# Andrew Fisher: a reforming treasurer

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Andrew Fisher rose from the coal pit to serve three times as Australia's treasurer, and simultaneously prime minister. During his time as treasurer the Commonwealth Bank was founded, Australian banknotes first issued, a land tax introduced and fiscal federalism rearranged. Fisher also put the economy on a war footing for the first time. His referenda to increase the economic powers of the Australian government were narrowly defeated.



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1   At the time of writing, the author was in the Domestic Economy Division, the Australian Treasury. The views in the article are those of the author and not necessarily those of the Australian Treasury.

## Introduction

The Right Honourable Andrew Fisher served as Australia's treasurer and simultaneously prime minister in three stints. For a long while he was somewhat overshadowed in histories by his prime ministerial predecessor Deakin and successor Hughes who both shone more brightly as orators and characters. But more recently his substantial body of achievement has become better recognised.[2] He was one of the most reforming treasurers of Australia's first few decades.

And even those who downplay his achievements seem to agree about his good character; sincere, compassionate and modest. Always a keen reader, and a teetotaller, Fisher had great self-discipline but 'in private life he was a charming companion'.[3]

## Fisher's early career

Andrew Fisher was born on 29 August 1862 at Crosshouse in Ayrshire, Scotland. His father, Robert Fisher, a coalminer, helped establish a co-operative society which set up a library which the young Andy used to supplement his primary school education. From the minimum age of twelve, or perhaps earlier, Andy was also working in the coal mines. Robert Fisher's work had left him with 'black lung' and the family needed the income. Conditions were harsh and working hours long; in winter miners never saw daylight between Sundays. Both Robert and Andy were ardent unionists and blacklisted for their activism.

While his family life was warm, economic prospects were poor, and both Andy and his younger brother James migrated to Australia. They arrived in Queensland in 1885 and found work at the Burrum coal fields. Andrew soon became a manager. He moved to the Gympie goldfields but when he went on strike was dismissed. He obtained an

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2  As Humphreys (2005, p 2) comments, 'invariably he is presented as handsome in appearance and manner, with his neat moustache and fetching Ayrshire burr, but as a man of modest abilities, pragmatic and even plodding'. Bernays (1919, pp 139-40), Broinowski (1949), Cockerill (1943) and Serle (1949) are good examples of this tendency to damn Fisher with faint praise.  This seems unfair. Boote (1928), who knew him well, recalls an intellectual able to discourse on philosophy, metaphysics and literary classics. Shepherd (1958, p 275), his private secretary, recalls his support for Australian art and literature. Good examples of the more recent re-evaluation of Fisher's achievements are Murdoch (1998), Anderson (2001), Lloyd (2000), Scates (2001), Edwards (2004) and Galligan and Abdiel (2007). Many writers also seem to downplay Fisher's political skills. Yet he held together a fractious Labor Party, which split just over a year after he left. He held the seat of Wide Bay from 1901 until his retirement in 1915 but Labor did not win it again until 1961.

3  Shepherd (1958, p 175) and Murphy (1983) say he was particularly fond of the famous poet from his native Ayrshire, Robert Burns. Like Fisher, Burns rose from poverty to prominence and expressed radical sentiments.

engine driver's certificate and gained another position. He also taught himself shorthand and read widely on social sciences and economics.[4]

Fisher became involved with trade unionism early, sparking a lifelong friendship with the pioneering UK labour leader Keir Hardie. By 1879, though only seventeen, he was secretary of the Crosshouse branch of the Ayrshire Miners' Union. After arriving in Australia he joined the Amalgamated Miners' Association and by 1890 was secretary and in 1891 president of its Gympie branch. In 1891 he became secretary of the Gympie Joint Labor Committee and then president of the Gympie branch of the newly formed Labor Party. He represented Gympie at a Labor-in-Politics conference.

## Parliamentary apprenticeship

Fisher was the successful Labor candidate for Gympie at the 1893 Queensland Legislative Assembly elections and became vice-president of the parliamentary party, but was defeated in 1896. After his election loss, Fisher worked as an engine driver and municipal council auditor while awaiting the next election, and helped journalist Henry Boote found the *Gympie Truth*, concentrating on its financial management. He was a delegate to the June 1898 Queensland Labor convention which adopted a platform including establishment of a government bank.

He returned to the Queensland parliament in 1899. He served under Dawson as minister for railways and public works in the world's first labour government, but as it only lasted a week, obtained no real experience. He twice unsuccessfully introduced bills to establish a scheme for workers' compensation.

Fisher campaigned enthusiastically for Federation, and easily won the federal seat of Wide Bay, which encompassed his state seat of Gympie. In 1901 he married Margaret Irvine, his landlady's daughter, and already the mother of his son. In 1902 he represented the Australian Labour Party at the coronation of Edward VII. He was appointed to the Labour caucus' economics committee in 1903.

In 1904, he served as minister for trade and customs (ranking fifth in the cabinet) in the Watson government. While longer lasting than Dawson's, it also lacked a majority and was out of office after four months. Fisher respected and liked Deakin but did not share Watson's enthusiasm for a formal alliance with Deakin's party. In August 1905 Fisher was elected to the new post of deputy leader, beating Hughes by a single vote.

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4   One obituary refers to his 'omnivorous reading, especially in economics, industrial movements and social sciences'; *The Age* 23 October 1928, p 9.

In March 1907 Fisher successfully moved in the House that old age pensions be introduced. Deakin's minority government introduced a bill setting it up using a trust fund to get around the problem that the Constitution specified that for the first 10 years any unexpended monies must be returned to the States. The High Court upheld the scheme against a challenge from the NSW government. Male recipients were required to be 65 years or over and women 60 years or over, have been resident in Australia for over 25 years and have an annual income of less than £52. The scheme was estimated to cost £1½ million.

When Watson resigned in October 1907, Fisher beat Hughes and Spence for the ALP leadership. It is claimed that one factor was that Fisher was 'more competent in economic matters'.[5] He used to gather with some colleagues on Sundays to read and discuss theoretical economics.[6]

At the 1908 Federal Conference Fisher argued for better social statistics. The conference also called for the 'nationalisation of monopolies' and considered King O'Malley's scheme for a Commonwealth Bank (see box).

Fisher combined a utopian socialism with a belief in practical measures, but a distaste for forming coalitions to carry them out.[7] He distinguished between the 'speculating' and 'labouring' classes and sought the greatest opportunity for the latter to rise in life. But we have no less than Lenin's word that he was no communist.[8]

## Fisher's first term as treasurer

In the parliament elected in 1906 Deakin's party with between 16 and 20 members governed with the support of the Labor Party's 26 members. The Labor Party succeeded in having legislation passed but some members were unhappy about not being in office. Fisher characteristically urged caution on his colleagues but in late 1908 caucus voted to end its support for Deakin. In November 1908 Fisher became prime minister in a minority government (supported by the Deakinites).

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5   Murphy (1981).
6   Higgins, who served in Watson's cabinet although not a Labor member, was surprised to observe this; Crisp (1949, p 95).
7   Attard (1995, p 116). A much-quoted statement of Fisher was that 'No [Labor] Party worthy of the name can deny that its objective is socialism, but no socialist with any parliamentary experience can hope to get anything for many years to come — other than practical legislation of a socialist nature'; Crisp (1955, p 275).
8   Lenin described Fisher's Labor Party as 'a liberal-bourgeois party … the leaders of the Australian Labor Party are trade union officials, an element which is everywhere most moderate and capitalist-serving, but which in Australia is altogether peaceful and purely liberal'; Pravda, 26 July 1913, cited by Crisp (1949, p 83).

Fisher followed Watson's practice of also serving as treasurer. He attached importance to 'keeping the books', perhaps a legacy of his father's work as treasurer of the co-operative.[9] He had specialised in finance in parliament; 'modestly well off in his private life he had acquired an understanding of banking and finance through the management of his own investments'.[10]

The same month Fisher made an important policy speech in Gympie. Given his lack of a majority, it was essentially a platform for the next election. He foreshadowed a land tax to fund old age pensions, pay interest on states' debts, and build an Australian fleet and the transcontinental railway. He also referred to a plan to nationalise the iron industry and issue a federal currency.[11]

Fisher's government was defeated on the floor of the House by a 'fusion' of most of Deakin's followers with those of Forrest and the free traders now led by Cook. When Deakin derided objecting Labor members as 'like a lot of unruly urchins dragged screaming from a tart shop'[12], he created much ill will, and ended his friendship with Fisher, given how long Labor had supported Deakin in government. Fisher posed on the hustings the question 'What can you do with a man like that?' and the electorate's answer was to remove him from office.[13]

## Fisher's second term as treasurer

Fisher won the April 1910 election convincingly on a platform that included land tax, a Commonwealth Bank and a note issue, but the character of Fisher was also important. This was the first federal election to change the government and Fisher's was the first Australian government to have clear control over both Houses. It was also the world's first majority labour government. It was a very active government, passing 113 acts in its term. Unsurprisingly, Fisher was re-elected ALP leader unopposed.

Arguably the economic act of his administration with the greatest repercussions, albeit not to be fully realised for many years, was the founding of the Commonwealth Bank of Australia. There are conflicting accounts of how this came about, and particularly the role played by the legendary King O'Malley in its founding.[14] It certainly lacked many of the features that O'Malley wanted. Fisher introduced Australian government

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9  Murdoch (1998, p 17).
10  Murphy (undated, p 16).
11  La Nauze (1965, pp 557-8).
12  Cited by Smith (p 108).
13  Lloyd (2000, p 80).
14  O'Malley claimed to have forced it through a caucus meeting against the opposition of Fisher and Hughes using various wiles; Catts (1938). Kim Beazley Snr (1963) dismisses this as a fantasy, but Hawkins (2008) shows that there are corroborating accounts.

banknotes, called by his critics 'Fisher's flimsies', backed 25 per cent by gold and effectively gave them a monopoly by introducing a 10 per cent tax on private banknotes.

Fisher introduced a tax on unimproved land value of 3d-6d per pound. It was not just aimed at raising revenue but at breaking up large estates. Fisher described the creation of more small landowners as 'my kind of socialism'.[15] Despite vociferous objections by the Liberals they did not repeal it when they gained office, but the rate was gradually lowered.

Fisher opened his first budget speech, for 1910-11, by noting that the previous financial year was the first not subject to the Braddon clause, which required three-quarters of federal revenue to be passed to the states. In discussing spending, most attention was paid to military expenditure and pensions. In the speech for 1911-12 he was able to point to strong growth in revenues from a growing economy.

Among many other measures, Fisher introduced a 25 shillings per capita payment to the states. Maternity allowances and workers' compensation were introduced. The Australian navy and the Inter-state Commission were established. Fisher's government acquired the Northern Territory from South Australia and the Australian (then 'Federal') Capital Territory from New South Wales, and chose the name 'Canberra' for the national capital. Fisher created a prime minister's department, headed by Malcolm Shepherd, a long-time secretary to prime ministers. He 'trusted completely his permanent officials'.[16]

Fisher conducted two referendum campaigns aimed at giving the federal government greater economic powers.[17] The first set in April 1911 included two propositions. The first was four amendments to section 51 of the Constitution to extend commonwealth authority to *all* rather than just *interstate* trade and commerce; expand the corporations power; give the parliament power to control wages and conditions of employment; and add a new power to control combinations and monopolies. The second proposal would have empowered the commonwealth to nationalise monopolies. Both proposals were decisively rejected in all states other than WA, in part due to insufficient campaigning (Fisher was in the UK for much of the time) and division in Labor ranks. Prominent Labor identities such as Holman in NSW opposed giving more power to the

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15 Sykes (2006, p 8). A progressive land tax had been advocated by Thomas Paine (1792), a likely influence on Fisher's thinking.
16 Murdoch (1998, p 69) and Cook (1958, p 117).
17 Sawer (1956, pp 98-9).

federal government. Fisher divided the proposals into six separate referenda when resubmitting them in May 1913 but they were all narrowly defeated.[18]

In May 1911 Fisher visited London for the Imperial Conference and the coronation of George V. He received a hero's welcome when he returned to his birthplace.[19]

Fisher tended to underestimate his revenue in his budgets, as buoyant economic conditions lifted customs revenue, and the land tax, note issue and Commonwealth Bank profits brought in more revenue, while the changed arrangements limited the growth in payments to the states. Fisher expanded payments for pensions and defence, and for the trans-continental railway.

Tariffs had long been viewed by at least one party in parliament as a means of protecting industry as well as a means of raising revenue. Fisher had another revenue-raiser which also had a social and economic goal. He commented in his 1912-13 budget speech that 'the land tax, while making a substantial contribution to revenue, has operated beneficially in inducing some owners to subdivide their large estates, providing homes for more settlers and adding to the productiveness of the land'.[20]

At the 1913 election, Labor lost government by a single seat due to a swing against it in rural areas. Joseph Cook's liberals formed the new government but Labor retained control of the Senate. Fisher defeated challenges to his leadership from Higgs (who represented the more radical wing of the Labor Party, and became his successor as treasurer) and Hughes.

1913-14 was a hectic year, with the closely balanced parliament likely to face an early election at any time. By now Fisher was the father of six young children and showing some signs of strain. Fisher's policy speech in July 1914 was largely a restatement of that of 1913. When World War I broke out, Fisher famously promised to support the United Kingdom 'to the last man and the last shilling', essentially the same policy as Cook, neutralising the war as an election issue.[21] Fisher won a strong victory at this first double dissolution election.

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18 Sawer (1956, pp 99-100). There were majorities in support of all six referenda in three states. They were subsequently reintroduced into parliament in 1915 but after Fisher retired, his successor Hughes cancelled plans to resubmit them. Most referenda in Australia have been rejected; Fisher's came closer to passing than most.

19 Kilmarnock Standard, 8 July 1911.

20 Hansard, 1 August 1912, p 1582.

21 Fisher's letter to the editor, *Sydney Morning Herald*, 10 August 1914, p 11.

## Fisher's final term as treasurer

Regaining office in 1914, Fisher had to concentrate on mobilising for war rather than social or economic reforms. In early 1915 he passed legislation enabling the federal government to raise war loans. The war disorganised parliamentary procedures; Fisher presented a budget on 3 December 1914 but there was no budget in 1915.[22]

War expenditure drove the budget into a deficit of unprecedented magnitude. This was despite Fisher trying to raise revenue by increasing the rate of land tax and imposing probate on deceased estates. In July 1915 Fisher told caucus the government intended to impose the first income tax.[23] It raised nearly £4 million in 1915-16.

Fisher had a deep-seated abhorrence of debt, perhaps reflecting his working class upbringing and his experience of political corruption involving borrowing in Queensland politics. During the War Fisher borrowed from the British government and the Australian banks with great reluctance.

Fisher's health deteriorated as he was attacked by both conscriptionists and Labor radicals. He delegated piloting of the income tax bill through parliament to Hughes. A holiday in New Zealand, disguised as inter-government negotiations, was insufficient for him to regain his health. In October 1915 he resigned the prime ministership to become High Commissioner in London, taking over from another former prime minister, George Reid. Accounts vary about whether he jumped due to ill health, was pushed out by Hughes or was seeking to avoid a coming Labor split.[24]

## His later years

Fisher served his five-year term as High Commissioner diligently, but his dislike of protocol and his informality meant that it was not a role for which he was well suited. And needing to defer to Hughes when he visited the United Kingdom must surely have grated.

In 1921 Fisher returned to Australia for a year. There were attempts to secure him a federal seat and possibly restore him to the Labor leadership but he appeared not really interested. He returned to London in 1922 and unsuccessfully sought Labour preselection for the Scottish seat of Kilmarnock in the House of Commons. His physical and mental health deteriorated gradually and he died on 22 October 1928.

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22  Sawer (1956, p 145).

23  Weller (1975, p 416). This was despite a proposal for an income tax being defeated at Labor's Adelaide conference.

24  Hawkins (2008) summarises the alternative explanations. There is likely an element of truth in all, but health seems the main reason.

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