour party was the result.

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In Australia the influence of the intercolonial congresses and federal unions gave at the outset a national character to this political movement, but the genesis of the party and its programme and methods in different colonies were not identical. The New Zealand workingmen never formed a class party, like their Australian confrères, but merged themselves in the old liberal party, recasting its platform and organisation, a fact to which their more immediate practical successes are largely due. A distinct labour party was formed in every instance in Australia, however, whose parliamentary representatives have been in most cases workingmen. A person describing industrial legislation would naturally turn to New Zealand as the pioneer in the political movement; but a person whose attention is first engaged by methods and ideals, rather than by attainments, will find in the history of the Australian labour party the clearest exposition of the tactics and the ultimate programme of organised workers in the colonies.

The origin of the party dates from the par-



liamentary campaign of 1891. New South Wales elected the largest labour delegation and afforded the most interesting political developments, although South Australia shares in a modest way the honour of launching labour into a public career. The mother colony sent thirty-five labour members to the lower house of parliament at this election, besides helping to secure the return of ten or twelve candidates who were pledged to labour measures, though not official representatives of the party. The organisation which had conducted so successful a campaign was called the Labour Electoral League, and its purpose was stated to be—"To bring all electors who are in favour of democratic and progressive legislation under one banner." The first of the sixteen planks of its platform called for the abolition of plural voting, while of the other fifteen planks six related to such general measures as free and compulsory education, the election of magistrates, a system of local government and decentralisation of government functions, the federation of the colonies upon a national basis, the full tax-

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ation of unimproved land values, and the establishment of a national bank and a national irrigation system. Any voter was eligible to join the league by paying a subscription amounting to about a dollar a year. As measures of party discipline, candidates were required to give a pledge to resign upon demand of two-thirds of their constituents, and if elected to sit upon the cross benches. There was no provision that labour candidates should be wage-earners.

The success of the new party depended upon its avoiding entangling alliances with the old parties, and subordinating the issues of former campaigns to matters of labour policy. During a transition period, while the party was finding itself, the latter object was difficult to attain. Labour candidates were elected upon a formal platform, it is true, but this did not prevent their giving pledges to their constituents to support measures not included in the platform, but prominent in old party divisions. Free trade and protection had hitherto been the leading political issue; and until workmen were taught to regard other questions as of so much

greater importance to themselves as to sink this into comparative obscurity, it could not be passed over in an electoral campaign. At the first caucus of the labour delegation in the New South Wales parliament, an attempt was made to have the members sign a pledge to vote on all questions as a majority of the representatives should determine. A number of members refused to be bound by this pledge, and as a result the party split on the tariff, and divided itself as evenly as possible between the ministerialists and the opposition, seventeen voting on one side and eighteen on the other. The necessity of sinking this issue had been foreseen, and in what might be called the policy speech of the spokesman of the party the following sentences occur: "Poverty, misery of every kind, lack of employment, and sweating exist in both free-trade and protection countries. If that be so, how can it make any difference to the great mass of labour which fiscal policy is uppermost? Neither policy means a greater share or a fairer share of the wealth locally created or imported to the hands who work for the country—

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or a greater opportunity of access to the sources of wealth. We have come into this house to make and unmake social conditions.”

The division in the party greatly weakened its influence during this session of parliament; but a new electoral law was obtained, which abolished plural voting, shortened the period of legal residence for voters, lengthened polling hours, and otherwise favoured the franchise of the working classes. Therefore the first reforms obtained by the labour party were political rather than social.

The next campaign in New South Wales was significant for the history of labour politics in the entire Commonwealth; and when at some future date the evolution of party organisation in Australia is critically studied, the controlling principle of important changes may be found in the tactical issue here fought out. The experience of the preceding parliament had shown that the party must have more effective control over its representatives. The division of forces in the parliament itself had been upon the tariff. The next campaign was fought

with the labour platform as a nominal issue, but with the issue of party organisation equally prominent. The official labour party, or "solidarity" faction, had a formal platform, and required a pledge from its candidates to vote according to the decision of the caucus—that is, to make their promises to the party superior to their promises to their electorates. The "parliamentary labourists," on the other hand, pledged themselves to a programme announced in their individual districts, and refused primary allegiance to the general platform or the caucus. The former faction returned fifteen and the latter twelve members to a reduced house. At the following election, in 1895, the regular organisation men became the sole direct representatives of the political labour movement, and the principle was established that a candidate's pledge was primarily to his party, and not to his constituents.

The history of the labour party in other states has few distinctive features. It has been stronger in mining and grazing communities, like Queensland and Western Australia, than in

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agricultural states, like Victoria and Tasmania. The farmers are disposed to distrust the city organisations and socialist land theories of the workingmen.

Since 1891 the labour party has been passing through formative processes not yet complete. These developmental phases are interesting not only to the student of social movements, but also to the investigator of parliamentary institutions. They relate both to platforms and ideals, and to organisation and party tactics. In each of these directions the divergence from older precedents has been pronounced. An American can appreciate the structural changes within the party itself better than a colonial, because they resemble changes that occurred in his own country at an earlier period.

The original divergence of party organisation in the United States from that of England was probably caused by the activity of town meetings in the American colonies. These township democracies retained control of their representatives by sending instructed delegates

to general assemblies. They thus overthrew the principle of responsible government, where the people select trusted persons to formulate policies for them, and substituted a system where the people formulate policies and select agents to execute them. The relative prominence of the personal element in the older system marks an incomplete transition from the idea of a ruling class to the idea of absolute political equality. Both are forms of democracy; but in the older form the people select rulers whom they obey, and in the latter they select public servants to obey popular behests.

The colonial town meeting suggested the unit of American party organisation, the primary. The reluctance of the town meeting to delegate its authority to representatives in general governing bodies, except with express limitations, was reflected in the system of instructing delegates to political conventions. Therefore the policy of defining as distinctly as possible the popular will, and enjoining it by express commands upon the representatives of

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the people, had a parallel development in the government and in the party organisation of the United States.

Australasia, where local government is less important than in America, adopted British political institutions with little modification. But when the labour party was formed, it rose from a substratum of organised social units resembling in many respects the network of local governments upon which the American political system has been erected. The workingmen's township was the trade union. The motives operating in America to strengthen popular control over the agents of the township or the primary, appeared in the trade unions as soon as these bodies began to associate for organised effort. When the unions became primaries of a political party, they bound their delegates by iron-clad instructions. The members strove to direct in detail the action of their agents. Practical considerations assisted this tendency. Labour candidates were for the most part men new to political life, whose individual discretion was not always trusted. This



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occasioned the caucus and the solidarity pledge. As the party was young and without a policy based upon traditions and precedents, it needed a definite expression of party principles, and thus arose the platform. Labour members might be susceptible to the novel beguilements of wealth and power, and so were required formally to pledge themselves to party loyalty, to resign upon the demand of their constituents, and not to accept office from opposition parties. All of these measures, dictated by the practical necessities of the labour people, helped to assure the dominance of the party organisation in governing political policy.

The American political system, with its elective executive and fixed term of office, matured harmoniously with a party system where popular platforms take the place of the personal policies of candidates. But the Australian labour party, adopting our principle of a platform interpreted by a caucus, has come into power in a country where the government is constituted upon a basis of personal leadership and discre-

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tionary authority. A responsible cabinet is usually in a state of unstable equilibrium. It may be overthrown by a change of a few votes in a legislative assembly, without appeal to the people. Therefore it must hold ample discretionary powers to contrive and execute compromises so as to retain its supporters. But a ministry composed of men pledged to obey a caucus must, if the theory of party control is maintained, consult continuously with the caucus. However, a caucus does not hold office. It is responsible to its constituents, and not likely to sacrifice even a minor point of platform allegiance to retain in power a minority of its members, with the prospect of being held to account by the actively alert body of electors in the primary organisations. This difficulty of reconciling ministerial with party regimen was manifested immediately after a labour cabinet was formed in Western Australia. The premier declared in his policy speech that in certain details the cabinet did not propose to sacrifice expediency to the party platform. This announcement was at once met by resolutions

from the primaries, and by statements by labour members of parliament, to the effect that the ministers were violating their party pledges, and could not receive the support of the organisation. This issue divided and defeated the party at the next election. Similar embarrassments appeared in the federal labour cabinet, though they did not occasion so acute a crisis. Some labour leaders in both Australia and New Zealand propose as a remedy to substitute an elective for a responsible executive, so that the people can choose their ministers directly, for a fixed term, at a general election.

Party organisation varies in detail in the different states, but that of New South Wales and Victoria, which is here described, is fairly typical. The whole body of active voters forms a league, a term borrowed from English political nomenclature, which indicates the character of the party constitution—a federation of autonomous societies having equal power in proportion to their membership. These societies are called branches, and any citizen over sixteen years of age may become a

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member by subscribing to the platform and the constitution of the league, and paying an annual subscription, which is fixed at two English shillings for males and half that sum for females. Financial members of trade unions pay half these rates. Unions may become affiliated with the league, but they usually differ from branches because their membership is distributed through several election districts, while the former correspond to electoral divisions. Manifestly it would not be possible without sacrificing the industrial interests of trade unions, especially where compulsory arbitration exists, for these organisations to confine their membership to residents of a single electorate. The branch acts as a primary in selecting candidates and sending delegates to conventions. Although a trade union precedent is followed in allowing persons over sixteen years old to become members, only those who have attained their majority can participate in the selection of candidates and other political duties. A person moving from one district to another changes his enrolment to the branch where he

resides, but is not required to change his membership in a union affiliated with a league. In very large districts, however, and in connection with the election of senators to the federal parliament, the trade unions are practically equivalent to branches. More than one branch is allowed in the same electorate, but in such cases a convention of delegates from the branches is called to select a precinct committee. District and state committees are chosen in the same manner, and state conventions are held annually, in which both branches and trade unions are represented.

Party candidates are selected in the first instance by the branches, of which they must be members. Persons soliciting or proposed for office have their names presented by petition of not less than six members of the league residing in the electorate. No member is allowed to sign a petition for more than one candidate for the same office. An exhaustive ballot of all the members in the electorate is then taken, to decide which of the persons so proposed shall become the official nominee of the party. Pro-

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spective candidates must sign a pledge not to oppose the nominee finally chosen, to vote with the caucus, and to support the party platform. This practice of binding members not to bolt the party either before or after election makes discipline efficient and imposes at least mechanical harmony.

The party is financed by equal levies on all the members. Successful candidates sometimes pay part of their campaign expenses, as their public salaries are usually higher than their earnings as workmen; but large campaign funds are unknown and unnecessary. The branches administer a portion of the funds collected from their own members, paying a pro rata assessment to the district and state committees, of which account is rendered at the annual convention. This system of financing political campaigns seems far superior to that usual in the United States. It is but a transposition of trade union methods to a party organisation.

This well disciplined and soundly financed political machine proves very superior to the

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loosely constituted parties previously in the field. Although the old organisations have been entrenched in political power by wealth, position, and privilege, they have yielded ground rapidly to their new opponent. This is partly because class support has been given to the labour platform; but such support was made possible in Australia only by excellent organisation.

The party system adopted by the labour people strengthens political loyalty by the fraternal sentiment: for unions and branches bring together men of the same class, pursuits, and sympathies, much as beneficiary societies do in other countries, and combine the social with the political spirit. For five years before they reach voting age, young men and women are enlisted in party work and support, and enter political life with the experience and confirmed convictions of veterans, allied with the enthusiasm of youth. As every member contributes to the support of the party, he has a taxpayer's interest in its honest and efficient management. He meets face to face in the branches

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the party leaders. The latter know the individual merit of their supporters, and where to select efficient aides. Publicity characterises party administration. The same combination of conditions that made the old town meetings produce public men of high type and training, is slowly moulding the inner life of the political labour party in Australia. Whatever one may think of the ideals that party seeks, he must acknowledge its superiority as a training school for citizens, and an instrument for political control.

A party platform grew up independently in Australia, out of the resolutions adopted by trade union congresses to guide labour committees asking legislation from parliament. With the organisation of a distinct party, the platform became more formal. In the earlier conventions, before delegates had been sobered by political experience, every man brought forward his pet scheme for reforming society, and usually received some recognition in the interest of harmony. This practice made long platforms, portions of which were not taken seri-



ously by the voters, and so the moral advantage of a formal enunciation of party principles was lost. Therefore the custom arose of putting forward the main issues of a campaign in a concise "fighting platform," adding a more or less general platform, composed of planks of local or secondary importance, and resolutions adopted to placate the inevitable crank element of the conventions.

The platform has won the party popular support. A positive programme is attractive. The promise to do new things appeals to the latent discontent of a community. Clear-cut statements count for more with the mass of electors than the philosophical and habitually accommodating and hazy policies which the old party leaders offer their constituents. Labour voters look upon the platform as their own policy, while conservative voters must accept a policy presented to them. Besides, in a country where the people have not been sobered by the tense competition of older lands, and still retain the chronic hopefulness of the prospector and the pioneer, it is harder to work up en-

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thusiasm for maintaining the *status quo*, than for a proposal to overturn it. Many reforms espoused by the labour platform have answered popular demands that would have been even more urgently expressed in America than in Australia. This is particularly true of the electoral reforms which made the issue upon which the party was supported through the perils of infancy. Though these reforms were endorsed and realised by conservative ministers, the credit went to the party that had published its support most widely and prominently. Therefore the platform has served the purpose of an advertising organ, through which labour leaders have announced their projects and proclaimed their accomplishments, and, like all effective advertising, it has brought them business.

The party has been further favoured by its comparative freedom from local precedents, traditions, and inter-state jealousies, and the ready support it consequently gave the national ideal of federation. The workers of Australia had been thinking federally on matters of vital

interest to them for twenty years when the old parties awoke to find the Commonwealth an accomplished fact. Each colony had its Clintons and Adamses, men long prominent in local public life, who assumed that they would occupy the same position in the larger sphere of political activity now open to them. State rather than party lines defined the cleavage of their rivalries. The same boundaries had in some instances determined divisions upon the whole federal question and details of the constitution, creating hostilities and diverse views of interpretation which were carried over into the new government. A similar cross division existed in party policies. New South Wales had been a free-trade and Victoria a protection colony. On this question conservatives in these two states were arranged in opposition as soon as they met in a national legislature. The old parties, too, were grouped with reference to the fiscal issue in single states. But with the tariff as a national question, and its adjustment to a thousand local interests to be considered, the former party alignment was destroyed even in

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the same electorates. A colonial free trader became a Commonwealth protectionist, and the reverse. Finally, entirely new questions, which parties organised on local lines were not prepared to meet, appeared on the political horizon, rivalling the tariff itself in immediate interest.

Amid all these new conditions, so confusing to the older parties, the course of labour politicians lay comparatively clear. They had long ago—after their humiliating experience in New South Wales—agreed to subordinate the tariff to strictly labour issues. But consistently with their ideas of State control of industry, they were for the most part protectionists, and more decidedly so with protection as a national than as a colonial policy. Their party organisation was already inter-state, so that questions of personal leadership were already settled; and they had consistently supported federation, so they were sympathetically disposed towards the new government. Meantime the measures chiefly sought by the working people could be most effectively secured

through a central government. This had been sufficiently foreseen to determine the federal policy of their leaders.

The labour party is the loose constructionist party of the Commonwealth. Workingmen assume this position because of the laws they advocate, not from abstract reasoning upon the powers of government. This attitude is strengthened by the fact that the liberal federal franchise gives them more influence in the central parliament than in the local legislatures. But primarily it is the logic of their political platform that makes the labour people emphasise central at the expense of state authority. They look to the federal government to protect them from an invasion of alien labour from neighbouring Asia. That government can more easily handle old-age pensions than the separate states, because it controls the customs revenues, and can prescribe a uniform law for the entire Commonwealth. An important fraction of the workingmen engaged in maritime trades is chiefly interested in navigation laws, which are under federal control. Most

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important of all, compulsory arbitration, which involves government regulation of industry and partly realises state socialist ideals, belongs properly to the authority that makes the tariff. For a local court, regulating wages and other terms of employment affecting the cost of production, must consider the conditions of competition in each industry. Over these conditions, so far as they relate to merchandise exchanged among the states, it has no control. But a national government prescribing uniform conditions of domestic production can guard these by its tariff legislation. So workers think that the tariff area and the area regulated by compulsory arbitration should coincide. Such considerations as these have made the labourists the consistent ultra-federalists of Australia.

The growth of the labour party has not been continuous in every state since 1891, but each campaign has increased its average strength in the entire country. At the last Commonwealth election the labour delegation in the senate rose from less than a fourth to nearly half the

members, and a smaller but decided gain was made in the house of representatives. Labour is strongly represented in the lower branch of the state legislatures, and has small delegations in the upper house of Victoria, South Australia, and Western Australia, where legislative councillors are elected. The large radical element in the federal senate is due to the method of election. Senators are chosen directly by the people of the states as single electorates, so the preponderance of wage-earners is fully manifested in the popular vote. Members of the house are chosen by districts, so the massing of the wage-earning population in cities and mining camps causes them to waste strength in piling up large majorities for fewer candidates. However, as the states are equally represented in the senate, and labour senators are mostly from thinly populated states, they are elected by a smaller number of voters than the conservative senators from New South Wales and Victoria. The strength of the party in the federal house is increased by the alliance of several independent and protectionist members,

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whose political tenure depends upon the support of workingmen.

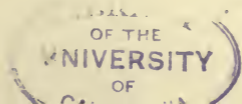
Labour leaders had no opportunity to show what they would do as executive officers until 1904, when the second of the two protectionist ministries that had directed the federal government since its institution, in 1901, went out of office. A labour cabinet was then formed under Mr. J. C. Watson, a young man who entered politics in New South Wales, where he had previously been a compositor on a Sydney newspaper. Six of the seven other members of the ministry were workingmen, and the attorney-general was an independent politician allied with the labour party. This cabinet held office from April until the following August, when it resigned in face of a coalition of protectionists and free traders, whose compromise programme contained nearly every proposal of their labour opponents, including old-age pensions and federal compulsory arbitration. Labour cabinets have been formed more recently in three states, two of which still remain.

By these successes the party is gradually



driving its opponents into a single organisation, thus making the labour platform a direct issue in politics. Hitherto conservative ministers have endorsed labour legislation, in order to retain office. Though this legislation could not go far beyond limits set by public opinion, still these measures were not submitted directly to the people. Voters could say a direct yes, but not a direct no, to the labour platform; because however they voted, they put in power a party that could carry out its policy only by making concessions to the workingmen in parliament.

Radical legislation may be checked by this new condition, as with a united opposition the policy of support in return for concessions must be abandoned. Moreover the industrial projects of the working people are coming more prominently to the fore with the attainment of political reforms previously engaging public attention. But these later measures are those upon which there is least unanimity of opinion, and which will therefore receive less support from neutral classes.



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The economic conditions in New Zealand calling for legislative reform, did not affect wage-earners so exclusively as those in Australia. Prior to 1890 conservative influences were predominant, and had controlled the government almost without interruption for three decades. The conservatives were kept in power by franchise restrictions that repressed the democratic sentiment of the people. Many young New Zealanders were migrating from the country. So when the liberals, tired of being in a perpetual minority, allied themselves with the new force of workingmen, who had entered politics after the electoral reforms of 1889, their policy was determined by the radical wing of the party. Public sentiment was ripe for changes in both land and labour legislation, and these two classes of measures went side by side. The farmer was as fully identified with the new movement as the wage-earner. This explains why a single premier held office for fourteen years, and a "progressive" cabinet has been in power since 1891. Workingmen have not formed a class party; but have allied themselves

with the people to oppose a class party of landed proprietors. Therefore the legislative reforms they have secured are more directly endorsed by the voters than those hitherto obtained by the labour party in Australia.

While progressive laws were more speedily enacted in New Zealand, because a wider constituency co-operated in their support, this broad party basis has checked many radical projects. The "whole people"—in a sense not strictly accurate, but generally understood in America—will accompany the advanced reformer a short way with alacrity, then suddenly demand the most cautious progress. This has been so true in New Zealand that some labour leaders advocate parting from their liberal allies, because the latter will not grant them further concessions. But the workingmen of the colony would gain little by independent action, as their success is conditioned by the support of the rural classes.

A new phase of the political labour movement is now appearing in both New Zealand and Australia, due to a clearer definition of issues,

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an awakened consciousness of the full implications and consequences of labour policy, and broader reflection upon the ideals and underlying theories of government control of industry.

## CHAPTER V

### THE LABOUR PROGRAMME

THE programme of the labour movement in Australasia is growing and is still in process of realisation. Its ultimate ends, therefore, are defined by ideals rather than by specific measures. Workmen, to be sure, are directly interested in concrete objects, which can be embodied in definite legislation or administrative policies. Most of the voters who support labour measures in Australasia do not look ahead of one or two laws which they wish placed on the statute books. Yet each law enacted suggests another with still more attractive possibilities. So there is no finality in the programme of workingmen. But the present trend of policy can be determined by comparing the earliest attainments with the latest proposals of labour leaders.

The first measure secured by the labour

✓ party in New South Wales was an act equalising suffrage. In South Australia the party supported adult suffrage for the lower house of parliament, and is now seeking to extend the same provision to electors of the upper house. Victoria was already under a constitution more democratic than that of the other colonies. Labour members have been active in securing free schools in South Australia, and have agitated continuously for the same reform in New South Wales. Woman suffrage has come in New Zealand and four states of the Commonwealth, and been adopted in federal elections, with the support of the workingmen. Working women are usually more ardent politicians than their sisters of the well-to-do classes.

Nearly every labour platform in Australasia advocates abolishing the legislative councils. There is no opposition to the federal senate, and the party has not espoused a constitutional theory hostile to bicameral legislatures. But the upper chamber of the state and colonial parliaments has regularly opposed the popular measures sought by workingmen, and is re-

garded as hostile to democratic and labour legislation. Economy as well as expediency is said to demand a single house. The same argument is advanced in support of a second proposal popular with the workingmen, to abolish the royal governors in the separate states, leaving the governor-general of the Commonwealth the only imperial official. The office is chiefly ornamental, and the salary of twenty thousand dollars or twenty-five thousand dollars, with residence and sometimes with special allowances, is a considerable item in the local budgets. Many workingmen desire to abolish the governorship in New Zealand, and the ultra-radicals in Australia prefer to be without the King's representative even at the federal capital. The initiative and referendum are everywhere advocated by the party.

Although the industrial demands of the labour people commit them to a strong central government, they favour extending town and county organisation. The interest of the party in this phase of local government is confined

principally to three points—securing equal and universal suffrage in town elections, limiting taxation to the value of land irrespective of improvements, and empowering local authorities to establish and conduct industries. In New Zealand, where the method of taxing land for local purposes is settled by local option, a large majority of the towns have voted to make their assessments upon its unimproved value.

As demands for constitutional reform are significantly absent from the federal labour platform, it is fair to assume that the organic law of the Commonwealth is in the main satisfactory to workingmen. Their political programme is only to eliminate class privilege in government.

Land and taxation are prominent in the state platforms, but the federal platform does not consider them, because the Commonwealth does not control public lands, and raises its revenue chiefly by a national tariff. New Zealand took the lead in this sphere of legislation, and the measures adopted in that colony form an ideal toward which the



party in several states of the Commonwealth is striving. Land taxation is confined to unimproved values, and mortgages are taxed against the mortgagee. In addition to the ordinary tax, there is a graduated tax upon all land having an unimproved value of more than five thousand pounds sterling. This increment has recently been increased, and now varies from one-fourth of a mill on estates not exceeding fifty thousand dollars, to over twelve mills on very large holdings. Thus the largest land-owners pay altogether over a cent and one-half taxes for every dollar they have invested in land, while the small farmer, whose real property exclusive of improvements is valued at less than five hundred pounds, or about twenty-five hundred dollars, is exempted from taxation. Such a law affords more revenue in New Zealand, where the land is mostly held by a very few people, than it would in the United States, where land is subdivided into farms of moderate extent. Of the 115,713 land-owners in the colony, 22,778 pay a tax on their estate, and the remainder are exempt under the law. About

two-sevenths of the revenue from land taxes is from the graduated tax.

The old personal property tax has been abolished in New Zealand, and in its place is an income tax, which is also graduated. Incomes of less than three hundred pounds (and fifty pounds life insurance premiums) are exempt, the rate is equivalent to two and a half cents on the dollar for the first taxable thousand pounds, and five cents on the dollar for larger incomes. The principle of progressive land taxation has been applied in Victoria, South Australia, and Tasmania, and taxation is based on unimproved land values in New South Wales and South Australia. The income tax levied in several of the states is graduated, and is usually lower on incomes derived from personal exertion than upon those derived from property. These tax laws are popular with the mass of voters; but they have not revolutionised the distribution of property.

The labour party favours resuming large estates for closer settlement, if necessary by condemnation. This policy was forced upon

New Zealand, by the monopoly of arable land by a few proprietors soon after the colony was founded, and has been adopted in South Australia. Large holdings are resumed by the government in other states when offered for sale by the owners, and compulsory resumption is likely to extend. The demand for agricultural lands among tenant farmers and the sons of small proprietors nearly always exceeds the supply. However these laws, and those relating to public land administration, are due to agrarian rather than to labour agitation, and are more vigorously agitated in farming communities, like New Zealand, Tasmania, and Victoria, than in states where wage-earners are dominant.

Several laws were enacted by the Australian colonies, in the last years before federation, for the purpose of encouraging co-operative land settlements and village communities. These measures contained features similar to those successfully applied by the New England colonies in the seventeenth century. But they have not succeeded in Australasia, and though

favoured by the working people as political projects, have not received their support as industrial enterprises.

The main feature of the land policy of the labour party is its advocacy of nationalisation. Such an attainment seems nearer realisation to an Australasian than to an American. For in the colonies much of the original public domain still belongs to the State, though occupied by private tenants. The grazing lands are largely held under pastoral leases. By not alienating more public land and repurchasing large private holdings, the labour people hope gradually to make private ownership the exception. Their plan is to allot land to settlers under leasehold and make the government the universal landlord. Upon this issue workingmen part company with the farmers. Their policy is consistent with the governing principle of the whole labour programme, which is public ownership of the means of production.

The industrial laws advocated by the labour party look toward State control of industry by regulating conditions of employment. This

legislation flows from two sources, parliament and boards or courts, with delegated authority in industrial matters, instituted by general statute. The activity and powers of these subordinate bodies are so great that direct legislation is relatively unimportant in the eyes of workingmen. Nevertheless the parliamentary acts constitute a code of some dimensions. The labour laws of New Zealand include fifty-six separate statutes, and form a volume of 428 pages. The most advanced of these laws, excepting compulsory arbitration, is the Workers' Compensation Act, which is based upon the English statute, and imposes on employers a degree of liability for accidents to workmen not recognised in the United States. Our liability laws enable a worker to secure damages for an accident incurred in service only when his employer has been negligent; the Compensation Act makes the employer liable to a limited sum for all injuries received by workmen while engaged in his service, without regard to negligence. Such a law is now in force in New Zealand, South Australia, Western Australia,

and Queensland. The effect is to make the employer insure his business against every claim for injuries received by his employees. Unavoidable personal accidents become a charge upon the business, instead of upon individual workmen, resting equally on competing employers, and the law is not generally felt to be a hardship.

The factory legislation of the colonies is more detailed and exhaustive than our own. Laws compelling the early closing of shops and half holidays are common, and the amount of overtime that can be worked in a factory is limited. Child labour in factories is forbidden or discouraged, and the eight-hour day indirectly imposed even for adults. Provisions for inspection and the enforcement of the laws are more ample than in America. Factory and mine sanitation are closely regulated, though without affecting actual conditions much more than enlightened self-interest and voluntary action in America. The laws of England have been a common source of legislation for Australasia and the United States in matters

relating to the time, form of payment, and security for wages. The two chief measures workingmen now seek are a statutory eight-hour day and minimum wage. The comparative moderation of these demands, which would be endorsed by trade unionists everywhere, is due to another channel for making the desires of labour effective. The real industrial ends of the labour movement are revealed in compulsory arbitration.

The seven planks of the federal "fighting platform" are—maintenance of a White Australia; ① compulsory arbitration; ② old-age pensions; ③ nationalisation of monopolies; ④ citizen defence force and Australian-owned navy; ⑤ restriction of public borrowing; ⑥ and navigation laws, providing among other things for the ⑦ "protection of Australian shipping against unfair competition." The general platform calls for a Commonwealth bank of deposit and issue, federal life and fire insurance, and a federal patent law. None of the planks is wholly experimental. The "White Australia" policy has been adopted. Compulsory arbitra-

tion and old-age pensions exist in two states of the Commonwealth and in New Zealand. The four following planks are based upon legislation in other countries. England has a national bank, New Zealand state life and fire insurance, and a federal patent law such as Australia desires is in force in the United States.

A clause of the federal constitution gives parliament authority to provide for "conciliation and arbitration of industrial disputes extending beyond the limits of any one state." Another clause grants the central government the right to legislate in regard to any matter referred to it by any state or group of states, such legislation to affect only states consenting thereto. The Commonwealth parliament also has power to legislate with regard to "trade and commerce with other countries and among the states." By the imperial act constituting the Commonwealth, the British government delegates to the federal parliament authority to make laws which shall be in force "on all ships, the King's ships of war excepted, whose first port of clearance and whose port of destination



are in the Commonwealth." Therefore the aggregate authority to legislate in industrial matters is considerable, but it is not yet defined by court interpretation.

The constitution further gives parliament authority to provide for "invalid and old-age pensions." New Zealand enacted the pioneer old-age pension law in 1898; and has been followed by Victoria and New South Wales. All three statutes place the age qualifying a person to receive this bounty at sixty-five years, but in New South Wales a person sixty years old is granted a pension if incapacitated by sickness or injury from earning a livelihood. Pensioners must have resided in New Zealand or New South Wales twenty-five years, and in Victoria twenty years. The amount of the pension varies from \$8.45 a month in Victoria to a possible \$10.50 a month in New Zealand—to which sum it has recently been increased from \$7.25 a month—but may be less if a person owns property, or where a husband and wife living together are both pensioners. A pensioner is allowed to supplement this money in

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New Zealand and New South Wales by the product of his own exertion, so long as his income does not exceed a pound sterling a week, or about twenty dollars a month. If he proves his ability to earn a higher wage, or has income from property, his pension is correspondingly diminished or ceases entirely. Of those qualified by age and residence to receive pensions 21 per cent. in Victoria, 38 per cent. in New Zealand, and 48 per cent. in New South Wales are upon the rolls. The number of pensioners in New Zealand has fallen from 12,776, in 1902, to 11,138, in 1905, and the expense of pensions from \$1,059,001 to \$968,860. The latter sum will be increased about one-half by the recent amendment to the law. The estimated cost of old-age pensions, if made universal through the Commonwealth, would be about \$1.83 per capita of the population. This would make the cost to the taxpayers of such a law in the United States, if carried out on the more liberal basis of New Zealand and New South Wales, about the same as our present army pensions, for which we have paid over \$1.80 per capita

per annum for several years of the last decade. The labour party advocates lowering the age limit for pensions to sixty years, without requiring incapacity. They assert that a federal act would simplify the administration of these laws, place the financial burden upon the customs revenues, where it would be least felt, and enable many old residents of Australia, mostly native-born, who are justly entitled to pensions but excluded because they have not resided continuously in one state, to receive the benefit of this legislation.

No attempt has been made to nationalise industrial monopolies in Australasia. The railways are already government property. In New Zealand the government proposes to absorb the tobacco industry, and a similar project was advanced, in 1904, by the Commonwealth labour ministry. Nationalisation enterprises have more academic than practical interest for workingmen at present, because they are occupied with matters of greater immediate concern and political expediency. The large public debt and consequent burden of taxation must be

lightened before radical steps can be taken towards government ownership of industries. Workers prefer for the present to control industry as organised under private ownership, rather than to conduct such undertakings as public enterprises.

The first platform of the labour party in New South Wales contained a plank in favour of "federation of the Australian colonies on a national as opposed to an imperial basis." This has continued to be the attitude of the workmen of Australia towards imperial relations. The same considerations that make them favour a strong central government, make them look with disfavour upon too close a bond with the mother country. In this they are guided by practical interest rather than by sentiment, though the former may in time mould the latter. England is the Australian manufacturer's industrial competitor. English goods may be favoured by the importer, but they mean less trade for the factory owner and less work for the operative. These antagonistic industrial interests are felt by workers. They come more

prominently to the fore in case of immigration. Upon two occasions lately workingmen have tried to exclude from Australia British mechanics coming to the country under contract. One constant fear of the Australian is that he may be swamped by the competition of coloured subjects of the Empire, and toward this danger he has directed drastic legislation. Coastal seamen are jealous of the competition of British shipping, and look forward to Australian independence upon the sea. The labour party might, as readily as the conservative parties, grant preferential trade to the mother country, from a feeling of common race and sentiment with British workingmen. But it would make no concessions prejudicial to home industries, or open the gates to an immigration of British workmen coming to assured positions in the Commonwealth. While not hostile to Great Britain, the workingmen of Australasia probably attach less weight to imperial ties than the conservatives. The governing classes of England have not been in sympathy with the social-democratic movement in the colonies.

Australasian workingmen realise this. Many of them receive their most vivid impression of the motherland from a royal governor, whose lordly revenues their taxes pay, and whose social sympathies are generally with the class opposing them. But any alienation that may exist has only sentimental import. The relation of the Empire to the Australasian democracies is too sagaciously arranged to be materially affected by a divergence of local policies.

The practical objects of the labour party are not so much socialist as social-democratic. They look toward collectivism, but recognise wages, profits, and the conditions of capitalist production as matters to be accepted in present legislation. Here the party breaks with doctrinaire socialists, of whom there are a few in Australia and New Zealand, whose active but not very formidable opposition it is obliged to meet. Australian labour leaders know little or nothing of Marxian theories. Few of them know even by title the principal text-books of Continental socialism. The writings of Henry George and Edward Bellamy did something to

popularise collectivist doctrines. The Knights of Labour enrolled many recruits in both Australia and New Zealand at one time, and the first progressive premier of the latter colony was a member of that body. More recently one or two English socialists have visited Australia, and Mr. Tom Mann has been employed as a salaried organiser by the Melbourne Trades Hall. But the policy of the labour party is shaped by home conditions. There is little social idealism among the rank and file of the working classes. They are mostly seeking immediate and concrete results, and, so far as any directive purpose on their part is concerned, it is merely an accident that the policy thus determined trends toward socialism.

Nevertheless the full significance of the labour programme is hardly to be gathered from its formal statement. The ideals behind it, and the spirit in which laws embodying its demands would be administered by a labour party in power, are of more practical interest to the people of Australia than are the bare projects of these laws themselves. Labour leaders are

fully conscious of their socialist purpose. They are perfectly candid in stating it to their supporters. They do not look upon their present legislative demands as final. They intend gradually to carry the principles these imply to their logical conclusion, and they would administer the government so as to further this end. As they are practical politicians and have felt the responsibility of office, they are more conservative in their immediate proposals and party tactics. No red flag demonstrations occur at their meetings. They are confessedly leaving much of their ultimate programme to their children and grandchildren. But they know where the road they are travelling leads, and are advertising their destination to the people. They are endeavouring, gradually and without violently disturbing existing conditions, to abolish private employment, and thereby, as they think, solve the economic problem of society. Few of them are communists. Most of them are sceptical as to the possibility of establishing economic equality. It is hardly necessary to say that none of them looks



forward to making a grand division of the country's wealth among all the citizens. But they have faith that the State can in some way make it possible for every man to earn a "living wage." It is toward this end that they are experimentally proceeding.

## CHAPTER VI

### A WHITE AUSTRALIA

A WHITE AUSTRALIA retains the first place in the labour platform, although laws for attaining that object have been enacted, and this declaration of policy affects chiefly the administration of existing statutes. New Zealand, for historical and climatic reasons, is less concerned in this question than is Australia. The territory of the Commonwealth is almost an appendage of Asia, and is set down in the vicinity of a host of petty insular associates, the Polynesian groups, and of the densely populated East Indies. It is embraced in an imperial connection with the coolie multitudes of British India. And it possesses large tracts of strictly tropical country, with the hot, humid climate, the rank vegetation, the diseases and drawbacks, and with the special agricultural capabilities of the torrid zone. The question therefore falls

naturally into three divisions: Chinese exclusion, intro-imperial exclusion—which are both essentially Commonwealth questions—and plantation labour exclusion, which at present affects chiefly and directly certain industries of Queensland, but in the course of future development will become important in the northern territory of South and Western Australia.

The Chinese began to arrive in Australia in numbers sufficient to attract attention at the time of the gold excitement, fifty years ago. An act was passed in Victoria, in 1854, restricting their immigration, followed shortly by similar laws in the other colonies. Notwithstanding these legal discouragements, the Chinese soon constituted eleven per cent. of the adult male population of Victoria and New South Wales, then, as now, the most populous and important part of Australia. The opposition to them was so strong, especially after the placer diggings began to show signs of exhaustion, and miners were forced into other occupations, that in 1861 serious rioting, requiring the inter-

vention of military authority, occurred in New South Wales. More stringent exclusion laws were subsequently passed, and the Chinese were placed under special disabilities, preventing their acquiring citizenship, owning land, or engaging in mining occupations. The colonial immigration laws have recently been superseded by a federal act, which excludes from the Commonwealth, with a few unimportant exceptions, all persons unable to write from dictation and sign a passage of fifty words in a European language.

Though the Chinese form a more important fraction of the population in northern Queensland, the economic evils of their competition have been most evident in Melbourne and Sydney. In the former country they constitute a phase of the all-important plantation labour question. Among urban workmen they are an element apart, competing in retail trade and manufacturing, especially furniture making, where they depress wages and defy industrial regulation. This competition impresses workmen with their need of government protection,

and with the racial limitations of socialism. The Chinese are social rebels. They persistently evade the measures devised by other workers to better the condition of labour. Though skilful at co-operation among themselves, they do not grasp the governmental ideal. They possess the communal instinct which precedes modern industrialism, and which is sometimes confounded with the so-called scientific socialism of to-day. The very capacity for acting together, which they have in as high a degree as the best-disciplined unionists, is used to evade government regulations. The laws of Australasia generally make every place where a Chinaman is employed a factory, so that state supervision is extended to all industrial workers of that nationality; but this has little effect in changing their customs. Therefore acts to help white workmen, by shortening hours of labour, raising wages, and requiring more expensive sanitation and better surroundings, only enable the Chinese to compete to greater advantage. Hence it becomes a very important matter with the labour party, which advocates state

regulation of industry, to eliminate from their problem this factor of cheap and largely uncontrollable labour.

A few Japanese have immigrated to Australia, but they are not numerous enough to affect the labour situation. They are chiefly employed in the pearl fisheries of the northern coast. The trade between the Commonwealth and Japan is growing, and regular lines of colonial and Japanese steamers ply between Sydney and Kobe or Yokohama. Some people in Australia anticipate that the policy of restricting the immigration of Asiatics may in time occasion diplomatic difficulties with their northern neighbour.

The immigration of coloured British subjects from India has not been large, and the effect of their presence in Australia is hardly sufficient to justify the concern of white workers. But the government enforces intro-imperial exclusion, keeping fellow-subjects out of the country regardless of allegiance to a common sovereign. The federal authorities recently refused to sign a mail contract with a British steamship line

which employed coloured citizens of the Empire as firemen.

The problem of developing its tropical territories with white labour is a matter of national concern for Australia, not only because it ultimately will involve the direct interests of the three states whose resources lie largely in the torrid zone, but also because the federal government must bear the expense which this policy imposes. At present the only one phase of the question of practical importance is the economic effect of excluding colored labour upon the production of sugar in northern Queensland. This industry has been in existence for more than forty years, though until recently the amount of cane raised hardly exceeded the crop of a single plantation of first rank in Hawaii or Cuba. The policy of erecting central mills with government aid was started about twenty years ago, and in 1893 the Queensland parliament passed a sugar works guarantee act which permitted any group of farmers to form themselves into a company, and, by mortgaging their lands to the government, obtain capital

to erect a mill. Under this act the state has become involved in the sugar business to the extent of \$2,800,000, some \$300,000 of which is overdue interest and redemption instalments. Therefore the people of Queensland are concerned in the welfare of this industry to the amount of about six dollars per capita, irrespective of the planters and small landholders, whose entire capital is engaged in cane raising.

This crop has been cultivated and harvested by imported labourers from the Pacific islands, known locally as "Kanakas." These contract workmen were first introduced about the time of the civil war in America, when cotton planting flourished temporarily on account of the blockade of our southern ports. The local demand for sugar caused cane to take the place of cotton when the price of the latter fell at the close of the war. Serious abuses grew up in the method of recruiting this labour. The unwilling and unsophisticated islanders were enticed from their homes, separated from their families, and in some instances wantonly killed when they



resisted involuntary service in a strange country. The evils of the slave trade were so far revived that the imperial government passed an act, in 1872, "For the Prevention and Punishment of Criminal Outrages upon Natives of the Islands of the Pacific Ocean." Various attempts were subsequently made by Queensland to regulate and mitigate the evils of this traffic, and at one time it was temporarily suspended. But, up to the present, Kanakas have outnumbered all other workers employed in the canefields, though they are relatively less important now than in the early days of the industry. During the fourteen years prior to 1900 sugar production increased one hundred and twenty-one per cent., while the Pacific Islanders decreased eighteen per cent. About one-fifth of the cane raised in Queensland is produced by white labour alone, and there is one white planter for every two coloured persons employed in the industry.

The imported labourers were closely confined to cane cultivation, partly because their service was worth more in that occupation, and

partly because the laws of the colony forbade their engaging in other kinds of employment. The demand for coloured labour is not at present exigent except in tropical agriculture. The state of Queensland extends twelve hundred miles from south to north, with corresponding variations of climate. All the country likely to require coloured labour lies within a few miles of the coast. Beyond these lowlands begin immediately a range of highlands, verging off into the central plain, with a dry climate, cool nights, and other natural conditions not so unfavourable to Europeans. The coast lands, however, which alone are adapted to agriculture, are extremely humid, and their mean temperature varies from seventy-two to seventy-five degrees, and the maximum reaches one hundred. Frost never occurs in the northern districts. All of the physical conditions of the country are unfavourable to white men. Statistics from the plantations show that the wages of white workers rise and the number of days they can work in a year decreases as the northern limit of this coast area is approached,

while the reverse occurs in case of the coloured labourer.

The Commonwealth government, yielding to the demand of the labour party and of a large independent element opposed to contract labour on principle, has abolished Kanaka importation. To remedy the adverse effect of this action upon the sugar industry, a tariff of nearly thirty dollars a ton, or almost as high as that in the United States, has been levied upon imported sugar. The protective effect of this duty is cut in half by an excise tax of about fifteen dollars on home-grown sugar. But in order to encourage cane raising without coloured help, an indirect bounty of nearly ten dollars a ton is paid upon sugar grown exclusively by white labour.

Australia is, therefore, following a policy that ignores to some extent natural and economic laws. The government would redeem a virgin and tropical wilderness by Saxon labour, and domicile within the torrid zone a race of workers whose physiological adjustments from remote antiquity have fitted them for colder

climates. Not even when the Aryan invaders descended the valley of the Indus and established a caste supremacy in India, was this attempted; for subjugated races formed the raw levies of industry in the subdued land. In Australia there is no indigenous race to clear the forests and till the soil. For these tasks the native blacks are too few and too little apt at rude or protracted labour. The term White Australia is to be taken literally, and means that all the territory of the Federation, except possibly New Guinea, is to be reserved for the exclusive occupancy of people of British stock. No such vast experiment at acclimatisation has ever been attempted. Its success, if doubtful, cannot be disproved, because it is so novel. And Australians are not making an aggressive effort to bring into use the natural resources of their tropical empire. They seem content to wait—if necessary forever—rather than seek another solution for the problem than the one they have adopted. A labour minister in Queensland said: “We believe northern Queens-



land can be developed by white labour alone; but if we knew it could not, we should prefer to let it lie idle rather than to saddle the country with a black race and a contract-labour question."

Climatic causes alone do not give the coloured races command of the tropics. Broadly speaking, a man goes with his natural environment, it is true, and the coloured labourer is favoured by his better adaptation to a hot climate. Still the question is open, whether it is not primarily economic competition, in the industrial sense, that at present keeps white workers away from the tropics. The progress of science and invention applied to plantation industries, and a more rapid physiological adaptation to climate than is now anticipated, may reverse the position of the two races even in hot countries, turning the balance of adaptation in favour of the worker with superior mental equipment. But Australia must meet the facts that tropical industries are at present conducted by processes requiring cheap labour, and that world-wide competition, from which no country can escape,

has fixed the wage of the labourer in the torrid zone far below that required by Caucasian workers. The fringe of continent which the Commonwealth possesses, bending far north toward the equator, still awaits the pioneer. As its capacities are tested and its resources advertised, the demand for its development will become more insistent. Australians may be willing to pay high prices for tropical produce to enable their fellow countrymen to labour in its fetid swamps and on its broiling plains; but the market the few million residents of the Commonwealth afford is limited. The growing demand that the modern world makes on the material resources of the globe is so exigent, that no nation can lock up in perpetual reserve large tracts of productive territory. To neglect material resources is to forfeit them. Not, perhaps, through foreign pressure, but from the cogency of its own internal needs, the Commonwealth will be forced to use its entire domain. In doing this the tropical labour question will continue a leading issue. No single statute will retire it permanently from discus-

sion. A White Australia may for many years stand at the head of the labour platform, not altogether as a symbol of a conquest won, but as a national ideal. It may in time become a secure attainment, but that will be in response to changing conditions that will modify the whole process of tropical production.

The attitude of the labour party toward coloured races marks the limit self-interest imposes on the altruistic side of socialism. The working classes are seeking to realise a state of society where all members are qualified and accustomed to participate in industrial as well as political control. This can be attained only by a process of striving which the tropical races have not yet begun. Therefore labour sympathy extends only to those who are consciously seeking popular ideals, or are at least restless with the spirit of reform. Discontent is the badge of brotherhood. The passive hosts of the Orient are natural enemies of socialism. They represent an impending economic peril to white workers. The labour movement is under one aspect a vast cosmopolitanising influ-

ence. It discourages the spirit of nationality. Military armaments and warlike ideals are recognised as impeding the progress of labour. The common interests of a class are more important than the separate interests of different governments. But where the class ends the bond is broken. A nation without a labour movement is, in the eyes of workingmen, a social outlaw, without the seed of regeneration. As the Christians of the Middle Ages called every man brother, and slaughtered the heathen and the heretic, so modern socialists extend one hand in fellowship to class-conscious labour, and with the other draw the sword of hostile legislation against the toiler unprotesting against his lot.

We can only conjecture what part the multitudes of the Orient are to play in coming industrial changes. They may become servants of machinery devised and controlled by Europeans, developing the species of intelligence required by modern industry while retaining the docility of a servile race. They may be stimulated by concrete examples of scientific attainment to a new era of progress. They may



remain in mental stagnation, passing away like a lower organism before a race whose relative advantage in the world's competition is multiplied by every new discovery, and whose growing dominance is extended by that very process of self-perfection of which the labour movement is a part. Whichever of these possibilities is realised, or if all are realised in different degrees, Australia believes itself more concerned than any other continent in the event.

## CHAPTER VII

### MINIMUM WAGE BOARDS

VICTORIA received more immigrants at the time of the gold excitement than the developed resources of the country could profitably employ. Therefore manufactures sprang up at Melbourne, under favouring legislation, to occupy this surplus labour, and a permanent population of skilled workers was created. Factories extended faster than the market accessible to Australian manufacturers, and overproduction followed, with the result that the excess of workmen found no demand for their services at home, and no place within reaching distance to offer them. Consequently industrial crises occurred in which sweating and other evils affecting especially the working classes arose. Chinese competition added to the distress of white employees in some trades. These conditions finally aroused public atten-

tion. Government investigations followed, which showed the unfavourable situation of the working people to be dependent on what were thought remediable industrial conditions, and modifications of the factory laws were undertaken to correct them.

The problems presented by sweating and Chinese competition were so complex and required so much detailed regulation that the direct intervention of parliament was likely to prove cumbersome and ineffective. Therefore authority to deal with these questions was delegated to subordinate bodies, called minimum wage boards, representing the trades affected, and composed of men having practical knowledge of the industry under their jurisdiction. The authority thus delegated was specified and limited by the Factories Act. It covered more ground than the general law that had preceded it, partly because the problems to be met were different, and partly because more powers could be entrusted to a body of specialists dealing continuously with an industry and free to revise their acts, than could be safely granted to an

administrative official, or even exercised directly by parliament itself through the hard and fast provisions of a statute.

The authority of the legislature in the British colonies is not limited by a written constitution. Therefore it can delegate powers copious enough to supply any necessary degree of authority to the secondary agency chosen to administer them. The wage boards might legally have been empowered to take entire control of private industry. However, their functions do not exceed in principle those exercised by railway commissions in America—with the important reservation that they affect private, as well as public and quasi-public industries. The Victorian parliament did not regulate the price of the products or services of a business, but it gave the boards authority to prescribe a minimum wage for employees in certain classes of establishments. This authority was granted in order to remedy a special evil—a wage so low that it threatened the common interest of society in maintaining a standard of living among all classes sufficient

for healthy social progress. One motive was to protect society from the competition of a lower civilisation—that of the Chinese. The law was directed against sweating on the theory that this abuse is unprofitable for all concerned in it. The average profits of manufacturers are no higher when sweating is rampant than when a fair wage is paid; and the volume of their trade is lessened by the lower consuming power of workers. Propertied interests were not opposed to a statutory minimum wage on the ground that it was an attack upon capital. The better employers rather courted some provision that freed them from the competition of less scrupulous men of their own class. Moreover, though the determinations of wage boards are legislative acts, in essence amendments to the factory law, they preserve in some degree the form of a voluntary agreement. The boards who pass them are composed of an equal number of delegates from the employers and employees in the trade in question, under a non-partisan chairman, and their decisions are frequently compromises, formally not unlike

collective bargains made between trade unions and employers. But the members are paid for their services from the public revenues, and parliament decides what trades shall be subject to the Act.

Victoria, therefore, did not intend radically to extend state regulation of industry in this effort to remedy evils recognised as of legitimate public concern. Similar measures might be adopted anywhere in the United States without exciting comment as a bold departure from our precedents and institutions. The labour people favoured but did not initiate the law. The amendment was not embodied in the factory law as an entering wedge to socialism. Its ulterior possibilities were not suspected, because its immediate purpose was so evident. But in the midst of the general movement towards state regulation of industry, this legislation has been diverted toward a development sympathetic with that occurring in neighbouring states and colonies. It has been moulded by the changing popular ideals, by expanding conceptions of the State's functions in industrial

matters, and by the persistent pressure of labour interests in its administration, until—despite hostile amendments recently enacted—it accords in spirit and purpose with other advanced legislation in Australasia.

The power of the boards is limited by statute to determining two principal matters, the minimum wage and apprenticeship. By implication authority to fix wages involves the right to fix overtime rates, and so gives the boards, as is further provided in the act, power to determine the length of the working day. Boards may establish rates of wages for both time and piece-work, or fix time wages and allow manufacturers to adjust the rates they pay by the piece to this standard. In order to curtail child labour, the boards are authorised to regulate the pay of apprentices, and the number of unindentured apprentices employed in proportion to journeymen. Formerly they could limit the number of apprentices, whether indentured or not; but a recent amendment, caused partly by a scarcity of skilled operatives since the expansion of

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manufactures following federation, takes away the right to restrict the employment of indentured learners.

Boards cannot prohibit strikes, and so are under no obligation to satisfy all the demands of labour, because workmen are free to resort to other measures for securing more pay than the determinations grant. Therefore they differ from an arbitration court, which being instituted to prevent strikes is the sole legal recourse of workers seeking to better themselves with the growing prosperity of their employers, and consequently ought to have full authority to adjust wages to the demands of labour crises as well as to industrial crises. However, the boards would have fulfilled their original intent had they merely enforced a living wage. This would have corrected sweating, and might have checked the pressure of Chinese competition. To enact a statutory wage higher than this purpose demands, was to exceed their original object and assume powers not contemplated by the legislature. But the analogy of a collective bargain seems to have



guided the representatives upon these bodies, so that they unconsciously interpreted their duty as not unlike that of an arbitration court. Therefore, a standard or union wage was usually made the minimum. In fact some of the determinations fixed the minimum higher than the average wage previously prevailing. In 1897, the year after the boards were established, protests against this were presented to parliament by the boot and clothing manufacturers. To prevent such a compulsory increase of wages, an amendment was passed in 1904, defining the procedure by which boards are to determine what is a minimum wage. They are required to ascertain as a question of fact the average wage paid by reputable employers, and are forbidden to fix a minimum higher than the average wage as thus determined. The boards are also allowed to fix special rates of pay for aged, infirm, or slow workers.

Although the late amendments are thought reactionary by labour sympathisers, they tend to assimilate wage-board laws to arbitration

laws. A necessary result of defining the procedure to be used in ascertaining a minimum wage, is to clothe the boards with such quasi-judicial powers as authority to receive evidence under oath. Much more important is a new provision establishing a court of industrial appeals, consisting of a justice of the state supreme court, with two assessors appointed by the court from nominees by the employers and employees respectively. These assessors are technical advisers, rather than members of the court. This tribunal is authorised to hear appeals from the decision of any board, and to amend the whole or part of the board's determination. The court is not limited to specified procedure in ascertaining what shall be a minimum wage, though its jurisdiction does not otherwise extend beyond the subjects of which the boards may take cognisance. The first appeal to this court was made by a body of employers.

The determinations of the boards are enforced by ordinary tribunals, like parliamentary statutes, usually upon action brought by

the factory inspector. Trade unions are not recognised in the constitution of the boards or the enforcement of their decisions. Therefore, the merits and demerits of unionism do not enter into the controversy respecting them, and the law has not aroused the same class sentiment as the arbitration acts. Employers have applied for eleven of the thirty-eight boards established.

Testimony as to the influence of the boards upon sweating and Chinese competition varies. Both continue to exist in Melbourne. I have seen large bundles of clothing going out of factories, to be made up by contractors who were evading board determinations. In 1904 a delegation of workmen petitioned the ministers to take measures to prevent Chinamen from absorbing the furniture trade in Melbourne. The number of Chinese cabinetmakers employed in that city, at the minimum journeyman's wage or over, the previous year, was four hundred and six, earning on an average, \$12.32 a week; while the white workers in the same trade numbered four hundred and seventy, and earned

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on an average \$15.84 a week. But the wages reported by Chinese employers are not reliable. Therefore the law has not eradicated the evils it was devised to meet, but nevertheless it appears to have mitigated them. Few, if any, strikes have occurred where wage determinations are in force. The workers themselves, who ought to be the best judges, commend the effect of the act.

Comparing the condition of workers under the boards, and those not subject to board jurisdiction, the wages of all female workers and of all adult male workers are higher in the regulated trades; but the wages of boys and youths are higher in occupations free from government control. This is probably because the determinations of the wage boards contain provisions discouraging the employment of juvenile labour, and therefore boys engaged in regulated trades are fewer and are employed in relatively unimportant operations as learners, while in the unregulated trades boys do men's work, and are paid more in consequence. But if the wages of all male workers in regulated and unregu-

lated trades are compared, the average pay of those working under board determinations is \$1.14 a week more than that of their fellows in other occupations.

The Victorian law has recently been modified with a view to overcoming a difficulty experienced in dealing with slow workers. Formerly less efficient operatives were obliged to prove age or infirmity, or some similar specific disability, in order to secure permits to work for a wage lower than that prescribed by the board. A late amendment to the act dispenses with this requirement, so that now the mere fact that a man is not able to earn the minimum wage in the opinion of employers qualifies him to a permit from the inspectors. To prevent the abuse of this provision, the law limits the number of slow workers in any one establishment to not more than one-fifth of the workers paid the full legal wage.

The regulation of wages by statute is the essentially new thing in the Victorian legislation. The nominal control of apprenticeship is only a comprehensive child labour enactment.

It is granted to the boards, like the right to specify the hours of labour, because the age of workers affects average wages. But the theory of state jurisdiction behind the law exceeds that of ordinary factory acts. The government assumes the responsibility of enforcing a living wage. The state of Victoria is undertaking this new function gradually, extending its control from industry to industry, but there has been no retreat from this principle. It is more clearly defined, because less confused by other issues, in minimum wage than in arbitration legislation. For instance, such a theory is nowhere expressed in the New Zealand arbitration law, and it has been applied through the growth of judicial interpretation, rather than by direct enactment. But in the Victorian law, as recently amended, a board not able to fix a minimum wage, under the restrictions placed on its procedure, high enough to guarantee an adequate income to the worker, is required to refer the matter to the court of industrial appeals, which is empowered to take freer action, so as—"to secure a living wage to the employ-

ees in such trade or industry who are affected by such determination.”

This principle, not as yet followed out to its full implications, is a guiding idea with the labour party. The responsibility of the State for a living wage, logically leads to the responsibility of the State for employment at that wage. If these two functions of government are generally recognised as moral duties, and are realised in political action, the result is state socialism.

For this reason the wage regulation of Australasia is not to be confounded too closely with the regulation of wages and industry in the Middle Ages, or even more recently in England and colonial America. The earlier statutes were class legislation in the interest of property. The laws just described are class legislation in the interest of labour. The former were overthrown by the democratic movement. The second are an outcome of the democratic movement carried over into industry. The economic effects of such laws may prove to be the same in both instances. But

the force behind them is different. It has not been shown—nor can it be shown except by experience—that the difference in origin and motive may not radically modify the administration and the economic influence of regulative legislation. Nearly every group of social phenomena has recurrent aspects. In the history of mankind, the pendulum of political control has swung from autocracy to democracy and back again several times. Religion, art, literature, almost every division of culture and mental activity, show similar repetitions. But while broadly similar, each recurring complex of conditions is not identical with its predecessor. This may be true of industrial organisation. The modern state and the ancient and mediæval state are not alike. The people that constitute society are not the same people. The material bases of industrial life are vastly different. To reason from the experience of the past to the possibilities of the future, omitting all these varying conditions, is to court error. There may be general economic laws that apply in both instances. They may be sufficiently



important to predestine the experimental legislation of Australasia to failure. But broader knowledge and profounder study than have yet been devoted to this subject are required to give us conclusions of value.

## CHAPTER VIII

### INDUSTRIAL ARBITRATION ACTS

NEW ZEALAND was the first of the colonies to pass a compulsory arbitration law; but the movement behind this legislation started in Australia. Like the labour party, its origin dates from the maritime strike of 1890. Prior to that, boards for the voluntary conciliation of industrial disputes had been formed in one or two colonies, and bills had been introduced in parliament for conciliation councils, like the *conseils de prud'hommes* of France; but these efforts were not successful. No organisation and no familiar procedure existed for dealing with such an emergency as the strike just mentioned, and immediately after the conclusion of that struggle this want manifested itself in a number of projects, put forth privately and publicly, for settling disputes between work-

men and employers. Among these was a bill proposed, in 1890, by the Right Honourable Charles Kingston, the premier of South Australia, for the encouragement of the formation of industrial unions and the settlement of industrial disputes, which is the parent of all the arbitration laws now in operation in Australasia. This bill was not enacted until 1894, on account of the strong opposition of the conservatives in the upper house of parliament, and was so amended that when it did become a law it possessed formal defects that made its provisions inoperative.

During the four years that the South Australian bill was under discussion, some form of conciliation or arbitration legislation was attempted in every colony except Tasmania and Western Australia. The legislation in New South Wales was preceded by an exhaustive investigation of measures for strike prevention in other countries, the results of which were embodied in a voluminous report—a document drawn upon by all who made a study of this subject in Australasia during this period. The

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mother colony passed an arbitration law, in 1892, almost identical with Mr. Kingston's project and the later New Zealand act, except that it had no compulsory features. This law proved a failure, despite the energetic efforts of the officers of the court to make it a success. While it was in force a single strike occurred costing the colony half a million dollars. No effort was made to retain the law when the four years for which it had been enacted expired. The failure of this act was a severe blow to the principle of voluntary arbitration, and had more effect upon popular opinion because of its close resemblance in other respects to the compulsory laws.

In 1892 a bill embodying many of the clauses and most of the essential features of the proposed South Australian act was introduced into the New Zealand parliament by the minister of labour, the Hon. W. P. Reeves, and became a law in 1894, after protracted opposition from the upper house of parliament. This act went into practical operation in 1896, and has been in force continuously since. In 1900 Western

Australia followed New Zealand with a compulsory arbitration act. The original law was found defective in many details, and two years later was superseded by a revised law, which is now in operation. In 1900 New South Wales, which had been without official machinery for settling labour disputes since the lapse of the voluntary arbitration law four years before, sent a commissioner to investigate the working of the New Zealand act, and upon his report enacted a law differing in several formal respects, and containing even more stringent provisions for the prevention of strikes, than the statute in force in the latter colony. Since its passage, in 1901, this law has been in operation, with but a single amendment. In December, 1904, a federal compulsory arbitration act became law. This statute applies to industrial disputes extending beyond the borders of a single state. In order to meet the new conditions imposed by a jurisdiction covering a territory nearly as large as the United States, and including co-ordinate jurisdiction with state industrial authorities, the organic portions of the

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act contain important modifications not present in the state and colonial statutes.

The policy of compulsory arbitration was thought out and adopted in Australasia by public men of broad popular sympathies rather than by labour leaders. The people still received their legislative projects from parliamentary ministers, rather than from party conventions. Therefore popular sentiment followed rather than led in the adoption of these measures. Evidence given before a commission appointed to investigate sweating in New Zealand, in 1890, and before the New South Wales strike commission, the same year, shows that a few labour leaders and social theorists had thought of the possibility of a state tribunal to settle industrial disputes. But their random and hesitating proposals do not indicate a demand for government interference in strikes definite and general enough to shape legislation. Public discussion of the same subject in the United States would develop views of the same kind, equally advanced in principle and divergent in detail, and equally without the aggressive qual-

ity that makes such opinions politically effective. The author of the New Zealand law, speaking of the final vote upon the bill, thus describes the indifference that accompanied its passage: "Mildly interested, rather amused, very doubtful, parliament allowed it to become a law, and turned to more engrossing and less visionary measures."

Whatever the condition of public opinion when the first of these acts was passed, indifference is the last word one would now use in describing the attitude of the people towards them. No other measures discussed by parliament awaken more general interest, or have more influence in determining political groupings and cabinet crises.

As all of the arbitration laws are related by close ties of derivation, the machinery, procedure, and jurisdiction that they create are similar. The organic sections vary in essential detail—if we except the federal law—only so far as they relate to provisions made for conciliation.

The structural unit of the law is the indus-

trial union, or association of workers or of employers. These organisations are purely voluntary, like any company or corporation, but like the latter they must observe certain formalities in order to have legal existence; and they possess specified rights and responsibilities. They alone may appear as parties before the court. They nominate the lay representatives of workers and employers respectively upon that tribunal, and upon the boards of conciliation where these exist. As corporate bodies they possess legal jurisdiction over, and claims against, their individual members. Any trade union or organisation of employers, or association of such bodies, is allowed to incorporate under the act simply by registering in accordance with its provisions. In New Zealand a body of workers not formally associated as a trade union may register as an industrial union after perfecting the simple organisation required by law. While only unions or associations can bring action before the boards or courts, an individual employer or worker may be summoned before the court to answer for a



violation of the act, or of the court's orders, and likewise in cases where such an organisation is obliged to enforce discipline upon its members.

New Zealand and Western Australia have provided boards of conciliation, which are composed of an equal number of representatives of employers and employees, under an impartial chairman. Each board has limited jurisdiction over a single one of the districts into which the colony and the state in question are divided. Originally a case had to be brought before a conciliation board before being appealed to a court of arbitration, unless both parties were agreed in their desire to lay it immediately before the higher tribunal. But later amendments to the New Zealand law, which were adopted in the present Western Australian law, allow either party to carry the case directly to the court. As a result conciliation proceedings have fallen into practical abeyance.

The arbitration court consists, except under the federal act, of a justice of the supreme court of the state or the colony, and of two lay

members, one of whom is a representative of the unions of employers, and the other of the unions of workers. A recent amendment in New South Wales, where the supreme court judges refused to serve upon the court, allows a lower judge to be president of this tribunal. The court is a court of record, with the usual powers of a civil court to determine its own procedure, receive evidence under oath, maintain order, and is in other ways assimilated to the regular judicial system; but it stands apart from this system in combining legislative with both civil and criminal judicial powers, and in being independent of appeal to other tribunals, except on questions involving the interpretation of the act of parliament creating it. A case cannot be removed from the industrial arbitration court to any other court by *certiorari* or similar proceedings.

Under the law a registrar is provided, who records decisions and proceedings of the court, incorporates industrial unions, and acts as general administrative officer for the court. Where conciliation boards exist, a clerk of awards in

each district performs duties similar to those of a registrar. To become legally binding industrial agreements, or collective bargains between employers and workers, must be recorded with the same officers. Provision is made for special boards of conciliation, and for expert assessors to act as advisers of the court in technical cases.

The federal law contains several new features, devised partly to meet difficulties that have appeared in the administration of the state laws, and partly to adapt the machinery of arbitration to the wider territorial sphere and the different political units under its jurisdiction. As in New South Wales, the cumbersome and nearly useless boards of conciliation are dispensed with, and a single tribunal is constituted for the Commonwealth. The new law departs from all its predecessors in providing that the court shall consist of a single judge, without lay members representing the unions of employers and employees. The arbitration judge must be a member of the federal supreme court, but he may appoint as his deputy, to exercise

the functions of the federal court during the latter's pleasure, any justice of a state supreme court. The court may refer questions in dispute to a conciliation committee consisting of an equal number of employers and employees, or to a trial board, which may be a state industrial authority—for instance, a state arbitration court or wage board—or may be a special body, consisting of an equal number of representatives of employers and employees, and a chairman who must be a judge of one of the higher courts of the state. The decisions of all these subordinate bodies become binding only as orders of the federal court. Exceeding the jurisdiction of a state court in this respect, the federal judge may take cognisance of a dispute, in the public interest, of his own volition, without awaiting an appeal from either of the parties.

Procedure before conciliation boards was originally expected to be more informal than before a court, but in practice proceedings before both bodies follow equally judicial methods. The boards may summon witnesses, administer oaths, receive evidence, and preserve order, the

same as the court; but they cannot, like the higher body, examine the books of employers *in camera*. Both boards and courts may inspect, in person or by agents, industrial establishments affected by a dispute, and interrogate employees. In New Zealand and Western Australia lawyers cannot appear for either party unless both parties consent. They may appear in the New South Wales and federal courts, but the judge is forbidden to assess their fees as costs. The court's decisions cannot be attacked on technical grounds; and the judge is not bound by rules of evidence, but may inform himself regarding points at issue in any way he thinks just.

The conciliation boards formed under the earlier laws represent a stage in the evolution of public opinion from voluntary to compulsory arbitration. Their theory makes the decisions of the board depend on the formal or tacit consent of both parties. The board's recommendation is formally accepted when the disputants make it part of an industrial agreement, which is enforced by the court like an award.

It is tacitly accepted when they allow it to lie, without appeal to the court, for thirty days after being recorded by the board, and thus to acquire the force of an award. But the later law, in New South Wales, omits every provision for conciliation, and the recent federal act simply borrows from the dormant South Australian law a clause requiring the judge to reconcile the parties to a dispute, if possible, before allowing it to come to trial.

However, at a conference of employers and employees at Sydney, in May, 1906, to propose amendments to the arbitration law in New South Wales, a project found favour for establishing conciliation boards in each trade, like the minimum-wage boards of Victoria, to consider and, if possible, settle disputes before referring them to a court. Such representative bodies, composed of employers and workmen in the trade in question, would have a better technical knowledge of the case than either the court or the older conciliation boards, which are usually composed of men having no practical familiarity with the business they regulate, and as law-

yers would be excluded, proceedings would be cheaper. The latter argument appeals to labour unions, whose court expenses sometimes reach \$3,000 a year.

The powers of a court of arbitration exceed those of conciliation boards. Its decisions are binding on the parties for a specified time—usually three years—without their acceptance. The court can amend an award after due hearing, to remedy defects or to give fuller effect to its provisions, without the consent of the parties, while in case of an industrial agreement or a board recommendation, which represent a contractual relation, the consent of all parties is necessary to modify the terms of the instrument. The court may extend an award to parties not appearing in the original dispute; that is, the judge can, at his discretion, make the orders of the court a common rule applying to part or to the whole of an industry. Conversely the court can limit the application of an award to any district, as to an urban or rural community, or to any employer or union. The court also defines what shall constitute a breach

of an award, and fixes penalties for breaches. In New Zealand the court may try cases and impose fines for violating the penal provisions of the act prohibiting strikes. The other laws make strikes and lock-outs indictable, and the arbitration judge, therefore, grants leave to prosecute these offences in the criminal courts.

The boundaries of an arbitration court's jurisdiction in industrial matters are defined by the act creating it; but in practice they depend largely upon the body of precedent contained in existing awards. The decisions handed down by higher courts and by the supreme court of the Commonwealth, upon appeals questioning the powers of the arbitration courts under the constitution and the acts of parliament establishing them, also define their jurisdiction. Their powers are limited by the industries and the classes of workers made subject to the acts, and by the degree of control within each industry granted to the court. The two spheres of authority may be termed respectively the extensive and the intensive jurisdiction conferred by the law.



The keyword describing the scope of an arbitration court's extensive jurisdiction is either "worker" or "industry," according as the one or the other of these terms is fundamental in the definitions forming the interpretative clauses of the act. A decision of the arbitration court of New Zealand, disclaiming jurisdiction in disputes brought by grocer's clerks, street railway employees, and similar workers, on the ground that their occupations were not properly industries, occasioned an amendment, passed in 1901, defining worker to mean any person doing skilled or unskilled manual or clerical work for hire or reward. This makes the jurisdiction of the court unlimited, so far as private employment is concerned. The original act in Western Australia defined worker so as to exclude clerical labour, apprentices, and persons working under monthly contracts; but the law substituted in 1902 extended this definition so as to bring all classes of service under the control of the court. The law in New South Wales makes government railway servants and other public employees subject to the supervision of the

court, but domestic servants are expressly excluded from its control. The federal law, by its definition of industry, excepts from the court's jurisdiction domestic servants and persons engaged in farming occupations.

The intensive jurisdiction of the court—using the term to mean the degree to which it may enter into the detailed regulation of a business—is determined to a far greater extent by the rulings and precedents of former decisions than is the question of the industries and individuals to which the awards may apply. The general intent of the law is to give the court power to settle every point that might cause a strike or lock-out. All matters included in collective bargains in the United States are proper subjects for the court's consideration. But the impossibility of defining these in detail has occasioned controversy, relating not only to the declared powers given the court by act of parliament, but also to the definition of these powers as derived from their formal statement.

Authority to fix wages is a recognised element of jurisdiction, and carries with it the right to

fix rates for overtime, and indirectly as well as directly to determine the hours of a working day and to establish holidays. The courts as a rule construe this power liberally, so as to include the right to prescribe a fair or standard, and not merely a living wage. The equity of this interpretation comes from the purpose of the act to prevent strikes, implying authority to deal with all the issues of a strike, and therefore to fix wages in relation to profits as well as to the cost of living. Frequently the court raises wages—that is, prescribes a minimum above the average previously prevailing. The only exception to this practice is in Western Australia, where both wages and the cost of living are falling with the waning gold excitement, and the court has adopted the practice in some cases of fixing a minimum no higher than the probable earning power of the poorest employee. This construction of its authority, borrowed from wage board rather than arbitration court reasoning, proves impossible in application, as was shown when several thousand lumbermen struck successfully to raise wages, in defiance

of the court's order. No democratic country can make a strike penal without providing legal recourse for obtaining the ends of a strike when justifiable.

The law provides that the court may set a rate of pay lower than the minimum for slow and infirm workers. The regulation of piece-work and contract payments is under the control of the court; but the judge in Western Australia has refused to exercise control over agreements made by workmen for payment by the job.

The courts have authority to regulate apprenticeship and the proportion of juvenile and female labour employed in relation to adult male labour. This is also a power which, on grounds of expediency, the court in Western Australia has refused to exercise.

The chief point in dispute regarding the intensive jurisdiction of arbitration courts relates to preference of employment to unionists, a point not foreseen when the New Zealand law went into operation. The question is nominally, but not really, the same as the closed shop

controversy in America. An industrial union and a trade union are different organisations in several important respects—and chiefly in the different degree of control they have over the admission of members. An industrial union, under the arbitration law, exists by virtue of an act of parliament and is fostered by the policy of that act. The title of the first New Zealand law, which was borrowed from the original South Australian bill, stated that one purpose of the act was to encourage the formation of industrial unions. Under this clause of the title the arbitration court of that colony, supported by a decision upon appeal from the supreme court, in some of its awards, granted preference of employment to members of unions. A subsequent amendment to this law, and the original statute in New South Wales, expressly state that the court shall have power to give unionists preference of employment, though this is not mandatory. In Western Australia a similar clause was defeated by the protracted opposition of the upper house of parliament. In the federal law the power is granted con-

ditionally, but it is required that the union shall not engage in political activity while enjoying preference, and that this privilege shall be given only when, in the opinion of the court, a majority of the workers in the occupation regulated by the award approve of the claim for preference. The practice of the court in New Zealand has established its right not only to prescribe that unionists shall be given preference to non-unionists in engaging new hands, but that non-unionist workmen already employed when the award goes into operation shall join the union as a condition of retaining their positions. On the other hand, the court usually provides that the union shall have preference only so long as it admits any applicant of good character to membership, without ballot or other formality likely to hamper his enrolment, upon payment of moderate fees fixed by the court. This is called enforcing the closed shop and open union. The economic effect of such a policy is not important, because the range of choice of employers in choosing men is not lessened so long as the workmen they select

can obtain admission to the union. From the standpoint of members, the equity of the demand that employees join the union is based upon the provisions of the law and the awards. The stronger organisations had enforced the closed shop in Australasia before the court was established, and refuse to relinquish what they consider a vested right. They further claim the privilege of raising the issue in court, because it is a recognised issue in strikes. The men also assert that preference is just, because only unionists incur the expense, and the odium with employers, of securing awards, and are liable to penalties for breaking the awards. Unless unionists are granted legal preference, non-unionists obtain real preference. For many employers show their resentment of an award by discharging members of the organisation responsible for its adoption.

The most important objection to granting preference to unionists arises from the organic connection between the unions and the political labour party. Preference to unionists is preference of employment to members of a political

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organisation. Under the secret ballot no union can force a man to vote the labour ticket, but it can coerce members by effective moral duress to give financial support to the party and otherwise obey its dictates.

The percentage of workers enrolled in unions increases where arbitration laws are in force, whether or not preference of employment is granted. Over one-third of the persons engaged in mining in New South Wales, and more than thirty per cent. of those so employed in Western Australia, belong to unions registered under the arbitration acts. Still the proportion of the whole population in such unions hardly exceeds three per cent. in New Zealand and does not reach seven per cent. in Western Australia. Therefore the section of workers administering and directly profiting by these laws is not a large fraction of the whole people, and of itself hardly constitutes a dominant political force.

For the sake of formal equity, though the provision has no practical importance, the law authorises the court to order that members of



employers' unions shall have preference of service from members of workers' unions. This feature of the law has not elicited any discussion or public interest.

The sections of the arbitration acts defining the powers of the court contain a "general welfare" clause, giving authority to regulate and enforce any established custom or usage of an industry, whether general or local. Where this clause is construed loosely, as in New Zealand and New South Wales, the court assumes under it very broad powers of industrial regulation. The following sentence, from an award in the former colony, indicates that the right of the judge to prescribe the working conditions of an industry is limited only by his own discretion: "This court is not justified in making a radical change in the manner in which employers may conduct their business, unless the party desiring that change proves by preponderating evidence that it is necessary in the interests of justice, and fair and equitable to make the change." The chief justice of New South Wales, in giving judgment upon an ap-

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peal case involving an interpretation of the powers of the arbitration court, said of the act: "It deprives the employer of the conduct of his own business, and vests the management in the tribunal formed under the act." Under this clause the court has considered such questions as the speed at which machines are to be run, the number of men to be employed to a machine, and whether men working in the open air, or their employer, shall decide when it is too wet to labour.

The intensive jurisdiction of the federal arbitration court is about the same as that of the colonial and state courts. But contention has arisen as to the extent of its control over industries and persons. The purpose of those who inserted in the federal constitution the clause providing for compulsory arbitration, was to meet such emergencies as the maritime strike, when industrial disputes necessarily extend beyond the borders of a single state. The seamen, and possibly the shearers, were the only organisations likely to occasion such disputes. But under the pressure of the labour party the

law has been extended to cover by implication state railway employees. This is a bold intrusion on state rights, as an order of the federal court raising the wages of railway servants would be tantamount to an order to the state parliaments to provide for these increased wages in their budgets. The debate upon the bill developed the further fact that many labour members contemplate extending almost any dispute across state lines by means of federal unions, whenever an advantage is to be gained by bringing it before the federal authorities.

In determining the minimum wage, the arbitration court may take into consideration three classes of evidence. The first two relate to the cost and standard of living, and to the customary wage paid in the industry. When an award is under litigation both sides usually present evidence showing prevailing wages, and workers often support their claims by testimony as to house rent and the cost of staple household articles. The principle of a living wage is therefore fully established in arbitration pre-

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cedents. The judge usually follows the theory that such a wage is a first charge upon an industry, to be imposed if the business is to continue in operation. The third class of evidence relates to the ability of employers to pay a higher wage, irrespective of previous rates and the necessary expenses of workmen. When an award is under consideration, the books of the firms interested are often inspected by the judge *in camera*, and dividends and other evidence of the earning power of a business are admitted as having a bearing upon an equitable wage for employees. The court thus fixes the share of the profits of an industry which the worker shall enjoy.

This last assumption of State authority flows from the purpose of the law, and is not directed toward a socialist ideal, in the same way that the more modest authority of a wage determination conforms to the object of a factories act. One is to prevent strikes, the other to prevent sweating. But as the Victorian law has committed the state to the doctrine that the government should enforce the right of workers to

a legal living wage, so the New Zealand law and its successors commit the state to the still broader principle, that the government shall regulate the distribution of profits from private enterprises.

## CHAPTER IX

### JURISTIC ASPECTS OF COMPULSORY ARBITRATION

ARBITRATION acts are corporation laws enforced by equity procedure. The court deals in first instance only with organised workers or employers. Its own constitution depends upon the existence of industrial unions. Corporation law suggests the reciprocal adjustment of responsibilities and privileges which forms the philosophical basis of this legislation. The Right Honourable Charles Kingston, the author of the parent arbitration law of Australasia, said—"Our arbitration laws applied to labour are company law. When you allow capital to organise, it is subject to certain State requirements, and you submit the incorporating individuals to special legal liabilities and restrictions in return for the rights you give them; so should you do with labour if you allow

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it to organise. You require capital to incorporate in order to exercise certain capitalistic powers; you should require labour to incorporate in order to exercise certain collective labour powers. Every argument based on social grounds that you can advance for the one, is equally applicable to the other.”

The theory of the law does not allow one individual to interfere with the business of another individual. But it recognises the right of the employers or the employees of an industry as a class, when organised to exercise their collective will, to enforce that will in the administration of the industry through government agencies. The awards are a definition of corporate rather than of individual rights. A violation of an award is prosecuted against a society when workers are defendants, and in behalf of a society when they are plaintiffs. The damages suffered by either party through a violation of an award are damages to a corporation in the first instance, and are recoverable from or in behalf of a corporation. Single employers offending against an award

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are sometimes sued individually, but even here the ultimate responsibility rests upon the union, which has legal authority to discipline its members. In original proceedings, to secure awards, employers always appear as organizations.

The true functions of an arbitration court are sometimes clouded by the forms of procedure and the nomenclature of the acts. The court is a representative rather than a purely judicial body. It does not possess the freedom from bias that our laws require of a petty jury, but rather represents a balance of opposing interests under the control of a judicial officer. This representative character of the court suggests that it is a legislative as well as a judicial authority. Its decisions and orders are legislative acts, that may amend, modify, and supplant existing factory laws and industrial legislation, and create new laws governing industrial relations. It fixes holidays, compensation for accidents, physical conditions of employment, and other matters already forming items of legislation, and enforces a minimum



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wage and an eight-hour day, which it has been proposed to embody in parliamentary enactments. The higher courts of New South Wales have held that an arbitration court can amend existing statutes relating to workers so as to improve their condition, but that it cannot repeal the provisions of such statutes, by imposing conditions upon labour more onerous than those permitted by parliament.

The union of legislative and judicial authority in the same body is unwise; for the court is called upon not only to interpret its own laws, but also to punish violations of its laws that depend upon its own interpretation. An interpretation may amount virtually to an amendment of an award. This not only leaves to the discretion of the judge the prevention of evils that might better be avoided by a different distribution of authority, but it encourages litigation. The arbitration courts have been more occupied with enforcing equitable conditions of employment than with establishing them. Appeals to the court are encouraged, because a prosecution for a breach of an award may secure an amending

interpretation of the court's previous order, made more stringent by the constructive disregard of his authority then prominent in the mind of the judicial officer.

The legislative function of the court accounts in part for the uncertain position it holds in public opinion—possessing neither the dignity of a judicial tribunal nor the frankly popular character of a parliamentary body. As a law-maker, the court is the mark of virulent and partisan criticism, and its orders are subject to the same public comment and discussion as other legislative or administrative acts, while in its purely judicial capacity it receives the respect usually shown to a dispenser of justice. During the proceedings in an important mining case in Western Australia, while an award enacting terms of employment in the most important industry in the state was under consideration, a newspaper commented editorially upon the merits of the issues involved. The paper was warned that it rendered itself liable to punishment, under a clause of the arbitration act prohibiting the publication of anything

likely to interfere with a matter before the court. The freedom of the press is thus curtailed by applying to legislative body protective canons of law devised to procure uninfluenced and unimpeded channels for the administration of justice.

However, in response to practical considerations, arbitration laws are evolving toward a separation of judicial and legislative powers. Strikes have become indictable offences, prosecuted before criminal tribunals. Breaches of awards are prosecuted under an action of mixed civil and criminal character, and the defendant, if convicted, is adjudged to pay costs, and an additional sum partaking of the nature both of a fine and of an award of damages. Such a "penalty" is made payable directly to the plaintiff, and in the statute the defendant is defined as a judgment debtor. The earlier acts, in New Zealand and Western Australia, left the arbitration court exclusive jurisdiction over such offences, much as an American court punishes violations of its own injunctions. The New South Wales law takes a step towards sepa-

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rating judicial and legislative functions, by making the orders of the arbitration court enforceable by a court of petty sessions, with appeal to the former tribunal. Action is brought under the Small Debts Recovery Act. The federal law recognises a more purely punitive element in these penalties, by authorising the court to order them paid into the public treasury, instead of to an individual or organisation—a provision which employers are now trying to secure in New South Wales. This law also provides for the recovery of fines for breaches before civil magistrates.

The congestion of business before the court is a potent influence forcing the transfer of its judicial functions to other tribunals. In New South Wales applications for awards form less than ten per cent. of the issues considered by the court, and the number of such applications filed but still unheard rose from thirty-eight to sixty-two between June, 1903, and April of the following year. A similar accumulation of business has occurred in New Zealand, and is not entirely absent in Western Australia. This

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would be remedied if the court's action were confined to its primary object of determining conditions of employment, leaving its orders to be enforced by regular course of law.

Arbitration acts derive their authority from the police powers of government. They are measures to prevent industrial disorder, which is a form of social disorder, and their main interest lies in their application to this purpose. Each new enactment contains a clearer definition of this object and more direct means for attaining it. The New Zealand law prohibits a strike or lock-out only when one of the parties to the dispute appeals to the court. If both parties prefer to settle their difficulties by a strike, the law permits them to do this. The statutory prohibition of strikes and lock-outs covers only actions done while proceedings relating to the dispute are pending, and for a sufficient time beforehand to allow either party to begin proceedings if he so desires. When giving judgment, the court may define in the award what shall constitute a violation of its provisions, and fix a penalty for such violation.

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During the first period the strike or lock-out is prohibited by statute; after the award is in force, it may be forbidden by the court. Neither the statute nor the award becomes operative unless invoked by one of the parties to the dispute. There are two exceptions to this rule. The law prohibits strikes and lock-outs among workers and employers in related industries. Parliament has defined all building trades as related industries. The court may extend this provision to other groups of employments. Consequently, if an award has been given in the bricklaying trade, for instance, the mortar-mixers or the hod carriers cannot tie up that trade by a strike, although unwilling to lay their case before the court.

The second contingency bringing parties involuntarily under the act is where an award has been given in their industry limited to some other portion of the colony. The employers or workers subject to the award might be injured in such instances by the competition of employers or workers in the districts not subject to its provisions. If so, they may have the award

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extended to establishments in the competing district. The purpose of this extension is not to prevent strikes, but in equalising competition they are incidentally prohibited.

The New South Wales act, passed five years after the New Zealand law went into operation, unconditionally prohibits strikes and lock-outs prior to and pending the consideration of the dispute by the arbitration court, whether the parties apply for an award or not, and makes such disturbances a misdemeanour. Although as indictable offences these crimes are tried before criminal courts, leave to prosecute must first be obtained from the arbitration judge. There was some doubt in New South Wales whether a strike retained its criminal character if begun after an award had been given. The court can define in an award what shall constitute a violation and fix a penalty therefor. The state attorney-general, who is author of the act, appears to have thought that the court penalty superseded the statutory penalty in this case. But when a body of coal miners working under an award struck, early in 1904, the arbitration

court granted authority to the attorney-general to prosecute under the penal provisions of the law, thus affirming the continued criminality of the offence.

The latest Western Australian and the new federal act prohibit strikes and lock-outs unconditionally, without regard to whether they are begun prior or subsequent to giving an award. The federal law, in addition to a fine of nearly five thousand dollars, makes a person guilty of these offences ultimately liable to three months' imprisonment. The strike provision of the earlier New Zealand law, then, is analogous in effect to an injunction pending proceedings, while in the Australian laws it becomes a penal enactment.

The original intent of the law was to enforce arbitration, rather than unconditional continuity of employment. Those who projected this legislation appear to have thought that the State was competent to prescribe just terms of employment, which because they were just would be accepted voluntarily by those for whom they were intended. But the development of this



idea is toward assuming that conditions of employment prescribed by the State are just, and that it is therefore wrong not to accept them.

The increasing stringency of the law is tempered by the discretion of the court: In Western Australia the judge has held that an employer who discharges all his hands, with the purpose of engaging an entirely new force, is not guilty of a lock-out. The court in New South Wales has held that no strike has been committed when a body of men terminate service after giving the fourteen days' notice previously customary in their occupation.

Second in obvious importance only to strike prevention, and even more significant in ulterior effects and legal implications, is the relation of compulsory arbitration to the right of private contract. The development of this aspect of the law has been parallel with that described in case of strikes. New Zealand initiated these acts by assuming that the State might regulate the collective bargain between employers and employees. The industrial agreement, which is a voluntary instrument, is recognised in all

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arbitration laws as the desirable form of settling terms of employment. These agreements are enforced by the court the same as its own orders. But while the original theory of the law was that the State might enforce collective bargains, the practical outcome of the New Zealand law in operation was that the State made collective bargains. However, in that colony the government steps in to prescribe the contract of service only when invited to do so by one of the interested parties, and when they fail otherwise to agree. The court does not intrude its good offices upon either employers or employees, except to prevent strikes in related industries or to equalise competition in adjacent districts. But when brought into operation, the action of the court is in every instance positive and mandatory. Conditions of employment already existing, while recognised as precedents in making awards, have no legal standing prior to the court's declaration. Not until the court has made an award prescribing conditions of employment, or these conditions have been registered in an industrial agreement,

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do they become part of the law of the land. The New South Wales court, in its first decision, made a sweeping extension in the regulative principle here implied. It prohibited any change in existing conditions of employment, unless by the agreement of both parties or by its own orders. In other words, the court undertook to enforce every existing contract of service, whether written, oral, or implied, just as if it had been an award. It was held, to quote from the official report of the first case heard, that: "The right of freedom of contract has been considerably modified by the Industrial Arbitration Act. Though parties may still make voluntary agreements, existing terms and conditions of employment cannot be disturbed at the will of one party alone." The New Zealand court, then, can enforce only a contract which it itself has made or approved; the New South Wales court can enforce any contract of service unconditionally, and its jurisdiction extends by statute to all workers and employers in the state, whether voluntarily subject to the act or not.

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Compulsory arbitration also impairs the right of private contract under another aspect. An equitable award must apply to all persons engaged in an industry subject to similar conditions of production and the jurisdiction of the court. Therefore the court is empowered to make its orders a common rule, applying to all parties coming under this description. The master tailors and the tailoresses of Auckland were working under a voluntary agreement. Against their will, and with both workers and employers joined as defendants, upon the application of employers and employees in the southern cities of the colony, the arbitration court substituted for this agreement an award changing conditions of employment. Wherever compulsory arbitration is in force, the court finds it necessary similarly to annul or modify existing contracts of service, against the will of the parties, though these contracts are not in themselves illegal.

An industrial agreement is a contract approved and sanctioned by the court, and might

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therefore be supposed to enjoy special immunity from alteration. In Western Australia the court has held that it cannot modify an industrial agreement without the consent of all the signatory parties. But elsewhere the court has amended these contracts, or substituted awards in place of them.

Upon the ground that the relation of employer and employee must exist in order to bring the parties under the jurisdiction of the law, the supreme court of the Commonwealth has given a decision on appeal, to the effect that the arbitration court cannot regulate contracts for the performance of a specific piece of work. This principle applied where a number of labourers agreed to do certain work as co-contractors. This decision defeats the act in some cases, and to meet this difficulty legislation has been proposed limiting still more the right of private contract.

The previous considerations apply only to the contract of service. But the contract of purchase and sale is equally dangerous to effective State regulation of industry. The reason for



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this is that a service may be embodied in a commodity, and transferred as an element or quality of a material object. To illustrate concretely, an arbitration court may fix a day rate to be paid to saddlers, and a piece-work rate for every operation of making a saddle; but its jurisdiction does not extend to regulating the sale of the leather, saddle-tree, and other materials out of which a saddle is manufactured, or to the sale of a completed saddle. Therefore, a manufacturer may sell these materials to a workman, and the latter may sell the finished product to the manufacturer at a higher price than the materials cost, but at a lower price than the cost of making prescribed by the court plus the cost of the materials. Where such transactions are conducted under a system of weekly or monthly credits, the difference between the relation thus established and ordinary industrial service is merely nominal. Yet technically they are not the same. In the one instance work is sold, in the other commodities. The court has no jurisdiction over the latter contract.

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The right of the government to make certain contracts illegal is well recognised. A workingman cannot lawfully contract out from the benefits of an employers' liability act. But in this case the interests of third parties—of the family of the worker—are directly and chiefly affected by the action of the employee. The wife and children suffer if the husband and father has no recourse for injuries incurred in service. The same logic may be stretched to cover all contracts governing wage relations. They all affect the third parties forming the worker's family. But this protection is not the primary purpose of these latest limitations upon the contractual freedom of the individual. Industrial regulation to be effective must be uniform. It must establish uniform conditions of production, if it is to establish uniform conditions of service. But private contract, whether for labour or for commodities, means variation of wages and prices beyond the control of the regulating authority. These variations may prevent the conditions of production from becoming uniform, and so defeat the efforts of

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the court to enforce equal terms of employment throughout an industry. Therefore compulsory arbitration and private contract are in the widest sense contradictory. Their mutual opposition continually creates new problems for legislators.

Compulsory preference of employment to unionists has been mentioned in its historical relation to arbitration laws. This subject also presents interesting legal aspects. The court prescribes membership in an organisation as a condition of obtaining or retaining employment. Equity requires the court to exercise increasing supervision over these organisations, to enforce the responsibilities that accompany their privileges. The unions are no longer voluntary associations. The worker, because he is a worker, enters into a new social relation. He is required to submit to quasi-public regulation not imposed on all citizens. His privileges and disabilities are those of a class. A legal recognition of class underlies these laws, and they revive the old historical struggle between contract and status. They reverse the pro-



cess of evolution of private rights in European and British law.

As State administrative units, the industrial unions resemble in principle the Roman collegia more than they do trade unions, though their connection with the latter organisations dominates their form and methods. Like the early Anglo-Saxon guilds the members are jointly responsible for the offences of their members, in so far as they incur penalties imposed by the arbitration court. This frank-pledge revival is not the only instance where legal right to employment is made to depend upon assuming financial obligations to a union. Since the industrial union is an administrative unit created by the government for public ends, its support is a public function, and a contribution toward such support in reality a public tax. The maximum limit of this tax, under the name of fees and dues, is fixed by the arbitration court, and that court enforces the payment of this obligation.

Arbitration laws not only regulate the relation of the individual to the union, but also

the relation of unions among themselves. A union should not embrace more than one industry, and within that industry must consist exclusively of employers or of employees. The craft guild will never reappear under an industrial arbitration act. The trade union principle survives, because the derivation of the industrial union from the former makes this historically necessary; but the cross-division thus established is an inconvenience. For instance, the carpenters are organised as a trade into a single association, but industrially they are divided into a number of bodies, engaged in building operations, in factory occupations, and upon public works. The conditions under which they labour as tradesmen are not uniform; but the conditions under which they work as employees in a single industry or group of industries are nearly the same. As industrial servants, the court finds it easy to fix terms to employment applying to any one class of carpenters; but when carpentering as a trade is under consideration, the regulations must be modified in great detail to apply to the varying

conditions of different industries of which it forms a part. This lack of a consistent principle of classifying unions also causes conflicts of jurisdiction. The theory of the law allows but a single organisation in an industry. The court may refuse registration to a society if the members can conveniently belong to a union already registered. Rival unions have occasioned some of the most bitterly contested issues under the arbitration laws. The bogus union, formed by a small group of employees disaffected with the existing organisation, with the connivance of employers, and used to defeat or hamper the operation of the law, has been the subject of parliamentary investigations in New South Wales. Therefore the State is forced, in its increasing control over labour societies, even to limit the right of free association among workingmen. For although workers may organise for purely beneficiary purposes without regard to the arbitration law, they cannot attain the important industrial ends of such association without the consent and support of that law. So the tendency is for a single union

to monopolise each industry. This does not restrict the labour market, and the freedom of workers to circulate from one occupation to another, because the doors of admission to the union are held open by the court. But the total effect is to make the condition of status more rigid. For a multiplicity of organisations allows greater self-direction and contractual freedom than a limited number of organisations. The larger the group of men submitted to identical regulation, the more that group resembles a caste.

The Australasian legislator has not been restricted in enacting arbitration laws by constitutional limitations such as exist in the United States. To create a new law-making body with the extensive powers of an arbitration court is virtually to amend the constitution. An American legislature could not enter the new field of regulating wages in private employment without express authority from the people. In most States no power exists to create a tribunal with the right, without a trial by jury, to punish misdemeanours, impose a fine of nearly five

thousand dollars, or even as a last resort to imprison offenders. Although an American legislature might declare certain classes of contracts in the future illegal, no law could be made so sweeping as to deprive all citizens of the right of making individual contracts of service, without causing a revolution in our system of jurisprudence that would encounter the veto of the higher courts. American judges hold that the legislature cannot make laws affecting the interest of a particular class—set apart from the whole body of citizens. These decisions have prevented laws in favour or against members of trade unions, and might apply to prevent compulsory preference of employment even to members of a quasi-public society like an industrial union.

The history of arbitration laws shows how rapidly society will adopt a new attitude toward legal rights and State functions. The colonies did not enter on this legislation with clear foresight and purpose. The form and effect of these experimental statutes were not pondered with the care devoted to a revolutionary pro-

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gramme. The proposer of the New Zealand law stated in the debates upon the bill, that a vast majority of the disputes coming before the authorities would be settled by conciliation, without recourse to the court. The function of the latter body was not regarded as legislative but as purely judicial—or rather as also conciliatory. The purpose of the law was to bring men to a voluntary agreement. It was to further, not to annul, the principle of private contract. Even the decisions of the court, it was thought, would derive their authority, except in extreme cases, from the consent of the parties. State intervention was justified upon the ground that existing contractual rights would be interpreted and enforced by the court, not that new rights would be created. Public authorities were expected to enforce collective bargains between employers and employees; it was not prominently before the minds of the people that in most cases they would be called upon to make those bargains. Therefore, the presence of the conciliation boards in the earlier statutes was a historical necessity. Com-

pulsory arbitration was considered something that would make conciliatory procedure more effective, that would influence the parties to disputes to settle their difficulties amicably, that would supplement and not supplant conciliation. Experience has shown that the two principles are antagonistic. The compulsory survive at the expense of the voluntary features of the law.

The forms of judicial procedure that have been embodied in this legislation are a result of the same disappointed anticipations. It was not originally proposed to legislate regarding all the conditions of employment, even where conciliation failed. Those conditions were assumed to be already established by custom, tradition, and mutual agreement. The projectors of these acts appear to have thought that a body of common law was lying latent somewhere in industrial practices, that only needed the interpretation of a judicial tribunal to be called into active manifestation. Canons of equity were to regulate the contractual relations of masters and servants. By repeating a

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very ancient legal fiction, a *jus naturale operariorum* was conjured into existence, which was to guide the court in giving decisions. The law was supposed to be already in being, but awaiting application; the rights of the parties were supposed to be already created, but awaiting definition and enforcement. These assumptions were natural corollaries of the conception of an arbitration law as primarily a means for enabling disputants to settle their differences. Judicial procedure satisfied the original intent of the statute.

The development of this legislation, however, has been in another direction. The arbitration court has become an agent for regulating industry. Its action has been mandatory rather than conciliatory, not because the judge desired to assume this attitude, but because his duties and responsibilities forced it upon him. The workers regard the court as an instrument for social betterment—as a substitute for strikes. But the economic and social improvement of workers can only be realised by changing existing conditions. There is no body of industrial tradi-



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tions and precedents that satisfies these demands. The mutual agreements of the past are no criterion upon which to pattern the mutual agreements of the future. The worker's rights in the past are not, in his opinion, a limit upon his rights for all time to come. Even granting that there was, before the arbitration acts were passed, a body of trade custom somewhat like the body of common law, the growth of that body of custom, its adaptation to changing conditions, could only continue through freedom of contract. But freedom of contract was abridged, and practically abolished, by the arbitration court. That court assumes a control over the development of this hypothetical law which an ordinary civil tribunal does not exercise over the common law. Moreover, the demand for changes in trade customs is supported by a homogeneous class with identical interests. This demand is more insistent, constant, and aggressive than any demand for modification of the common law. So the court has become an agency for industrial reform. Workingmen have applied for nearly all the

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awards granted in New Zealand and Australia. Their demands, when they file an application before the court, are not guided by past conditions. They are not such as are likely to be conceded by employers without a struggle. Each party would rather trust to the decision of the court than compromise the issues thus advanced.

Therefore the court is obliged to make orders covering many points for which no precedents exist. It must decide upon demands made by workers for new rights. Statutory or customary law is not at hand to guide its decisions, and so must be enacted. But a new body of legislation cannot be made at first self-consistent. It requires constant amendment to correct the contradictions and omissions that reveal themselves in practice. The legislative activity of the court is consequently stimulated from two directions, by the increasing demands of workers for better terms of employment, and by appeals from both parties to have conditions previously imposed made more workable.

The public, observing these extending functions of the court, has apparently adopted the view that it should control a very broad sphere of industrial administration. While it is still nominally a court, its legislative functions have been accepted. At present there is little disposition to limit its regulative authority. The divergence between the original theory and purpose of industrial arbitration, and its present development, is overlooked or disregarded. The final effect of this new institution upon private law and theories of government is not considered, because the popular attitude towards this legislation is opportunist and practical. But the labour party, which is the most active supporter of industrial arbitration, fancies that it is a step towards state socialism.

## CHAPTER X

### ECONOMIC AND SOCIAL EFFECTS OF INDUSTRIAL REGULATION

THE economic effects of government regulation of industry are still a matter of controversy in Australasia. This is partly because these effects are obscured by their complex relation to other social phenomena, and partly because they are first felt by employers, who are not the direct beneficiaries of regulative legislation. The contention that the capitalist is benefited by having wages fixed and other conditions of employment determined by a government authority, is sometimes supported by plausible arguments; but it is contradicted by the attitude of most employers towards these laws. As a body, they oppose compulsory arbitration and minimum wage boards. Their interests are distinctively economic, and their opposition centres itself in the

assertion that the economic effects of such laws are bad. On the other hand, this legislation is supported by the workers, who are primarily interested in its social effects. To them the economic effects, except so far as they react upon social conditions, are of secondary importance. Therefore, the positive arguments in favour of these laws are largely social, and the arguments advanced against them are economic.

The philosophical advocates of compulsory arbitration justify their position upon the ground that industrial disputes between employers and employees adversely affect the general welfare, and compromise the rights of third parties. Especially do they bring suffering upon the weaker members of the community, the wives and children of strikers and all those dependents and semi-dependents whose well-being is conditioned by a normal degree of local prosperity. In strikes and lock-outs, might makes right, Justice miscarries, the procedure does not satisfy the moral sense of society. Historical analogy predicts that State jurisdiction may sometime be extended to such disputes.

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Under one very important aspect, social progress is but a record of the process by which successive classes of controversies have been withdrawn from the sphere of private settlement and made subject to public adjudication. All matters now brought into court were once decided by the club or the sword. Property rights were first established and maintained by force, then settled by voluntary arbitration, and last of all determined by the judgment of a public tribunal. Roman legal actions retain traces of all three of these stages of procedure. Whenever state interference has been extended to cover a new class of disputes, it has been in response to the same considerations that apply to strikes and lock-outs. The justification for such extension has been found in public policy—the need of maintaining peace in the community, and of protecting third parties from interference and inconvenience—as well as in the ideal end of securing abstract justice for the disputants. None of these arguments is distinctively economic, although material prosperity is doubtless furthered by industrial peace.

The favourable attitude of labour toward compulsory arbitration is not uninfluenced by the fact that workers have found it easier to better their economic position in relation to their employers by appealing to the court than by engaging in a strike. Nevertheless, they, like most other Australasians, are probably willing to pay a price in material welfare for the increase in social and moral welfare which they think these laws have brought them. But as they do not concede to the opponents of this legislation that State regulation has lessened industrial prosperity, the main controversy with regard to compulsory arbitration has been as to its economic effects.

Probably the influence—good or bad—of State regulation upon the prosperity and development of industries has been exaggerated. The general welfare of Australasia depends principally upon the export market for certain raw materials, especially wool and provisions, and upon local climatic conditions. These two factors are so preponderant that all others sink into relative insignificance. A third com-

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modity contributing largely to the wealth of those countries is the mineral product, which provides a cash income of gold and silver for Australia larger in proportion to the population than that from the same source of any other country. This is a steadying industry, nearly independent of climatic conditions and ordinary market fluctuations. Labour conditions naturally influence all these forms of primary production; but those imposed by an arbitration court are not a determining factor in their prosperity. Indeed State regulation applies to the industries that are the main source of national income only to a very limited extent.

During the eight years preceding the enactment of the compulsory arbitration law, the total exports of New Zealand increased from \$35,308,290 to \$44,663,781, or less than twenty-seven per cent., and during the eight years following that event, from the latter sum to \$71,062,030, or more than fifty-nine per cent. Only six per cent. of the latter amount represents the product of manufactures, but these



increased more rapidly than the total exports, or from less than a million dollars to \$4,362,295, during eight years of arbitration, though they had decreased during the preceding period. Secondary production is mostly conducted under arbitration awards and primary production under free contract. However, manufacturing enterprises have been carried along by the growing prosperity of the farmers. This prosperity is due to good seasons and an exceptional demand for New Zealand produce, caused partly by the South African war and several years of disastrous drought in Australia.

For the Commonwealth, where climatic conditions have been the reverse of those in New Zealand, similar figures are either not available or not fairly representative. The states have not adopted uniform industrial legislation, and arbitration laws have been enacted so recently that statistical evidences of their effects are still lacking. Since the passage of the oldest of these laws, the Victorian minimum wage act, federation has been accomplished, and a

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national tariff with free trade throughout the Commonwealth has been substituted for a local tariff and free trade only within the borders of the colony. This enlarged market has caused a great expansion of manufacturing in Victoria. The exportation to other states of twenty-four classes of locally made articles, increased over one hundred and forty-seven per cent. during the first two years after the national tariff went into effect. During that period, the exports of garments rose from \$663,880 to \$1,636,724, and of boots and shoes from \$284,231 to \$1,144,294. This has stimulated the demand for factory operatives and raised wages in many skilled occupations. Meanwhile a protracted drought decreased the purchasing power of the people, and threw agricultural labour out of employment. Consequently, this manufacturing prosperity has been accompanied by a large emigration to South Africa and the Western Australian gold fields.

The evidence, therefore, does not show that the Australasian countries have received a general setback from government regulation of

industries. The investment of foreign capital may have been checked by the novelty and uncertainty of this legislation, but local capital has been found to meet the demand of growing enterprises. The impression the country makes upon a visitor is not that of a land where industry is paralysed and business stagnated, but rather the reverse. Permanent and costly buildings are being erected in the larger cities, public improvements are going forward, the wharves are crowded with shipping, the railway service is fully occupied. In 1903 the building improvements in Sydney were valued at \$14,544,030, and those in Boston at \$15,264,940. During that year 2,379 cottages and 611 larger residences were built in the Australian city, which ranks about equal in population with the New England metropolis. There are few evidences of excessive unemployment. To a person studying conditions in Australasia, the economic argument that a country will be industrially ruined by State regulation is not convincingly demonstrated. But this does not prove or disprove the advisability of the laws

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embodying these experiments: for the argument in question is too general to be valid. The prosperity or depression of a country's business rests upon a broader basis than an industrial arbitration act.

A detailed study of the effects of this legislation leads to more suggestive results. All untried laws, especially in a new field of experiment, develop features that need amending. Though their total influence may be good, the benefits they confer are qualified by disadvantages. The positive objections to industrial regulation are supported by facts of the latter character. These matters of complaint relate to features in the application of the law—that is, to errors in awards—to features of the law itself, which might be remedied by amending existing statutes, and to principles inherent in State industrial regulation, and therefore, certain to characterise any future development of these laws.

A detailed criticism of award errors would not throw much light on the administration of these acts, because such errors usually relate

to technical matters, and their force appeals only to experts in the trade affected. But their occurrence, admitted with equal frankness by all parties, calls attention to a weakness in the law itself. Neither the judge nor the lay members of the court have expert knowledge of the technical matters which control the provisions of an award, so they must form their opinions upon the authority of others. Even if they are assisted by expert assessors—and the latter agree, which seldom happens—they must endorse the findings of these advisers upon faith. It is impossible to give an arbitration court a course in technology with each new set of proceedings. Yet the theory of a decision upon testimony in industrial matters implies ability not only to weigh the facts intelligently, but also to discriminate and weigh industrial and technical principles, as a judge discriminates and weighs principles of jurisprudence in a legal decision. For this the judge has no previous training. Indeed he may be particularly disqualified by his legal prepossessions for considering practical problems of industrial ad-

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ministration. In casting about for principles of equity similar to those governing personal and property rights, he may read into industrial regulation theories that do not correspond with facts.

While, as a dominant influence in the legislative activity of the court, the judge is often a failure, his presence upon the arbitration bench facilitates its judicial functions. His experience in administering court procedure and sifting evidence is as valuable in an arbitration as in a civil tribunal. His training also assists him to formulate general rules governing the action of the court in like situations in different cases, and thus gives consistency of statement and principle to the clauses of awards, and enables intending litigants to estimate beforehand the probable attitude of the arbitration authorities toward certain claims, thus sparing them unnecessary expense and effort in prosecuting false issues. The experience of the judge is also required to provide against erroneous interpretations of the act constituting the arbitration court, and fre-

quent and unnecessary appeals to higher tribunals.

The Victorian system, of a representative board of experts in each trade to formulate conditions of employment, secures better legislative results. The errors in determinations are not so frequent as errors in awards, although interested parties do not have a hearing before a board as they do before a court. A judge may amend the orders of the court, and therefore remedy serious mistakes. But the total effect of award errors is not to be measured by the obvious cases reconsidered by the authorities. The court's decisions seldom adapt themselves perfectly to working conditions, and continue to be a chafing shoe upon the feet of industry.

The economic effects of an award exceed those of a collective bargain, because the latter, in addition to being compulsory, is less flexible than a voluntary agreement. A bargain can be adjusted to changing local conditions with the consent of all parties more readily than an award, which is the law of the land, and retains

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its usefulness only so long as it is rigidly enforced. A union lax in requiring every detail of an award to be observed, establishes a precedent prejudicing its future claims before the court.

Employers vigorously oppose the power of granting preference to unionists, upon the ground that it limits their choice in selecting men, takes away their control over their workmen, and so increases the labour cost of production. But this complaint has not been sufficiently substantiated by specific instances of these effects to prove the assertion. Employers fear that an industrial union may exercise the monopolistic powers of a trade union, without considering that it is a creature of the arbitration court, and cannot close the labour market or control its members like an independent organisation.

Every award awaiting decision is pending legislation, which directly affects some of the most important conditions under which a business is conducted, and indirectly, through the precedents it establishes, influences the probable



course of similar legislation governing other enterprises. A dispute before a court is less serious than a strike. It does not cause a cessation of industry, with its attendant loss of production, acute ill-feeling between employers and employees, and other economic and social evils. But these suits occasion expense and loss of time, and check industry so far as they render uncertain future conditions of production. There are single employers in Australia who work under as many as seven awards. The total effect of having these disputes constantly at issue—and they may await decision a year or more—resembles that of an agitation for tariff revision in the United States.

Litigation is multiplied, because workmen will bring a case before the court where they would not risk a strike. So great is this evil that the court in New South Wales has recently adopted the policy of giving artificially created disputes no standing in fact. It has been proposed to require the consent of a large number of workers to start a dispute. But these are palliatives, not remedies. The force that

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sets arbitration machinery in motion is a class impulse, and would manifest itself under any conditions established by an act that would work—that is, that would prevent strikes.

The judge may make the terms of an award a common rule, applying to all employers in a district or a state, because justice demands that conditions of production be as uniform as possible for all producers. This power is not mandatory. The judge is allowed to establish differential awards. Still the tendency of industrial regulation is to standardise terms of employment, and therefore to enforce the common rule wherever possible. An economic effect of this policy, in industries producing articles capable of wide distribution, is to favour particular establishments. Theoretically there are a few points in the area regulated where the uniform conditions prescribed by the court can be most economically applied. Under the more flexible system of private contract, mutual compensation occurs between different places. One manufacturing centre counterbalances a local

disadvantage by some favourable condition not possessed by its competitors. Transportation facilities may be limited in a small town, but rents and wages may be lower than in a city. Therefore, were the court to apply absolutely uniform awards equalising wages, a wide redistribution of industrial plants would follow. But if an award is not uniform, friction and bickering ensue over the adjustment of special privileges to different employers or localities.

The same considerations apply to large as compared with small establishments. Uniform conditions of employment favour either the big or the little proprietor more than his competitor. But to allow differentials in wages or modifications in apprentice conditions, to meet the varying requirements of these two classes of employers, involves the court in endless difficulties. Large merchants and manufacturers are said to have entered into collusive agreements with their employees to secure orders from the court detrimental to their smaller competitors. These large employers and the urban employers' unions exert an active influence to prevent

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differential awards, and are supported by the court's natural desire to simplify its orders. They are more aggressive in presenting their claims before the court, and find it easier to procure evidence. Often they can grant concessions to their men that small employers and country manufacturers cannot meet. Their representations and interests therefore preponderate in shaping the awards. Consequently, an economic tendency of industrial regulation is to centralise industry.

Upon the workers' side, also, there is a division of interests. This is likewise over the question of differentiation or uniformity. The advantage of more skilful workmen, who are capable of earning the highest wage, lies in having awards flexible and adaptable to the different industrial capacity of workers. They are favoured by division of labour and piece-work schedules. The average or mediocre worker, on the other hand, desires rigid award conditions. The division of labour injures him, because he is employed in less profitable operations and therefore receives a lower wage. Piece-

work is to his disadvantage, because he accomplishes less than rapider workmen whose product influences the average rate of payment. He instinctively seeks to obtain awards that prescribe time wages and the least possible division of factory operations. As these average workers are in a majority and control the unions, the conflict between them and the more competent minority seldom comes to the surface in an arbitration court. They dictate the form that applications for awards shall take, and so their influence alone shapes the policy of the arbitration authorities from the side of the workingmen. This influence secures conditions of employment that discount exceptional ability, and deaden the enterprise of more ambitious workers, though the effect is less in mining and unskilled or semi-skilled occupations than in other fields of labour. For where it is made difficult for an employer to place adequate incentives before his exceptional men, to induce them to apply their utmost abilities to their task, the workmanship and output of the latter adjust themselves to their remuneration as

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gauged by the wage, workmanship, and output of the average employee. The value of their potential excess of service is thus lost to themselves and the community.

This tendency is sometimes accentuated by the attitude of employers toward the minimum wage. When the court prescribes a minimum equal to or above the average wage previously paid, the employer may meet this change by two different policies. In order to keep his payroll down, he often lowers the pay of his more competent hands, to compensate himself for the higher rate he is obliged by law to give his poorer workers. This brings about a level wage for all employees. Such effect has been remarked by a royal commission investigating the operation of the wage boards in Victoria, and has been commented upon in the decisions of the arbitration court in New Zealand. Statistics indicate that in probably a third of the occupations regulated by the court in that colony, the maximum wage does not exceed the minimum fixed by the award. The greatest variation usually occurs in industries requiring the

highest degree of skill. In such industries the employer, in order to maintain a gradation of wages among his workmen, usually discharges his less efficient employees. If he can secure more competent hands to fill their places, his labour expense, in proportion to product, is not affected by the court's orders.

However, slow workers, who are not a negligible element in the industrial army, then become a social problem. They form from ten to twenty per cent. of all workmen, and their distress is an evil greater than ordinary unemployment. Some manufacturers in Victoria dismissed sixty or seventy hands as soon as the minimum wage went into effect in their business. All the Australasian laws give the regulating authority power to fix a lower rate of pay for slow, aged, and infirm workers; but this is not a sufficient remedy. Employers refuse to receive slow workers in their shops, because they slacken the pace of other workmen. Moreover, the formalities required to secure slow-worker permits embarrass both employee and employer.

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Therefore, State regulation of industry places a burden upon the weaker members of society. The labour party proposes to remedy this evil by old-age pensions. To absorb her surplus labour, New Zealand has undertaken great public works, paid for from loans. Western Australia has until recently possessed a growing field of employment in the newly discovered gold districts. New South Wales and Victoria have not enjoyed these exceptional conditions, and in the latter state especially the problem of the slow worker has been serious. But nowhere in Australasia has there been the special difficulty that America encounters from the large immigration of foreign workmen, who possess little skill and are accustomed to a different industrial system and a lower standard of living than the resident population, and are therefore worth less to employers than native workmen.

Slow workers thrown out of employment by the minimum wage sometimes open shops in basements and attics, where they make goods which they peddle directly to retail dealers,



or sell to factories at prices lower than the ordinary cost of manufacture. This has occurred in boot and harness trades, and to some extent in cigar-making. However, only a few industries lend themselves to this process of dispersion. No handworker can compete with the products of power machinery.

All regulations restricting the freedom of employers in conducting their business probably add to the cost of production. Some arbitration awards have caused dealers to import where they formerly manufactured. Such a result is especially apt to occur in infant industries. This outcome of arbitration suggests another respect in which State regulation has been simpler in Australasia than it would be in the United States. The industries affected by these laws seldom encounter free competition from other countries. Where awards increase the cost of production so as to hamper manufactures, the profit of the producer is maintained by a higher tariff. But a country exporting manufactures does not have this remedy. The

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increased cost of production must be paid out of profits, as prices cannot be raised to consumers in other countries without sacrificing trade to foreign competitors. If such laws were in operation in exporting countries, these considerations would influence the court not to impose terms upon employers essentially more burdensome than those in competing countries where no government regulation existed. Therefore, the awards would be little more than a statement of terms of employment already prevailing. If through an error of unwise altruism, the court did seriously modify conditions of production, the speedy loss of foreign orders would lessen employment, and make further intervention necessary to remedy this second evil. In the collieries of New South Wales, which export a large share of their product, coal-cutting machinery was introduced to compensate the added cost of production and difficulty of labour administration caused by an award. A similar remedy might avail for a time where regulated manufactures were obliged to compete with free industries in

other countries. But such a palliative would be but temporary, until the competing country adopted the same mechanical economies.

These considerations apply only to industries supplying commodities for interstate or international commerce. Where the workers whose terms of employment are fixed by the court are engaged in producing articles for exclusively local use, distant competition does not directly modify the economic effectiveness of the awards. The builder, the grocer, the employing baker, blacksmith, custom tailor, butcher, and other purveyors to domestic needs simply add the increased cost of production to the price of the service or the article they furnish, and thus subtract it from the income of their workingmen consumers. In both New Zealand and Australia many definite instances have occurred where prices have been raised as a direct and acknowledged result of the awards. Employers have entered into collusion with their employees to enforce an industrial agreement, or to secure an award for the purpose of justifying a rise of prices. Employers are compelled by the arbi-

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tration laws to form unions, and they employ these organisations to restrict competition among themselves. The rules of an employers' union in Western Australia impose a fine on any member cutting union prices or dealing with a person who sells under these prices, and provide that such fines shall be recovered before the arbitration court, the same as other legal claims against the members. Many employers fix their profits at a certain per cent. of their business expenditures, and so are benefited by an award that raises the cost of production.

Therefore industrial regulation increases the cost of living. This has been so marked in New Zealand that parliament was asked officially to remedy an evil by which "the advantages bestowed by progressive legislation are gradually being nullified and will eventually be destroyed." A similar demand has been made in Victoria, where it is claimed that so long as the government fixes wages, it should also fix prices; for the free manipulation of the latter may render ineffective any regulation of the former. The same suggestion has been voiced as a future

possibility by the leader of the labour party in New South Wales.

The rise in prices following the application of awards to local occupations is a tax on all labour. This tax is distributed—it falls upon the independent worker, the farmer and the manufacturing artisan, as well as upon the wage-earner. The secretary of labour in New Zealand says that “It has helped to minimise any advance in the workers’ wages.” The farmer cannot recoup himself for the tax placed upon him by the increased cost of services and local supplies, by adding to the price of his produce, for that is determined in the London markets. His enterprise must therefore bear the full burden of industrial regulation. Likewise the factory operative whose manufactures are exported, or meet the competition of imported articles, cannot employ an arbitration law to raise his nominal wages without lessening employment and defeating his own end of social betterment. But he, like the farmer, must pay the increased price for local services and products which such a law occasions, and thus his

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real wage is lowered by the very legislation that was devised for his welfare.

The discretion of the judge checks many economic evils that might result from State regulation of industry. The increase of prices is beyond the court's control. But the main features of awards are determined by practical exigencies, and adapted to actual situations. They are, therefore, modified, like voluntary agreements and trade customs, by the thousand influences that determine the trend of industrial life. The court cannot create the atmosphere in which it works. It cannot reverse the laws of gravity and enable the working people to raise themselves by their bootstraps to a higher economic plane. Its orders must conform to economic law, or be speedily rendered ineffective by contact with stubborn facts. Consequently, awards ultimately become mere formal statements of average conditions of employment. The chief economic benefit workers derive from them is that they render conditions of production sufficiently uniform in different establishments to keep unfair employers from

obtaining a competitive advantage by oppressing their employees. Although the court's influence upon the average economic condition of the working people may be unimportant, it can effectively prevent unwholesome inequalities in their condition.

The social effects of State regulation of industry respond more directly to the purpose of this legislation than the economic effects, and so must answer for its success. The object of arbitration laws is to prevent strikes; and they may fairly be said to have discouraged strikes. A few of these disturbances have occurred in each state and colony where arbitration is in force. Even before the New Zealand act was passed, the relations of employers and employees in that colony were normally so harmonious that it is difficult to show positively that the industrial peace at present prevailing is due to legislation. In New South Wales and Western Australia strikes of some consequence have occurred in defiance of the court. Those of the former state were in the collieries. In Western Australia some three thousand lumbermen and

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sawmill employees ceased work to enforce demands made on their employers for concessions not granted in the award, and compelled a compromise modifying the court's order.

The labour unions prudently withdrew from official participation in these troubles, and their funds were not at the disposal of the strikers. The sympathetic strike has been rendered practically impossible by the law. It has become difficult to finance a protracted struggle between workingmen and employers. All the advantage which labour receives in such difficulties from permanent organisation and mutual support is lost. Petty disturbances, which might continue indefinitely without organised support, the court can suppress. Large strikes cannot be prolonged without more machinery than labour possesses since the court has obtained control of the organisations. Strikes are crimes, with penalties attached. Theoretically all persons, and in practice leaders, can be fined or imprisoned for engaging in them. The moral effect of this prohibition is considerable, and the amount of real compulsion



exercised by the community to repress strikes may be increased through existing machinery to any required degree.

An arbitration law does not, however, rest equally upon employers and employees, because the former are held to its strict observance by their financial responsibility, while workers can evade many of its provisions. In minor matters, the sanction behind the court's orders, so far as it applies to workmen, will always remain to a large extent a moral one. But possibly this appeal to the honour and civic responsibility of the worker is a more adequate influence in favour of industrial peace than harsher measures. These laws do appear—in spite of the occasional defiance of their orders—to increase the law-abiding spirit. The public opinion of workingmen supports their observance as a matter of principle. Whether the strike as an instrument for enforcing labour demands falls into absolute disuse or not, this spirit is a social gain.

The court has assumed a sympathetic attitude toward labour, and has been disposed to

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concede any claim tending toward social betterment. In both New Zealand and New South Wales, its orders have decreased child labour and sweating. Indirectly the awards maintain standards of workmanship, by regulating apprenticeship and the pay of improvers, and requiring that only journeymen shall do certain grades of work. These regulations, however, are inspired by social rather than economic or industrial motives, it being the primary desire of the authorities to discourage the employment of children rather than to maintain craft standards. In some forms of manufacturing, the awards in New South Wales, and the determinations of the wage boards in Victoria, have also favoured the employment of men instead of women. They have shortened the hours of labour and made them uniform throughout the same industries, and by overtime regulations discouraged Sunday work.

The total social effect of industrial regulation is to increase the control of labour over the conditions of production. The positive action of

government authorities is guided by the claims of workers. They determine largely the extent and character of the issues that come before the court. Merely by securing the consideration of these claims, they create precedents extending and establishing more securely their right to intervene in the administration of industry. As the awards also regulate profits in a degree, the indirect administration thus enforced might secure nearly every practical object that would be attained by direct government administration of industry.

However, if the State were the employer, the whole body of citizens would be equally interested, and in theory equally active in directing its industrial operations. Under the present system employers and employees determine working conditions. The arbitration judge is in a sense the people's representative; but by virtue of his position and the demands of judicial procedure, he is a passive rather than an active influence in shaping the course of industrial regulation. So at present the government orders business to be conducted according to

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the demands of particular classes. The interests of classes rather than of the public are consulted. But in time the people who are not employers or wage-earners, especially the rural population, may resent paying high prices for services and commodities, in order that employers and employees may enjoy State-protected privileges. A popular demand may then arise for more regulation, for some method to protect the rights of the consuming public—the farmer, the professional man, and the person of small property. This might manifest itself first in laws to control prices, already suggested, or for the State housing of citizens—recently inaugurated as a remedy for conditions caused in part by arbitration awards in New Zealand—or for the erection of State industrial establishments to compete with those reaping a large profit under tariff protection and award control. But if State regulation clearly fails to benefit wage-earners, the country will probably return to free private administration of industry. The essential fact is that the present condition is unstable. The workers are still

confident that State regulation does help them, and will continue to do so. Therefore, the limited experience with compulsory arbitration up to the present suggests the possibility of a further development toward State socialism.

## CHAPTER XI

### THE GOVERNMENT IN BUSINESS

THE State industries of Australasia have no historical connection with the political labour movement. They were mostly undertaken in early days, in response to peculiar local conditions, and often by conservative ministries. But they are now popularly regarded as examples of successful collectivism, and therefore as to some extent justifying the labour programme.

Government ownership is confined to what are known in American law as public industries and "business clothed with public interest"—that is, to supplying services of exceptional and immediate concern to the whole community. In the United States we recognise such interest by regulating a business of this kind through commissions or administrative officers. In Australasia these industries were assumed by the State as logical extensions of its primary functions—

and this was made easy by the concentration of those functions in a central government. Important railways have from the first been built and operated by public authorities, as extensions of the earlier state wagon roads; telegraphs and telephones have developed as part of the postal and railway service; land banks and other forms of assisted settlement are part of a complex machinery for administering the public domain and promoting land sales. Docks and wharves are owned by the government as subsidiary to the transportation system. The State coal mines of New Zealand were justified by the fact that the government railways are the largest consumers of coal in the colony. In the same colony, government life insurance has been in operation well toward forty years, and was organised when there was no other apparent way to protect the people from the unreliable foreign companies who largely controlled colonial business. In some cases the government has entered business as a competitor, in order to break the hold of a monopoly upon the community.

Financial conditions have favoured the ex-

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tension of government industries. As expressed in interest rates, the credit of the State has been so much better than the credit of private corporations, that the latter were at a competitive disadvantage. Less money has been sent away from Australasia to pay for the use of capital than would have been sent for an equal investment in private enterprises.

Contrary to what seems to be the general impression in America, municipal trading is relatively unimportant in Australasia, because there local government is in every sphere subordinate to central government. No one of the larger Australian cities owns and operates its traction system. The electric lines of Sydney and other cities in New South Wales are a department of the state railways. Of the four chief cities of New Zealand, two own and operate street railways, but in one of these cities there are also three private companies. The largest city in the colony, Auckland, depends on a regulated private corporation for its traction service. Water works, harbour works, and city lighting plants are usually administered by trusts or



commissions, independent of the regular civil service. There are public baths, markets, libraries, schools, hospitals, and charities, much as in American cities of equal size.

Melbourne, in the state of Victoria—where local government is active—conducts the most extensive municipal enterprises. The city supplies electric light to private customers, and owns a cold-storage plant in connection with the principal market, where meats and produce are stored for merchants. Part of the space is leased to the state commission department, which stores and ships abroad farmers' produce, in accordance with a policy, elsewhere described, of promoting diversified agriculture.

In New Zealand and all the states except Victoria and South Australia, there are relatively unimportant private railways, the longest, with 629 miles of track, being in Western Australia. These roads do not operate in competition with government lines, nor do they afford data for comparing the relative economy of public and private ownership. A candid comparison of Australasian railways with those of the United

States requires so much qualification as to have little value unless for experts. In Australia the extremely sparse population, the peculiar distribution of population with reference to traffic, the commodities carried, the climate and topography, the cost of construction, and the system of financing, are all different from those of America. On account of the arid interior, the trunk lines are parallel with the coast, and compete for through traffic with water carriage. The lines leading inland are stubs, ending in a desert, and carry no freight that does not originate along their courses. The population is so concentrated in a few coast cities that suburban passenger traffic is relatively more important, perhaps, than in any other country. Railway materials are imported burdened with heavy freights, and the cost of unskilled labour employed in construction and maintenance is very high. The railways are state, not federal, enterprises; and their gauge varies from 2 feet 6 inches in Tasmania, which has only 462 miles of government track, to 5 feet 3 inches in Victoria and a part of South Australia. Finally,

as complicating financial comparisons, these systems are administered under seven different methods of accounting, and afford only a modicum of comparable data for obtaining averages for them as a group.

In Australia or New Zealand no government could remain in office that did not provide fairly good transportation facilities for its constituents. The passenger service is not so luxurious, but is as adequate to demands of the country as is that of the United States. Separate cars or compartments are furnished for first- and second-class passengers. In the United States the average charge for carrying a passenger a mile is 2.06 cents; in Tasmania it is 2.21 cents; and in South Australia it is 1.3 cents. In Western Australia, where all prices are very high and the cost of operation is more expensive than elsewhere, the average local fare is estimated on a basis of 3.8 cents a mile for single-trip, and 2.8 cents a mile for return tickets. But these rates are lowered very much, when reduced to general averages, by cheap through, season, workingmen's, and sub-

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urban tickets, so that the average fare probably does not greatly exceed two cents a mile. Suburban passengers, within twenty-two miles of Sydney or other large towns in New South Wales, pay but .953 cents a mile. Tipping railway servants is as common as in the United States. Sleeping-car prices are slightly higher than in America, and the accommodations are not so good.

There are fewer accidents in proportion to the number of passengers carried than in the United States. In our own country one passenger out of every 1,622,267 is killed; in Victoria one out of 14,779,025; and in New South Wales one out of every 17,567,075. But of the 59,116,103 passengers carried in Victoria the last year reported, 54,570,598 were suburban passengers in Melbourne; and of the 35,158,150 passengers carried in New South Wales, 31,180,769 made trips within twenty-two miles of Sydney and the other cities. Consequently the average trip is much shorter than in the United States. In South Australia, for instance, the average passenger journey is

11.68 miles, as compared with 30.6 miles in America. Even making allowance for this, however, it is evident that the risk of travelling is three or four times greater in the United States than in Australasia.

Freight charges are higher than in America. This is due to three principal causes: the traffic is not as dense, the average haul is shorter, and the lines and their equipment are lighter than in the United States. In South Australia the number of tons of freight hauled a mile for every mile of line is 115,635; in New South Wales it is 139,669, while in the United States it is 829,476—a density probably six times as great as the average in Australasia. In New South Wales the average haul is 68 miles, in South Australia 120 miles, and in the United States 244 miles. The gauge in New Zealand, Western Australia, Queensland, and for 1,238 of the 1,744 miles in South Australia, is but 3 feet 6 inches. New South Wales has a 4 feet 8 inch guage, but in 1905, the average weight of trains was only 80.5 tons, as compared with nearly 308 tons in America. In the United

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States the average charge for hauling a ton of freight a mile is .78 cents; in New South Wales, exclusive of terminal charges, it is 2.17 cents; in South Australia, 2.069 cents, and in Tasmania, with its 2 feet 6 inch gauge, 3.69 cents. In New South Wales the average charge for hauling a ton of grain or flour a mile is .87 cents; for coal or coke, 1.247 cents; and for chilled or frozen meat, 1.97 cents. For the same length of haul, these charges are lower than in the United States. For a haul two miles shorter than the average in New South Wales, from Mobile to Jonesboro, Arkansas, the rate per ton mile for wheat is 3.4 cents, or about four times the average in the Australian state; and the rate from Fergus Falls, Minnesota, to St. Paul, a distance of 187 miles, is 1.55 cents a ton mile—or double the Australian rate, although the haul is nearly three times as long. The tariff on anthracite coal from Pottsville to Baltimore, 179 miles, is 1.12 cents a ton mile; and from the same point to Perth Amboy it is 1.16 cents—a slightly lower rate than in New South Wales, but for an aver-

age distance at least three times as great. From Memphis to Jonesboro, again, the rate on packing-house products is 5.13 cents a ton mile, or considerably more than two and a half times the rate in the Australian state just mentioned. Therefore, although average freight rates are higher than in America, for corresponding service the roads of New South Wales supply their customers with cheaper carriage. The average charges in the United States are lessened by the low cost of a through traffic, often competing with inland waterways, that does not exist in Australia.

Although there are no secret rates or rebates on government railways, the authorities give preference in the open rates to localities where competition exists with the railways of other states. This rate-cutting in border districts has caused several interstate conferences and agreements for the purpose of regulating charges, none of which—at least until very recently—has been successful. Victoria gives preference to large shippers, under the name of trader's rebates, to the extent of five per cent.

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upon freight bills amounting to \$4,866; and also issues free transportation—two annual passes over all lines—to shippers paying \$97,333 a year for freight service, and three passes to shippers paying \$146,000. Similar privileges are given in other states. However, these preferences are open, and equal to all under like conditions—being printed in the published rate books issued by the railway departments.

The hours worked by railway servants in Australia and New Zealand are considerably less than in the United States—and are often limited to eight or nine a day. In Victoria locomotive engineers work eight hours, but are obliged to take extra “engine time”—amounting to something less than an hour a day—for preparing their locomotives for the road. Superannuated employees are pensioned, and all skilled employees usually have an annual leave of absence, with passes over the lines for themselves and families. In the United States the wages of engineers and conductors average \$3.61 and \$3.04 respectively, as compared with \$3.21 and \$2.44 in New South Wales; on the



other hand, in America firemen receive but \$2.03 and track labourers but \$1.18, as compared with \$2.21 and \$1.75 in the latter country. The safety of employees is better protected in Australia than in America. In the United States, the last year reported, one railway worker was killed for every 357 employed, and one injured for every 19 employed; in New South Wales one was killed for every 949 employed and one injured for every 18; and in South Australia, of the 3,519 men working, none was killed and but one in every 195 injured. Considering all conditions of employment, wages, hours of labour, safety, leaves, pensions, and other privileges, railway servants are better off in Australasia than in the United States.

The cost of construction and equipment, including rolling stock, machinery, workshops, and furniture, varies in the different states and New Zealand, from some \$30,000 to nearly \$64,000 a mile, according to the gauge of the railroad, the topography of the country, the distance of the lines from the coast, and also the date when the railways were built. But none of the state

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systems in Australasia represents as high an investment as the railways of the United States. The Victorian roads, which have the widest gauge and are about as well equipped as most lines in America, cost \$59,188.40 a mile; those of New South Wales, with several expensive bridges, tunnels, and mountain grades, cost the most of any in Australasia, or \$63,879.86 a mile. The capitalisation of American railways is \$64,265 a mile.\*

The ratio of operating expenses to earnings has varied widely in Australia and New Zealand at different periods; but is not increasing, and in most instances has fallen of recent years. Operating charges include the replacement of rolling stock—which in Victoria amounted to nearly one-fourth of these expenses the last year reported—and relaying track; but they appear not to include the sums paid in pensions to superannuated employees. In the different states the last year reported the per cent. of the gross revenues used for running the railways was as follows: Victoria, 52.23; New Zealand,

\* "Cost" and "capitalisation," of course, are not comparable.

56.85; South Australia, 57.86; Queensland, 58.67; New South Wales, 59.5; Tasmania, with its light and narrow mountain lines, 74.3, and Western Australia, which nevertheless paid a profit on capital, 80.33 per cent. In the United States, in 1903-4, the ratio of operating expenses to revenue was 67.79 per cent., and therefore higher than the average in Australasia. These figures, however, cannot be taken as final, as no two accountants exactly agree in the items they respectively charge to operating expenses and capital.

The economy of government railways to the public involves other factors than the cost of transportation. Nowhere in Australasia are the people taxed unfairly, in the price they pay for commodities, by monopolies created through railway favouritism. Such public services as the transportation of mails and packages probably cost less than in America under the same conditions. The government does not have to pay mileage for its employees. "Non-paying," that is, government traffic, to the value of some \$250,000 per annum appears in the Queensland

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railway report; and of 1,968,331 tons of freight carried in Western Australia, 173,312 was transported free for the public. States, counties, and towns have paid no bonuses to secure railways or competing lines. Finally, the capital to build the railways of Australasia has been borrowed at better rates—considering the dates and periods of loans—than capital employed for the same purpose in the United States. The people of Australasia own their railways only conditionally—subject to a bonded indebtedness approaching their capital value. The interest on this debt is well under four per cent.—3.83 per cent. in New Zealand, 3.58 in New South Wales, and but 3.32 in Western Australia.

However, the desire of the government to keep freight and passenger rates as low as possible, and the political inexpediency of raising rates even when too low, often prevent the roads from paying interest on their capital. In 1904-5 the interest charge of the New South Wales railways was 3.58 per cent., and the net revenue over operating expenses 3.46 per cent.,

leaving .12 per cent. to be made up directly by the taxpayers. New Zealand operated at a loss of .53 per cent. of its railway capital, which had to be covered from taxation. The Victorian railways paid full interest upon their debt in 1903-4 and 1904-5; but these were the first years they had done so since 1888-9. Even then no return was paid on some \$19,000,000, including about \$14,000,000 proceeds from the sale of public lands, which the state has invested in railways out of public revenues. Western Australia, however, has usually made a profit, above interest charges, on both its borrowed capital and the state's own investment. Nevertheless railway deficits are the rule—as post-office deficits sometimes are in the United States—and are estimated by Australasian authorities to have exceeded profits by \$66,000,000 during the decade ending with 1904. To this annual burden of some six and a half million dollars must be added, in comparing the relative economy of public and private lines, the loss of over \$4,000,000 yearly taxes, which would have been paid into the Australasian treas-

uries by the railways, if in private hands—assuming the rate of taxation to be \$5.37 per \$1,000 valuation, paid by such corporations in the United States.

This makes a balance of about ten and a half million dollars a year on the debit side of government ownership in Australia and New Zealand, which—if the account is to stand even—must be compensated by a lower charge for service than private lines would make, and by social and political advantages, such as the better condition of employees, fewer accidents, and the absence of railway corporations from politics and from the larger spheres of industrial and commercial intrigue.

Some of the states operate steam tram lines and electric and horse railways in cities and suburban districts. But most of the city traction of Australasia is in the hands of private corporations. So far as fares and service are concerned, with one or two exceptions, the ordinary patron finds little to distinguish private from public lines. Probably the poorest service at present is given by a few private horse-

car lines, operating under an expiring franchise, in Australia—but until recently there were municipal lines with equally poor equipment and service in New Zealand. The Melbourne cable lines, which are conducted by a private corporation, under a contract by which the city ultimately receives the track and equipment as payment for the franchise, charge a six-cent fare for all distances—which is the highest rate, for equivalent service, in Australasia. In most places there is a “penny,” or two-cent, fare for each section of one or two miles, a new fare being collected when the section limit is passed, as on country trolleys in the United States. Comparing Melbourne and Sydney, the two largest cities, the government traction service of the latter is much better and cheaper than the private service of the former. But the electric service of Sydney is not better than that of Brisbane or Auckland, under private ownership, and the fares are the same. The Sydney lines—probably the model government system of Australasia—do not give better or materially cheaper service than those of

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Baltimore, the city nearest the same size in America. Though the average fare is but 2.8 cents, several fares are collected from the same passenger, especially in the comparative absence of transfers, for what would be a five-cent ride in the United States. These section fares have the bad effect of checking the dispersion of urban population, by making it cost more to get to the suburbs than to nearer city districts—though in Sydney this influence is more than counteracted by cheap suburban railway service. On some Sydney lines the cars are as crowded at certain times of the day as are those in America. Fatal accidents appear to be relatively more numerous than in the United States. In 1902 the government tram lines of New South Wales killed 32 persons and injured 545; and in 1903 they killed 37 persons and injured 594. The average for these two years was one passenger killed for every 12,419,562 fares collected, as compared with one for every 18,015,894 passengers carried in the United States; and one passenger injured for every 869,378 fares collected, as compared with



one for every 178,876 passengers carried in the United States. As many passengers pay several fares for the same trip in Australia, these figures would be still more unfavourable for New South Wales were they exactly comparable with those in the latter country. One wage-earner was killed out of every 1,484 employed, as compared with one out of every 1,095 in America, and one injured out of every 15.3, as compared with one out of every 36.1 in America.

The Sydney electric railways represent a lower investment than those of the United States. They cost, including shops, rolling stock, and other equipment, \$140,000 per mile of track; while the net capital liabilities of the Baltimore railways are \$182,009 per mile, and the average in cities of 500,000 population or over in the United States is \$182,775 a mile. The lines paid 2.9 per cent.—over operating expenses—upon their capital. In 1905 the total deficit, including operation and interest, amounted to about \$8,000; but this year a profit of over \$200,000 is reported.

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The telegraphs and telephones of Australasia are public enterprises, operated in connection with the post-office and the railways. They do not pay interest on the investment in Australia, though they have recently done so in New Zealand. But the rates are lower than for the same service in the United States. A telegram of sixteen words costs twelve cents in Melbourne, eighteen cents in Victoria, and twenty-five cents (an English shilling) if sent to another state. The annual rental of business telephones is \$43.75 in Melbourne, and \$34 in country towns. A residence telephone in Melbourne costs \$24.33 per annum. The service is as good as in America.

State aid for settlers—government mortgages on agricultural land—was started in New Zealand and Western Australia in 1904, and has since then been adopted in all the states except Queensland. The authorities loan at low rates to farmers desiring money to improve their farms, usually requiring repayment in instalments, together with the interest. The loans are confined to lands suitable for agricul-

tural improvement, and in some states the money is turned over to the borrower in amounts only sufficient to pay for the improvements as made. In New Zealand the loans are authorised by a board of trustees, similar to the loan committee of a bank, on appraisements made by special officers appointed for this purpose. The system is essentially the same in other states. No loan is made for less than about \$125, or for more than \$14,600. Fees for appraising and examining title are low—the cost of securing a loan in New Zealand averaging considerably less than one-half of one per cent. South Australia does not loan more upon land than its assessed value for taxes. New Zealand borrows money in London at three and a fourth or three and a half per cent., and reloans it at five per cent. South Australia issues mortgage bonds for such amounts as it requires for this purpose, usually running for five years, which are taken up readily by the local banks at three and a half per cent.; and charges the borrowers four and a half per cent. interest. The Western Australian Agricultu-

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ral Bank keeps an account of the improvements made with funds borrowed from the government. The loans outstanding in 1903 amounted to about \$800,000, with which improvements assessed at nearly \$1,350,000 had been made. These included, besides other things, clearing 76,306 acres of forest land and ring-barking 76,205 acres, bringing 56,853 acres under cultivation, and fencing 35,353 acres. The authorities report that the only loss in ten years of operation was \$35 interest written off their books. The operations in New Zealand have been much more extensive, over \$20,000,000 having been loaned, of which some \$13,000,000 is outstanding. About two-thirds of the applications for loans have been granted. The cost of administering the department is less than .16 per cent. of the capital employed, and the government made a net profit of \$223,000 out of these operations the last year reported. The prevailing rate of interest on real estate mortgages fell from seven to five per cent.—or the level of the government rate—during the first ten years the law was in operation. Bankers in

New Zealand interviewed as to the effect of the law spoke of its results without disfavour, seeming to think that it might have stimulated business.

Some of the states have engaged in other financial operations for the purpose of benefiting the farmers. Queensland—as mentioned in an earlier chapter—loans money to planters to erect sugar mills upon the security of their land. The same state has levied a special tax on dairy cows, to be used as a bounty for encouraging creameries, and a similar tax on other live stock for the purpose of encouraging packing companies. South Australia and Victoria have undertaken more directly to promote agricultural welfare by establishing government commission agencies for marketing abroad some kinds of farm produce. South Australia was the pioneer in this enterprise, and the motive of the authorities was to finance the crop movement promptly and cheaply, as well as to encourage diversified farming. Private capital had refused the risk of marketing some of the experimental crops. Therefore the gov-

ernment undertook to supply cold storage and export facilities—at first for butter, then for mutton, wine, apples, and rabbits. The department slaughters the animals, chills and ships the meat, and manufactures fertilisers of the refuse. It forwards crates and paper, and advances freights to apple raisers, charging against sales; but an attempt is now being made to have private merchants take up this business. Formerly the state advanced twenty-four cents a gallon upon wine received under inspection, but has recently turned this business over to a private syndicate. The government maintains a sales depot at London, and handles about \$370,000 worth of produce annually. It charges for its services, sometimes including railway transportation, against receipts. There is no attempt to make this industry pay a revenue, the net returns being about one per cent. on the cost of the plant. This department, which is not regarded by its officers as necessarily a permanent institution, has served its purpose of stimulating the sale of South Australian produce in Great Britain.

South Australia and Western Australia have provided public batteries for the reduction of ores, and in some districts the latter state subsidises private batteries to reduce ores for small miners. These enterprises have been started principally to encourage prospecting and development in very arid or remote regions, that might not otherwise be explored, and to protect the small miner in districts where large syndicates control all the smelting facilities, and might use this advantage to "freeze out" the prospector without capital. They about pay expenses, and appear to suit the peculiar conditions under which they were instituted.

Government life insurance was established in New Zealand long before the question of state and municipal trading became prominent, and is by no means a monopoly, as the department issued but 41,291 of the 94,429 policies in force in the colony in 1905, and but \$47,411,563 of the \$114,694,811 insurance carried. The assets of the department are \$17,570,218, and the expense of management is 20.71 per cent. of the income from premiums, and 13.9 per cent. of

the gross receipts. Seventeen Australasian companies do business in the colony, four of which have lower expenses in proportion to gross receipts, and two less expense in proportion to income from premiums, than the government department. The largest of these, the Australian Mutual Provident Association, has a management expense as low as 13.58 per cent. of its premium income, and 9.03 per cent. of its gross income.

In 1903 a state fire insurance department was organised in New Zealand, but the results of its business are not yet available. However, insurance rates are said to have been lowered from ten to thirty-three per cent., on different classes of risks, since its establishment.

The government of New Zealand also conducts a public trustee office, which is a sort of administrative development from the probate or orphan's court, to manage the estates of intestates, orphans without guardians, and others not competent to control their property. The office has in charge nearly four thousand estates, with an aggregate value of more than \$17,000,-



000. There is little if any hostile criticism among the people of the colony either of this office or of the life insurance department.

New Zealand owns and operates two government coal mines, both of which have been opened recently and are still undergoing development. Their aggregate output the last year reported was 94,033 tons, which was sold for \$528,000. The profit on operation was about \$10,000, but this failed, by nearly the same sum, to pay interest on the debentures issued to purchase and develop the property.

One naturally turns to the financial status of the Australasian governments as indicating something of the profit, or apparent profit, of the various business enterprises undertaken by public authorities. In a broad way, the credit of those countries has not been impaired by their extensive borrowing for reproductive undertakings. At least they are now able to secure money on better terms—on an average—than at any previous period. In 1890, when the public debt of New Zealand—the colony now most committed to state trading—was in

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the neighbourhood of \$185,000,000, the interest was about 4.7 per cent; while in 1905, with an indebtedness approaching \$235,000,000, the rate of interest was a trifle over 3.8 per cent. Probably, also, a larger share of the public securities is held locally than ever before. There are several reasons why this should be so. The population and the net assets of both the Commonwealth and New Zealand are increasing, those of the latter country in a remarkable degree. During the first five years of the century even Australia, which suffered a large emigration during the recent drought, increased its population from 3,777,535 to 4,068,789. Accumulated wealth is growing—and at the same time its distribution. During twenty years the proportion of persons dying in Australia who have left estates has risen twelve per cent. In New Zealand the per capita private wealth has increased \$268 within a decade. Furthermore, even in the latter colony, whose public debt has advanced by leaps and bounds since 1890, the revenues have grown even more rapidly. During the five years ending with 1902, the per

capita debt increased from \$293 to \$319, but the proportion of the revenues absorbed by debt charges, including sinking fund, fell from 34.28 per cent. to 29.8 per cent.

In comparing the indebtedness of Australasia with that of American communities, two important reservations have to be made. In the first place, about one-half the public debt represents investments in railways, telegraphs, land purchased for re-sale to settlers, and money loaned on farm mortgages—all of which, as has been seen, returns some income, and therefore is not a dead weight on taxpayers. In the second place, a large amount of public indebtedness that in the United States is distributed among local bodies, such as cities, counties, and townships, in Australasia is part of the state or colonial debt. The expenditures for highways and bridges, court-houses and jails, school buildings, and even for street railways, sewers, and water works, are thus included in state obligations. Part of the state debt consists of money relaned to local bodies—nearly twelve million dollars of the New Zea-

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land debt is thus accounted for. Finally, in estimating the ability of taxpayers to carry this burden, it must be remembered that they have to support no national war debt, no army pension list, no heavy army, navy, or diplomatic appropriations. New Zealand has her customs revenues, and the states in Australia have a share of the federal customs, turned over to them by the Commonwealth government. Therefore it is not surprising that their budgets often show a surplus—that of New South Wales approaching a million pounds sterling the present year. Of late New Zealand has regularly enjoyed a surplus, that of the last year reported being over half a million dollars—so that the government has accumulated a credit balance, from excess of revenue, of more than \$3,500,000, besides appropriating a portion of these accumulations to public works. During the last fiscal year Queensland had an excess of revenues over expenditures of \$2,652,790. Western Australia only, of the states whose last year's finances have been reported, shows a deficit of something less than \$100,000.

In New Zealand the per capita revenue is \$41.85, and in the Commonwealth—taking an average of all the states—\$41.26. But only \$16.62 of the former sum and \$15.08 of the latter are raised by taxation, the remainder being receipts from posts, telegraphs, public lands, and other sources. The direct taxes, excluding customs, are \$3.63 per capita in Australia and \$5.61 in New Zealand. Local taxes, which are not here counted, are relatively light, because the state pays directly for many local expenses. Therefore the people manage without much hardship to carry a public debt ranging from \$250 per capita in Tasmania to nearly \$400 per capita in Queensland—and nothing in present conditions indicates that the public finances of the country are not sound.

There is no general sentiment in Australasia adverse to government ownership of railways and telegraphs, and very little opposition to the other enterprises that have been described. They form part of the industrial environment in which the people have grown up. The state coal mines, in New Zealand, were opened not

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with the idea of establishing a government monopoly, but in order to regulate prices of a commodity of which the government was a chief consumer. Some jealousy of this undertaking was manifested by partisans of individual enterprise, in which the principle of government ownership was attacked, but this opposition could hardly be said to be a general sentiment. The disposition among Australasians is to judge each operation of the government on its individual merits—and it is rare to find an ordinary citizen willing to discuss state trading in the abstract, as having any bearing on the government industrial activities with which he is familiar. Government ownership, so far as it has extended, is accepted as a matter of course—and is regarded as a debatable policy only in relation to new undertakings.

There is always criticism, inspired either by political motives or by real dissent as to methods, of the administration of government industrial departments. This is not to be confounded with attacks upon government ownership as a policy. Yet in Australia the two

might easily be confused by a casual inquirer. There is also growing up a certain purely political opposition to government ownership, especially in Australia itself, among those who distrust the labour programme, and wish to draw a clear line between individualism and anything that even looks toward socialism. But those who take this position, in their opposition to the labour party, are not yet a numerous contingent in the larger body of conservatives.

A conclusion reached by an outsider as to the utility of government ownership, from the experience of Australasia, must be so largely qualified as to be almost negative. Public railways, telegraphs, and land banks have succeeded—and have responded to the peculiar needs of the states where they were established—or they would long since have ceased to exist. There has been no exigent demand for state life insurance, or the system would surely have extended beyond New Zealand during the thirty-six years it has been in existence in that colony. Private railways thrive in the shadow

of preponderating government systems. Private and public street railways are operated harmoniously in the same cities, or in neighbouring towns and states, and neither drives the other from the field. Private banks and savings institutions are able to place their funds securely and profitably in spite of government competition. South Australia, with a state commission and export department, has also one of the largest co-operative farmers' commission companies in the Commonwealth, which does a business for its members five times as great as that done by the government, though in more varied lines. An outside observer, unless a faddist on government ownership, would probably come away from Australasia with a feeling that, after all, this issue is less important—as affecting the social and economic welfare of the people—than those who theoretically discuss the subject suppose. Government ownership does not bankrupt the state, deaden private enterprise, and kill prosperity; neither does it bring with a bump a nation into an industrial millennium.





## CHAPTER XII

### CONCLUSION AND OUTLOOK

THE labour movement in Australasia presents two opposite aspects. On the one hand, Australasian workingmen seek political reforms because behind them lie economic reforms. They use government instruments to obtain wages and hours of labour more favourable than they can secure by private agreements. The rank and file of the party hardly look beyond their own day and generation—nor do they theorise about the functions of government. On the other hand, many leaders of the labour party, and even a select body of their followers, are inspired by the unselfish idealism of reformers. They see in the labour movement a phase of a world-wide progress toward socialism, economic equality, the abolition of poverty by collective action, and have a conscious theory of social justice that denies the validity of the

present industrial system. When questioned as to the influence of this theory upon their political purposes, they say that socialism is an aspiration for which society must be prepared gradually, but which demands that the government be administered in sympathy with the ideal it proposes.

This combined appeal to self-interest and sentiment, strengthens, but at the same time limits, the labour movement. From the ideal side, a limitation is set by the conceivable fallacy of socialism itself. Socialists make two assumptions which can be proved only by experience—that their conception of a coming social state is correct, and that they can direct the process by which it will be attained. The logic of socialism, its appeal to right and justice, do not prove that it is practicable. The problem of collective production and distribution which it proposes is as unsolved as the navigation of the air. Socialism is as yet a faith, but not a science. It has not been experimentally demonstrated, and a failure to prove its claims, either at home or abroad, may check

or divert the course of the labour movement in Australasia.

The practical projects of labour leaders encounter the more immediate difficulty of harmonising individual and social interests, and class and public interests. The labour party seeks legislation in behalf of a section of the community. Even among wage-earners its policy requires the minority to make sacrifices for the majority. The diversity of interests between classes of producers, as between farmers and wage-earners, also creates a sectional sentiment. The latter favour land nationalisation, because this is in harmony with their general doctrine of State control of the sources of production. The farmers are sturdy partisans of freehold tenure and the sale of the State domain to settlers. The wage-earner is the direct beneficiary of the minimum wage; the farmer pays the increment to the cost of production resulting from laws and awards, directly to his own hands, and indirectly in a higher price for commodities. The wage-earners favour public works as a source of employ-

ment, the taxpaying farmers as a source of revenue. One seeks costly city improvements for his urban constituents, the other transportation and irrigation enterprises. The small landholder has, upon the whole, socialist sympathies. He supports the existing system of State railways and telegraphs, State aid to settlers and a government bank, and State trading in agricultural produce. He is open to a certain amount of political bargaining with city workingmen, like them giving support in return for concessions. But he never forgets his distinct class interests, which now appear threatened by the policy of the labourists. The farmers of New Zealand and Victoria, where the rural classes are relatively the most influential, have already organised an active campaign in opposition to the labour party.

The average wage-earner, when he becomes a thoroughgoing socialist, has no ships to burn behind him. Not only is his material stake in the country small, but in exchanging private for State employment he sacrifices no individual freedom. Independent, or self-employing work-

ers, on the other hand, usually have property interests that make them averse to social changes; and they have something that they probably value still more, though it may not consciously determine their sentiment on social questions—that is, their power of self-direction. A man who has been his own boss, whether a farmer, mechanic, or merchant, resents the restraint of official supervision. This sentiment is latent, because it lacks means for expression. But it is widely diffused among the more prosperous working people of Australasia.

The labour party is only one section of manual workers; but it dominates the class, because its members are organised and have the inspiration of a positive programme. They are followers of what is to them a true faith. Their leaders have the aggressiveness and the self-confidence of proselyters. This inspires them with devotion to their cause, but prevents practical compromises at the sacrifice of abstract social principles.

The desire of workers to give collective enterprises good repute manifests itself in legisla-

tion, but not always in industrial service. Men who advocate government administration of industry are not necessarily better employees of the government. The investigating commissions of parliament have found that public are more expensive than corresponding private undertakings, and that men do not work as well for the State as for private employers. Nothing illustrates the last fact more significantly than that the usual term among Australasians for an easy-going pace of working is "the government stroke."

Successful State socialism depends largely upon perfecting public control over the individual. The powers of government must be extended to correspond with its functions, even in opposition to democratic principles which limit government authority. Australasian labour leaders, however, do not proclaim such an intention. They do not anticipate that the State will be made an industrial policeman the moment it becomes an industrial director. Railway servants resent the control of government commissioners as much as other workers

resent the restraints of private employers. A strike of public employees, in 1903, tied up the transportation of Victoria. This disturbance was accompanied by incidents that would have rendered the strikers liable to penal punishment in America, and would have been discountenanced by our trade unions. Trains were deserted by their crews wherever they chanced to be when the strike began, stranding passengers and perishable merchandise in out of the way places, and endangering life and property. The public answered this challenge to its authority by a strike law more drastic than any legislation ventured by Americans in the most acute crises of their civil war. This law imposed a penalty of nearly five hundred dollars or twelve months' imprisonment for engaging in a strike on government railways, and made men liable to arrest without warrant or bail for advising a strike orally or by publication, or for collecting funds for the support of strikers, or for attending any meeting of more than six persons for the purpose of encouraging strikers. Almost automatically the responsibilities of an

employer were supported by the powers of an employer, re-enforced by the most comprehensive police powers of the State. This experience shows to what extent public control of industry involves public control of workers. Industrial service ceases to be voluntary. The attitude of the individual employee towards his task is not determined by civic virtue, but by a self-interest whose ultimate motive is to avoid positive pains and penalties, however disguised by forms of procedure. Workers will have exchanged masters, not have abolished them.

The economic advantage of this to the working people will depend upon the efficiency of administration. The labour leaders emphasise distribution at the expense of production. They reason that if the wealth at present produced were equitably apportioned, poverty would be abolished. The question of production enters into their calculation chiefly when they consider non-producers, who under the new system would be compelled to share the burden of profitable labour. However, a very slight percentage of waste, of decreased industrial efficiency, of



unwise application of public capital and collective effort to production, might more than counterbalance these advantages, and leave the total economic condition of society worse than before.

The vital question, therefore, is one of management. In no country does ability to secure office necessarily imply ability to administer office. The man best fitted to make State enterprises pay, might be least popular with his employees. The latter would constitute a relatively small body of men intensely interested in opposing him, while the public benefiting by his administrative ability would be a good-natured but inefficient supporter. The experience of democracy, in Australasia as well as America, goes to show that the personal interest of a public captain of industry would lie in conciliating his employees, at the expense if necessary of the whole body of citizens. Semi-occasionally there might be a spasmodic era of reform, when the public woke up to find its welfare seriously compromised by the conventional infidelity of its servants; but the restrain-

ing motive of these crises would be but temporary, while the influence of the employees would be constant and insistent.

The labour movement of Australasia is a manifestation of national introspection—a centring inward of the life of the people. It has nothing to do with wider world interests. The Australasians are not exactly a hermit nation, but they are in some respects a shepherd nation. Remote from other communities of their own kindred, aloof from active contact with the problems of other countries, thrown upon themselves in the isolation of the southern ocean, they have pondered upon the phenomena of their peculiarly separate social existence. They have a trifle of the idealism sometimes generated in the solitude of the bush. They are aiming—whether wisely or not—at national self-perfection. The nation, like the individual, finds it hard to reconcile this ideal purpose with practical activities. Immigration, wholesale material development, national aggrandisement in the industrial or political world, are not with them matters of supreme concern. The labour

leaders seem almost to fear the corrupting influence of too great prosperity. They do not wish to experience an expansion of wealth and well-being that would reconcile the people of the country to what they consider a vicious system of social organisation.

Like all self-centred movements, the labour programme presents from an international viewpoint an egoistic aspect. None of that altruistic attitude toward the industrially oppressed of Europe, which has been a common sentiment in the United States, has developed among the Australasian populace. They neither welcome the stranger from other lands as a permanent resident, nor are inspired with the enthusiasm of an international propaganda. Protection and exclusion are the means they advocate to maintain what some of their opponents call a "White and Vacant Australia." Something of a Chinese jealousy of the outside world, of the parochial spirit extended to a continent, conditions the labour movement and weakens its moral basis.

But while the international sympathies of

Australasian socialism are limited, within the confines of the country its interests are all-inclusive. The neighbourly spirit is extended to the entire people. The fraternal sentiment which is the basis of trade unionism is prominent in the labour party, and not wholly absent from workers as a class. A workingman contended that if he could load ten tons of coal a day and a smaller comrade could load but five tons, nevertheless the wage of the two should be equal; for they both gave to their task equal time and effort, according to their respective ability. Yet the socialist dictum, "From every man according to his ability, to every man according to his needs," is not accepted without qualification by many labourists, who appreciate the difficulty of applying this principle to a practical administrative policy.

However, all Australasian socialists regard labour as a duty, and subsistence as a right, and therefore deny that personal service is to be treated on an economic basis. They do not admit that the evolutionary process should control the economic adjustments of the individual

within society. It should not profit a man that he is stronger, or quicker, or more skilful than his comrade. His superior endowments as a producer he must share with the weaker brother. Social progress is not to be by the selection and survival of the fittest, but by the collective efforts of all, united in a common lot and limited to a common rate of advance. The motive of those more fortunately adapted by nature to special exertion is no longer to be material welfare, but social and moral satisfaction—the consciousness of adding to social well-being. As the amount of his salary does not determine the gallantry of an officer in the charge, or the material emoluments of his office the fidelity of a statesman in his trust, so, it is assumed, when the State insures against dependence in old age and infirmity, the wage of the worker will not determine his industry and application to the task that will then have become a civic duty.

How far the material gains of labour in the colonies have affected its economic condition is not easy to determine; for this must depend

upon comparisons with previous conditions in Australasia and contemporary conditions in other countries. Occasionally colonial workers are subject to greater economic distress—from the point of view of numbers affected, if not of the intensity of suffering of individuals—than occurs in the United States. According to the state inspector of charities, during the year ending with June, 1904, nearer one-fifth than one-tenth of the entire population of Victoria received charitable aid from either private or public sources, and over one-tenth had been assisted by public institutions. The previous year, in the midst of the drought, out of 1,200,000 inhabitants, 70,540 were inmates of institutions, and 114,341 received outdoor charitable relief, while 11,500 received old-age pensions from the state. The Commonwealth and New Zealand, with an aggregate population less by nearly 300,000 people than that of Illinois, spend annually about \$13,000,000 upon public charity, hospitals, and old-age pensions for which want of means is a necessary qualification. Upon the whole, the workingman in the

Comonwealth and New Zealand is richer in leisure but poorer in money than the workingmen of America. The wage per hour, at least in factory occupations and skilled trades, is lower in Australasia than in the United States, and on account of the longer working day in the latter country, the total earnings of workmen are much larger than in the colonies. In this comparison, the cost of living is not sufficiently different to make real wages vary appreciably from nominal wages. Real wages and the standard of living are rising, and are now higher than ever before in both Australia and New Zealand.

Australasian workingmen show a fair degree of thrift, but the trend of small investment is different from that in the United States. Savings banks are frequently government institutions, so that deposits may be made through the post-office, and this convenience and security make them more popular than in America. The number of depositors is therefore three times as large in proportion to the population as in the United States, though the average deposits are

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only two-fifths what they are in the latter country. The relatively larger city population in Australia influences these averages. Home investments appear to be more common in America, but in the colonies there are no statistics positively to verify this surmise.

A comparison of the more elusive elements of social welfare is still more difficult. The working classes of America and Australasia present no marked differences in general culture. Such figures as are at hand indicate that the average Australian or New Zealander spends a larger share of his income for tobacco and liquor than the average American. But crime, and especially deeds of violence, are less common than in the United States. The birth rate in Australia and New Zealand is lower than in the United States, but the statistics of the latter country are too defective to allow a comparison with the birth rate of native whites alone. The same qualification applies to positive information regarding illegitimacy—though there are some grounds for believing that children are more commonly born out of wedlock in the col-



onies than in America, but that divorces are relatively rarer. The most casual observation shows that gambling—especially betting on horse races—is more common in Australasia than in our own country, and is not viewed with the same disfavour by public opinion. Nearly all classes of people buy chances on the principal turf events. Not only is the use of the mails permitted to pooling firms, but legal enactments exist regulating race-course gambling and giving official sanction to the forms under which it is conducted. What are considered fraudulent schemes or lotteries in the United States, and as such are discouraged by law and excluded from the use of the mails, in Australasia are looked upon as legitimate business. This attitude is probably due in part to survivals of the speculative spirit from the gold days. The extensive hold these forms of gambling have on the community is a misfortune, but it equally affects all classes, and is not justly attributable to the labour movement, or to any sentiment or condition confined exclusively to the working people.

Australasian workingmen lack the cosmopolitan spirit, that in American workshops is conferred by rival nationalities. Foreigners have brought the industrial wisdom of the entire world, the benefits of European travel, and the experience of the *Wanderjahr* to American mechanics—teaching them not only trade methods, but also the social and political condition of other countries. Thus has been created a habit of thought, an open attitude of mind towards strange men and customs, that is in itself an element of culture. American workers therefore appear to have a wider range of interest and a more inquisitive spirit than Australasians. But this again is a product of longstanding conditions quite independent of the labour movement.

Fairly considered, no results of the socialist spirit prevailing among the working classes of Australasia, or of the partial realisation of their programme through legislation—excepting, perhaps, their attitude toward strikes—are so obvious as to be assigned directly to that spirit and legislation as a cause. There is no

evidence to show that the average material condition of the working classes has been modified as yet by the laws enacted for them. The correction of individual instances of specific and acute abuse has little observable effect when distributed over the whole body of workers. The ethical standards and the culture of the present generation were determined prior to the rise of the labour party and the spread of socialist theories among the people. Employers give evidence to show that the efficiency of wage-earners has been lessened by their habit of relying upon government aid rather than their own exertions. If this is so, the general effect, as covering all producers, has not yet revealed itself in decreased production or the statistics of national wealth.

Still, socialist theories react on the beliefs and principles of the persons holding them, and may be gradually and imperceptibly changing the substratum of popular sentiment and morals. These theories set up a new standard of property right. Their realisation would withdraw the motive for thrift and accumulation. They

temper the incentive to industry. By centring attention upon unjust features of the present industrial system, and making labour the badge of a new servitude, they foster among thoughtless men an impression that work is in itself an evil. The deepest philosophy of socialism is misunderstood by those that make it a religion of idleness or confiscation. But the deepest philosophy of every new movement is misunderstood by a considerable portion of its followers. Progress is partly built upon error. The fallacies of the labour party resemble the fallacies of those inventors who seek a *primum mobile*, and fancy that by mechanical devices they can create force and achieve perpetual motion. Wealth cannot be created by a process of administration, no legislative panacea for poverty exists, the laws behind production are not enacted by parliament.

Many labourists conceive society as an all-potent entity, with a magic horn of plenty upon which individual members may draw without limit; vastly overestimate the effect on the economic condition of the masses, of the con-

centration of capital in the hands of private administrators, and the benefits that would ensue to the latter if profits were added to wages; and assume that classes at present idle would produce a large share of the wealth of the anticipated socialist state. This reasoning inclines workers to believe the industrial service they render society either unnecessary or unjust. Conceiving themselves as members of a class rather than of the community, they accept the status of workers as permanent, and do not aspire or strive to leave that class with the same ardour that they would if they accepted the present state of society as just or final. To become an employer would be to desert their cause, and to cast their lot with an enemy over whom they anticipate victory. The industrially ambitious worker runs counter to the general opinion of his associates, and can better his status only by incurring the odium of a traitor to his class.

This class consciousness, so much more evident in Australasia than in America, is a cause rather than a consequence of the labour move-

ment. Race solidarity, the predominance of the unskilled over skilled occupations and of employing over independent industries, the minor importance of the small farmer, either as a worker or as a recruit in the urban labour market, have all contributed to produce this result. But the labour movement, instead of dissolving class distinctions, has fixed them in the very structure of the government. It is here that the socialism of Australasia parts company with democracy; for the essence of the latter is equality of opportunity for all—which implies absolute self-direction and consequently the utmost diversity of careers and accomplishments—while the essence of socialism is equal attainment for all, which imposes uniformity of condition, and re-establishes in a degree the institution of status.

The most impressive feature of the growth of socialist-labour sentiment in Australasia lies not so much in its character as a local phenomenon, as in its striking identity with the evolution of similar ideals in other countries. The significance of this identity is the greater because

New Zealand and Australia are geographically remote, industrially distinct, and politically and socially widely different from those older lands of Europe where socialism had its birth and maintains its present stronghold. No important current of influence plays back and forth between the colonies and England. Great Britain is a tardy follower rather than a leader in these doctrines. Independently Australasia has worked out a programme of social reform coinciding in principle, and to a great extent in detail, with that of European propagandists.

The political features of this movement are as suggestive as the purely economic features, because they respond to an even greater variety of conditions. In all modern countries, the industrial system is practically uniform, and the wage-earner stands in the same relation to the employer. But political systems present the widest diversity. Nevertheless the political programme of the German, French, Italian, and Spanish socialist is essentially the same as that of the Australasian labourist. One would abolish royalty, the other royal governors; the

European would do away with a privileged upper house, and so would his Australasian confrère. All support the referendum. The principle of party loyalty and mass control of representatives is equally realised in the organisation of the social-democratic party in Germany and the labour party in Australia. No qualified democracy will satisfy the ends of the new movement. It demands the extreme of popular government, both in the constitutional and in the voluntary organs through which it expresses its will.

Colonial labour leaders and continental socialists both challenge the justice of the present industrial system, and demand the abolition of the wage relation so far as it treats labour as a commodity subject to ordinary market conditions of demand and supply. Both regard progress towards socialism as an evolutionary rather than a revolutionary process. But they do not use the same means to attain their purpose. Australasians possess that phase of British political genius which enables them to secure public ends by involved processes. Their



leaders have adapted rather than abolished existing institutions and have seized upon the old organic forms of social and political life to serve their ends. By a sort of legislative accident the labour party has discovered in compulsory arbitration a way to realise State control of industry. Employing the analogies of a court, and corporation law, and judicial procedure, it has created machinery by which the government administers private business.

However, the masses have not followed their leaders in Australasia as closely as in Europe. Most voters as yet support practical projects leading to socialism rather than the doctrine these projects imply. But every measure they secure commits them still further to the logical theory behind the law. Like a man whose capital has become involved in expanding enterprises, each new investment requires another to support it. The popular attitude toward individual laws becomes later an endorsement of a settled policy, and finally the acceptance of a new social doctrine.

An American has fair reason to ask why a

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movement so universal, and so strongly manifested in a nation akin in race and institutions to our own, and with so similar a natural environment, should not have made its appearance as an important influence in the national life of the United States. Probably it has been retarded, rather than averted, by conditions that have been partly touched upon in previous chapters. No urgent demand for constitutional changes has secured wide popular support among us, so as to enlist the co-operation of democratic forces in a mixed policy of social and political reform. Our large landholding and farming population controls the government, and arrays us against consistent socialism—although it may be no check upon practical measures of socialistic import. The comparative absence of bureaucracy in public administration, the diffusion of political authority among a vast number of petty elective officers, the intricacy of our governmental system, the careful provision made for the protection of local authority, and the popular jealousy of any encroachment upon the rights of

local government, all create conditions unfavourable to public control of industry. By natural selection and temperament, our people are individualists. A very large majority of them have no class consciousness. They do not possess the socialist sentiment, and when they advocate what might in other countries be considered socialist legislation, it is with a view to protecting rather than to restricting the sphere of their own individual enterprise.

The variation of wages and marked economic diversity in the condition of workers in the United States, and the democratic spirit in which industrial administration is conducted, by multiplying stratification among employees, and making the difference between many of the latter and employers less than that between employees among themselves, have given an individualist character to our labour movement. Not class interests, but trade interests or group interests, constitute the motive of that movement.

America illustrates the fact that the industrial justification of socialism, according to its

theoretical exponents, is not self-demonstrative to a nation. According to these advocates, socialism is an outgrowth of industrial conditions that have possibly reached their maximum development in the United States. Nowhere else are methods of production more modern. Machinery is utilised to the greatest possible extent, capital is aggregated in immense accumulations for specific purposes, the control of industries is highly centralised, the worker is individually impotent before the stupendous organism of material wealth, presided over by perfected and intelligent administration, which he must serve. Yet this condition has not yet appealed to American workingmen as a body in such a way as to commit them to socialism. They have met organisation with organisation, perfected administration with perfected administration, and have depended upon their own strength to cope with the strength of their employers.

This is the record of conditions and policies of the past and present. But the socialist sentiment may grow rapidly in the future. Hith-

erto the radical as well as the conservative citizen has been found among the farmers. The mainstay of rock-ribbed republicanism and the stronghold of socialistic populism have been equally in rural communities. But now socialist doctrines are permeating the conservative organisations of workingmen. The propagation of these doctrines has been retarded by inefficient organisation. Inaugurated among foreigners, who lack a quick grasp of our national characteristics, misapprehend local conditions, and are untrained in compromise, faction and personal divisions have helped to make the socialist movement a negligible factor in our political life. We are not a nation of theorists. No doctrinaire programme will ever appeal to our people with sufficient force to accomplish an industrial revolution. Any socialism a large section of the nation accepts, will be American. We shall probably arrive at it, if at all, in much the same way as the Australasians, by adopting one law after another, each for a particular purpose, modifying our conception of government with the exigencies

of practical legislation, and thus by attempting to remedy specific social evils come to accept a theory of treatment.

Socialists are said to aspire to control the trade unions of America by gradual propaganda among their members, not by supplanting them with rival organisations. This means a conflict of methods in the labour movement, and keen criticism of their respective results. Every unsuccessful strike will be an argument for the socialist. Every legislative privilege to an employer, or refusal of laws for the protection of employees, will be cited as a reason why organised labour should enter politics. The corporation lobbyist will be the involuntary but forceful advocate of socialism. The increasing publicity of industrial methods will furnish material for this propaganda. The evils affecting workers that strikes and collective bargains cannot remedy, will be called prominently to the attention of trade unionists. Socialists aim to show the inefficiency of past methods and remedies, and they have the immense advantage of all destructive critics.

They are not called upon to justify their own theories by practical results obviously beyond their reach, but they will be heard when they point to the lengthening list of partial failures that mark the path of their opponents. Sooner or later we are likely to experience some crisis like that which accompanied the maritime strike in Australasia. This will bring to the test the faith of workers in their present organisation. No power in society is strong enough to stop the progressive betterment of labour. If workers fail to accomplish their object by one means, they will try another.

If organised labour enters politics, constitutional as well as industrial changes may result. A labour party upon a trade union basis would recover something of the town meeting spirit. Methods of nomination would probably change, and voters would control their delegates more strictly. The relation of the federal to the state governments would be modified by a strong socialist party, in order that the central authority might more effectively control large corporations and industries. A labour party,

therefore, would probably adopt a loose construction policy. Urban workers would have to compromise government ownership in its application to the land question, in order to conciliate our predominant rural population. Possibly they would content themselves with limiting the size of farms, or enforcing a system of graduated taxes that would make large or idle holdings unprofitable.

Probably the persons least able to gauge the force and direction of present tendencies in the United States are the radical socialist and the ultra-conservative employer, placid by virtue of his social obtusity. The former sees in America the same conditions that prevail in other lands. The European-bred agitator underestimates the tenacious conservatism of our Anglo-Saxon prejudices. Many anti-socialist conditions in the United States are organic and temperamental. They have been bred into our institutions from the lifeblood of the pioneer, and selected and fostered by the whole course of our national history. No emotional crusade is likely to overthrow them. Socialism can succeed only by



enlisting the individualism of Americans. If these theories ever prevail, it will be because they protect rather than repress the self-direction of the individual. Socialism will hardly be the original purpose of the practical measures by which that object may finally be attained. Therefore the man who is already a socialist in America is usually by habit of thought out of sympathy with popular sentiment, and so incapable of appreciating the true value of the forces that shape our national destiny.

On the other hand, the practical and philistine politician or employer, whose thoughts flow unchangingly through the petrified channels of his mind, fails equally to grasp the significance and possibilities of the history that is being made around him. He reasons into the future solely from the past, and assumes the permanency of the *status quo*. The bases of society are to him geologic, and its changes secular. No enlightenment dawns upon him from the experience of kindred people, and if he anticipates new conditions, which to him must be evil, it is to meet them by antiquated tactics of industrial

and political warfare. He does not see that the real conflict is a conflict of ideas. No matter how many strikes he wins, each one is a Pyrrhic victory if it changes the men who may be his opponents on a temporary issue, but his allies in a greater contest, into permanent adversaries in the ranks of socialism. Such employers are the negroes on the safety valve, who raise the pressure of resisting social forces to the danger pitch.

Those who wisely defend the present social system will be people who see the imminence of possible change in that system, or at least of a strong effort at radical innovation. So far as lies in their power they will keep open the paths of social progress. They will weaken the force of the attack upon our fundamental institutions, by enlisting in their own ranks many who might be enrolled among their opponents. They will recognise that those institutions can stand only so long as they satisfy the reasonable demands of all classes for social betterment. The privileges and well-being of the worker of to-morrow cannot be scaled to

the standard of to-day. A glance at the past century of industrial history teaches this to every observer. If existing institutions respond adequately to each new adjustment of class relations, they will probably stand unmodified; but if they fail to do so, we shall doubtless experiment with other institutions, designed to accommodate themselves more flexibly to a widening distribution of industrial control and emolument.

Australasia has been able to concentrate almost undivided attention upon industrial legislation because the imperial government relieves the colonies of a foreign policy. Even commerce with other nations is of minor importance, for exports go mostly to the mother country. Such a condition cannot occur in the United States, where international responsibilities will always share in shaping public opinion. But such inferences as we can draw from Australia indicate that a labour party in America would be anti-imperialist, favourable to limiting world activities, that full attention might be devoted to internal questions.

Socialism can hardly prevail in the United States without a revolution in the dominant interests of the nation. We have centred our energies as a people upon problems of production. Our undeveloped natural resources have acted upon the nation like a chemical reagent, making each man seek to externalise himself in material nature. The pioneer, conceiving the rough forest as undulating meadow and waving grain, set forth his energies to realise that ideal. His neighbour did the same, until a thousand pioneers, each working toward his individual end, created a contagion of productive activity. The popular faith has been that every man should work out his own economic salvation, and that the welfare of the community was in direct ratio to the energy of its members. The intense pursuit of material welfare through self-direction and individual exertion has, therefore, become a national trait of Americans. They have exalted production alone, assuming that if enough were produced for all, all would have enough.

This sentiment is due to the predominance of

independent producers among the working population, and the conditions that have fostered it may in time lose their present importance. The experience of Australasia suggests that it is not the degree to which the primary wealth of a country is developed, but the extent to which it remains within reach of the people, that determines the popular attitude towards questions of production and distribution. Our natural resources, though as yet hardly touched for development, are rapidly being appropriated. As the heritage of the nation becomes private property, the class definitely excluded from this patrimony multiplies in an increasing ratio. These industrial aliens have no personal interest in production except as a condition of receiving wages. The incentive to work is lessened, because the product of extra exertion is not so obviously as before a direct benefit to the labourer. Therefore the growing body of wage-producers turns its attention to questions of distribution. To these the great evil is, not that too little wealth is produced, but that it is not equitably shared. Consciously

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predestined to a propertyless state, they become socially introspective. If they seek relief through political action, the result will necessarily be some form of socialism.

Every social movement results in compromise. Action and reaction compensate each other as truly in politics as in physics. While the labour movement in Australasia will certainly attain its material ends, it may not realise in practice its socialist ideals. The people have advanced more rapidly in legislation than in doctrine. But no error could be more pernicious than to assume that these laws have fully justified themselves by economic and social results. They represent progress, but not a final solution of the problems they were devised to meet. The coming story of the labour party will record failure as well as success, and its adversaries will share in the duty of shaping future policies of the government. Nevertheless labour has won to its main proposals the support of all political parties, and of the great mass of the people. No party now opposes compulsory arbitration or old-age pensions. More impor-

tant still, the labour party has become a vehicle to express the aspirations of the working people, and an instrument through which they hope to realise their ends. It is a law-abiding agency, and the forces that in other countries threaten to disrupt society, in Australasia serve only to strengthen social bonds.

**THE END**





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