

William Lyne: social reformer

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The following article is the fourth in a series of biographies of Australia's federal treasurers. William Lyne was Australia's fourth Treasurer and the oldest person to have taken the office. Lyne, the Premier of New South Wales at the time of Federation, was offered the appointment as Australia's first Prime Minister, but the offer was withdrawn when he was unable to form a ministry with broad support. As Treasurer in 1907-1908 he handed down two Budgets, and was closely involved with increasing tariffs, establishing the industrial arbitration system and initiating Australia's social welfare system with the introduction of old age pensions.



Portrait of Sir William John Lyne, courtesy of National Library of Australia, nla.pic-an24232189

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Introduction

Sir William John Lyne KCMG was Australia's fourth Treasurer, and remains the oldest person to take the office. A member of the Protectionist Party, he held three important portfolios in the first decade after Federation, being Minister for Home Affairs, Minister for Trade and Customs and finally Treasurer. Despite coming quite close to being prime minister on a few occasions, 'Big Bill' Lyne has been neglected by historians.²

Lyne was 'never perfectly in control of his temper'.³ Prime ministers George Reid and Alfred Deakin referred to him as a 'rogue elephant'.⁴ But as Reid acknowledged, while 'one of the rudest' parliamentary debaters he was 'one of the most amiable of men in private life'.⁵ Lyne was renowned for how well he knew his constituents, his abilities as a raconteur, his sincerity and his generosity. This helped him hold a parliamentary seat for thirty years, even when as in 1910 he was not representing a political party.⁶

He worked long hours as an administrator. Possessing a 'rough shrewdness', Lyne was more skilled at persuading and cajoling than giving speeches or debating.⁷ 'Lacking the gift of oratory, he was more the politician than the statesman, but his steadfast adherence to the principles he espoused always commanded the respect of his political opponents.'⁸

2 Billy Hughes (1950, p 80) said 'The story of Sir William in the Federal Parliament is an epic, which deserves and no doubt in the fullness of time will have at the hands of future historians and analysts that full and detailed treatment'. Sadly, this is still to come to pass.

3 McMinn (1989, p 143).

4 It seems rather hypocritical for the gargantuan Reid to ridicule Lyne's weight, but this may be an example of Reid's renowned humour. Lyne stood 188 cm (over six feet) tall and weighed over 100 kgs (17 stone), but was solid rather than corpulent. The elephant analogy was regarded as apt by a contemporary columnist given Lyne's 'persistence, the resoluteness, the capacity for the very little and the very large task' (FF 1908, p 505).

5 Reid (1917, p 265).

6 These views were expressed in his obituary in the *The Sydney Morning Herald*, 4 August 1913. Similar views were expressed by contemporary writers; see for example Punch, 4 August 1904, p 141 (where it was said Lyne was 'a good sport, he plays to win but does not wail if he loses'); *The Australian Magazine*, 1 May 1909, pp 364-5 and FF (1908). A colleague describes how on a visit to Hume with Lyne 'he brought up every human soul, young and old, and presented each to me with a few charming words about them, and he meant all he said of them. So I learnt about each one's struggles, sorrows and successes from their best friend, and the effect on the constituents was deep'; Joseph Carruthers, cited by Hogan (2006, p 210).

7 *The Australian Magazine*, 1 May 1909, p 366.

8 *The Sydney Morning Herald*, 4 August 1913.

Lyne's career before politics

Lyne was born in Apslawn, Van Diemen's Land (later Tasmania) on 6 April 1844 and was the eldest son of John Lyne, a farmer and later a member of the Tasmanian House of Assembly.⁹ As a child he was remembered for his inventiveness and as a teenager he was a helpful handyman.¹⁰ At twenty, he moved to Brisbane, and journeyed overland to the Gulf and worked on sheep stations. But the enervating climate did not suit him and, after some time back in Tasmania, during which he wed Martha 'Pattie' Shaw and worked as the council clerk, Lyne moved to the Albury region to lease a sheep run.

Lyne was involved in many social activities including being captain of the local cricket club, a rector's warden, a chairman of the Albury district's sheep directors, a member of the committee of the Albury and Border Pastoral Agricultural and Horticultural Society and an officiator at local races.

Premier and Treasurer of New South Wales

Lyne entered the New South Wales parliament in 1880, the same year as his long-time rival George Reid. By 1885 he held the public works ministry and in 1895 became Leader of the Opposition. He became Premier and Treasurer in 1899 when the Labour Party switched its support from Reid's Free Trade Party to Lyne's Protectionists.

Lyne was the Premier of New South Wales for a year and a half. His government introduced old age pensions and graduated death duties, regulated coal mines and reformed local government, but its proposals for female suffrage and compulsory arbitration were rejected by the upper house. It took bold action to stamp out bubonic plague and acted promptly to send armed forces to the Boer War.

Lyne was elected as a NSW delegate to the Constitutional Convention of 1897, and served on the finance committee. He opposed Federation on the grounds that the proposed Constitution was insufficiently democratic.

Lyne would sometimes visit his brother Carmichael's farm in Tasmania, where he met the young Joseph Lyons. Their discussions encouraged the interest in politics which would eventually bring Lyons to the Treasurer's and Prime Minister's job.

⁹ Nyman (1976) gives an account of Lyne's early life and his ancestors.

¹⁰ Childhood friends recall him constructing a chariot from an old pram tethered to some goats (Anon 1904).

The 'Hopetoun blunder'

Four days after he arrived in Sydney, the Governor-General designate, Lord Hopetoun, to 'gasps of astonishment', named Lyne as the first Prime Minister.¹¹ Lyne's opposition to Federation was a major reason he failed to attract fellow Protectionists such as Edmund Barton and Charles Kingston or any of the eminent Victorians such as Alfred Deakin and George Turner to his team. After tense negotiations, and a 'please explain' telegram from the British Colonial Secretary Joseph Chamberlain, Lyne stood aside. On Christmas Eve Hopetoun named Barton as Prime Minister instead.

Federal parliament

Barton magnanimously appointed Lyne to his cabinet as the first Minister for Home Affairs, an important portfolio responsible for organising the first federal elections and the federal public service. He was elected to the first federal parliament as a Protectionist member for Hume in March 1901 and only that month did he resign as NSW Premier. He retained the Home Affairs portfolio under Barton, presiding over the Bill to adopt women's suffrage in 1902, which allowed women in all states to vote in the second federal election in 1903.

When Barton removed to the High Court, Lyne seems not to have been seriously considered as a successor and Alfred Deakin took over as prime minister.¹² Deakin was not initially impressed by his cabinet colleague. Writing in 1900 he had described Lyne as 'a crude, sleek, suspicious, blundering, short-sighted backwoods politician' whose 'politics were a chaos and his career contemptible', an opinion likely coloured by Lyne's opposition to Federation.¹³ But these opinions were not made public and Deakin and Lyne gradually built up a good working relationship. Lyne was Deakin's Minister for Trade and Customs from September 1903 to April 1904, and again when Deakin returned to office in 1905. He introduced the 'new protection' legislation. He stood in as acting Prime Minister during Deakin's illness in 1907.

11 Accounts vary as to whether this was the result of Hopetoun just naively appointing the Premier of the senior state; making a 'courtesy' offering which Lyne had indicated he would graciously decline; Lyne persuading him of his merits; or the Machiavellian Reid promoting Lyne's claims in the belief that Lyne would make an easier incumbent to beat in the inaugural election than would Barton. Carroll (2004), La Nauze (1957), Reynolds (1948, Chapter 14), Lloyd and Sykes (2001) and Wise (1913) give these varying accounts of what Deakin referred to as the Hopetoun 'blunder' in a letter to Barton.

12 Hume-Cook (1935, p 150) claims that Lyne told him Barton had promised Lyne 'first claim' on the job were Barton to leave it.

13 Deakin (1944, pp 64 and 107).

Lyne was at the radical end of the Protectionist Party, and hoped it would form a coalition with Labour.¹⁴ For example, he was among a minority of Protectionists who supported a land tax, having wanted to break up the large estates as far back as 1880. In 1905 he attacked the Reid government, which was nominally supported by the Deakinites. In a speech he declared that 'capital was the greatest tyrant on earth if not checked by labour'.¹⁵

Pattie Lyne died in 1903 and Lyne married Sarah Jane Olden, in secret, in 1905.

In June 1906 Lyne introduced the Australian Industries Preservation Bill to prevent the establishment of foreign monopolies. In April 1907 Lyne accompanied Deakin to the colonial conference and gave speeches defending protectionism and arguing for preferential trade within the Empire; (Lyne 1907a, b).

Lyne's term as Treasurer

When Forrest resigned as Treasurer, Deakin gave the post to Lyne and he served for the rest of Deakin's second term, to November 1908.¹⁶ He inherited George Allen as secretary, who had held the post since Federation, and by one account drove Allen very hard.¹⁷

Over the course of Lyne's term as Treasurer, he made provisions for transferring the funding of several responsibilities from the States to the Commonwealth, operating under the principle that there must ultimately be a complete severance between the Commonwealth and state finances.

Lyne brought down the 1907 Budget on 8 August, less than a fortnight after assuming the office, so it was largely the work of John Forrest. In his speech he noted the improvements in Australia since Federation, including an increase in trade, in banking deposits and in the railway returns. The 1907 Budget made provision for additional customs duties. Lyne noted that he expected the additional duties to initially lead to a

14 Labour rejected this idea in June 1905.

15 *The Sydney Morning Herald*, 22 June 1905, pp 4-5.

16 Billy Hughes, who sat in two parliaments with Lyne, said 'I don't suppose he had ever read a standard work on economics in his life: the classic tomes of Adam Smith, Ricardo and John Stuart Mill were to him virgin fields from which he had held chastely aloof.' (Hughes 1950, p 28).

17 It was claimed that Lyne's first budget speech 'is still remembered with horror' by Treasury officials for the speed with which it needed to be prepared. It was claimed Lyne 'stormed and commanded and drove, so that, by sitting up late at night and working hard all day, the Treasury was able to produce within ten days the famous budget speech which accompanied the tariff. No financial prophecies have ever been so far astray as those contained in that speech' (Punch, 16 September 1909, p 428).

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considerable increase in revenue, but that ultimately the duties would lead to more articles to be manufactured and more produce to be grown in Australia, resulting in a decrease in the revenue.

The Budget also provided for expenditure on a number of capital works, including in connection with the telephone system and the postal service, with Lyne noting that 'a time of abundant revenue is the most opportune for expenditure of a non-recurring nature'. The Budget also transferred spending on defence and meteorology from the States to the Commonwealth, making provision for the establishment of a coastal defence Navy.

Lyne was instrumental in having the *Surplus Revenue Act 1908* passed, which permitted the Commonwealth to retain all surplus revenue (previously section 93 of the Constitution required the Commonwealth to hand over any surplus revenue to the States on a monthly basis).¹⁸ This gave Lyne the funds to transfer age pension responsibilities to the Commonwealth from the states.

Between the passage of the *Surplus Revenue Act 1908* in June and his Budget in October, Lyne was able to put around £441,000 into trust accounts for the Commonwealth, rather than having to return this money to the States. Of this amount, £190,000 was credited to the Old-age Pensions Fund, and £250,000 was credited to the Harbour and Coastal Defences Fund. Lyne's 1908 Budget made provision for a further £410,000 to be paid into the Old-age Pensions Fund over the next year.

Lyne noted in presenting the 1908 Budget (14 October) that customs and tariff revenue had exceeded the forecasts of the previous Budget, which he attributed partly to 'the general prosperity caused by the high prices ruling for primary products', also noting that 'in a country such as Australia, where periods of prosperity, caused mainly by favourable seasons and periods of distress, alternate irregularly, it is impossible to forecast the revenue with any degree of certainty'.

The 1908 Budget also established the Commonwealth stamp printing office, and foreshadowed a government bank of issue, the introduction of an Australian silver and bronze coinage and Commonwealth banking notes. Lyne also noted that the Commonwealth should have a Public Works Department, due to the failure of the States to spend money allocated for public works. His term as Treasurer set the pattern for Australian financial arrangements for the second decade of the Commonwealth.

18 At the time section 87 of the Constitution, also known as 'the Braddon clause', required that three-quarters of Commonwealth customs and excise revenue (which comprised the majority of Commonwealth revenue) be returned to the States. This clause did not expire until the end of 1910. The Act was very controversial (Wright 1969).

In April 1908 Lyne tried to negotiate an alliance with Labour when it appeared Deakin might resign, but this time could not get enough support from his own party.¹⁹

Lyne also advocated an Australian iron and steel industry and a small arms factory on defence grounds. He argued that since Federation NSW had moved ahead, which he attributed to protectionism.

Lyne's career after being Treasurer

In 1908 Lyne opposed the merger, or 'fusion', of the Protectionist and Free Trade parties (later renamed the Liberal party), accusing Deakin of betrayal.²⁰ He thereafter sat as an independent protectionist, along with three followers (George Wise, John Chanter and David Storrer). He can be viewed as the last of the Deakinite radical liberal protectionists.²¹ While generally supporting Labor in the House he never joined the party.²²

Lyne held his seat in 1910. By the 1913 election an ailing Lyne's campaign largely relied on a letter to his constituents stressing his record.²³ But this was not enough to fend off a national swing to the conservatives in country areas and he was defeated. His seat of Hume was the last declared and its gain by the Liberals brought an end (temporarily) to the Fisher Government. Lyne died in Double Bay, Sydney, shortly afterwards, on 3 August 1913. He was survived by Sarah Jane and their daughter, and three daughters and a son from his first marriage.

19 *Australasian*, 18 April 1908, p 966; (McMinn 1989, p 244); (Loveday 1977, p 437).

20 In some of the wildest scenes in parliament, Lyne shouted 'Judas!' and 'Traitor!' at Deakin. A similar tirade by Lyne a couple of months later was all too much for the speaker, Holder, who collapsed in the chamber, supposedly muttering 'dreadful, dreadful' and died shortly afterwards; (Souter 1988, p 115). The journalist (Baxter Cook 1958, p 137) claims that Joseph Cook would never have agreed to the fusion unless Lyne was excluded from the cabinet. This is possible, given that Cook and Lyne had been on bad terms since they were opponents in the NSW parliament in the 1890s.

21 None of the radical protectionists who ran for Fusion survived.

22 He had long had good relations with Labour, since it brought him to the NSW premiership. He generally supported Watson's short-lived Government in 1904 and spoke against its overthrow; (McMullin 2004, pp 116 and 149). In 1907 he said in London 'the Labour party in Australia has never done anything that has not been to help and improve the country. They have been in office once and if I had my way they would be there now'; (Lyne 1907b, p 30). The Labor caucus minutes show letters of condolence to him when his wife died and of congratulations when he recovered from illness. In 1910 the Labor Government invited Lyne to travel to England for George V's coronation; (Weller 1975). He was not opposed by a Labor candidate the whole time he was in federal parliament despite the controversy of such 'immunity' in Labor circles.

23 Lyne Papers, National Library of Australia.

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