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PAGE AND THE FINAL THROES OF THE BRUCE- PAGE GOVERNMENT

Challenging the Nation through Planning and Federalism

During the latter 1920s and in the wake of the Cohen Royal Commission, Page shifted his attention from new states to trying to transform the nation through economic planning and the reform of federalism. This was enlivened by the Bruce–Page Government’s creation of the Development and Migration Commission (DMC) and determination to finally resolve fiscal relations with the states. Historians widely recognise that Page played a major role in negotiating the Financial Agreement of 1927. Less well appreciated is that it was a time of consolidation of his own broader ideas about planning and federalism.

Page’s commitment to national planning developed later than his other passions of regionalism, hydroelectricity and constitutional reform. He first expressed interest during the early 1920s, when, as a thoughtful new parliamentarian, he pondered ways to pursue the major themes of his August 1917 speech. This nascent interest only gelled when the Bruce–Page Government embarked on an institutionalised approach to planning by establishing the DMC in 1926. The principal task of this statutory authority was to appraise new development projects, but it also had a remarkably wide brief to investigate and attempt to guide the entire economy. Page upheld it as a working example of an expert agency

that elevated development policy above party politics and used business leaders as advisers. Shortly after, Bruce and Page eliminated the vertical fiscal imbalance still dogging Australian federalism by using the Commonwealth's fiscal power to force the states to accept the Financial Agreement. They followed this success with a last concerted effort to have the states agree to the national coordination of policies on electricity, transport, health and other vital fields.

Page brought to each of these initiatives his characteristic energy and capacity for synthesis. For all his support for new states, he simultaneously advocated both national and regional scales of policy action. National economic planning, in particular, became one of his main means of trying to establish efficient new industries based on primary goods and of locating these to vitalise rural communities. In the final years of the Bruce–Page Government, Page was drawn to the DMC and planning amid related national debates over tariff policy. This attraction culminated in his attempt to have the DMC realise his hopes for regional development.

Page champions planned national development and the DMC

The Country Party dabbled in planning as early as 1921 when it considered the 'complete survey and calculation of the resources of the Commonwealth', an idea that Page retained as the proper starting point for well-informed planning.¹ The following year he began the Country Party election policy speech with a declaration that 'Australia has reached the period in her history when her greatest need is sound government on an organised plan, recognising the stern necessity for economy without crippling the development of our primary and secondary industries'.² As treasurer, planning became a feature of his early speeches, such as in February 1924 when he told the citizens of Dalby in southern Queensland of the need for a 'national plan' for the development of 'power, roads, borrowing and finance'.³ These early calls for planning were vaguely articulated – a sign that he was still developing his thoughts, for Page was not one to hold back on a fully formed idea. From 1925 he was

1 Handwritten draft statement of Country Party policy (undated, but associated documents suggest 1921), Earle Page papers, UNE Archives, A180, box 1, folder 1.

2 *The Land*, 27 October 1922, p. 4, copy in EPP, folder 2623.

3 Speech by Page, 30 February 1924, EPP, folder 1624.

speaking ringingly of the ‘supreme importance’ of Commonwealth–state cooperation in developing ‘a national plan of development’ covering transport, water use and much else.⁴ He needed a working model and so his interest settled on the DMC.

Page’s thinking on planning was almost certainly stimulated by Cabinet deliberations over February to May 1926 on establishing the DMC. Although this unprecedented agency became involved in attempts to shape the domestic economy, it originated with Australia’s need to be seen to be better managing its participation in the Empire-wide strategy by which Britain responded to post-war unemployment and loss of overseas markets through export of capital and population to the Dominions. Australia’s receptiveness to this was encouraged during these post-war years by urbanisation, industrialisation and ambitions for rural development. Prior to World War One, Australian immigration was largely the responsibility of the states. Following the 1921 Imperial Conference on Immigration, the British Government’s *Empire Settlement Act 1922* established cost-sharing migration arrangements with the Dominions. In Australia, the 1923 Premiers’ Conference agreed that Bruce should approach the British to negotiate a nationwide assisted migration scheme, which he duly raised at the 1923 Imperial Conference. The resultant ‘£34 million’ Migration Agreement signed with Britain in April 1925 aimed for 450,000 assisted British settlers within 10 years.

In its ambition, the Migration Agreement exceeded previous arrangements involving the Australian states or the Commonwealth Government. It centred on the provision of cheap loans to fund development and migration linked to land settlement schemes. The Commonwealth Government raised the loans, and shared interest costs with Britain and the states. Specific development projects proposed by a state – defined broadly to include public works, land purchases and subsidisation of farmers – required the approval of all three governments concerned before funding would be made available. This gave the Commonwealth effective control over hitherto state-led migration and more firmly linked migration to national development policy.⁵

4 Page’s 1925 election Country Party policy speech, copy in Ulrich Ellis papers, UNE Archives, A811, box 12, pp. 13, 15.

5 The agreement’s complex origins are surveyed in Roe, *Australia, Britain, and Migration*, pp. 48–58.

The DMC served an important means by which Australia fulfilled its agreement obligations. Its approval was an essential condition of the Commonwealth's preparedness to fund a project. This met British concerns that funds provided on often generous terms would be well used and not lead to over-borrowing. Page later wrote of how 'never in the history of Empire relationships were more liberal [financial] terms offered to the Australian people', which he was determined to honour and thereby maintain.⁶ There may also have been a concern to formally distance immigration from party politics, especially as there were indications that support for high levels of intake risked being held against the government. DMC tutelage improved the likelihood of the Migration Agreement being extended by encouraging the well-informed use of land and public funds and so expanding capacity to absorb migrants. In doing so, it also provided a model for planning based on the rigorous assessment of economic viability, use of advisers external to government and cooperation between levels of government.

The DMC was not Page's creation. It owed more to Bruce, supported by suggestions from the newspaper proprietor Sir Hugh Denison and also from Australia's representative in the British Foreign Office, Richard Casey, who in turn referenced the British Committee of Civil Research.⁷ Introducing the DMC Bill into parliament, the prime minister said that Australia had failed to face the problem of development, having 'never had a stocktaking of our resources with a view to determining the industries that, having regard to our natural advantages, should be promoted'. Hence, now 'there must be a thorough and impartial examination of every scheme before it is approved'.⁸ To such ends, the DMC had a near limitless brief to report on the Australian economy. It could investigate the establishment of new primary and secondary industries and conduct negotiations for the development of existing ones. It even had legislated provision for 'such other powers and functions as are prescribed', that classic catchall.⁹ Page no doubt approved: his sense of urgency invariably blunted his appreciation of checks and balances.

6 Page, *Truant Surgeon*, p. 157.

7 See Roe, *Australia, Britain, and Migration*, pp. 64–8, on the origins of the DMC.

8 Development and Migration Commission, *First Annual Report for Period Ending 30 June 1927*, Commonwealth of Australia, Melbourne, 1927, pp. 5–6, EPP, folder 2322; and Roe, *Australia, Britain, and Migration*, p. 67.

9 *Development and Migration Act 1926*, section 13(1)(a)(vi).

The DMC sat apart from the mainstream of the Commonwealth public service as a legislated body corporate. It made extensive use of expert advisers from the business world. Herbert Gepp was appointed DMC chair and C.S. Nathan vice-chair, both business leaders with strong reputations for innovation and vision. Gepp was an energetic, if enigmatic, figure whose wide-ranging engagement with public policy included a central role in establishing the CSIR. Balance and wider acceptability were provided by the other two commissioners, former South Australian Labor premier John Gunn and New South Wales public servant E.P. Fleming. The DMC worked closely with Australia's newly emergent coterie of academic economists such as D.B. Copland, despite their frequent doubts about migration and Australia's development potential.¹⁰ Page's habitual hope that expert opinion would validate his plans led him to initially welcome the DMC's use of policy experts, only to be disappointed when their rigour was applied to his vision for the Clarence Valley.

The DMC stressed efficiency, especially the more productive use of land through improved technology and management, but not Page's regionalism or electrification. Although it required ministerial approval to investigate broad development issues (while being free to initiate inquiries into specific projects), its chair proclaimed an expansive interpretation of its role. Shortly after his appointment, the blunt, assertive Gepp had printed for distribution a memo in which he declared the DMC 'the national clearing house for all ideas and schemes bearing upon economic development', with a responsibility to 'co-ordinate the whole of the developmental activities of Australia'.¹¹ He shared the Bruce–Page enthusiasm for national efficiency. Late in his tenure he told a University of Melbourne audience that 'problems of organisation lie at the root of Australia's economic difficulties' and that 'the Commission plays its part by ascertaining and stating the facts' in 'the application of science to industry and the consequent increase in efficiency'.¹²

Page's own approach to planning owed much to a simple but strongly held model. In brief, he considered that as the secondary and primary sectors were interdependent, each should be managed so as to generate incomes that maintained demand for the other's output. The prices of

10 Roe, *Australia, Britain, and Migration*, pp. 91, 112.

11 Memo by Gepp on the DMC, 17 November 1926, NAA, CP211/2, 57/7.

12 'Address to the Public Questions Society, University of Melbourne, April 1929', reproduced in Herbert Gepp, *Democracy's Danger: Addresses on Various Occasions*, Angus and Robertson, Sydney, 1939, pp. 34–5.

secondary and primary products needed to be brought into an alignment that maintained this mutually supportive demand and so kept the whole economy in balance. Farm prices and profitability were critical to determining demand for secondary goods, placing primary industries at the crucial centre of the economy. There was also an important place for competitive manufacturing based on Australia's natural advantage in raw materials. Efficient secondary industry would also help support primary production by supplying capital equipment cheaply. This all owed much to Page's pronounced sense of economic and social orderliness, with everything playing its proper and reinforcing role.

Page's fullest statement of such views was his speech to the Chamber of Manufactures of New South Wales on 21 June 1926, just one month after the creation of the DMC. Published as *Australian Industries: The Interdependence of 'Primary' and 'Secondary'*, it set out the implications of Page's model for development policy and planning.¹³ He thought the economy could be neatly driven by a few vital sectoral linkages to remain in perpetual motion, and tied together planning, decentralisation, electrification and industrial standardisation. He opened this talk by summarising how the economy's component sectors could support each other:

Manufacturers are interested in the primary producers as the suppliers of their raw material and as the purchasers of their finished goods. The more efficiently the manufacturers fulfil their function of supplying the tools specially adapted for the producer's work and articles for the producer's use, the more readily and cheaply can be supplied the raw materials for manufacturing processes. The more profit there is in agricultural industries, the more readily can manufactured goods be bought.¹⁴

A sound home market was the basis for a manufacturing industry to become internationally competitive. Making use of abundant raw materials to produce competitive goods would lead to an even split in total exports between manufactured items and 'raw products', so that primary industry would not be left disproportionately supporting the nation's standard of living. Here lay the role of planning. Government failure to 'lay down a definite plan of development' along these lines was handicapping industry. Planning should start with transport and power production 'conceived on a national scale', and support decentralisation

13 Earle Page, *Australian Industries: The Interdependence of 'Primary' and 'Secondary'*, Simmons Ltd, Sydney, 1926, copy at EPP, folder 2331.

14 *Ibid.*, p. 1.

by enabling the disposition of factories at strategic points. Page gave vent here to his impatience with federalism – Australians must stop ‘blindly worshipping the fetish of State rights’. ‘It is idle’, he said loftily, ‘for those who profess to believe that such action infringes State rights to try and put the hands of the clock back.’¹⁵

Page’s brief coverage here of the orderly marketing of rural produce portrayed it as a means of maintaining demand for manufactured items. It would help ‘create a continuous purchasing power of finished goods in the hands of the producer’, so that ‘both primary and secondary industries thus tend to be stabilised and a beneficial circle of regular employment in all callings is created’. To Page, orderly marketing did not constitute an absolute end in itself, but was a subsidiary policy tool with a place in his wider conception of the economy. Making the best use of factors of production of capital, labour and management was to Page reminiscent of the brain, heart, stomach and hands of the human body all ‘performing different functions and yet vital to the efficient work of the whole’.¹⁶

One wonders what Page’s audience of manufacturing executives thought as they were exhorted to ponder this very big picture of ‘well-balanced national progress’. They probably saw more relevance in his comments about standardising industrial capital equipment to aid mass production. Page also expressed some of his prime minister’s concern about the consequences of high wages for international competitiveness, but hastened to add that greater efficiency could overcome this problem and also lead to increased real wages. There should also be a rationalisation of parallel state and national arbitration into a single Commonwealth-led system – the very issue that was to fell the Bruce–Page Government in 1929.

Capital, transport, power, standardisation, tariffs, marketing, finance and regulation – ‘a well-conceived plan of efficiency must consider the place of all these in the national economy’. Page did not specify in this 1926 speech how such planning would be conducted. But he made clear his confidence that he could work with business leaders ‘to create the public opinion that would assist these desirable policies’.¹⁷ Manufacturers should even be trusted to nominate what assistance they needed to obtain the best capital machinery. Press coverage of the speech was mostly supportive, but focused on Page’s comments on federalism. The Adelaide *Register* saw

15 Ibid., pp. 5, 9, 10–11, 12, 19.

16 Ibid., p. 7.

17 Ibid., p. 12.

it as indicative of 'the orderly soul of Dr Page' and particularly noted his comment that in the distant past problems of government had been left to 'mediocrities' but that now, he declared, 'the time has come for the best minds to take a hand in governmental operations'. It described the audience of manufacturers as having listened 'dutifully'. The *Register's* main objection was that Page's comments about efficiency were an attack on the rights of states.¹⁸

Tariffs occupied an especially important place in how Page saw the economy being planned: his views on this drew him into the main economic policy debate of the 1920s. Free traders foresaw a primary industry-oriented Australia that was robustly competitive on world markets. Protectionists envisaged a more self-contained nation that developed on its own social and economic terms, including by fostering a large (albeit costly) manufacturing sector. The 1920s was a protectionist decade: the average tariff rate rose from about 10 per cent in 1918 to about 27 per cent in 1927.¹⁹

Historians have frequently commented on Page's encouragement of primary producers to accept tariff increases on manufactures in the name of the broader economic and political benefits of 'all-round protection'.²⁰ What is less widely appreciated is that as an advocate of planning, he kept a foot in each of the free trade and protectionist camps by generally being critical of tariffs but also supporting their planned use to nurture carefully chosen industries in decentralised locations – 'picking winners', in latter-day parlance. He was neither free trader nor ardent protectionist. Page considered 'natural and essential' industries in which Australia was internationally competitive worthy of nurturing, mostly resource-based industries and related manufacturing such as of agricultural machinery, but also some orientated to mass consumption. Tariffs could be powerful tools if used in a 'scientific' way that reflected a comprehensive review of 'the whole national position and national resources'.²¹

18 Editorial in the *Adelaide Register*, 22 June 1926, p. 8. Coverage in other newspapers was more favourable, such as the *Perth Daily News*, 22 June 1926, p. 4; and the *Adelaide Advertiser*, 22 June 1926, p. 12.

19 William Oliver Coleman, Selwyn Cornish and Alfred Hagger, *Giblin's Platoon: The Trials and Triumph of the Economist in Australian Public Life*, ANU E Press, Canberra, 2006, p. 66.

20 Graham, *Formation of the Australian Country Parties*, pp. 231, 246–7.

21 Earle Page, *Australian Industries*, p. 17; see also 'Speech Given by Dr. Earle Page at the Constitutional Association 15/2/32 on the Tariff', EPP, folder 384. The term 'scientific tariffs' was widely used by economists of the time; see Joanne Pemberton, 'The middle way: The discourse of planning in Britain, Australia and at the League in the interwar years', *Australian Journal of Politics and History*, vol. 52, no. 1, 2006, p. 57.

Page's only very selective opposition to tariffs raised tension with some of his political allies. H.P. Williams, manager of the influential New South Wales-wide rural newspaper *The Land*, berated him in March 1923 for countenancing tariffs to support sugar manufacturing. (Williams wanted the sugar industry to first establish a voluntary pool.)²² In a 1924 letter to the Sydney-based manufacturer George Hoskins, Page vented his disgust at 'the idiocy of protecting a lot of fourth rate industries instead of making sure that the essential and basic ones that we can properly develop and get a market for were thoroughly protected to begin with'. He disdained the Commonwealth Tariff Board for lacking a strong sense of which industries should be nurtured.²³

Statements by Page such as his speech to the New South Wales manufacturers made him a participant in the growing policy debate over the use of tariffs that extended through the decade. Among Australia's increasingly vocal policy-minded economists, Copland and E.O. Shann were free traders while L.F. Giblin was more accepting of protection. Bruce broadly agreed with Page that a moderate tariff should be applied cautiously according to scientific precepts. To this end, he commissioned the celebrated 1929 inquiry into tariffs headed by the Tasmanian-based economist James Brigden that became the most comprehensive analysis of Australian protectionism to date.

The Brigden Enquiry arrived at a politically cautious conclusion that tariff assistance already stood at an optimal level, a compromise between its members who advocated free trade and those favouring protectionism. Brigden himself became the foremost proponent of tariffs as improving the overall standard of living by their promotion of employment in manufacturing at acceptable wage levels and by supporting population growth. Like Page, Brigden considered tariffs in the context of the interaction of primary and secondary industries, but from a far more scholarly and theoretical perspective than did the avowedly practical Country Party leader.²⁴

Despite Page's disinterest in theory, it was still highly unusual then or later for a politician to view the tariff question in terms of such a full model of the economy and vision of the entire country. Page did not argue the

22 H.P. Williams to Page, 6 March 1923, EPR, folder 1151 (part 2).

23 Page to George Hoskins, undated but in reply to a letter of 17 May 1924, Earle Page papers, UNE Archives, A180, box 10, folder 80.

24 The Brigden Enquiry was formally titled *The Australian Tariff: An Economic Enquiry*. For a fuller account, see Coleman, Cornish and Hagger, *Giblin's Platoon*, Chapter 4.

pros and cons of tariffs wholly in terms that much later became standard – he made no reference, for example, to tariffs effectively imposing flat taxes on consumers. Yet as an early and relatively sophisticated tariff critic, Page went well beyond mainstream Country Party concerns about the added costs of capital equipment to arrive at a carefully nuanced vision of protection's place in national development. By raising what tariffs implied for national efficiency, he challenged his colleagues to consider the wider impact of protectionism and helped presage future nation-changing debates on industry restructuring.

Page was also ahead of his time from the mid-1920s by making private investment a major element of his thinking on implementing major public works, especially for electrification. (One of the few other prominent advocates was Frederic Eggleston in his 1932 *State Socialism in Victoria*, but for different reasons. Eggleston drew on his unhappy personal experience in Victorian state politics in concluding that publicly owned essential services were inefficient.)²⁵ For most of Page's career, important infrastructure was almost entirely built and operated by state governments, especially after the Great War. He advocated private investment as more likely to take a longer perspective than would typically characterise the choices of short-lived governments. Private investors could construct dams and power stations in return for charters and franchise arrangements that guaranteed their rights to operate these facilities for a specified long-term period. Page wanted 'a uniform continent-wide policy that will keep in mind the requirements of national development while at the same time provide every means and facility for private enterprise to carry out this work'.²⁶ He does not seem to have ever reconciled his proposal to charge all electricity consumers the same flat rate with attracting private operators. Page also frequently called for stronger constitutional guarantees of private property rights so as to encourage private investment in infrastructure.²⁷

25 Frederic Eggleston, *State Socialism in Victoria*, P.S. King & Son, London, 1932, pp. 13–14, 304–5.

26 'Federal Power Commission', EPP, folders 1625 and 2088; no date, but wording and the inclusion of a copy among papers prepared for the May 1929 Premiers' Conference suggest it was prepared for this conference.

27 Section 51(xxxi) of the Constitution gives the Commonwealth power to make laws on 'the acquisition of property on just terms from any State or person for any purpose in respect of which the Parliament has power to make laws'. The High Court interpretation of 'acquisition' and of 'just terms' has limited this protection of property rights; and the requirement concerning a 'purpose in respect of which the Parliament has power to make laws' is taken to mean that legislation based on s51(xxxi) must be supported by at least one additional constitutional power.

Page and planned development: Attempting to transform the Clarence

Soon after its creation, the DMC optimistically foresaw itself as a ‘detached body’, free to enter into ‘full co-operation’ with state governments. It would be their adviser as they worked together to populate the continent, and it urged the states to appoint counterpart development commissioners.²⁸ In practice, the states tended to view the DMC as a menace to their favoured proposals. The organisation became especially suspicious of ambitious irrigation projects: Queensland proceeded with the Dawson Valley Irrigation Scheme alone, with unhappy results.²⁹ The DMC did not directly enter into the fierce debates of the Bruce–Page years over union power and arbitration, but its association with high migration and calls for greater efficiency to counter rising production costs drew the ire of organised labour. The federal Opposition leader Matthew Charlton attacked it in parliament and spoke of migrants as ‘largely responsible’ for unemployment.³⁰

The DMC nonetheless operated widely and confidently, undertaking studies ranging from the dried fruit and tobacco industries to transport costs, national employment and the outlook for Tasmania. Yet the DMC never entirely fulfilled a national economic planning role, the Commonwealth lacking the necessary constitutional powers and the Bruce–Page Government not wanting to dictate to private industry. The closest it came to a comprehensive stocktake of the economy was a listing in its 1928 annual report of Australia’s main imports, intended as a first step towards identifying suitable new industries for development on the basis that a high level of importation was suggestive of a solid local demand. The DMC was in practice more productive in assessing promising new targets for assistance on a project-by-project basis.³¹

Bruce and Page’s shared enthusiasm for the DMC suggests they were aware of the need to manage such constraints to growth as shortages of good land and dubious irrigation schemes. Soon after the DMC’s

28 Development and Migration Commission, *First Annual Report*, p. 6; A.J. Davies, ‘Australian Federalism and National Development’, *Australian Journal of Politics and History*, vol. 14, no. 1, April 1968, p. 41.

29 Roe, *Australia, Britain, and Migration*, pp. 97, 112–13.

30 Charlton, 23 February 1928, quoted in *ibid.*, p. 119.

31 Development and Migration Commission, *Second Annual Report for Period Ending 31st December 1928*, Commonwealth of Australia, Canberra, 1929, pp. 11–12, EPP, folder 2322. For a summary of the DMC’s research see Roe, *Australia, Britain, and Migration*, pp. 91–3.

creation, Page became an advocate of its permanent enshrinement in national policy. He encouraged his own party to endorse planning, and at an ACPA meeting in June 1927 he lectured invited state Country Party leaders on state cooperation in 'the initiation of a national plan of efficiency in production and marketing that will ensure balanced development'. He credited the DMC and the CSIR with furthering state-federal coordination but 'the work is only just begun'. Tellingly, he failed to offer a convincing rationale of how to implement all of this beyond offering old ideas about national power and port development, uniform rail charges and flat electricity rates.³²

Page's confidence in the DMC culminated in his attempt to use it to realise regional development and electrification in the Clarence Valley. The DMC agreed to his request to look closely at the Clarence region as a candidate for Migration Agreement funding of an entire package of linked projects – hydroelectricity at The Gorge and Jackadgery, and related flood prevention, road, rail, port, timber and mining initiatives. The resultant probing of Page's faith that electrification would create its own demand demonstrated that the DMC was every bit as rigorous as he otherwise wanted it to be.

Following the defeat of the first Lang Government, which had stood out of the Migration Agreement, Page's home state of New South Wales finally signed on in March 1928. That month he approached Gepp about his comprehensive plan to develop the Clarence Valley. The DMC chair responded that if preliminary investigations were favourable, the commission could work with the state government on what 'would be just the sort of scheme that he [Gepp] knew the British government would view favourably, as it would lead to large development and increased population'.³³ Page followed up by sending Gepp a copy of his 1919 booklet *The Clarence Gorge Hydro-Electric Scheme*, leading a DMC economist to caution the chair that it had clearly 'not been prepared by technical men'.³⁴ Pressure also came from The Port of the Clarence Advisory Board, chaired by Alf Pollack.³⁵

32 Speech reproduced in *The Primary Producer* of 9 June 1927, p. 1, copy in EPP, folder 2666.

33 C. Tye (Under-Secretary of the New South Wales Department of Public Works), memo, 8 March 1928, NAA, CP211/2, 34/13. Tye was reporting on Page's approach to Gepp.

34 E.N. Robinson to Gepp, memo, 30 March 1928, NAA, CP211/2, 34/13.

35 The Port of the Clarence Advisory Board to Premier Bavin, letter, 16 February 1928, NAA, CP211/2, 34/13.

The DMC duly dispatched its new deputy chair W.P. Devereux, a former pastoral industry executive, on appraisal tours of the region in July and August 1928. Page telegraphed Devereux that although the various projects proposed for the region ‘must be regarded as a whole’, if there had to be a choice hydroelectricity should take priority.³⁶ Page, with Pollack and others, insisted on accompanying Devereux for part of his second tour, including a visit on horseback to The Gorge. Devereux’s detailed on-the-road reports to Gepp show him to have been a cautious observer, well capable of resisting Page’s pressure. He concluded that a power project at Jackadgery had some merit provided the state government was supportive, but that The Gorge would produce far more power than was needed locally and inundate too much good land.³⁷ The Bavin–Buttenshaw State Government accepted at this time a Commonwealth proposal that it should also investigate The Gorge, resulting in similar findings by its chief electrical engineer, H.G. Carter, that the project was too large for immediate development but had longer term potential.³⁸

Premier Bavin soon agreed with Devereux that The Gorge project should not proceed.³⁹ In March 1929 the state government added that Jackadgery was also too costly and elected instead to explore more modest proposals such as extending the Nymboida facility.⁴⁰ Page made similarly fruitless inquiries with potential British investors. A contact of his reported back in December 1929 that they thought the thin distribution of the Australian population made new hydroelectric installations commercially unviable and would only consider projects securely backed by Australian governments.⁴¹ The DMC meanwhile continued to assess the wider development of the Clarence Valley, but had not reached any final conclusion by its abolition in 1930.⁴²

This episode was an early instance not only of technical advice constraining Page but also of the caution of state governments that would actually have prime responsibility for his various schemes. It was an early indicator of the direction in which policy advice on development projects was

36 Page to Devereux, telegram, 10 July 1928, NAA, CP211/2, 34/13.

37 Devereux to Gepp, memo, 23 July 1928, NAA, CP211/2, 34/13.

38 Page, *Clarence River Hydro-Electric Gorge Scheme*, pp. 17–18.

39 Devereux to Gepp, memo, 23 July 1928.

40 ‘Extract from Summary Report No 12, Dated 28th March 1929’, NAA, A786, R22/1.

41 Fred Sandman (? , signature unclear) to Page, 1 December 1928, EPP, folder 2083.

42 ‘Clarence Gorge Development – History of Investigations and Offers of Assistance from Three Federal Governments and Seven State Governments’, c. 1954, EPP, folder 1798.

shifting. Even in this decade of developmentalist optimism, there was a countervailing awareness of the limitations imposed by Australia's settlement patterns and natural environment that gestured towards concerns most clearly articulated by Griffith Taylor. As the foremost historian of assisted migration between the wars has concluded, the DMC's 'dominant message had been that by capitalism's own standards, Australia offered little scope for productive development'.⁴³

Page also came under pressure via the equally dispassionate scrutiny of the engineering profession. Australian engineers in the early 1920s had been divided over the potential of hydroelectricity, with William Corin being its main protagonist. In a 1920 study he declared that the water resources of New South Wales were grossly underutilised, and that the growth of Tasmanian manufacturing showed what was possible if hydroelectricity was applied intelligently.⁴⁴ But as the decade progressed, a majority opinion emerged among engineers and economists that hydroelectricity was of marginal significance on the mainland.

This conclusion drew on debates such as that in Victoria over brown coal versus hydroelectricity. John Monash stated in 1924 that 'water power' was not necessarily cheaper than thermal generation and that Australian stream flows were unreliable.⁴⁵ W.H. Myers, chief electrical engineer for New South Wales Railways and Tramways (and Page's colleague at Sydney Boys High), made a thinly veiled attack on Page and Corin at the March 1929 conference of the Institution of Engineers. He assailed 'wild deductions' by 'recently-returned travellers from abroad ... that the salvation of the country depends upon the development of "hydroelectricity" or of "super-power" schemes', and of how 'even electrical engineers, including some of standing, occasionally are not immune from the same habit'. Myers deflated simplistic comparisons with the United States by pointing out that Australia's potential hydroelectricity sources were remote from major cities and that population dispersal inhibited the interlinking of power systems.⁴⁶ A September 1929 report to the Australian Government by consulting engineer Alex J. Gibson was particularly telling, for Gibson

43 Roe, *Australia, Britain, and Migration*, p. 137.

44 'Report of the Chief Electrical Engineer, Department of Public Works', 1920, EPP, folder 1046.

45 Monash, Presidential Address to the Australasian Association for the Advancement of Science, Adelaide, 25 August 1924, reported in the *Adelaide Advertiser*, 26 August 1924, p. 14.

46 Quoted in Alexander J. Gibson, *Report on Power Development in Australia*, Government Printer, Canberra, September 1929, p. 33; see also Walter Harold Myers, *The Supply of Electricity in Bulk*, The Institution of Engineers, Australia, Sydney, 1929.

was a decentralist who considered agriculture ‘the ultimate wealth of any community’. He challenged assumptions that hydroelectricity was inexpensive and that power availability alone would create new manufacturing. It was not ‘the panacea for all the ills from which the [agricultural] industry suffers’, especially given the dispersal of farms. Gibson predicted, largely accurately, that Australia’s future power development would be predominantly coal-based.⁴⁷

None of these critiques altered Page’s faith in hydroelectricity nor his hopes for his home region. He so habitually contrived to interpret expert findings positively that he took the DMC’s and Carter’s cautious conclusions to imply that inadequate local demand could be solved at a stroke by linking The Gorge to a Newcastle–Brisbane transmission system. Corin died in 1929, leaving Page as Australia’s most prominent advocate of hydroelectricity and the main agent by which the concept lingered as a policy issue prior to its resurgence via the Snowy Scheme.

Page and cooperative federalism: The triumph of the Financial Agreement

As the 1920s progressed, changes in external financial conditions strengthened the case for a stronger Loan Council than the existing voluntary arrangement. Britain’s return to the gold standard in 1925 created obstacles to lending abroad and raised interest rates. Unease about public debt included a growing suspicion in international circles that Australia was an unreliable borrower.⁴⁸ Conversion activity and the ongoing quest for new loans meant that an Australian government was almost always active in the international loan market. More fundamentally, Bruce and Page continued to see vertical fiscal imbalance and the duplication of functions between Commonwealth and states as affronts to their sense of efficiency. Both were conscious of the failure of referenda as means of change – when they took office in 1923, only two of 13 referendum questions put to the voters since 1901 had been approved. The Bruce–Page Government only put three questions to the voters: two simultaneously in September 1926

47 Gibson, *Report on Power Development in Australia*, pp. 35, 37, 39.

48 C.G. Headford, ‘The Australian Loan Council – Its origin, operation and significance in the federal structure’, in W. Prest and R.L. Mathews (eds), *The Development of Australian Fiscal Federalism: Selected Readings*, Australian National University Press, Canberra, 1980, pp. 165–6 (article first published 1954).

on corporations and industrial relations powers that included giving the Commonwealth authority to deal with interruptions to essential services; and that of November 1928 on the Financial Agreement. The main strategy for the reform of federalism remained one of seeking cooperative agreements with the states.

This resumed with a new offer to the states at the May 1926 Premiers' Conference. Bruce and Page proposed that the Commonwealth withdraw from all forms of direct taxation and discontinue the per capita grants, in return for which it would take over state debts. As in 1923, Bruce led for the Commonwealth in debate, with Page supporting by answering the assembled premiers' numerous doubts about details. Page denied that he and Bruce were out to impose unification. Their aim was a rationalisation of intergovernmental finance that would be in everyone's interest, 'to secure federation to [sic] the Australian states for all time, and to insist that there shall be a proper Federal basis which will assuredly be brought about if there be a distinct separation of their finances'.⁴⁹ Yet the states again rejected the Commonwealth's proposal, being reluctant to levy unpopular direct taxes alone and foreseeing that a future Labor government could restore Commonwealth taxation.⁵⁰

In June, Page with Bruce's support issued a final demand to the states that 'the vicious principle of one authority raising taxation for another authority to spend' must cease. Page added a more personal argument that the remission of direct taxation to the states would prevent them from being financially strangled by the Commonwealth and so at risk of de facto unification.⁵¹ Legislation was enacted to reduce (but not quite eliminate) Commonwealth direct taxes and to abolish the per capita grants in favour of distributing only any remaining Commonwealth surplus on a per capita basis. The *States Grants Act 1927* was effectively an ultimatum that the states had one year to agree to a mutually acceptable formula or else have the Commonwealth impose its own resolution. Bruce acceded to state appeals to delay implementation, and a draft of what became the Financial Agreement was negotiated at further premiers' conferences before an agreed text was signed by all governments on 12 December 1927. The subsequent referendum of November 1928

49 'Conference of the Commonwealth and State Ministers Held at Federal Parliament House Melbourne, May 1926 to Consider the Financial Relations Between the States and the Commonwealth – Report of Debates', EPP, folder 2663 (part 3).

50 Mathews and Jay, *Federal Finance*, p. 120.

51 *Commonwealth Parliamentary Debates*, 4 June 1926, pp. 2680, 2682.

approved the insertion of section 105A into the Constitution to enable the Commonwealth to implement the agreement. There was an almost unprecedented 74 per cent vote in favour, evidently as the voting public was opposed to more government debt.⁵² Despite a ‘yes’ result in every state, the Labor Party, Percy Stewart and the Nationalist E.A. Mann voted in parliament against the enabling Bill, and two Country Party MPs declared they voted for it only in deference to the referendum results.⁵³

The Financial Agreement in its final form abolished per capita payments to the states in return for the Commonwealth taking over existing and future state debts, but with the states joining it in contributing to debt servicing. The Commonwealth withdrew from most direct taxation and the Loan Council was accorded binding authority over borrowing by both levels of government.⁵⁴ The states’ assessment that their new borrowings would increase more than their populations had led them to conclude that Commonwealth contributions under such a repayment-based arrangement would exceed the old per capita grants. (This was indeed the case until 1944–45. The states in the interim still found themselves exposed to the budgetary impact of the Great Depression.)⁵⁵

The most lasting reform, and that which Page took most to heart, was the change in status of the Loan Council. Page played a significant tactical role in the machinations that led to its elevation to a binding decision-making body dominated by the Commonwealth, marking a decisive shift in the locus of fiscal power. The council would henceforth control all new public borrowing by determining annually the total proposed loan programs of the Commonwealth and the states, and judging whether these could be met at reasonable terms and conditions. This total would be divided up

52 Mathews and Jay, *ibid.*, p. 109. But see Chapter 8 for Page’s later reflections on the basis for this vote.

53 Page, *Truant Surgeon*, p. 133.

54 The full Financial Agreement was a very complex document. In addition to taking over formal responsibility for the existing and future public debt of the states, the Commonwealth also agreed to make grants to the states for 58 years from 1927 of fixed amounts equal to the per capita grants to each state in 1926–27, but with the proviso that these were to be contributions to interest charges on the then existing public debt of the states. The Commonwealth would also make annual contributions to the National Debt Sinking Fund in respect of state debt. These contributions consisted of the equivalent of 0.125 per cent of existing debt as of 30 June 1927 for a period of 58 years, and 0.25 per cent of the face value of loans raised subsequently for 53 years from the date the debt was incurred (other than loans raised to meet revenue deficits). The states were also required to make contributions to meeting their debts, but at different rates (and somewhat different again for New South Wales). See Mathews and Jay, *Federal Finance*, pp. 108, 121, and the *Financial Agreement Act 1928*.

55 Gilbert, *Australian Loan Council*, p. 96; Mathews and Jay, *Federal Finance*, p. 121, and Gates, ‘The search for a state growth tax’, in Mathews, *Intergovernmental Relations in Australia*, p. 160.

between governments by unanimous agreement. The Commonwealth would arrange all borrowing including conversions, redemptions and debt consolidation. Crucially, the council's voting formula gave the Commonwealth a dominant say – it had two votes and a casting vote, as against each state's single vote. In the absence of unanimity on the division of amounts between governments, a formula would be applied of up to one-fifth to the Commonwealth and the rest to be divided between the states in proportion to their net loan expenditures during the previous five years. Lacking a secretariat, its deliberations were conducted in secret by heads of government, treasurers and officials.

The Financial Agreement was the most comprehensive reform of federalism to that date, and a testament to Bruce and Page's determination to rectify a gross inefficiency. In one move, they had addressed three major concerns – coordination of public borrowing, debt reduction and vertical fiscal imbalance.⁵⁶ Looking back in 1957, Page accurately described the agreement as still 'the single major substantial alteration in the Constitution'.⁵⁷ W.K. Hancock, writing four decades after 1927, called it 'an important landmark of policy' amid what he called the 'easy-going mediocrity' pervading Australian society in the 1920s.⁵⁸

The Loan Council, in particular, was a major success in institutionalising Commonwealth–state cooperation. The contemporary economist R.C. Mills, not otherwise an admirer of the Financial Agreement, considered the council 'an eminently desirable feature of Australia public finance' that would secure better terms for loans and curb unnecessary borrowing.⁵⁹ (Mills was one of a minority of prominent economists untroubled by vertical fiscal imbalance: Giblin, Mills and Leslie Melville all felt that the per capita grants had promoted equity between the states.)⁶⁰ Although the Loan Council briefly served as an economic council of governments during the Depression of the 1930s, it did not constitute a planning body that controlled the ends to which loan monies would be directed. Page was to become determined to rectify this.

56 Mathews and Jay, *Federal Finance*, p. 108.

57 'Submission to Federal Parliamentary Constitutional Committee of Amendments Proposed by Sir Earle Page', January 1957, EPP, folder 1659.

58 W.K. Hancock, 'Then and Now', *IPA Review*, vol. 22, no. 4, 1968, p. 92.

59 R.C. Mills, 'The financial relations of the Commonwealth and the states', *The Economic Record*, May 1928, p. 11.

60 Mathews and Jay, *Federal Finance*, pp. 122–3. Vertical fiscal imbalance re-emerged with the introduction of uniform income taxation in 1942.

Some contemporary observers saw Page as the sole or at least main progenitor of the Financial Agreement. One was F.A. Bland, by now Australia's most prominent political scientist, writing in a December 1935 article on Page and cooperative federalism.⁶¹ Lang, a major player in the negotiations, recalled Page as 'the real architect' of the Financial Agreement.⁶² In fact, Page was neither the originator of the agreement nor its sole driver in the Bruce–Page Government. Bruce's statements soon after he took office clearly indicate that he did not rely on Page in reaching conclusions about the need to reform federalism. The prime minister was more publicly prominent in debates at the 1923, 1926 and 1927 premiers' conferences.⁶³

But Page, under Bruce's ultimate direction, did contribute significantly to the crucial detailed negotiations that enabled the creation of the Loan Council. His assertive advocacy and tactical contribution in the final negotiations gave him a lasting political and public association with the council. Mathews and Jay, foremost historians of Australian federal financial relations, reflected that the slow, complex steps towards the signing of the Financial Agreement, which involved finding ways around fears of Commonwealth domination, state reluctance to assume responsibility for unpopular forms of taxation and Lang's hostility, 'owed a great deal to the negotiating skill of the Commonwealth Treasurer'.⁶⁴ Geoffrey Sawer wrote of Page's 'ability to modify his own ideas as the opinion of his parliament and negotiations with the states required; the final agreement was a triumph both for himself and for the long-term non-Labor policy of putting this matter on a stable basis'.⁶⁵

Lang's memoir, *The Great Bust*, contains firsthand, if eclectic, recollections of Page as treasurer. He portrayed him as an arch conservative in 'one of the most determined anti-Labor governments this country has had', not least as it handed the Commonwealth Bank over to 'big business'. Lang wrote at length of his state's suspicions of the Loan Council, and

61 F.A. Bland, 'Inventing constitutional machinery: A study of Dr. Earle Page's proposals for national councils', *Australian Quarterly*, vol. 7, no. 28, December 1935, p. 16.

62 Jack Lang, *The Great Bust: The Depression of the Thirties*, McNamara's Books, Katoomba, 1980 (first published 1962), p. 65.

63 See for example the assessment of the 1923 Conference in the Melbourne *Argus* of 30 May 1923, pp. 10–11.

64 Mathews and Jay, *Federal Finance*, p. 110.

65 Sawer, *Australian Federal Politics and Law 1901–1929*, p. 284.

called Bruce and Page unificationists who sought 'deliberately to wreck the sovereignty of the states'. More specifically, and rather closer to the reality, Lang readily conceded that Page was 'very inventive':

He was full of plans. He had a formula for every occasion. He was ready to dash them off like prescriptions. His political enemies had no chance of catching up with him, because before they could he had already started on a new path.⁶⁶

He also praised Page as 'a tough politician' who could both absorb and hand out criticism, with 'much the better political brain' than Robert Menzies.⁶⁷

Lang was not alone in casting Page as an inveterate centraliser. The Financial Agreement was one of several aspects of Page's advocacy in the late 1920s that led other senior figures to perceive him as a centralist. According to Lang, during the campaign on the 1926 referenda on corporations and industrial relations powers, premiers thought he was plotting to impoverish them and centralise power.⁶⁸ Such suspicions came to the fore again, over a decade later, when Page tried to persuade the states to support his National Council planning initiative. Page thought of himself quite differently, but there is much in what the states sensed. He showed little empathy with the fundamental principle that the Commonwealth and the states are formally equal in status and sovereign in nature. Yet Page would remain immensely proud of the reform of the nation's financial machinery through the Loan Council and the Financial Agreement, even arguing that they helped the raising of funds for Australia's defence in World War Two.⁶⁹

Unfinished business: The Bruce–Page Government's final efforts to overhaul federalism

So strong was the Bruce–Page commitment to efficient governance that even after the major triumph of the Financial Agreement, it continued with ambitious attempts to reform federalism. These involved three

66 Lang, *The Great Bust*, pp. 35–6, 65.

67 Lang, *The Great Bust*, pp. 33, 35–6, 61, 62, 65, 71. Lang was presumably referring to the 1924 legislation that placed the bank under an independent board of directors.

68 Aaron Wildavsky, 'The 1926 referendum', in Aaron Wildavsky and Dagmar Carboch, *Studies in Australian Politics*, Cheshire, Melbourne, 1958, p. 33.

69 *Commonwealth Parliamentary Debates*, 14 September 1944, p. 830.

quite different strategies, with Page playing a significant role in each. The May 1929 Premiers' Conference effectively repeated the 1923 effort to have the states agree to national coordination of policy. The Peden Royal Commission into the Constitution, handed down in September 1929, provided the most comprehensive stocktake of the federation to date. But more novel – and lasting – were attempts to create a series of Commonwealth–state coordinating bodies, in which Page had the major hand. All three strategies were pursued with an urgency born of a growing sense that the economy was deteriorating and could not afford the burden of an ill-functioning system of governance. The breadth of Page's involvement consolidated and lastingly shaped his commitment to cooperative federalism.

The prosperity that earlier in the decade had enabled such initiatives as tied road grants and the creation of the CSIR did not last. By 1927 the Commonwealth Budget had fallen into deficit, leading to the sobriquet for Page of 'the most tragic Treasurer Australia has ever known', courtesy of the Nationalist MP H.S. Gullett.⁷⁰ As unemployment jumped during 1927 from under 6 per cent to 10 per cent, Bruce began to publicly ponder the reasons for slower economic growth. Falling international wheat and wool prices were clearly contributing, but he became increasingly concerned by tariffs and the arbitration system. He feared that tariffs had gone beyond protecting only efficient and essential industries, thereby placing an unjustified burden on exporters. Bruce did not oppose arbitration per se but feared that the overlapping Commonwealth and state systems caused confusion and conflict.⁷¹

The Bruce–Page Government therefore approached the May 1929 Premiers' Conference with a special sense of urgency. In his opening address, Bruce lectured the premiers on past failures and 'an obligation on the shoulders of every one of us to state our views with the utmost frankness, forgetful of all political considerations, and mindful only of the duty we owe to the people of Australia'. He was convinced that 'the basic cause of all the economic troubles of Australia is the high cost of production', the result of exorbitant labour costs and tariffs. Part of the solution lay in more efficient government.⁷²

70 John Hawkins, 'Sir Earle Page: An active Treasurer', *Economic Round-up*, Commonwealth Department of the Treasury, no. 4, 2009, p. 60.

71 Richmond, 'S.M. Bruce and Australian economic policy', p. 252.

72 Bruce's opening speech to the 'Conference Between Commonwealth and States', Canberra, 28 May 1929, EPP, folder 1625.

As in 1923, Bruce and Page proposed rationalisation across an array of fields that collectively amounted to an overhaul of federalism. Page's favoured subjects of electricity and transport were prominent, but the Commonwealth also put forward health, workers' compensation, observance of Anzac Day, Aboriginal reserves, voting procedures, registration of doctors, national insurance, child endowment and industrial legislation. The latter was presented as being especially important in eliminating duplication by either the states transferring full powers to the Commonwealth or the Commonwealth entirely withdrawing from arbitration. Page's national power commission was again raised, to which end each state was called on to establish its own 'authoritative body' to manage power development.⁷³ The conference also considered Gibson's findings on national power resources but could only vaguely agree in principle on coordination and standardisation, for which the states would 'give full consideration' to creating power authorities.⁷⁴ This premiers' conference, the last presided over by the Bruce–Page Government, was frustrated – as always, from Page's perspective – by the resistance of the states.

The Bruce–Page Government's other late attempt to comprehensively reform federalism was the Peden Royal Commission. In 1927, following the new state movement's failure to achieve change via a constitutional convention or a parliamentary inquiry, the Commonwealth instead appointed a wide-ranging royal commission on constitutional reform. John Latham had raised this idea as early as 1923 as an alternative to a convention, and later suggested Sir John Peden of Sydney University as chair.⁷⁵ The royal commission's report was submitted only the month before the Bruce–Page Government was defeated. It reported that most witnesses 'expressed satisfaction' with existing Commonwealth–state cooperation, albeit amid grumbles about the Commonwealth assuming too many responsibilities. Its majority findings noted with approval advances in cooperative federalism. Most were Bruce–Page initiatives – foremost the Loan Council, but also the Federal Aid Roads Board, the Federal Health Council, the new Federal Transport Council, the DMC and the CSIR.⁷⁶

73 Conference memo on power, EPP, folder 416; see also 'Federal Power Commission', EPP, folders 1625 and 2088.

74 Report of conference results, copies at EPP, folders 1781 and 2577.

75 Ellis, *A History of the Australian Country Party*, p. 109; also Page, *Truant Surgeon*, pp. 238–9.

76 Royal Commission on the Constitution, *Report* ('Peden Report'), Parliamentary paper no. 16, Government Printer, Canberra, 1929. The copy at EPP, folder 2712, bears some highlighting by Page himself.

The royal commission also showed that new states had survived the Cohen Royal Commission as an issue (if not as an immediate likelihood) by recommending a liberalised process for their creation based on a petition from local electors followed by a referendum of the whole existing state. Unlike the Cohen Royal Commission, Peden only concerned itself with procedure for creating new states, not their desirability. No attempt was made by the Scullin Government to implement the Peden Royal Commission recommendations, which were compromised by wide differences between the commissioners: four favoured continuation of a federal system, but the other three produced a minority report calling for full power to the Commonwealth. This was another disappointment for Page and would not have restored his confidence in formal inquiries.

Page played a bigger personal role in promoting machinery for intergovernmental cooperation in specific policy fields. He saw such bodies as ideally not only coordinating the Commonwealth and the states but also being accorded constitutional authority to exercise executive power. In the late 1920s, Page pursued this particular cooperative concept across two very different policy fields dear to him and to the Country Party: health and transport. The results were very different.

On health, Page was centrally involved in creating the first enduring intergovernmental entity for policy coordination. ‘The germs of disease have neither respect nor recognition for the artificial boundaries of the states’, he said.⁷⁷ At the May 1923 Premiers’ Conference the Commonwealth had failed to secure agreement from the states to a royal commission on the division of administrative responsibility for health between the national, state and local tiers of government. This instead led to a special conference on national health and only then to the 1925–26 Royal Commission on Health. This inquiry placed a strong emphasis on preventative medicine, recommending the national coordination of public health by the Commonwealth setting broad policy objectives that would be implemented by state health councils and regional district administrations. Little was done beyond the creation of a Federal Health Council consisting of the Commonwealth and the states in November 1926. This was a consultative body of respective chief health officers, not ministers as Page had hoped. In 1936 it was replaced by a stronger

77 Earl Page, *A Policy for the People*, Australian Country Party, Sydney, 1928, p. 13.

and better-resourced statutory agency, the National Health and Medical Research Council that still functions today as the Commonwealth's manager of medical research funding and adviser on health issues.⁷⁸

Page was at least as determined to institutionalise the coordination of another policy priority, national transport. This was a far more difficult proposition than health policy, and one that readily raised state hackles about Commonwealth intrusion. Transport had long elicited earnest affirmations from all Australian governments of the need to work together, notably to unify railway gauges. It featured prominently in Page's 1917 speech to the Australasian Provincial Press Conference, but progress was so uneven that in January 1927 he found himself reminding the Constitutional Club in Brisbane of the basic case for a 'definite, continuous and comprehensive policy of transport development'. All three tiers of government needed to work towards 'a sane, continuous and well-directed plan'. As always, Page thought that the Commonwealth must play the catalysing role, as 'states are quite unable to raise the funds necessary for so vast an undertaking and their necessarily local outlook makes them ill-suited to plan'.⁷⁹

Transport received its most significant airing under the Bruce–Page Government when the May 1929 Premiers' Conference considered a report by the Commonwealth Transport Committee chaired by Major John Northcott, director of Army Stores and Transport. Its very broad findings on national coordination supported Page by calling for a federal transport council of ministers and a Commonwealth transportation authority with power for 'taking executive action necessary to carry out policy decided by the Transport Council'.⁸⁰ The establishment of this council was one of the few significant outcomes of this premiers' conference, but it was an advisory body that met just once under the Bruce–Page Government, in August 1929.⁸¹ Scullin also made attempts to build Commonwealth-led cooperation, proposing at the February 1931 Premiers' Conference a breadth of topics comparable to what Bruce

78 Gillespie, *The Price of Health*, pp. 44–5; Page, *Truant Surgeon*, pp. 373–4; also transcript of Page's evidence to the Joint Committee on Constitutional Review, 15 January 1957, Sydney, p. 52, EPP, folder 1660.

79 Page speech to Constitutional Club, Brisbane, 6 January 1927, EPP, folder 417.

80 Commonwealth Transport Committee, *Summary Report on the Co-ordination of Transport in Australia by the Commonwealth Transport Committee*, Canberra, 1929, EPP, folder 1625. The chairman, Major John Northcott, was governor of New South Wales (1946–57).

81 See NAA, A1, 1932/8838.

and Page had raised, including transport, finance, banking, electoral administration and a ‘three year plan’.⁸² Growing financial pressures on state transport systems were to draw Page back into this field during the early Lyons Government.

The demise of the Bruce–Page Government

The climax that industrial conflict reached in the late 1920s contributed decisively to the fall of the Bruce–Page Government in October 1929, although for reasons that had much to do with its own political misjudgements. In 1929 some 4.4 million working days were lost through strikes, approximately four times the annual average for the decade.⁸³ The period 1928–29 saw major and acrimonious strikes on the wharves, in the timber industry and on the New South Wales coalfields, all concerning issues of wages and conditions as the economy stalled. These drew robust responses from the Bruce–Page Government. In September 1928 it legislated to open up the nation’s wharves to non-union labour and to require waterfront workers to submit to a licensing system that gave the government power to cancel their employment. The government lost nine seats at the November 1928 election, leaving it vulnerable to defeat in the House at the hands of what Page called ‘an irregular Opposition’ of dissident Nationalists and rural independents.⁸⁴

Page’s last major legislative initiative was to introduce a National Insurance Bill into parliament in September 1928, in attempted fulfilment of the goal he had announced back in his 1922 election policy speech. The Bill followed the recommendations of a long-running royal commission on national insurance. This provided for sickness, old age, disability and maternity benefits, mainly paid for by compulsory contributions by workers and employers, along with smaller payments to parents of children under 16 and to orphans. Page wanted a scheme based not on charity but on personal thrift and self-reliance, ‘a scheme for encouraging, enabling, even compelling all workers to make some provision for their dependants’.⁸⁵

82 ‘Conference of Commonwealth and State Ministers’, 6, 7, 9, 10, 13, 25 and 26 February 1931, EPP, folder 1105.

83 Robert Murray, *The Confident Years: Australia in the Twenties*, Allen Lane, Ringwood, 1978, p. 216.

84 Page, *Truant Surgeon*, p. 181.

85 *Commonwealth Parliamentary Debates*, 14 September 1928, p. 6754.

The government faced opposition from within its own ranks, criticism of its trespass of such state responsibilities as workers' compensation and growing unease amongst employers. Insurance companies and friendly societies feared that their customers would choose to insure themselves through compulsory insurance alone. The scheme was strongly promoted during the 1928 election campaign only to be postponed indefinitely the following year. 'We missed the psychological moment for its passage in an attempt to make the legislation all-embracing', reflected Page in his memoirs.⁸⁶

The May 1929 Premiers' Conference triggered the sequence of events leading to the defeat of the government. When the states rejected the proposed transfer of state industrial arbitration to the Commonwealth, Bruce declared that instead his government would withdraw from arbitration in most industries. In August 1929 he introduced into parliament a Maritime Industries Bill that sought to establish a new industrial tribunal to cover workers in interstate and overseas maritime transport, but also to leave most other federal industrial jurisdiction to the states alone. Unions representing the 700,000 workers subject to federal awards opposed any such shift to state coverage. The Bill was defeated on the floor of the House on 10 September 1929 by a single vote at the hands of Nationalist dissidents Hughes, Mann, W.M. Marks and G.A. Maxwell, along with erstwhile Country Party members Stewart and William McWilliams. The vital shift in Marks's vote arose from his objection to Bruce failing to consult parliamentary colleagues when he declared that a motion by Hughes to postpone the Bill until a referendum or an election amounted to a motion of no confidence in the government. (Page thought that Marks and McWilliams were additionally influenced by their objection to an unpopular new tax on foreign films.)⁸⁷ Also crucial to the government's defeat was the refusal of the Speaker, Littleton Groom, to vote in its favour.

The Bruce–Page Government was resoundingly defeated at the ensuing 12 October election. It lost 18 seats, including Bruce's own seat of Flinders and three held by the Country Party. Popular fear that a recast arbitration system would degrade living standards readily overrode ideals of co-operative federalism and national efficiency. Writing in his memoirs, Page reflected on other, less immediate, causes: the coalminers strike, for

86 Page, *Truant Surgeon*, p. 266; see also Ellis, *A History of the Australian Country Party*, p. 107.

87 Page, interview by B.D. Graham, 9 May 1956, B.D. Graham papers, NLA, MS 8471.

which he largely blamed the employer, John Brown; the government's decision not to proceed with prosecution of the same employer over a breach of federal law, seen as unfairly discriminating against organised labour; and his own 1929–30 Budget, which responded to falling customs revenue with increases in income and entertainment taxes, higher customs duties including on spirits and beer, and the duty on foreign films. Page admitted that the stress of continued opposition from both outside and within the government had made it a relief to lose.⁸⁸

One of the first major policy moves of the new Scullin Government was to act on the long-standing ALP hostility to the Migration Agreement. In early November 1929 it announced the cessation of most assisted migration, citing rising unemployment and falling commodity prices, and followed this the next year with the abolition of the DMC. Page's angry speech to the House on the repeal of the DMC legislation shows how centrally it had lodged in his thinking. The DMC had used 'some of the best brains in the country' and was able to tackle 'the main factor in Australia's present economic sickness [which] is the lack of co-ordination in all those activities of government which have to do with the development of this country'.⁸⁹ The government responded on the plainer grounds of a need to economise and the lack of jobs for immigrants, as well as concerns over government control of development policy. Page's anger was no doubt sharpened by his seeing the demise of the DMC as extinguishing – for the time being – his hopes for The Gorge project. Bruce commented many years later that the Scullin Government's abolition of 'my' DMC denied the nation 'a clear-cut picture of the development of Australia' with 'no colour of politics'. Indeed, he considered this 'his deepest regret' after leaving office.⁹⁰ This heavily qualifies later suggestions that the Bruce–Page Government had operated in an 'atmosphere not conducive to the careful estimation of costs and benefits'.⁹¹

The DMC was extinguished as an organisation but the ideas it had embodied were to linger, mainly due to Page. The DMC model of co-opting business leaders, formalised coordination with the states, expert assessment of projects and the attempted distancing of national

88 Page, *Truant Surgeon*, pp. 182–5; see also Dagmar Carboch, 'The fall of the Bruce–Page Government', in Wildavsky and Carboch, *Studies in Australian Politics*, pp. 139–40.

89 *Commonwealth Parliamentary Debates*, 17 June 1930, pp. 2767, 2752.

90 Edwards, *Bruce of Melbourne*, pp. 440–1.

91 Sinclair, 'Capital formation', in Forster, *Australian Economic Development in the Twentieth Century*, p. 24.

development from party politics was, along with the Loan Council, the inspiration for Page's proposed national council of 1938–39 and a string of later planning proposals. Page tried to keep ideas of planning and cooperative federalism on the national political agenda for over three decades beyond the demise of the Bruce–Page Government. Yet for all his admiration for the DMC, both it and the Brigden Enquiry marked the start of increasing reliance on economic expertise in public policy. Brigden, in particular, was 'an enduring landmark in Australian economic history' by marking 'economists' first prominent step on the stage of public life in Australia'.⁹² This shift was in future years to prove increasingly problematic for Page.

Scepticism concerning Page's developmentalist ambitions was clearly discernible even in the optimistic 1920s. He had not dominated the Bruce–Page Government, but was its most fecund generator of new policies. Page and the Country Party had habitually steered the government towards their various favoured policy initiatives but were often constrained by Bruce's caution, the resistance of the states, and the misgivings of experts in the DMC and the engineering profession. Despite this, and the comprehensiveness of the government's eventual defeat, the Bruce–Page experience gave Page a lasting sense of possibilities. Service as treasurer confirmed him as a major national figure and provided a stable platform for combining his official and more personal goals. He routinely alluded to these years when talking of what governments could and should do, the Bruce–Page Government being his benchmark for a sound developmentalist-oriented administration.

92 Coleman, Cornish and Hagger, *Giblin's Platoon*, pp. 65–6, 72.

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