

CONSTITUTIONAL ISSUES IN AUSTRALIA

Our Melbourne Correspondent writes under date of March 10 :—

ALTERATION of the Constitution under a Federal system is proverbially difficult. The precipitation of economic issues caused by several years of depression and slow recovery has thrown constitutional troubles to the surface in many countries. Most of these constitutional troubles turn on the extension of governmental control over industry, and nothing is more certain than the development of acute controversy concerning the function of the State in relation to the entrepreneur. Central Governments may plead with justification that the international situation, the unemployment problem or financial considerations can be adequately met only by enlargement of their powers at the expense of constituent States and to the prejudice of the liberties of the subject, but the plea in itself is a challenge which immediately stirs to aggressive activity all the resistances of the entrepreneur, the taxpayer or the man on the land.

Those resistances are fully expressed in the emphatic refusal of the electors of the Commonwealth to extend the power of the Federal Government in regard to the control of aviation and marketing. On an issue such as a constitutional referendum strict party lines are obliterated. Advocates or opponents find themselves with strange bedfellows. In the present instance the

perfidious upholder of State rights found himself in the same bed as the individualist who fears nothing more than bureaucratic dictatorship, and the socialist for whom evolutionary change is either too slow or too superficial. To these elements were added the strength of personal antipathies, and the bewilderment of electors who were so carefully instructed in the case for and against that many decided it was merely another case of Tweedledum and Tweedledee. The enormous proportion of informal votes cast was not so much indication of lack of intelligence as of deliberate refusal to make a decision on such large legal and economic issues.

Nevertheless it can be said very definitely that the referendum vote records a real swing against the kind of paternalism which is becoming synonymous with Federalism in Australia. Widespread indignation about the extent to which the consumer is being exploited, the fear that cost of living will run away from wages, and the remoteness of Canberra from the realities of Australian life all influenced the referendum vote, and the result cannot be other than salutary. Not the least surprising fact was the revelation that primary producers themselves distrusted not so much "home prices," schemes of subsidy, and bounties, as the kind of regimentation which becomes possible under the banner of "organised marketing." Wool growers and wheat farmers are in a different category from the more intensive small-area producers, such as dried fruit growers and dairy farmers, and their vote shows the strength of the conviction that organised marketing holds dangers that outweigh its benefits. The extent to which the Federal Government interfered with title and ownership in products from the land during the war, and the profits reaped by intermediaries in which the primary producers had little share, have not been forgotten.

Not the strongest factor working against constitutional amendment was the division of opinion in the political parties themselves. The parties were split vertically and horizontally in such a surprising way that the elector could not be blamed if he concluded that there was a lack of sincerity behind the whole campaign. When all the excuses are made, however, it is impossible to understand the refusal on the part of the electors to sanction national control of aviation. Six States cannot co-operate effectively in the control of routes, aerodromes and general policy for an area as large as the United States; and some compromise must now be devised which will allow aviation to be organised in accordance with the needs of the situation.

In view of the current interest in matters of defence, this denial of the power to control aviation to the Commonwealth Government is little short of astounding. Nearly two years ago the Federal Government interpreted general opinion correctly when it decided to review the defence organisation of the Commonwealth and to double the annual expenditure upon the services for the

next few years. Experts and laymen concurred in the view that air defence was vital for Australia, and a very considerable enlargement of existing equipment was decided upon. The delay in the delivery of air force equipment ordered in Britain many months ago has caused something like consternation in army circles, who see the greater part of the personnel of the air force "grounded" for some time to come. Discussion in the Commons of the difficulties encountered by the British Government in implementing its own defence programme have done little to allay apprehension in Australia, especially in view of the rapid deterioration of the situation in Europe. Australia is anxious to make the maximum possible contribution towards the costs of protecting British interests oversea, and the feeling is growing that the discussions connected with the Imperial conference will not take place one day too soon.

In recent months there has been considerable development of the scheme for making the Commonwealth to some extent self-contained in the matter of aeroplane equipment. The main difficulty turns on the technical problems of making engines for both aeroplanes and motor-vehicles. Financial and other steps have been

taken to set up an aeroplane industry, and the Tariff Board has for some time been engaged in taking evidence upon the commercial possibilities of manufacturing motor-cars in Australia. The chief factor dominating the discussion is, of course, the limited market represented by a population of 6,750,000 people. Even with the assistance of the tariff, there is little doubt that additional subsidies would have to be provided for the industry, and the matter now rests at the stage where costs of establishing and maintaining motor manufacture have to be balanced against the urgencies of the national situation.

The turn which world affairs have taken in the last two years have, in short, been responsible for a thorough stocktaking of the national situation—partly deliberate and partly unconscious. It is clear that the need for more people cannot be satisfied without very careful planning. Many more people could be supported by more intense land utilisation in the limited areas favourable for agriculture. Such an extension of agriculture must wait, however, upon a continuance of the present satisfactory prices for primary products and upon the extension of existing markets. With every desire to find places for British settlers in Australia it is clear that price and market conditions cramp present possibilities. The one certain way of supporting more people on Australian land is to employ more people in Australian factories, and it is, therefore, not surprising that current inquiries are directed towards the possibilities of establishing new industries and of enlarging existing industries. That process must in the long run diminish the proportion of imported goods used in the Commonwealth; and it is here that the British manufacturer finds himself directly concerned with Australian industrial policy. The need for economic co-ordination within the Empire was never more urgent; the difficulties were never greater; and the discussions which are timed to take place in London this year are, therefore, of the greatest significance.

There remains little to add concerning business conditions. The steady rise in the price of wheat, the strength of the wool market, the boom in base metals, and the gradual increase in the value of gold won are all reflected in a business situation that is encouragingly bright. The return of profitability to most secondary industries has accompanied the improvement of the situation for primary producers; and neither European disturbances nor internal political difficulties seem likely to affect the return to prosperity in Australia in the immediate future.

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