

INAUGURAL

JOHN STOREY MEMORIAL LECTURE

PROBLEMS OF MANAGEMENT IN A FEDERATION

ADDRESS

by

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The Wilson Hall, University of Melbourne, Melbourne,

Saturday, 8th December, 1962.

THE JOHN STOREY MEMORIAL LECTURE
PROBLEMS OF MANAGEMENT IN A FEDERATION

It was my great privilege to see a great deal of John Storey. Every time I saw and had discussions with him, I became more and more fascinated by a complex but arresting and lovable personality. As this is the first Memorial Lecture to be associated with his name, I think it proper that I should devote a little time to saying something about him. I am doubly privileged to be able to do so in the presence of Lady Storey and members of her family. They indeed have proud memories.

John Storey was the son of a celebrated Labour Premier of New South Wales. This, no doubt, helps to explain his deep underlying instinct for public service, though John himself was, as he used to say to me somewhat proudly, no politician. I understood this. It would have been difficult to imagine him wooing the electors with attractive generalisations or submitting himself to the necessary but chafing disciplines of Party organisation. He was too much of an individual for that. The things he believed in, he believed in most deeply; he was not willing to see them watered down by that process of compromise which is, whether we like it or not, of the essence of practical politics.

After all, the art of politics is that of achieving the attainable, not of seeking vainly to achieve perfection in one stroke. To take a few steps forward in what they believe to be the right direction is all that most political leaders may hope for. Before a Prime Minister goes into his Cabinet room, he must do his best by thought and study to establish in his own mind what he thinks to be the right course to follow on some matter put forward in a Cabinet Submission. He must then, if it becomes necessary, set out to persuade his colleagues, not to dragoon them. For men of talent and experience have their own ideas and will not be content to be rubber stamps for the ideas of others. In the long run, there emerges from the Cabinet discussion a joint view which is, not infrequently, a modified and adjusted view. If this is to find legislative expression, it must be presented to, and accepted by the Government Parliamentary Party or Parties. It then runs the gamut of Parliamentary debate, with public opinion expressing itself through the newspapers and otherwise and with the next election casting its perpetual shadow from ahead. In the working world of Parliamentary democracy, there can be no perfectionism if things are to be done.

But my friend John Storey was, in essence, a perfectionist. He honoured me with his warm and sympathetic friendship; but I must have disappointed him many times. He had a natural capacity for aggression in what he saw to be a good cause. I shall never forget that in December,

1940, and early in 1941 - he then, as a very distinguished production engineer, being at the Beaufort Aircraft production venture - he travelled with me through the Middle East and to England. He was determined about the things that we needed for our war effort and was the last person to take "No" too easily for an answer. I will give you two illustrations.

We went together one day to see Lord Beaverbrook, who was then at the Ministry of Aircraft Production, and whose dominating personality some of you may have encountered. We wanted to secure, on the aircraft side, certain provision for Australia. Beaverbrook was disposed to brush us off. In the course of the brushing off, he would suddenly seize one of the various telephones on his table and bark some orders to one or other of his subordinates. At a certain stage, he sent for one of them and put to him a question which related to our business. The subordinate, taken on the hop, made a rather obscure and unsatisfying reply. Beaverbrook told him what he thought of him in what might be called measured or unmeasured terms, according to the point of view. John Storey, sitting next to me, had been a little dejected up to this point, but when he listened to the flow of language he brightened up at once and said, "Ah, Lord Beaverbrook. Now I see that I can talk to you in good, plain terms, including a few good Australian terms, and I want to tell you exactly what I think about your attitude on this matter." From that time on, it was a superb exchange - so superbly managed by John Storey himself, that we ultimately got what we asked for.

The other incident was when we were visiting the works of an electrical firm which was making revolving turrets for the Beaufort. There had been some considerable hold-up and John was, very naturally, irritated by it. He was therefore relieved to be shown a series of these turrets, complete or almost complete, shortly to be shipped to Australia. You can imagine the fun when the Managing Director, not knowing John Storey as I did, said to him towards the end, "You know, I would be very grateful to you if you would allow us to divert these turrets to another project. We will, of course, when we can, make another series for you." Well, John hit the roof. His eloquence on that occasion I shall never forget. The turrets almost revolved involuntarily under the blast. But it paid off. We got the turrets and John achieved, as he did in many places and on many occasions during that memorable journey, the profound respect of the people with whom he was dealing.

The point about these reminiscences of mine is that John Storey was a patriot in the highest sense of the word. He didn't regard patriotism as a mild sentiment. He was engaged on responsible duties for his country at the time of which I am speaking. He had no instinct for high-falutin' or for mealy-mouthed sentiment. Patriotism required that you got the very best thing that you could for your country and got it as quickly as you could.

When somebody sits down to the historical task of examining the contributions made by various men to the Australian war effort in the Second World War, the name of John Storey will be a very great and honoured one.

Now, I said at the beginning that the political problems frequently escaped him. This, of course, merely exhibited, in the old phrase, a defect of his great quality. He wanted to get things done. He saw quite clearly in a practical sense how they ought to be done. He chafed at the intervention of any technical or constitutional consideration which might interfere with the project. This is something that I have not uncommonly found among men of great eminence in the business world. In running their own business, they find that once they have arrived at a decision, little will stand in the way of carrying out that decision, provided they are firm and clear and decisive. At least, so I am given to understand.

But the politician has an entirely different task. Because of its very nature, it is not frequently understood outside the arena of politics. Let me explain to you something of what I mean. In Australia we live and work under a Federal system. We have a written Constitution. There is a Commonwealth Parliament with particular and specified powers. There are State Parliaments, exercising the residue of power. There are some constitutional restrictions applying to both. Where there is any question of conflict between Commonwealth authority and State authority, where there is any question of the validity of a Commonwealth law or of some Commonwealth action, we have a High Court to determine the matter. It was once said by a brilliant nineteenth-century constitutional commentator that Federalism is legalism and that there is no escape from that fact.

On one occasion, not so long ago, in the Basic Wage Inquiry of 1949-50, one Judge, in supporting an Award which advocates had opposed as in its nature inflationary, took the opportunity of saying, "I shall be concerned with the fact that an increase in the basic wage which will inevitably permeate the whole wage structure will increase prices and so add its modicum of inflationary pressure, but inflation and its control are matters for the Government...."

Now this last remark was quite wrong. It is a common error to suppose that the Commonwealth Parliament has complete power to do what needs to be done to build up the economy of the nation, to avoid inflationary pressures, to regulate life so that everybody may have a job and so that everybody's standard of living may steadily and inevitably rise. These are great ideals. The Commonwealth Parliament has certain very considerable powers in the direction of achieving them, but it has by no means complete power, as I will shortly demonstrate. You may say, "Well, it ought to have

complete powers". Unfortunately, or fortunately, as the case may be, the people of Australia when put to the test, do not agree with you. The most difficult thing in the world is to pass a Constitutional referendum in Australia which would result in adding to the powers of the Commonwealth Parliament. We know this from long experience. I am not saying that the instinct as such is an unhealthy one. I am, myself, a Federalist. I don't wish to see unification in Australia. I don't wish to see all powers concentrated in Canberra. I think that the functions of the States are of great importance and that the division of power under a Federal system has a considerable relevance to the preservation of individual liberties in the community. At the same time, as a Prime Minister of long standing, I can assure you that not infrequently I have been tempted to wish that I could put my Federal principles on one side and by a stroke of the pen arm the central government with power to deal with a number of matters falling within the overall economic picture. But I have resisted the temptation.

Tonight, it is not my object to promote an argument about Constitutional alteration. What I want to do is to state and explain the position as it is.

What are the economic powers of the Commonwealth Parliament and Government?

If I run quickly through Section 51 and some later sections of the Commonwealth Constitution you will begin to appreciate the answer.

I will begin with the sub-sections of Section 51, giving specific powers to the Commonwealth; the residue of powers, of course, remaining with the States.

(i) "Trade and commerce with other countries, and among the States".

This power, limited in itself because it does not include intra-state trade, or domestic trade within the boundaries of a State, is further limited by Section 92, and by Section 99, to which I will refer later. Section 92 contains the famous provision, which has produced an enormous quantity of litigation, that "on the imposition of uniform duties of customs, trade, commerce, and intercourse among the States.... shall be absolutely free". It would be idle, in anything other than a legal treatise, to follow the various streams of judicial decision on these words. At one stage the then High Court held that these words did not control the Commonwealth, but imposed limitations solely upon State powers. That decision has long since been authoritatively overruled. Section 92 controls the Commonwealth.

Various counsel, including myself, vainly argued at one stage that Section 92 merely prohibited customs barriers; the object of the draftsmen of the Constitution being to get rid of the "border barbarisms" which it was one of the objects of federation to remove. But, over the years, Section 92 has been given a much wider interpretation, an interpretation which put at risk stabilisation and orderly marketing schemes which have become such a significant element in the handling of the products of some great export primary industries.

In 1937, during the term of the Lyons Government, I was, as Commonwealth Attorney-General, in charge of a referendum campaign to secure approval for a Constitutional change to meet this position. The proposed amendment was -

"92A. The provisions of the last preceding section shall not apply to laws with respect to marketing made by, or under the authority of, the Parliament in the exercise of any Powers vested in the Parliament by this Constitution."

It was roundly defeated. At the subsequent election in 1937 I went nearer to defeat in Kooyong than I have ever been.

In the result, such orderly marketing schemes as we have had have been worked out by a combination of Federal and State action, which, for practical political reasons, is not always easy to achieve. All sorts of technical difficulties have to be guarded against as well as possible. No broad policy in relation to the primary industries can ever be worked out or declared on purely economic grounds; the complexities of constitutional power must always be investigated, and a compromise solution is generally the result.

Subsection (ii) of Section 51 creates Commonwealth power over "Taxation; but so as not to discriminate between States or parts of States." This has to be read in conjunction with Section 99 which provides that "The Commonwealth shall not, by any law or regulation of trade, commerce, or revenue, give preference to one State or any part thereof over another State or any part thereof."

These provisions, which sharply limit the flexibility of Commonwealth economic policy and place difficulties in the way of applying special measures designed to aid the development of some of the potentially rich but relatively under-developed areas of Australia, were of course the result of the inevitable compromises that had to be made in the nineties in order to convert six self-governing colonies into a federated nation. State sentiment is even today still so strong that amendments to these

constitutional provisions would (I think!), be unlikely to succeed. Nor, indeed would it be easy for a Federalist like myself to devise or support them. I repeat that it is not my present purpose to promote any argument about Constitutional amendment. All I want to do is to note the effect of the present constitutional division of powers on the Commonwealth's economic authority and responsibility.

Whenever most people (including, I imagine, most of my listeners tonight) say of any problem of importance, "Why doesn't the Government do something about it?", they usually mean the Commonwealth Government. Most of them, when they are in this mood, passing the responsibility to the Commonwealth, appear to believe that the Commonwealth has full power to discharge the responsibility.

It is my purpose tonight to explain that this is something of an illusion.

The two limiting provisions I have just mentioned have rendered necessary a series of devices, which I will briefly mention. But meanwhile I return to Section 51.

Subsection (iii) creates Commonwealth power over "Bounties on the production or export of goods, but so that such bounties shall be uniform throughout the Commonwealth."

This bounties power, like the power over customs and excise, is made exclusive to the Commonwealth by Section 90 of the Constitution, but in each case Commonwealth legislation is subject to the condition of uniformity. I would only add to what I have already said on this aspect of the matter that there is, to my mind, a strange passion in our country for uniformity; strange, because we are in our own nature, strongly individualist.

Under Sub-section (iv), the Commonwealth has power over "borrowing money on the public credit of the Commonwealth."

The importance of this provision has been increased by a later Constitutional Amendment. Section 105A of the Constitution, agreed to by the electors in 1929, authorised and validated the famous Financial Agreement and the creation of the Loan Council. Under these arrangements, the Commonwealth borrows for the States as well as for itself.

But it must be remembered that the terms and conditions, including interest rates of such Commonwealth loans are subject to the approval of the Loan Council, in which the States have between them formidable voting powers. I do not quarrel with this; but it does mean that, in a matter of so vital importance as interest policy, the Commonwealth

is not the complete master - though some people think that it is.

Sub-section (xii) gives power over

"currency, coinage, and legal tender."

This is essentially a mechanical provision, not very significant for my present purpose.

Sub-section (xiii) gives power over

"Banking, other than State banking; also State banking extending beyond the limits of the State concerned, the incorporation of banks, and the issue of paper money."

This is, of course, a famous and much discussed provision. It is a wide power. It clearly includes, with the exclusion of State banking, authority in respect of bank credit and advance policies, the creation of a Reserve Bank and the equipping of it with reserve-banking powers. It includes control of interest rates on bank deposits and advances.

But it does not confer power over interest rates generally. Thus, the Commonwealth cannot, except possibly by some special and discriminatory form of taxation, deal with hire-purchase rates of interest or the rates charged or offered by what have been colloquially referred to as "fringe banking" institutions unless the transactions of these institutions themselves are held to be part of banking business, and so fall within the Commonwealth's banking power. The definition of "banking" is uncertain, but is probably fairly restrictive. To put it briefly, though banking involves money-lending, it does not follow that all money-lending is banking. It seems that regulation of what we call capital issues is certainly not included. I gather that the weight of legal opinion is that hire-purchase and the like transactions, which today have a great significance in the economy, do not ordinarily fall within the Banking power.

As interest rates are of great importance in overall monetary and credit management, there is here a deficiency in Commonwealth power. One not uncommonly hears generalised phrases about, for example, "cheap money" or "low interest rates policies." They tend to ignore the constitutional facts of life. A power to control bank deposit interest rates by keeping them relatively low could be defeated by a bidding up for deposits at fancy rates of interest by the non-banking bodies I have referred to.

I next come to sub-section (xiv) -

"Insurance, other than State insurance; also State insurance extending beyond the limits of the State concerned."

As a source of national economic control, this is of course limited; though recent legislation has had the effect of stimulating life assurance societies to investment in public loans.

Sub-section (xx) reads - "Foreign corporations, and trading or financial corporations formed within the limits of the Commonwealth." The meaning and effect of this provision has never been determined with any precision. It was unsuccessfully relied upon in support of Bank nationalisation. It is generally accepted that it does not authorise the Commonwealth Parliament to pass a Uniform Companies Act. Uniformity in Company Law therefore remains a matter for agreement with and separate enactments by, the States. The sub-section cannot be relied upon as an effective instrument of national economic policy.

What I may call the Social Services powers in sub-sections (xxiii) and (xxiii)A, have, by their exercise, very great economic consequences. "Invalid and old-age pensions. The provision of maternity allowances, widows' pensions, child endowment, unemployment, pharmaceutical, sickness and hospital benefits, medical and dental services (but not so as to authorise any form of civil conscription); benefits to students and family allowances" are indeed far reaching. The powers have been exercised on a wide scale. But, though the hundreds of millions now laid out on such matters are providing a wide measure of social justice, and a distinctive element in the national economy, they can never be regarded as a flexible means of economic adjustment in face of conditions of boom or depression. True, at the time of the great depression and the "Premiers' Plan", pensions were temporarily reduced; but this is not a precedent which any government would wish to follow. It is always politically easy to increase social services; from time to time it is financially feasible to do so; but it is not practical to think that social services can be adjusted, as taxation or bank interest rates can be raised or lowered, as a means of giving effect to monetary policies. The fact is that our social services policies and outgoings, socially essential as they are, limit the Government's economic room for manoeuvre in dealing with the ups and downs of national economic life. The power can be used for expansion; it clearly cannot be readily resorted to for purposes of contraction or of adjustment over a limited period of time.

Sub-section (xxvii) gives power over "Immigration and emigration."

The exercise of this power is a matter of great social and national security significance. But it also has great economic significance, bringing with it both assets (particularly in the long run) and liabilities (particularly in the short run). But considered as an economic instrument, there are clear limits to its flexibility. You cannot increase or reduce the stream of migration from year to year, as if you were turning a tap on

or off. The nation needs a stream of immigration while it can secure it. Indeed, if I may interpolate the remark, the anticipation that the stream will continue is no small factor in the forward planning and spirit of confidence of industrial and business managers.

Now I turn to what I will call, compendiously, the Commonwealth's industrial power. This is both limited and peculiar, if not actually unique.

The words of sub-section (xxxv) are:-

"Conciliation and arbitration for the prevention and settlement of industrial disputes extending beyond the limits of one State".

Almost every word of this provision has been the subject of repeated litigation and interpretation. Tonight I do not propose to stray into pastures from which, in my days at the Bar, I derived some nourishment. For my present purpose, all I want to say is that a few things have to be borne in mind.

The first is that the Commonwealth, except in its territories, and in respect of its own employees, has of itself no power to fix wages and conditions of employment.

This may well have saved us from many electoral auction sales.

The second is that when the Commonwealth exercises the legislative power I have just quoted, by setting up conciliation and arbitration tribunals or functionaries, it cannot direct them as to what they may award or decide. The creature of Parliament is, in the field indicated, more powerful than its creator. True, the Parliament has power to abolish the tribunal. This was attempted by one of my distinguished predecessors thirty-three years ago, with politically fatal results. The experiment is not likely to be repeated.

Commonwealth Governments have on occasion submitted facts and argument to the tribunal when broad economic policies seemed to be involved; but those arguments have not been, and could not have been, commands or instructions. The decisions are those of the adjudicators, to be respected and obeyed.

I value this system very much. On the whole, it has worked well, and I would wish to preserve it. But it obviously puts beyond the authority of the Commonwealth Parliament and Government matters which, from a purely economic stand-point, are at all times important and may, on occasions become supremely so. The capacity of the Commonwealth to

give some discriminating help to individual States, (and this takes me back to what I was saying earlier), has come largely to depend upon Section 96 of the Constitution -

It reads -

"During a period of ten years after the establishment of the Commonwealth and thereafter until the Parliament otherwise provides, the Parliament may grant financial assistance to any State on such terms and conditions as the Parliament thinks fit."

This section has been given a wide interpretation and application. So far from having a ten years life, it has increased in importance, and its use in frequency, so that it has become a permanent and important feature of Commonwealth-States financial relations. Apart from its special use for the purpose (after the recommendations of the State Grants Commission) of grants to the "claimant States" - for years South Australia, Western Australia, Tasmania, and more recently, Western Australia and Tasmania - it has been frequently used as a means of providing Commonwealth assistance to States for State works possessing special national significance, e.g. for the promotion of export earnings, and to the States for Universities and the like. It is now a received view that the Commonwealth is unrestricted as to the terms and conditions it imposes, and that one condition that may be attached is that of repayment. Section 96 has therefore proved the source of special loans as well as special grants.

Indeed, it is the constitutional foundation of the Financial Assistance Grants which replace the Tax Reimbursement Grants, and are by far the greatest single element in Commonwealth aid to the States.

State grants, whether absolute or repayable come out of Commonwealth funds. While, therefore, they have proved to be an adaptable means of overcoming some of the asperities of uniformity, they are, as an instrument of Commonwealth economic policy, rather one-way in their operation.

There are, no doubt, many constitutional provisions which bear indirectly upon that economic policy, but to which I have not made reference. My reason is that, addressing a primarily lay audience - and being, by effluxion of time since I last donned a wig and gown, something of a layman myself (or at least suffering from intellectual obsolescence), I have desired to concentrate upon the points of significance to my theme.

I will therefore conclude my most imperfect constitutional survey by going back to the Customs Tariff power. I do this the more willingly because the problems of the Tariff have been a good deal in the headlines in recent weeks.

There has been a fairly common tendency to assume that a Commonwealth Government and Parliament is handicapped by being compelled to sail in treacherous and narrow waters between the Scylla of the Arbitration Commission and the Charybdis of the Tariff Board; the assumption being that each commands and controls the channel. That this is true in the case of the Arbitration Commission with, for all practical purposes, an entrenched constitutional position, cannot hopefully or practically be denied! I have already said something about it. But the Tariff Board is in quite a different position. It is a purely statutory body, created by the discretion of Parliament, and, indeed, subject to the control of Parliament. In this sense, it is an instrument of policy, and in no sense its master.

It has, however, been recognised by successive governments that, though what I have said is constitutionally true, it is important that, for international as well as domestic purposes, the Tariff Board should possess a high measure of independence, that the integrity of its advice should be preserved, and that it should not be subject to any form of day-to-day political instruction. I accept and maintain these propositions. Yet the Tariff Board, our principal adviser on import duties, cannot sensibly be expected to operate in a completely detached intellectual vacuum. It must have in its mind some standards or policies by which to test the cases presented to it.

For a long time it has acted on the principle that it should recommend Tariff protection only to "economic and efficient industries". But that principle was, and is, itself an expression of government policy. Of late, indications have been given on behalf of my own Government that the principle needs extension, and that the Tariff Board should have in its mind the national economic policy, meaning by that the national economic objectives, as a whole. There have been sharp criticisms of this by representative, thoughtful, and responsible people. As I think that they have misunderstood these proposals, I will endeavour, without, I hope, wearying you, to make the point clear.

Nobody suggests that an independent but advisory body like the Tariff Board should, in its recommendations, seek to follow every government or legislative application of economic policy in its determination of the case before it. This would be quite impracticable and could lead to strange, anomalous and fluctuating results.

But there are certain features of national economic policy, which I do not regard as the subject of party controversy, which cannot be ignored by any statutory body if the nation is to achieve a dynamic progress, growing in resources, population, employment, industry, and international solvency. For a Tariff Board to ignore their existence would be to detach its work from the great stream of Australian development. This, I am sure, it would not wish to do.

Let me explain what I mean by national economic policy. It includes the encouragement of population growth by substantial immigration. It recognises that such encouragement is an important factor in the future planning of industry and commerce. It calls for a strong development of old and new natural resources, so that a growing population will be fully and usefully employed, and the resources themselves put to full use. It perceives that the achievement of these things will require, in a relatively new country like ours, the fullest possible generation and investment of capital at home, and the attraction of productive capital from abroad. And on top of, and conditioning all these things, it requires that there should be a constant and steady eye upon the costs of production, so that our great export primary industries will not be discouraged by ever-rising costs from attempting that still further enlargement of production on which our export future must continue to depend, and so that our secondary industries may increasingly be able to export to the world's markets in competition with other industrial powers.

These are the great national objectives of economic policy. I am sure that they are accepted by most Australians, and that they have a settled place in our national life.

Who can seriously suggest that they should be ignored by the Tariff Board, or by any other group of people serving the national interest? I would be surprised to learn that the members of the Board wished to ignore these matters, or resented the fact that a clear statement of them was made by any Australian Government.

How these accepted objectives are to be achieved is another and more controversial matter. Particular application of policy may, and does, change from time to time. One government may go out on some particular measure, and another government may come in with an entirely different notion. It would, as I have said, be hopeless to require a Tariff Board to behave like a weather-cock under such circumstances. Nobody suggests that it should do so. What is suggested is that it should do its important work independently, not controlled by sectional pressures, with complete integrity of mind, but with the settled economic objectives of the nation constantly in mind.

Before I conclude, I would wish to bring my consideration of this fascinating and important problem into focus.

Federalism suits most Australians. It connotes a division of powers. It divides sovereignty among central and local organs of government. This means limitations upon the power of any Government, limitations which it is neither practical nor sensible to ignore.

Yet, while there is much room for clear statement and objective understanding, and there are many real difficulties, I would not want to leave you with the idea that the Federal system is in substance gravely frustrating or damaging.

The truth is that the forces which operate upon Constitutions apart altogether from formal amendments to the printed text, have been clear and powerful in our own country. The Commonwealth has certain capacities for effective action, not all of which are apparent on the surface of the Constitution.

I will content myself with mentioning four of them.

1. Though the Commonwealth can be out-voted in the Loan Council, it undoubtedly possesses a measure of ascendancy because of its voting rights (two votes plus a casting vote), its de facto exclusive responsibility for borrowings, and its wide financial authority resulting from Uniform Taxation.
2. The Commonwealth can exercise a large influence (though by no means, as I have said, a comprehensive one) on the Money Market both through the Reserve Bank and through its own operations.
3. In the field of revenue raising the Commonwealth has advantages which no State can possess; the fields of Customs and Excise being exclusively Commonwealth by the Constitution, and those of Income Tax being Commonwealth by Statute.
4. Section 96 has, contrary perhaps to the expectations of the founders of the Constitution, proved an apt means of assisting States and State projects by grant or advance.

These are very real powers. They are constantly being developed and used to meet new situations as political and economic conditions change. True, they are sometimes cumbersome, and not infrequently produce political problems which, in my experience, do not diminish with the years.

Indeed, one must be careful about the exercise of such far-reaching powers of persuasion or control.

For example, in my own time as Prime Minister, the Commonwealth has evolved a fairly constant practice of supporting State Loan programmes out of Commonwealth revenue and other funds. This form of what I will loosely call "underwriting" is quite voluntary on the part of the Commonwealth, but, in an average year when the loan market will not fully supply

the States loan programme, it has proved vital for the maintenance of adequate State works. Had it felt so disposed the Commonwealth could, in most of these years, have imposed its will on the States in respect of the nature of the proposed State works, as a condition of Commonwealth financial support. There are, no doubt, those who think we should have done so. But our view has been that State governments should not be over-ridden or controlled in this fashion; and this for two reasons. One is that we would wish to respect not only the form but the substance of federalism. The other, a good practical reason, is that the works authorities of the States cannot, in my experience, be accused of incompetence or a failure to understand the needs of their own areas and people.

A notable Victorian judge once said to a somewhat prolix barrister that "he had circumnavigated the whole globe of irrelevancy". Looking back on what I have said to you, I hope, even if faintly, to escape this condemnation. It is enough for me to conclude by saying once more that I am deeply honoured at your invitation to speak to you on an occasion which invokes the memory of one for whom I had, and have, such a deep affection.
