

THE
COMMONWEALTH
STORIES
VOLUME 2

THE STORY OF THE
COMMONWEALTH
FLEET OF STEAMERS

THE STORY OF
THE COMMONWEALTH
WIRELESS SERVICE

by

D. J. AMOS

THE COMMONWEALTH STORIES

VOLUME 2

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SONG OF THE SHIPS

Little ships from southern shores, ploughing through the seas,
Laden deep with wool and wheat, butter, meat and cheese,
Braving mine and submarine, storms and cannon-showers,
Listen to the singing of these little ships of ours.

"O, some of us you bought with gold
And some you took with steel
But some with care you built right fair,
And all of us were leal!

"We took your wheat, we brought your goods
Through gales that bite and freeze,
We dodged your foes - we had our woes
On all the seven seas.

"For some went down to Davy Jones
By torpedo or shell,
And some were sold when they grew old,
And some were wrecked as well.

"We cargo boats, we lay and watched
The brand-new liners fuss,
But they winked sly as they went by
Being sisters unto us.

"But whether liner trim, or tramps,
We earned our share of fame;
We did our duty true to you -
Did you, sirs, play the game?

"You took us to our enemies
And sold us out of hand.
We went unto Greek, German, Jew,
But what we did shall stand."

Little ships from southern shores, reeling through the rain,
Round the Cape their course they shape, north, then south again
Wrecked and sunk and flying fast while the tempest lowers,
Hear the truthful story of these little ships of ours.

THE STORY OF THE COMMONWEALTH FLEET OF STEAMERS

HOW THE FLEET CAME TO BE

Australia has been pre-eminently in the past, a country which made its living by exporting primary produce and importing manufactured articles in exchange. Since Federation, under the shelter of fostering tariffs, our manufactures have multiplied and increased, but, broadly speaking, the situation is very largely the same today as it was yesterday, and is likely to continue so for many tomorrows. Under our present system of production for profit, cheap transport of goods to and from the markets of the world and cheap transmission of the money needed to pay for them is, for Australia, a matter of vital importance.

Now, in the year 1910, which is the date on which the present story opens, this transmission of goods was in the hands of private shipping companies, whose charges were simply "all that the freight will bear", while the transmission of money was in the hands of private banks, whose rates of exchange were based upon the same benevolent maxim. In this one year, 1910, the tribute levied on the primary producers by the shipping companies, in freights on wool, wheat and meat alone, amounted to over £4,500,000; while the net profits of the Associated Banks for remitting money, in payment of all exports and imports, totalled £2,512,000.

In addition to bleeding the primary producer by means of their charges on the transmission of money, the Associated Banks lent him the National Credit at heavy interest in the form of bank overdrafts; and when, as sooner or later inevitably happened, he got into difficulties owing to droughts or floods, they **called in these overdrafts and foreclosed upon his property.** By 1910, the original pioneer squatter had, in most cases, been deprived of his "run" and reduced to the position of "Station Manager" for some company or other - which was really his bank under another name - or else he lived in daily dread of this happening and in a state of complete subservience to the bank. As for the farmer, his lot was even worse. When, with the help of Government subsidies, granted at the expense of his fellow

Australians engaged in other callings, he managed to survive the bleeding process, it was as the sort of white savage depicted in the pages of "Steele Rudd" and "The Bulletin". He toiled from before dawn until long after dark, destitute of all the graces and amenities of civilised life, and when he retired from his labour it was generally into an adjoining cemetery.

On the 29th April, 1910, the second Fisher Administration came into power as the Commonwealth Government of Australia. It was a remarkable government and left behind it a remarkable reputation – that of being the only Australian Government that ever kept, or at least seriously attempted to keep, all the promises it had made to its electors. No one had, as yet, any very clear idea as to the proper functions of a banking system, nor the methods by which any satisfactory control over prices could be obtained; but the Fisher Administration took the first step in that direction, by taking the note issue out of the hands of the private banks and establishing, in June, 1912, the Commonwealth Bank, by means of which the credit of Australia could be used in accordance with the needs of the nation. At the 1914 elections, it promised to combat "the Steamship Companies who were exploiting the people throughout the Commonwealth in the way of freights and fares," by the method enunciated in the Governor-General's speech of 8th October, 1914: "My advisers are in favour of establishing a line of Commonwealth Steamers, and steps towards that end will be taken as soon as possible." No steps could, however, be taken in that direction; as, on 27th October, 1914, the Fisher Government went out of office and was succeeded by the first Hughes Administration.

In 1914, the white nations of the world, who, for the past decade, had been fiercely competing for markets in which to sell the goods they had produced – which, owing to the inadequate flow of currency from the defective banking system everywhere in vogue, their own people were too poor to buy – blundered into war. At once the supplies of currency, which if previously provided, would have abolished the economic causes of the war, were forthcoming from either side to bring it to a successful conclusion; but as no satisfactory method of controlling prices had yet been discovered, profiteers of all kinds rushed in to rob the nations of most of the prosperity created by this currency. Foremost among these were the shipping companies, who at once raised their freights (in the case of Australia to England) from 47/6 to 105/- per ton, and, although the Imperial Government took the war risk on vessels, the shipping companies gave nothing in return but continued to push freights up merrily as the war went on. So merrily indeed did they push them up,

that on 17th May, 1916, Mr. Sampson could state in the House, that, "Owing to the enormous increase in freights, the returns from one short voyage have been sufficient to cover the cost of a vessel previous to the war, and a vessel valued at £7,000 before the war, sold for £47,000." An Australian "Shipping Board" was appointed under Admiral Clarkson, to control all private shipping (their fares, freights and sailings), but this Board was composed entirely of private shipping owners, who, in all cases where the boats were not commandeered by the Government at very liberal rentals to the shipping companies, continued to allow freights and fares to be pushed up, until, in one case, "While the value of the cargo (maize) was £18,826, the freight was £50,433, or 260 per cent higher than the value of the cargo." (Hansard, Vol. 88, p.11098) All through the war, all over the world, this sort of thing went on (the freight on wheat rose from its pre-war rate of 30/- per ton, to as high as £15 per ton) so that it is little matter for wonder that, during the war period, the prices of goods were high.

In order to keep up these freights, Lord Inchcape formed his famous "Shipping Conference" which governs British shipping, while Morgan formed the trust which controls American vessels, and by 1921 both were working in unison and owning most of the shipping plying on the Australian coast. Said Morgan, with grim humour, at a banquet tendered him by business magnates on his completion of the trust, "We are the advanced socialists; we have discovered that combination, not competition, means success in trade, and we are going to take the profits of combination until the people are sufficiently intelligent to take the profits for themselves."

It would appear, however, that there was, among the people of Australia, sufficient intelligence to resent being fleeced in this manner, and at least some men with courage enough to fight against it. One of these men - William Morris Hughes - happened to be Prime Minister of Australia, and he determined to put the policy of the late Fisher Administration into effect with regard to a Commonwealth Line of Steamers. In June of 1916, while in England, he discovered that there was a fleet of 15 cargo vessels for sale. He acted upon his own responsibility and bought these ships. Afterwards, his political opponents raised howls of corruption and secret commissions, but the account he gave to Parliament of the transaction appears perfectly straightforward. The net cost of the Fleet was £2,047,900, a buyer's commission of £4,500 was paid to Turner, Davidson & Co., but as against this, the Commonwealth received £20,100, seller's commission, usually paid by the seller to his brokers; so that the total price was less by £15,600 than the price agreed upon. As to "where

the money came from", the Commonwealth Bank, which at that time was the nation's bank in fact as well as in name, gave him an overdraft for the amount he needed, simply requiring that the Treasury should maintain to the credit of its other accounts kept in the Bank, a minimum credit balance corresponding to the amount of the overdraft. "It is intended," said Sir John Forrest, "that all moneys earned by the ships shall be paid into the credit of the overdraft account, also that moneys required for meeting the expenses of the fleet shall be paid out of that account; that is to say, the overdraft will be, from time to time, reduced by the amount of the net earnings of the steamers." It may seem strange to present day governments, that spend most of their time crawling on all fours into bank managers' offices, and getting contemptuously kicked out again, that matters of finance could once have been arranged so easily; but there is a great deal of difference between the treatment accorded to a government which has behind it the power of issuing currency (as the Australian Government then had), and so can maintain credit balances at banks, and the treatment meted out to a government which has nothing behind it but the toe-marks of bank managers' boots on the seat of its nether garment.

These 15 cargo boats became the "Austral Line"; their first voyage was in October, 1916, and before August, 1917, they had all arrived in Australian waters, where they were augmented by 21 vessels, belonging to enemy powers, which had been either seized in Australian ports on the outbreak of hostilities or captured by the Australian Navy upon the high seas. It is these "little ships" which formed the Commonwealth Fleet during the war years, and it is the profits they made, the services they rendered, and the sufferings their crews endured which made possible, later on, the "D" and "E" boats and, finally, the splendid "Bay" and "Dale" liners in which the Commonwealth Fleet reached its apex. If the reader will consult Appendix "A" on page 18, he will see the kind of fleet Australia had at her disposal in the years immediately following the war.

A word must be said here with regard to a number of wooden vessels ordered by the Government to be built in America and in Australia. Those built in America (there were 14 of them) proved quite unsatisfactory, the contractors defaulted on time, and every imaginable kind of graft and roguery seems to have been practised in their construction. They were sold, or otherwise got rid of, on the cessation of hostilities, and the Australian contracts for 12 others were cancelled. They involved the Government in heavy financial loss, but as even Bruce admitted in 1923, "the wooden tonnage had nothing to do with the operations of the Commonwealth Shipping Line

as such. Those wooden vessels were built as a direct war measure on the responsibility of the Government; their capital cost and the losses on their operations constituted a war enterprise that must be regarded as quite apart from the Commonwealth Shipping Line." He could afford to be generous; he had so manipulated the accounts of the Line that they showed a heavy loss without the aid of these disastrous vessels.

THE FLEET IN BEING

The economic position of Australia, in the year 1917, was extremely serious. The harvest for the year 1916-17 had been the second largest ever reaped in the Commonwealth, and the wool clip, though lower than that of the years immediately preceding and following it, was still large. The Government by its issue of notes, and the Commonwealth Bank by its masterly handling of the national credit, had seen to it that funds were available to pay both Farmer and Woolgrower, but to trans-ship their produce overseas, less than half of the pre-war tonnage was available, so that it is not too much to say that the Commonwealth Fleet of 36 vessels actually saved the situation. They were employed carrying wheat to England, from which they returned laden with general goods, and on 18th October, 1919, Mr. Poynton could report, in his Budget Speech, that the Fleet had carried to and from Australia 1,020,072 tons of cargo, and that in the case of the "Australis", at 30th September, 1918, receipts exceeded expenditure by £2,121,000; while the net earnings of the ex-enemy boats from 1914 to 1919, totalled £3,576,901. There can be no doubt that the Management of the Fleet took advantage of the high freights ruling to make money – the Fleet had to be paid for – but still their average freight for wheat was £6 per ton, whereas, with other shipping owners, the freight fluctuated between £10 and £12, and even reached as high as £15 per ton. Moreover, when national needs demanded it, profits were sacrificed to service; the "Australis" carried 123,000 tons of phosphate rock at one time to help Australian farmers; during the coal famine, 26 vessels of the Fleet were employed in carrying coal from Newcastle to the other States; its vessels carried sugar for us when we required; they conveyed chaff to places where it was needed during the drought, and, when they could have earned £15 per ton carrying cargo in other parts of the world, they were used instead to carry cornsacks to Australia at £5 per ton.

The words 'in other parts of the world' appear strange, but it must be remembered that during the war, and for some time afterwards, the Fleet was under Imperial requisition and liable to be employed anywhere abroad; as a certain 'National Volunteer' discovered to his

cost. In October, 1917, there was a strike on among the seamen, but there was also a war on among the nations, and some of the seamen put their nation's interests before those of the Union. The National Volunteer ('Otherwise scab' to quote his own bitter phrase) shipped as boatswain on board the 'Australford' bound for the sunny port of Bordeaux in southern France. It reached there safely and was about to return, when orders were received from the Admiralty to assist in carrying out certain operations in the coldest portions of the North Atlantic, off the shores of North America – a locality which at that particular season (January), in that particular year (1918) was a sailor's nightmare. The National Volunteer found himself in a fog infested and storm swept stretch of water, haunted by icebergs and submarines, with the temperature at 20 degrees below zero. The ship according to his account, was wet in every part of her, and he could neither keep his clothes nor bedding dry. He hated his officers, who, he says, were used to handling coolies and quite unaccustomed to dealing with white crews (he calls the captain 'A half-breed coolie'), and the food was vile.

In short, it was not at all the sort of treatment a patriot like him was entitled to expect, and after about a month of it, he fell sick. 'The half-breed coolie' got him into hospital at Portland in the United States, but, apparently expecting to return soon and pick him up again, neglected to provide him with funds. The 'Australford', however, did not return at all, and the National Volunteer found himself 'famished and far from home'. He wrote to Dr. Maloney to try and help him back to Australia and that warm-hearted little man brought the matter up in Parliament.

As every seaman knows, there was nothing exceptional about the conditions which knocked out our National Volunteer; they at some time or other fall to the lot of every man who 'signs on' as a deckhand in cargo ships, for the tradition of the merchant service is, and always has been, that the sailor should expect nothing and his officer is there to see that he gets it – with the necessary trimmings. On the conclusion of the war, the Commonwealth Fleet broke away from this tradition; it paid, fed and lodged its sailors well and treated them like human beings – but that time was not yet.

As the casualties sustained by the Fleet during these strenuous war years, the three following examples may serve as illustrations:

The 'Australdale', when returning from a voyage to England was torpedoed in October, 1917. One man was killed by the explosion, and the ship sank very quickly, giving little time for the crew to man the boats and escape. When boats were picked up, it was found that one

of them, containing the Chief Officer and twenty-four of the crew, was missing. It never re-appeared.

The 'Conargo' was torpedoed off the Irish coast, in the early hours of the morning of 31st March, 1918. Four boats were launched after the explosion; one made off, the other three stood by the ship hoping to save her (how is that for ice-cold courage!), but a torpedo struck the bottom of the ship and sank her; it also wrecked one of the boats and killed the ten occupants. Later on a collier picked up two of the boats containing 44 men.

The 'John Murray' was a ship with a history and her end is one of the romances of the Pacific. She was built in Glasgow in 1877 and was originally one of the famous wool clippers that formed the 'Loch' Line. Her name was then the 'Loch Ryan', and, when the Bent Ministry was in power in Victoria in pre-Federation days, she was purchased by them as a training ship for boys and re-named the 'John Murray'. Many a poor lad, taken away from unsatisfactory surroundings, became a self-respecting man upon her decks, and the 'John Murray boys' distinguished themselves in the war both on sea and land. She was purchased for the Commonwealth Fleet in July, 1917, and was returning from San Francisco to Melbourne with a cargo of motors, oil, gasoline and explosives of various kinds; it was her first voyage as a member of the Fleet, and among the crew were 16 cadets from the Brighton Grammar School, serving their apprenticeship as officers in the new Australian marine. At 10 minutes to 4 on the morning of 22nd May, 1918, in inky darkness, the vessel crashed upon a jagged reef of coral, 300 yards out from the surf-scoured shore of Malden Island. A heavy swell was running at the time, and, causing the vessel to grate across the reef, practically sawed her in two. Although all on board were in imminent danger of being blown to pieces - which at one stage appeared inevitable - by an explosion of the dynamite forming portion of the cargo, the conduct of the men and the behaviour of the apprentices was admirable; the ship was being rapidly pounded to pieces by the heavy breakers, but not a man moved from his allotted position or touched one of the lifeboats until the 'lower away' signal was given. Then the lifeboats were swung out, but the first to be lowered was shattered by falling spars, the mizzen mast having plunged through the bottom of the ship bringing a tangle of cordage and timber upon the decks. Better success attended the launching of the other boats, and after battling through the surf for a couple of hours, the first boat reached dry land; the others followed, and shortly afterwards, with a terrific explosion, the 'John Murray' went down to the sea for the last time.

The crew had had no time to save even a portion of the stores or

of their personal belongings, and the outlook before them was cheerless in the extreme. Rising only about 26 feet out of the sea at its highest point, the surface of the island is composed of flinty rock, through the fissures of which grows a coarse grass which cut the feet of men without boots. The population consisted of Mr. Grice, who managed the working of the guano deposits on the island, and his staff of 14 Kanakas; he gave the castaways food from his stores and lodged them in some of the buildings. The days passed monotonously and the food supply sank lower and lower, but when the allowance of flour and rice had been cut down to a minimum, an American schooner, the 'Annie Larsen', ran ashore one night, close to the battered fragments of the 'John Murray'; she foundered on an even keel and remained in an upright position high out of the water. The Americans, therefore, were able to land their provisions and supplement the supply of food on the island, but the increased number of mouths soon diminished it again, and on June 16, Captain Vaughan and two volunteers took one of the boats and, after voyaging over 500 miles, they arrived at Fanning Island and got in touch again by cable with Australia. Meanwhile, the Chief Officer, Captain Chugg, took another boat, and, in company with two seamen and a Kanaka, set out to try and reach Samoa. After his departure, the marooned crews began for the first time to lose hope, as the food was rapidly becoming exhausted, but, to their great joy, at 5 o'clock on the morning of 6th August, the masthead light of a large steamer became visible, bearing down upon the island; it proved to be the 'Macedon', en route from America to Australia, which had been notified to call and bring off the castaways. Captain Chugg, after enduring great hardships, reached Raratonga in the Cook Islands, where he was picked up by the 'Moana' and conveyed to Sydney.

Australia, in addition to owning ships, now began also to build them. Experts were imported from England to supervise the work of construction, and at Williamstown in Victoria, at Walsh and Cockatoo Island in New South Wales, at Maryborough in Queensland, and at Port Adelaide in South Australia, more and more keels were laid down, and from 1919 onwards, one by one, the 'D' and 'E' vessels received their baptism of champagne, glided down the slips into the water, and rushed to join their sisters in the Fleet. Shipbuilding experts have agreed that no better ships were built anywhere than those which were turned out in Australian yards, whether run by the Government or by private firms, and it is also a fact that Australian costs of construction (about £30 per ton) compared favourably with those ruling elsewhere during the war (about £36 per ton). Says Senator Reid (Hansard, Vol. 100, p. 1969), "The excellent quality of Australian ships is admitted by everybody concerned, even by those opposed to Government

control and Cockatoo Island." The big 'Bay' Liners were built in England in 1921-2; they had a length of 520 feet by 68 feet beam and a capacity of 900,000 cubic feet, of which 370,000 were insulated; they were fitted to burn coal or oil as required and had a speed of 15 knots. In war time they were strong enough to be fitted with 6 inch guns and to act as auxiliary cruisers. One of them, the 'Jervis Bay', in a successful attempt to save a convoy from destruction during the present war [W.W. 2], went down with all hands - her guns blazing defiance to the end. ('Advertiser', 15-11-1941) The 'Dale' Liners were the last boats, launched in 1924; they were not as large as the 'Bays' but the same type of vessel and built entirely in Australia.

Including private firms, there were, in 1921, 3,000 men employed in the shipbuilding industry in Australia (at one time during the war the number reached as high as 5,000), £1,337,000 had been spent in wages, by the Government alone, among 33 classes of tradesmen, and it is to be noted that the Government yards accepted and turned out work for private firms and received testimonials as to its excellence. How many small trades men and subsidiary businesses also depended on the industry cannot now be ascertained, but their number must have been considerable, for, in 1923, the total of seamen, mechanics, shipbuilders and their families, actually dependent on the Line, was reckoned at about 15,000.

Roughly speaking, the decade 1914 to 1924, was a very prosperous period for the primary producers, not because the prices paid for their commodities were high, but because they were enabled, in large measure, to reap the benefit of those high prices which, but for the existence of the two national institutions, the Commonwealth Bank and the Commonwealth Fleet, would have been taken from them by the private banks and shipping companies in the shape of exchange rates, interest and freights. Even as it was, far too much of their prosperity was filched in this manner, but a considerable amount was left to them. This prosperity of the primary producers was reflected, as always, in the prosperity of those engaged in trade and manufacture throughout the country, and even the wage earners, where organised, were enabled by the aid of the Arbitration and Industrial Courts to obtain some share in the general well-being. In simple language - 'Dad' did so well on his farm that he and the family came down 'for the show'; Dad and the boys bought traction ploughs, milking machines, motor cars and gramophones, while Mum and the girls raided the shops for dresses, hats, silk stockings, silk underwear and fancy garters. They all had a jolly good time, and went home with many little luxuries to change an existence of monotonous toil into a

life fit for a human being to live. The manufacturing and shopkeeping classes rubbed their hands, banked their money, and gave Claude the Clerk and Thelma the Typiste a 'rise'; they generally fought Charlie the Carter and Sally the Shop Assistant in the Arbitration Court, before they would pay 'the log' presented to them, but they finally paid it all the same.

HOW THE FLEET CEASED TO BE

"Shortly after the fleet was established," says Senator Needham, "the Government was faced by strong competition from the Shipping Conference controlled by Lord Inchcape." The 'Shipping Conference', as it is called, was at this period composed of the following lines: - The Peninsula and Oriental Steam Navigation Co., The Royal Mail Steam Packet Co., The Cunard Steamship Co. Ltd., Furness Withy & Co. Ltd., The Ellerman Group, Alfred Holt & Co., T. & J. Harrison, The Eastern and Australian Co., and a Japanese Company. It controlled some 7,000,000 tons of shipping, and has been described as 'the richest, the ablest and the most rapacious organisation in the world, with its press and its financial ramifications in every industry and in every country.' Its Australian Agent (Sir Owen Cox) was a member of the Shipping Board appointed to control Australian shipping and its lines were subsidised by the Australian Government. The retention by the Commonwealth of its Fleet after the war, cut right across the Conference's policy of monopoly and exploitation of overseas traffic, and on its failure to induce the management of the Fleet to adopt its rulings as to freights and fares, it at once commenced hostilities; these were carried on by three methods.

The first method was the deferred rebate system, under which shippers were compelled to sign a declaration at the end of certain periods, to the effect that they had not shipped any cargo by vessels not controlled by the Conference; if they had, they lost their rebates. When the Victorian Government booked a certain amount of space on the Commonwealth Ship 'Bulla', the Conference refused to pay them the rebates due to them on goods shipped during the half-year ended 30th June, 1919, on vessels belonging to the Conference; and the Commonwealth Fleet reimbursed the Victorian Government for their losses.

The second method was by an active campaign against the Fleet in the columns of the daily press, in which from time to time articles and letters appeared making the following contradictory statements: (1) That the fleet was making huge profits at the expense of the primary producers; (2) That the Fleet was being run at a ruinous loss

and was about to be sold; (3) That the Fleet had entered into secret arrangements with the Shipping Conference in order to keep up freights and fares; (4) That by its unfair competition with private shipping it prevented 'sane trading' i.e. increased freights and fares. Thus among that large proportion of the community which takes its ideas ready-made from its newspapers, the seeds of distrust in the Fleet were industriously sown.

The third method was by getting representatives of the Conference in Parliament to press for the employment of the Fleet in places, where they would not only not enter into competition with the Conference Lines, but would be run at a heavy loss; the most remarkable of these attempts was that made by Mr. West, who attempted to get the Fleet used to "convey passengers and goods between Lord Howe and Norfolk Islands and Australia".

For three years these methods were employed, and the only result was to stiffen the backs of the indomitable 'Billy' and his Ministry. "Except for the Commonwealth Line," he said, "there is no way to the market of the world, save at the price that the great Combine's Lines determine." We had, in short, to beat them or be beaten.

Then suddenly, in November of 1921, Lord Inchcape cabled offering, on behalf of the Shipping Conference, to either buy the Commonwealth Fleet on reasonable terms, or to sell their own ships engaged in the Australian trade to the Commonwealth Government; in the following letter to Hughes, he states his reason. "I recognise, and admit quite freely, that the Australian Government with its taxpayers behind it can go on indefinitely and the Conference Lines may eventually be ruined." But it is very doubtful if this reason was the true one; it was probably not the taxpayer behind the Government that Lord Inchcape dreaded, it was the Bank. Australia, alone among the nations, possessed a truly national bank and although its possibilities had not been made use of to anything like the extent that they should have been (they were very largely unknown), there was no saying when this might not take place, in which event Australia could, as Lord Inchcape said, "go on indefinitely". His offer was debated in Parliament and declined, and two incidents may here be noted in connection with it. (1) The President of one of the Chambers of Commerce, in conversation with Senator Reid, referred to the debt of gratitude which business men owed to the Commonwealth Fleet; in his opinion, there was not the slightest doubt that freights had been kept down by the operations of the Line; (2) The Farmers' Conference instructed their representatives in Parliament (as usual chosen from their worst enemies) to object to the sale of the Commonwealth Fleet; they did not obey. Said one, "On the floor of the House I recognise no

Conference – only God and my conscience.” His conscience! “Scat my scats,” as old Dave Harum would have said, “his **conscience!**”.

In 1921, the Banks, in other parts of the world, started to withdraw large volumes of credit from circulation, and thus raise the value of currency to such high levels that those who possessed the monopoly of it, could secure for themselves practically the wealth of the nations. The movement was checked in Australia for a time, but the existing Government was blamed for the unemployment that had been caused (the percentage of unemployed rose from 6.5 in 1920 to 11.2 in 1921) and the Hughes' National Government fell. It was succeeded, on 9th February, 1923, by the Bruce-Page Administration, a Government representing, in the main, our big financial and shipping interests, which are closely interwoven with English banking, shipping and insurance companies, and have small understanding of, and less sympathy with, Australian aspirations and ideals. Its leader was S. M. Bruce, a remarkably astute politician, who at once made the announcement that “He did not think that what had been achieved by the Commonwealth Fleet justified its continuance as a Government venture.” But, by this time, there were few Australians who were not proud of their Fleet; it had friends even among his supporters, and he had to be exceedingly careful of his steps. He was; he destroyed the Fleet piecemeal over a space of five years.

His first step was to prepare a financial statement showing the transactions of the Fleet from its inception to 30th June, 1923. This statement was a work of art, and there are few accountants who can peruse it without manifesting deep emotion and declaring that S. M. Bruce is a bright boy and a credit to his family. Those who are accustomed to dealing with figures, can study it (the Author's comments are in Appendix 'B') but here it is sufficient to say that, by a skilful treatment of figures, he swung an actual gain of over £2,000,000 into a bookkeeping loss of nearly £3,000,000. His method of writing down the value of the Fleet was masterly; he safeguarded himself by getting the 'Bay' and 'Dale' liners valued by a reputable London firm connected with the Admiralty, and “who have no possible connection, such as has been suggested, with any shipping combine” but the rest of the Fleet he assessed at his own valuation. He took this financial Statement with him to the House, exclaimed over it in horror, and when members had been sufficiently stampeded, brought in as a remedy and “in order to remove the Fleet from Parliamentary interference” a Bill for the Commonwealth Shipping Act of 1923.

By the terms of this Bill, the Fleet and the Dockyards, written

down to a ridiculously low valuation, were handed over to a Board, composed of three members who were given power, subject to the approval of the Treasurer (S. M. Bruce), to sell ships or any other property vested in the Board; but the Board had to give Bruce, as Treasurer, in return for this property, debentures, 'in the prescribed form', for £4,725,650, bearing interest at 5 per cent per annum; so that Bruce, in effect, became the possessor of a mortgage over the Fleet on which he could foreclose in event of any default by the Board. If the Board kept freights up and regularly paid its interest, it would practically be a member of the Shipping Conference; if it kept freights low, it would not be able to meet its interest bill and Bruce could sell it up. In order to make its fate quite certain, Bruce taxed the Fleet while he continued the subsidies to its rivals.

In the debate, which followed the introduction of the Bill, this relation of Bruce to the Board, if it kicked against his orders, was entirely missed. Discussion took place mainly upon the proposed personnel of the Board, and although Bruce rather nettled some of the members by going out for a drink and forgetting to return, while this important matter was being discussed, there can be no doubt that he persuaded them that his intentions towards the Fleet were 'strictly honourable'. The Bill was assented to 31st July, 1923, and came into force by proclamation on 30th August, 1923. On the latter date the personnel of the Board was also proclaimed; it consisted of the following gentlemen:

Names and Qualifications	Remunerations
Mr. H. B. Larkin (Manager of Fleet) to be Chairman	Salary, £3,500 per annum. Entertainment allowance approximately £1,000 per annum. Travelling allowance £2 per day.
Sir William Clarkson (R.A.N. K.B.E., C.M.G.) to be Director	Salary, £3,000 per annum Travelling expenses £2 per day
Mr. R. Farquhar (Ship Construction Expert) to be Director	Salary, £3,000 per annum Travelling expenses £2 per day

A better Board could not have been appointed, but it was completely in Bruce's power; also it increased the Managerial expenses of the Fleet at least threefold, and thus drove the final nail into its coffin. The sale of the Boats began at once.

They were sold to Australian Shipping Companies, to British, to Germans, to Greeks, to Italians, to Japanese, to firms whose names are unpronounceable and whose nationality is unknown to the Author, and they were sold at any prices that were offered, rather than that they should remain in the Fleet and compete with the ships of the Conference. The 11 'Australas', whose market value was roughly £550,000 were sold for £248,440; Bruce had valued the ex-Enemy Boats at £197,000 but he needed a clear title to the ships before he could sell them, and the British Government's valuation of them was £337,000; he appears to have finally paid them £309,412 for these ships, after considerable argument, but they were sold for anything he could get. The same fate befell the 'D' and 'E' boats, "second to none for efficiency and quality of workmanship"; 'D' boats which had cost £271,000 to build were sold for £84,000 and 'E' boats costing over £2,600,000 were given away for £380,500. So the sickening work went on, until by the beginning of 1927, all that remained of the 54 vessels of the Commonwealth Fleet were five 'Bay' and two 'Dale' Liners.

These seven boats were the pick of the Fleet and to sell them off-hand was more than even Bruce was prepared to venture. A Public Accounts Committee was, therefore, appointed to report on the advisability or otherwise of disposing of the Fleet. This Committee was drawn from both sides of the House, and in May, 1927, it reported that "not only has the Commonwealth Line been directly responsible for actual reductions in freights, but the presence of the Line has exerted a material restraining influence against proposed increases. The Committee, therefore, recommended that in the interests of Australia, the Line be continued." This was not at all what Bruce wanted, so the Chairman of the Board (Mr. Larkin) and four other members of the Line were summoned before the Committee to give evidence 'in camera'. The actual evidence they gave cannot, therefore, be ascertained, and those members of the Committee who desired the destruction of the Fleet, fought like tigers to prevent it being laid before the House. They succeeded, but it is surely not difficult to guess the nature of this evidence. The Fleet was taxed by the Government while its rivals were subsidised; it was crippled by the heavy managerial salaries of the Board and the equally heavy charges of the Government for interest on its debentures; in addition nearly all its vessels had been sold at a heavy loss. The officials probably stated that, under these circumstances, they could not carry on at a profit and in November, 1927, the Committee recommended the Fleet be disposed of. Bruce, therefore, prepared the second of his remarkable financial statements; it showed a loss of approximately £2,800,000, caused mainly by voyage losses, administration expenses,

depreciation and debenture interest. The Author makes this loss nearly £4,000,000 caused, in the main, not by trading transactions at all, but by the ridiculous prices at which the Board (or rather Bruce) sold what it was pleased to call 'surplus tonnage', or in other words, the vessels of the Commonwealth Fleet. (See Appendix 'C'). With this document in his hand, Bruce faced the House and announced his decision to sell what was left of the Fleet to the Shipping Conference. Mr. Charlton at once stated that Bruce had no right to do anything of the kind; that the only body who could sell them was the Board and that the majority of them were opposed to the sale. Then Bruce laid his cards upon the table and, to quote Mr. Brennan, "The extraordinary position is disclosed that the Government never consulted the body in which the ownership (of the Fleet) was vested by Act of Parliament, before it undertook to sell them; the Government is the mortgagee and proposes to seize and sell the ships."

It did so. The construction cost of the ships was £7,527,504, and if we allow the liberal estimate of one-third of this amount for depreciation, their then value was £5,018,336. Bruce sold them to the 'Shipping Conference' for £1,900,000 to be paid by instalments. Up to December 1932, £580,000 is all that the Commonwealth ever received for its £5,000,000 worth of shipping.

The enemies of the Fleet have made great capital out of the fact that industrial disputes occurred from time to time between the Seamen's Union and the Management. One would think, to listen to them, that private lines were exempt from such disputes. The most serious of them occurred in 1925 during the Bruce-Page regime. It was settled by conference between the management and the men, greatly to the annoyance of Bruce, who demanded of the Board why they had come to terms with the Union. He refused to make public their reply. (Hansard, Vol. 110).

The sale of the Commonwealth Fleet sounded the death knell of the Australian Shipping industry, for no mere private firm could hope to compete with the Inchcape 'Conference' with its 7,000,000 tons of shipping and its 'financial ramifications in every country in the world'. The Dockyards were closed, the men and their families who depended on them for their livelihood turned adrift, and the transference of the primary produce of Australia to the markets of the world, was handed over to the tender mercies of the Shipping Conference, with its benevolent maxim of 'charge all that the freight will bear'.

In 1924, the Commonwealth Bank had been strangled, so that the control of the National Credit, with the transmission of money to and from Australia, became once more the cherished monopoly of the

Associated Banks; but their work of devastation was not commenced upon a grand scale at once; until 1927 this country remained fairly prosperous, then, 'like the clenching of a fist', came their contraction of credit and the prosperity of Australia tumbled into dust.

The ruin wrought by their policy was so great that, in the midst of good seasons and bounteous harvest, Australia found itself, at the end of 1932, with its property owners and trading classes financially bankrupt, with its primary producers reduced to the position of medieval serfs, bound to the soil and labouring for their lords (the Banks), and with some 30 per cent of its wage earners 'upon the dole'. If it pleases Australians to submit to such treatment a second time, let them at least take intelligent animals like the kangaroo and emu from their coat of arms and replace them by Australia's fitting national emblem – the shorn sheep.

Here ends the Story of the Commonwealth Fleet of Steamers and the following points would appear to emerge from it clearly enough:

- (1) No nation, under modern conditions, can afford to allow prices (whether of transport, goods or money) to remain uncontrolled.
- (2) That a nation which controls its banking system can easily control prices, while at the same time financing whatever undertakings may be necessary for the prosperity of that nation.
- (3) That if a nation does not control its banking system in the interests of the nation, its banking system will control the nation in the interest of the banking system – and may the Lord have mercy upon that nation, for its banking system will have none.

APPENDIX 'A'

The Commonwealth Fleet on 31st July, 1923

(Commonwealth Shipping Act, 1923 - The Schedule)

Line	Steamer	Built	Gross Tonnage	Total Tonnage
'Austral' (11 vessels)	Australbrook	1909	4,336	
	Australcrag	1907	4,503	
	Australford	1907	4,403	
	Australglen	1906	4,417	
	Australmead	1912	4,151	
	Australmount	1909	4,338	
	Australpeak	1906	4,432	
	Australplain	1907	4,454	
	Australpool	1906	4,326	
	Australport	1915	3,570	
	Australrange	1907	4,409	
			-----	47,339
'Ex-Enemy' (17 vessels)	Araluen	1901	5,519	
	Bakara	1913	5,970	
	Barambah	1912	6,016	
	Boonah	1912	6,011	
	Booral	1905	4,359	
	Boorara	1913	6,570	
	Bulga	1903	1,449	
	Bulla	1905	5,099	
	Calulu	1907	4,265	
	Carina	1907	5,486	
	Cooee	1907	4,255	
	Dongarra	1906	5,601	
	Gilgai	1901	5,512	
	Parattah	1904	4,229	
	Talawa	1907	3,834	
	Toromeo	1905	4,149	
	Mawatta	1904	1,096	
			-----	79,420
'D' (6 vessels)	Delungra	1919-20	3,346	
	Dilga	1919-20	3,308	
	Dinoga	1919-20	3,341	
			-----	-----
		c/f	9,995	126,759

Line	Steamer	Built	Gross Tonnage	Total Tonnage
		b/f	9,995	126,759
	Dromana	1919-20	3,350	
	Dumosa	1919-20	3,351	
	Dundula	1919-20	3,344	
			-----	20,040
'E'	Emita	1921-2	3,347	
(13 vessels)	Enoggera	1921-2	3,359	
	Eurelia	1921-2	3,351	
	Eromanga	1921-2	3,359	
	Echuca	1921-2	3,362	
	Echunga	1921-2	3,362	
	Erriba	1921-2	3,345	
	Eudunda	1921-2	3,352	
	Eugowra	1921-2	3,344	
	Euwarra	1921-2	3,349	
	Eurimbla	1921-2	3,351	
	Elouera	1923-4	3,353	
	Euroa	1923-4	3,353	
			-----	43,587
'Dale'	Fordsdale	1924	9,700	
(2 vessels)	Ferndale	1924	9,700	
			-----	19,400
'Bay'	Moreton Bay	1921	13,850	
(5 vessels)	Hobson's Bay	1921	13,837	
	Jervis Bay	1922	13,837	
	Largs Bay	1922	13,851	
	Esperance Bay	1922	13,851	
			-----	69,226
---				-----
54 vessels		T O T A L S		279,012
===				=====

Vessels Torpedoed, Wrecked or Sold Prior to 30th June, 1923

(Accounted for in Bruce's First Financial Statement)

Australbush	Barunga	Cardinia	John Murray
Australdal	Burrowa	Carrabin	Samoa
Australfield	Canowie	Conargo	Shandon
Australstream	Carawa	Cooroy	Speedway

APPENDIX 'B'

BRUCE'S FIRST FINANCIAL STATEMENT

Showing Position of Commonwealth Fleet at 30th June, 1923
(Hansard Vol. 103, p. 645)

Capital Expenditure and Losses

Capital cost of Vessels in Commission (detailed in original)	£11,818,938
Estimated cost of Vessels in course of construction (detailed in original)	£2,338,000
Capital cost of Vessels lost and/or sold (detailed in original)	£807,808
Interest paid and payable to 30-6-23 by the Line to the Commonwealth Bank and Treasury on overdraft	£684,876
Less Interest charged on account of detained enemy vessels, debited the Line Account current for which Treasury did not pay	£127,512 ----- £557,364
Furniture and fittings at cost	£11,232
Stores in Hand	£23,700 ----- £15,557,042 =====

Profits, Recoveries and Present Market Values

Gross Profit on Commonwealth Line	£2,493,449
Insurance Reserve	£901,920
Proceeds from Sale of Vessels (detailed in original)	£299,433
Amounts recovered on account of vessels lost at sea (detailed in original)	£791,897
Interest received from Underwriters on account of vessels lost and sold	£1,738
Profit on Ex-enemy vessels prior to incorporation in fleet	£3,673,494
Present day market value of vessels in commission and in course of construction	£4,718,150
Book value of office furniture and fittings	£7,500
Estimated value of stores on hand 30-6-23	£23,700
Balance - being estimated total debit on all transactions	£2,645,761

	£15,557,042
	=====

(See Notes on Page 24)

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APPENDIX 'C'

BRUCE'S SECOND FINANCIAL STATEMENT

Showing Position of Commonwealth Fleet at 31st March, 1928
(Hansard Vol. 118, p. 4340)

Liabilities:

Treasury Debentures	£4,725,650
Treasury for Interest	£1,054,600

	£5,780,250

Assets:

Book Value of Fleet	£2,747,000	
Furniture and Fittings	£6,500	
Spare Gear	£40,000	

	£2,793,500	
Investments	£303,400	
Less Overdraft	£120,000	

	£183,400	

		£2,976,900

Shrinkage of Assets		£2,803,350
		=====

Made up by:

Voyage Losses	£497,450	
Administration Expenses, less		
Commission, Brokerage,		
Interest, etc.	£310,750	
Depreciation	703,450	
Debenture Interest	985,550	

	£2,497,200	
Loss on sale of Surplus Tonnage	£536,200	£3,033,400
	=====	
Less Insurance Reserve Account	110,000	
Bunkers, Provisions and Stores		
Reserve Account	133,000	243,000

		£2,790,400
		=====

Difference represents balance at 31st March between
Sundry Creditors and Sundry Debtors
Debit Balances and Credit Balances on pending voyages
and on closed voyages
Agents' Credit Balances and Debit Balances
Balances not yet recovered on
Average Accounts, Cargo Claims, Medical Claims, etc.
These cannot be determined until accounts to 31st March,
from London and Branch Offices are received.

(See Notes on Page 24)

NOTES BY AUTHOR OF STORY

(APPENDIX 'B' NOTES)

- (1) The interest charge of £577,364, is a mere bookkeeping entry between departments and does not represent a loss to the **Commonwealth**; it would appear on the books of the treasury and the Commonwealth Bank as a profit; the amount should be deleted.
- (2) The Insurance Reserve and the profit on Ex-enemy vessels have to be added to the **Gross Profit** to get the correct total, namely £7,068,863.
- (3) The "Present day market value of vessels" should have been obtained by writing off £5,000,000 which in the opinion of the Management was ample (see Hansard Vol. 102, p. 832) from the capital cost of the vessels. This would show their market value as £9,156,938.
- (4) When these alterations are made the Statement shows a **credit** balance of £2,350,391.

(APPENDIX 'C' NOTES)

- (1) The interest charges are merely bookkeeping entries between departments and do not represent a loss to the Commonwealth; they should be deleted.
- (2) The true value of the Fleet of 54 vessels, for which the Board gave £4,725,650 in Debentures to the Treasury, was £9,156,938 and I make the Book Value of the 7 ships remaining in the Fleet on 31st March, 1928, to be £5,018,336; viz. cost of construction £7,527,504, less one-third depreciation.
- (3) The losses of the Board, therefore, were £3,908,702, nearly all caused, not by trading transactions, but by the ridiculous prices at which the Board sold what it was pleased to call 'Surplus Tonnage', otherwise the vessels of the Commonwealth Fleet.

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Parliamentary Debates, 1916-1932

Debates, questions and answers on the Commonwealth Line of Steamers.

Parliamentary Papers No. 63, Vol 2, p. 341

Balance Sheets of Commonwealth Line of Steamers.

Commonwealth Year Books, 1910-1932

Shipping and Financial Matters.

Commonwealth Shipping Act 1923

The Schedule: Commonwealth Line of Steamers on 31-7-1923

"Argus" Newspaper, April, May, July, 1918

"Australdale" torpedoed

"Australbush" torpedoed

"Conargo" torpedoed

"John Murray" wrecked

THE STORY OF THE COMMONWEALTH WIRELESS SERVICE

(This book was first published in 1936)

WIRELESS WAR

The Wireless Telegraphy Act of 1905 gave the Postmaster General the exclusive privilege of receiving and transmitting wireless messages in Australia – and between Australia and other countries or ships at sea – but it also provided that the Postmaster General might grant licences to use wireless on prescribed terms, conditions and fees. Unauthorised persons caught using wireless were to be subject to a £500 fine, with or without five year's hard labour, and their appliances were to be forfeited to the Commonwealth. Having passed this draconic piece of legislation, the Second Deakin Administration took no further action in the matter.

In September, 1909, however, during its third term of office, it placed £10,000 for the development of wireless upon the Estimates, and called for tenders for the erection of two stations – one in Sydney and one in Fremantle. There were, at that period, several systems of wireless in vogue, but the main two were those used by the Marconi Company – practically an English concern – and by the Telefunken Company, which was German. The chief difference between the two methods lay in the spark, which gave out a clear ringing note in the case of the Telefunken system, but a duller sound in that of Marconi. German influence was then dominant in official circles in England, and the Secretary of State for the Colonies advised the Commonwealth to adopt a system 'emitting a definite musical note'. Five tenders in all were received; that of the Marconi Company was £19,050 for each station, while the lowest tender, £4,150 per station, was submitted by the Australian Wireless Company. The latter company was merely a cloak for German interests; it was put forward as an Australian concern, but its promoter was a firm trading in Sydney under the name of Staerker & Fischer. This firm seems to have persuaded Mr Denison, of the Tobacco Combine, Mr McLeod, proprietor of the Sydney 'Bulletin' and some dozen other people, that it was possible to profitably exploit the market for wireless in the Commonwealth if only an Australian Wireless Company could be formed. A company was accordingly registered on 15th December, 1909, with a capital of

£5,000, in shares of £1 each; Denison and McLeod seem to have found £300 between them as paid up capital, and they arranged to purchase the Australian rights of the Telefunken Company for £4,500, payable in the form of shares – thus giving the German company a controlling interest in the Australian one. These preliminaries being settled, the new company increased its capital to £12,000, by the time-honoured method of watering its stock, and tendered for the erection of the two wireless stations at a price with which no other company could compete. The low price meant nothing to them, as their immediate object was to secure a footing, and, as the Commonwealth needed about twenty stations in all, they could afterwards extend their system throughout Australia. What they lost upon the roundabouts they would take good care that they gained upon the swings. (Hansard Vol. 59, pp. 6154–56 & 6643; Vol. 54, p. 7210)

Their tender was accepted by the Deakin Administration on 4th April, 1910, subject to the private guarantees of Denison and McLeod, but before the contract was signed by the company, both the Defence Department and the Admiralty objected to the site selected and demanded one at Pennant Hills, more inland. This, of course, was a distinct breach of the terms which had been agreed to by the Government, and the company took advantage of it to demand another £2,000 before it would sign the contract.

At this juncture, 29th April, 1910, the Second Fisher Administration came into office and, seeing that they were getting very favourable prices even at the increased rate, agreed to pay the additional money. The company, however, still did not sign the contract and when, later on, objections were raised to the site selected at Fremantle, and these objections were made the excuse for further demands for an increased price, the Government began to consider the advisability of erecting the rest of the stations themselves. Perhaps someone whispered what was on foot to the directors of the company; at any rate, they sold out to a larger company for £65,000, netting a nice profit on their original £5,000, and approached the Government for leave to transfer the contract. The Government granted the desired leave, but insisted on their signing the contract for these first two stations; it also insisted upon retaining the private guarantees of Denison and McLeod with regard to any infringement of patent rights and non-completion of contract. (Hansard, Vol. 61, p. 2113). It is as well the Government was careful, as they had a great deal of trouble with the company before the stations were finally completed.

Meanwhile, the Marconi Company, which had taken out nineteen

patents in Australia, had commenced action for infringement of them against the Telefunken Company, but on 16th January, 1911, a new company was formed merging all the German wireless interests. Marconi was appointed a director and competition between the Marconi and Telefunken system ceased ('Argus' 17-1-11 and 14-11-12, pages 7 and 14). The Fisher Administration, therefore, got into communication with the Marconi Company as to the price at which it would sell its Australian rights, but the company, thinking that it had got the Commonwealth at its mercy, was exorbitant in its demands (Hansard, Vol. 63, p. 4929). It had (26-4-11) obtained an injunction in the English Courts against the British Radio-Telegraph and Telephone Co. Ltd. for using the invention of a young Australian engineer named John Balsillie, which was held to be an infringement of its patents. Mr Justice Parker's ruling, however, was given with a certain amount of hesitancy, subject to any further appeal of judicial decision which might have the effect of upsetting it ('Argus', 13-7-11, p. 9), so, mainly at the instance of Mr Andrew Fisher, the Commonwealth refused the Marconi Company's terms, engaged Balsillie as their wireless expert, and prepared to adopt a new system perfected by him. In return for the Australian rights to his system, he was given the right to patent abroad and also a position in the Postmaster General's Department at £600 per annum. As the Government was not satisfied with the manner in which the Australian Wireless Company were fulfilling their contract for the stations at Sydney and Fremantle, it decided to erect the others itself. The Shaw Wireless works in Sydney provided the necessary apparatus, and the Balsillie system was installed. By the end of 1912, the Commonwealth had eight stations going, only the first two of which were on the Telefunken system (Hansard Vol. 69, p. 7424).

One can imagine the wrath of the great Marconi Company at being turned down in favour of an unknown Australian inventor. They immediately brought an action against the Commonwealth in the High Court for infringement of their patent rights and, before any defence could be delivered, applied by summons, on 12th March, 1912, for the right to inspect all plant and apparatus used, or about to be used, by the Commonwealth. Mr Justice Higgins heard the summons and, on the Marconi Company refusing to accept an order for an inspection by an impartial expert, he dismissed the case with costs. The Marconi Company carried the matter before the Full Court; specifications of the mechanisms used were lodged by the Commonwealth and sworn to as being the only apparatus used by them, but the Marconi Company still persisted in their application for an inspection by their own experts. On 16th October, 1912, their application was again dismissed with costs, but without prejudice to any further application

that might be made. Thereupon ('Argus', 7-1-13, p. 9) the Marconi Company formed an amalgamation between its Australian Branch and the Australian Wireless Co. Ltd., issued a fresh summons for an inspection, and briefed the Hon. W. H. Irvine, K.C., Liberal Member in the House of Representatives, as its legal adviser against the Commonwealth. Mr Justice Higgins again referred the matter to the Full Court, which, on 20th March, 1913, granted the company the right of inspection they had formerly denied.

The Fisher Administration applied for a stay of proceedings pending an appeal to the Privy Council, but, on 24th June the Cook (Fusion) Government was returned to power. The Hon. W. H. Irvine, K.C., with his brief from the Marconi Company in his pocket, became Australia's Attorney-General, and the company was allowed to make its inspection. One can almost hear its howl of triumph as its experts invaded the wireless stations of the Commonwealth, taking photographs right and left and making moulds of vital portions of the equipment used (Hansard, Vol. 70, p. 808; Vol. 71, p. 2555; 'Argus', 2-9-13, p. 6).

The next step of this peculiar Attorney-General for the Commonwealth of Australia was to import from England Mr Swinburne, one of the world's leading wireless experts, to determine whether or not the Balsillie system of wireless telegraphy was an infringement of the Marconi patents, and to enter into negotiations with the company's representatives. In these negotiations the Commonwealth was represented by the Postmaster-General, the Crown Solicitor and the Minister for External Affairs; its Attorney-General fought for the company against the country he was sworn to defend (Hansard, Vol. 72, p. 2128, 3546; Vol. 75, p. 1301). Mr Swinburne reported - and he also made a statutory declaration to the same effect - that, in his opinion, the Balsillie system did not infringe the Marconi or any other existing patent, and that it was 33 percent more effective than any known system (Hansard, Vol. 88, p. 9772; Vol. 75, p. 1300). The Cook Administration shelved the report; its members refused to answer questions as to what it contained (Hansard, Vol. 73, p. 66), and in spite of the fact that the Marconi patents were about to expire, they paid the company £5,000 for the cancellation of the rights which they were legally informed did not exist (Hansard, Vol. 78, p. 6488). Even then the company was not satisfied. Says Senator Millen: "When the war was on and the Navy Department had decided to put up an arc station at a certain place, the Amalgamated Wireless Company again took action for an infringement of its arc patent. After a consultation between Rear-Admiral Creswell, representative of the company, and the Crown Solicitor, the company got another £2,000

out of the Government for the use of its patent, although the only expert who had gone into the matter said that there had been no infringement". (Hansard, Vol. 99, p. 533).

On 17th September, 1914, the Cook (Fusion) Government went out of office, followed by the intense disrespect of every decent citizen who knew it, and the Third Fisher Administration took its place amid the desperate haste and confusion of the World War [W.W. I].

WAR WIRELESS

During the war the Commonwealth Wireless Station at Fremantle, having a radius of about 3,000 miles, was in regular communication with Cocos Islands, where the Eastern Extension Company had a cable – and the Marconi Company a wireless – station. These islands lie north-west of Australia in the middle of the Indian Ocean, which was soon rendered extremely unsafe for British shipping owing to the operations of the German warship *Emden* (Captain Karl von Muller). This ship owed most of its successes to the use of wireless; it was always intercepting messages from British merchant vessels which it waited for and sank, and calls from exasperated British warships which it fled from and evaded. The Naval Authorities finally set a trap with the Cocos Islands as bait. They withdrew the guardship normally stationed there and arranged for the station to send out anxious calls which would lead the *Emden* to imagine that it had temporarily been left without defence. The plan worked. The *Emden* appeared off the cable and wireless stations upon Direction Island at 6am on 19th November, 1914, and attempted to block any aerial messages with her own wireless, while she dispatched a landing party of three officers and 40 men, with machine guns, to hold the island, cut the cable and destroy the plant. The operators on the island set both cables and wireless in action and continued signalling until the German marines rushed in and smashed the instruments. The Navy Office in Melbourne received the cable message and the Wireless Station at Fremantle flung out an alarm in code, on its highest power, to the warships engaged in conveying Australian troops to Europe – cautioning them at the same time not to reply. Later on the British Admiralty complimented the Australian Naval Department upon the promptitude of its action, but as a matter of fact, the warships had already picked up a wireless message from Direction Island and H.M.A.S. *Sydney* (Captain John Glossop) was detailed to 'deal with' the *Emden*.

By 9 a.m. the *Sydney* had reached Cocos Islands, having covered over 50 miles in about two hours. "We went so fast you could not see her bow for the furrow she cut in the water", says one of her

crew - and the *Emden*, abandoning her landing party, came steaming out towards her enemy 'at a great rate'. She fired the first shot at 9.40 a.m., and her fire was very accurate and rapid, knocking the *Sydney's* range-finding apparatus to pieces, besides hitting the ship in over a dozen places. Her armament, however, consisted of ten 4-inch pieces against the *Sydney's* eight 6-inch guns, and the latter was the faster boat by about two knots; moreover, her captain was as cool and resolute a seaman as von Muller himself and as little disposed to throw away any trumps that he held. "I kept my distance as much as possible to obtain the advantage of my guns", he says, and once he had found the range, he smashed the *Emden*, within the short space of 80 minutes, into a blazing wreck that her commander had to beach upon North Keeling Island to save from sinking. Leaving her there, Glossop went in pursuit of a collier in attendance on the enemy, but the collier's commander 'cleared his ship and sank her', and the *Sydney*, taking the crew on board, steamed back to where she had left the *Emden*. The latter's battle flag was still flying (von Muller had sworn never to strike his colours) and, receiving no answer to her demands for surrender, the *Sydney* 'very reluctantly' continued to fire upon her opponent until the offending ensign was hauled down. Having dispatched a boat, manned by the crew of the collier, to the *Emden* notifying her commander that he would return to her assistance the following day, Glossop went off to capture the German detachment upon Direction Island. It was now night and too late to attempt to make a landing in the teeth of possible opposition, so the *Sydney* lay off the island until the morning, when it was discovered that the Germans had seized, armed and provisioned a small vessel lying there at anchor, and had decamped the previous evening. Glossop, therefore, borrowed a doctor and two assistants and returned to the *Emden*. He simply states that conditions there were 'indescribable', but in order to bring home to bellicose people what war really means, a description, gathered from other sources, must be attempted.

The water surrounding the vessel was full of dead bodies 'bobbing up and down' in horrible mockery of a dance as the sharks tore at their vitals. The ship itself was a smouldering mass of broken machinery, out of which came incessantly cries of pain and piteous prayers for water. Only 185 of her complement of something over 350 officers and men were left alive - and about half of them were wounded, most of them very badly. "Horrible as were some of the mutilations from shell fragments, by far the most shocking injuries seemed to have been inflicted by our lyddite - the hair and clothes were entirely burned from some of the bodies". A number of men, both wounded and unwounded, had attempted to swim ashore or been washed overboard. In the water many of them had been torn to pieces

by the sharks, while those who finally reached the land were at once attacked by big land crabs which tormented the dying and mangled the dead. Wounded and unwounded alike were suffering from thirst, flies and the sun. Confronted with this inferno, Glossop transferred the survivors to the *Sydney* and did everything for them that it was possible to do – the ship becoming “nothing but a hospital of the most painful description”. The inmates were probably better off there, however, than upon the *Emden*, for among the souvenirs obtained from that ill-fated ship were a number of cat-o’-nine-tails – some of them brand new, but many of them stiff and black with blood.

On 2nd March, 1916, the control of the Commonwealth Wireless Service was transferred from the Postmaster General to the Navy Department and, five months later, the land, plant, buildings and machinery of ‘Shaw Wireless Ltd’ at Randwick, near Sydney, was purchased by the first Hughes Administration. The plant of this company was capable of producing many kinds of electrical apparatus besides wireless. Mr Denison, director of the Amalgamated Wireless Company, refers to it as ‘an elaborate plant’ (*‘Argus’*, 18-8-16, p. 16) and Admiral Jellicoe congratulated the Commonwealth upon its acquisition. This was a serious blow to the Amalgamated Wireless Company which, during the late Cook (Fusion) Administration, had enjoyed a monopoly of all Government orders (Hansard, Vol. 73, p. 796) and trusted, sooner or later, to get similar concessions from the Hughes Government. All along they had hated and feared these works, and the opportunity to strike a blow at them came with the coming into office of the First National War Government in February, 1917. (The first two Administrations of William Morris Hughes had continued, with but slight alteration, to carry on the policy of the great Fisher Administrations, but his two National War Governments were as reactionary as his Liberal colleagues could make them.) On 4th August, 1916, the *‘Sun’* newspaper, one of whose directors was also a director of the Amalgamated Wireless Company, had adversely criticised the Government’s action in purchasing the ‘Shaw Wireless Works’, and on 2nd July of the next year, the Royal Commission on Navy and Defence Administration was empowered to inquire into the whole transaction. The peculiar character of the founder of these works made the report of the Commission a fairly scandalous document.

The Reverend Father Archibald Shaw was a remarkable man, and a yet more remarkable priest. He was an electrical genius (it is a disputed point whether the Australian Wireless System was really his invention or Balsillie’s), and he seems to have had an electrical effect upon many persons of the opposite sex with whom he came in contact.

If we can believe some of the statements made before the Commission, not only did he give week-end parties at his house, 'Archine', to various ladies, who did star turns 'in certain garb and lack of garb', but he was indiscreet enough to snapshot them in the act and to keep the photographs, together with snapshots of himself taken in the same condition, in an easily accessible drawer where they were afterwards discovered. (Minutes of Evidence, p. 49). On receipt from the Commonwealth Government of the purchase price for his business, £55,000, he paid it into his bank. Next day (19-8-1916), a Saturday, he withdrew £5,300 and handed at least £2,460 of it to Senator Long. The balance of this money he disposed of between Saturday and Monday, and on the following Saturday (26-8-1916) he died. Although the money was never traced, Mr J. A. Jensen, Minister for Trade and Customs, was suspected of complicity in the deal and, upon his refusal to resign, was gazetted out of office. Senator Long, who asserted that he had only received £1,290 'as a gratuity', and that his 'relations with the late Father Shaw were of such a personal and confidential nature that one is compelled to refrain from a full statement of them', resigned his seat ('Argus', 11-12-18, p. 9; 12-12-18, p. 6; 14-12-18, p. 18; 21-12-18, p. 14).

Although nothing can be said in defence of Father Shaw and Senator Long, the accusations made against the Minister for Trade and Customs, Mr Jensen, and also against two senators, could not be proved - as the Commonwealth frankly admitted - there being no record in their bank books, which they freely made available to the Commission, of the receipt of any money that could not be honestly accounted for. As Mr Cussen pointed out to the Commission (Minutes of Evidence, p. 94), Father Shaw undoubtedly believed that he had to grease the palms of other people besides Long, but he seems to have believed it merely on Long's statements. Long was the intermediary, and what he did with the balance of the money, if he ever received it, is unknown.

Why then was Mr Jensen singled out for such drastic treatment? The answer seems to be that as an old Labor member, with Labor ideals, he was utterly out of place among the business men who formed the National Governments of William Morris Hughes, and so they took the first opportunity that occurred to get rid of him. The following fact seems to confirm this view. In effect, the Commission's report amounted to a vote of censure upon the First Hughes Administration, yet, when a round robin signed by ex-Ministers of that Administration demanded an enquiry in the open courts, their request was refused (Hansard, Vol. 89, p. 12,321). As for the statement that

the Commonwealth was grossly overcharged for the 'Shaw Wireless Works', it cannot be sustained; the price paid was £55,000, while the value of the plant and land was estimated at £60,496. Even assuming that the valuation was too high, it would appear from the Commission's report that it was not less than £47,496, showing an overcharge to the Commonwealth of less than £8,000 on the deal – a mere bagatelle compared with the amounts it has been overcharged since with respect to its wireless service. In the words of Senator Gardiner: "One of the chief reasons for the attack which has been made upon this purchase is that the organised Marconi Companies want the monopoly of the world's patents, and Australia, with its superior wireless system, with a shop and establishment and machinery in capable hands, equipped to turn out wireless, must rapidly diminish their profits. If Australian interests are managed as they should be, the Australian Wireless System will become the United British Wireless System – and the Amalgamated Wireless Companies know it. Do Honourable Members understand now why the Amalgamated Companies are straining every nerve to wipe out the Australian System, and are fighting so bitterly and discrediting so effectively every public man who stands in their way?"

Largely because of the effect of this unfortunate scandal upon public opinion, the companies got what they wanted. Upon the recommendation of this Royal Commission of business men, the 'Shaw Wireless Works' were broken up, the machinery and plant removed to Garden Island for the use of the Navy Department, and the land and buildings sold.

WANGLED WIRELESS

In the year 1921 there were in all 20 Radio Stations owned and operated by the Commonwealth of Australia, exclusive of the three Naval Stations. Their radii varied from about 3,000 miles in the case of Sydney and Fremantle, to 300 miles in the case of Misima in the North. Mr Bruce stated in the House that, speaking from memory, their value was £150,000, but Dr Earl-Page says that it was nearer £300,000 (Hansard, Vol. 99, pp. 511 and 555). The actual figures are not available, but from the above statements we can safely assume that the stations were worth not less than £225,000, but, owing to their limited radii, although they could receive messages from Europe and America, they could only directly transmit them within the limits of Australasia. On 1st July, 1920, when these were transferred back from the Navy to the Postmaster General's Department, it was found that, as the Navy had erected buildings and installed appliances which did not pay commercially, the service was involving the

Government in a monetary loss of about £35,000 per annum (Hansard, Vol. 117, p. 2884). The Marconi Company took prompt advantage of that fact. The managing director of that company was the Jew, Godfrey Isaacs, brother to that Sir Rufus Isaacs whom the British Government created Viceroy of India, under the title of Lord Reading, as a reward for his services in selling the British Empire to the German-Jew financiers of America during the war. Godfrey Isaacs possessed all the rapacity and stubborn perseverance of his race, and believed devoutly that Governments existed to be bullied (if possible) or bribed (if necessary) into giving him what he wanted – a sort of modern Jew Suss. Early in 1919 he had sent proposals to the Hughes Administration to install a commercial service between England and Australia which were ‘unsympathetically received’ (‘Argus’, 11-3-19, p. 14), but in June, 1921, when Hughes attended the Imperial Conference, he found the Marconi Company well represented thereon and the wireless question very much to the fore. What influence they brought to bear upon Hughes at that conference is unknown, but it must have been mighty, for he alone of all the delegates refused to subscribe to Sir Henry Norman’s Imperial Wireless Scheme (‘Argus’, 17-12-21, p. 21), and upon his return to Australia he laid before the House for its approval, at the very tail end of the session (24-11-21), one of the most extraordinary documents that has ever appeared there.

This ‘Draft Agreement between the Commonwealth of Australia and Amalgamated Wireless (Australasia) Ltd.’ handed over to Amalgamated Wireless all the existing Commonwealth Radio Stations, plus £500,000, in return for a bare majority of shares in the company and three out of seven directors. Said Hughes: “I cannot say what is the total number of share holders of Amalgamated Wireless, but they are all Australian citizens” (Hansard, Vol. 98, p. 13,979). Let us examine that statement. Amalgamated Wireless (Australasia) Ltd. was an amalgamation of the Australian Wireless Company and the Australian Marconi Company, registered in Sydney in 1913, when its capital consisted of 140,000 £1 shares. In December, 1918, the different Marconi interests in England, Germany and Australia held between them 73,347 of these shares (Hansard, Vol. 88, p. 9774), so that it was to all intents and purposes a foreign company to which Hughes proposed to give all our wireless stations and equipment, together with £500,000 and a monopoly of the Commonwealth Wireless Service, in exchange for a sleeping partnership in their business. Well might Mr Charlton say: “I am surprised that such an agreement should be put before us for ratification”; in fact, some of Hughes’ supporters were also surprised, and said so, and Hughes finally moved that a Select Committee should be appointed to go

thoroughly into the agreement. They were to report to Hughes, not to Parliament, and if their report was favourable he was to act upon it. The Committee duly met, and, having kicked Hughes' agreement into the waste-paper basket, they laid their heads together and the sum of their united wisdom came forth in the shape of a document not very much better – in fact it is a shocking example of bad draftsmanship and indifference to Australia's interests. Since the Commonwealth still suffers under this agreement (signed, sealed and delivered 28-3-1922), we must examine its main provisions in some detail.

1. The first thing to be noted is that no term is fixed to the duration of the agreement – it is apparently to remain in force for ever. The only way for the Commonwealth to get out of it is to 'acquire on just terms compulsorily or otherwise' the shares held by other shareholders (Clause 21).

2. The capital of Amalgamated Wireless was to be increased to £1,000,000 in shares of £1 each, of which the Commonwealth was to be allotted 500,001 shares; 2/- per share was to be paid on allotment and three calls of 6/- each were to be made at intervals of three months (Clauses 1 and 2). These provisions gave the Commonwealth a bare majority of shares.

3. The Commonwealth was to appoint three directors; the other shareholders were to appoint three more, and these six directors were to appoint a seventh. In the event of the voting being equal, the matter was to be referred to an arbitrator mutually selected, or, failing such mutual selection, to the Arbitration Court. This seventh director was to hold office for three years and could only be removed by the unanimous vote of the other directors. The Board of Directors so constituted was to appoint its own chairman, but it was not expressly stated that he was to hold a casting as well as a deliberative vote (Clause 3). Everything, therefore, depended upon the Commonwealth representatives on the Board whether it had a say in running the company or not. The men appointed were John Stinson and Sir William Vicars – representing also large financial interests – and George Mason Allard, who was a director and partner in the firm of Beard, Watson & Co.. The representatives of the other shareholders were E. T. Fisk and Langley Webb (directors of the old Amalgamated Wireless Company) and C. P. Bartholomew, who was also a director and partner in the firm Beard, Watson & Company. According to Anstey, the firm of Beard, Watson & Company was a mere trading name for Bartholomew, Allard & Company, and Bartholomew held 10,860 shares in Amalgamated Wireless, probably on behalf of the firm in which he and Allard were partners and fellow-directors (Hansard, Vol. 99, p. 663). It will be seen, therefore, that

Amalgamated Wireless could rely upon a majority of the directors, whoever the seventh man might be, but they kept this little fact quiet, and to make assurance doubly sure, they decided to get the seventh man also. The Commonwealth's representatives had nominated Frank Leverrier, K.C., vice-chancellor of Sydney University, for the position, and Amalgamated Wireless opposed to him their old chairman, Sir Thomas Hughes. The voting was equal and the matter was referred to Mr Conssett Stephen, of a firm of lawyers, as arbitrator. He gave his decision in favour of Sir Thomas Hughes (Hansard, Vol. 99, p. 499-501).

The thing was a little too barefaced, and Parliament roared with indignation. As Amalgamated Wireless had undertaken to do certain things, under penalty of cancellation of the agreement, within an impossible time limit, they could not afford to ignore the Prime Minister (Mr Hughes) when he informed them that Sir Thomas Hughes' appointment could not be accepted. Sir Thomas withdrew and Mr Hughes himself accepted a position on the Board, only to find that Amalgamated Wireless still had a majority of its votes. As Mr Fenton put it: "Very few Governments, including the British Government, which have had to do with the Marconi Company have escaped being more or less bitten". In fact the Commonwealth's position soon became worse, for Mr Stinson, one of its representatives, died, and he was not replaced until Senator J. D. Millen, in September of 1924, drew the attention of the House to the fact that 'a member of the Board who is in Heaven cannot exercise his vote'. Shortly afterwards, Millen was placed on the Board himself - to silence him it was said, as it was dangerous that such a man should be directing attention to what he considered a scandal (Hansard, Vol. 114, p. 4427-4430). If that was the reason for his appointment, it certainly was crowned with success; henceforth Senator Millen draws his £300 a year directorate fee and defends the company he formerly attacked (Hansard, Vol. 117, pp. 2947 & 3150).

The agreement also provided that the company should not enter into, or be a party to, any commercial trust or combine (Clause 3) which, in view of the past history of Amalgamated Wireless, was, one would think, a very necessary provision.

4. Amalgamated Wireless undertook under Clauses 5 and 6:

To construct, maintain and operate in Australia the necessary stations and equipment for a direct commercial wireless service between Australia and the United Kingdom (5a).

To provide feeder stations for wireless connections between

the main high power stations and the capital cities of the States, and also the merchant ships round the coast of Australia (5b and c).

To provide main trunk stations in Australia, in the United Kingdom and in Canada within two years (5f and g).

To take over the existing 20 Commonwealth Radio Stations at a valuation to be made by a committee consisting of two representatives of the Commonwealth and two representatives of the company, with an independent chairman appointed by a majority of the representatives; in default of agreement, the matter to be referred to an arbitrator mutually selected, or failing mutual selection, to the Arbitration Court – the amount of the valuation to be deducted from the last payment of capital made by the Commonwealth to the company. For three years (for seven years in the case of New Guinea) the Commonwealth was to pay all the expenses of running these stations and was to receive all revenue derived from them – so that any loss made should be borne by the Commonwealth, not by the company (5h and 6).

Let us see how Amalgamated Wireless honoured its obligations under this agreement. In September, 1923, the tender of the Marconi Company to erect a high power transmitting station in Australia for £480,000 was accepted by Amalgamated Wireless, the tenderer undertaking to erect similar stations in Great Britain and in Canada. The Marconi Company then approached the British Government not merely for a license to communicate with Australia, which the Government was willing to grant, but for a world-wide license, which it, having good reason to distrust the Marconi Company and dislike its methods, absolutely refused ('Argus', 9-2-24, p. 14). Although the Marconi Company made use of Bruce, who became Prime Minister of Australia on 9-2-23, to bring pressure to bear upon the British Government ('Argus', 7-1-24, p. 9; 2-5-24, p. 17 & 10-5-24, p.31; etc.), they had their labour for their pains. Amalgamated Wireless, therefore, found itself unable to keep its agreement and the Commonwealth had a glorious opportunity of cancelling it, but, instead, Bruce notified the press that Australia would not abandon the company or enter into the new Empire Communication Scheme. He accordingly got an Act passed (Wireless Agreement Act of 1924) relieving the company of its obligations to erect stations in the United Kingdom and in Canada, 'as the British Government is doing it in the United Kingdom and a station is also being erected in Canada which will be capable of communicating with Australia'. The Beam wireless system had just been discovered to be practical for long distances, and the Bruce-Page Administration decided that Amalgamated Wireless should erect a Beam (instead of a High-Power) Station in

Australia at a cost not to exceed £120,000, "but it will probably be much less", said Bruce (Hansard, Vol. 107-8, pp. 2490 & 3522). When, however, the Beam System was finally inaugurated on 8th April, 1927, it was found that the total cost of establishing the service was approximately £300,000 (Hansard, Vol. 118, p. 4155). When we remember that the Royal Australian Air Force established at Point Cooke, for less than £100, a wireless equipment which provided a regular service between Australia and Great Britain, and that the ship *Jervis Bay* kept in touch with Australia during an entire voyage to England by means of a quite inexpensive wireless set ('Argus', 15-11-26, p. 11) one wonders whether the Commonwealth did not pay through the nose for its Beam Stations – good though they have proved themselves to be.

After two and a half years from the signing of the agreement by Amalgamated Wireless, the position, with regard to the Radio Stations taken over from the Commonwealth, was that the Commonwealth had paid £88,000 loss, said to have been incurred by the company in running them, so that Australia saved nothing by their transference. The Committee to value these stations had never been appointed because Amalgamated Wireless would not nominate their two representatives. The company's idea seems to have been to let these stations run to wrack and ruin before appointing a Committee to value them, so that they would be able to acquire them for next to nothing. Says Senator John D. Millen: "These people declared that the shore stations were worth nothing – that they would not function – but I find that the company continues using them although practically nothing has been done to them. The company has strung on the Government and the Departments until I do not think anyone in the Commonwealth service knows what the actual position is. If not in a legal sense, at any rate in a moral sense, Amalgamated Wireless has practically ignored the agreement" (Hansard, Vol. 109, p. 4196-7). When the Committee was finally appointed, it refused to accept the company's valuation of these stations, and the matter was referred to a Mr Swanton, of Melbourne, as an independent expert. Who that gentleman was, the author cannot say, but on 11th August, 1926, Mr Gibson told the House that a sum of £56,500 had been arrived at for the value of the stock and plant taken over by the company, which sum represents, apparently, about one-fourth of their cost price and which, as we shall see, was never paid (Hansard, Vol. 114, pp. 4425 & 5312).

Meanwhile the Broadcasting Companies, who had taken out licenses under the Wireless Telegraphy Act as 'Class B' stations – i.e. stations not receiving any portion of the fees paid by listeners – were

being absolutely bled white by the claims of Amalgamated Wireless for royalties upon alleged patent rights and by the exactions of the Australian Performing Rights Association. The activities of this latter company exhibit a good example of the difference between theory and practice. The theory upon which the Association was formed – that composers and authors were entitled to some share in the profits of the Broadcasting Companies – was eminently just and reasonable; but in practice, those who controlled the Association in Australia – R. Nathan (chairman), E. Lashmar, C. Darling, W. Bassett and George Sutherland (directors) – made of it an instrument of intolerable injustice and extortion. Its methods have been described as closely resembling blackmail and piracy. It claimed to control 98% of copyright musical works, but, says Mr Nairn (Hansard, Vol. 133, p. 871), "it pursues a policy of concealment; it will not declare where it stands or what copyrights it holds. The consequence is that users of music are subjected to a kind of blackmail. They cannot find out what music is copyrighted, yet if they perform certain copyright works in ignorance, they are called upon to pay fees, or else a writ is issued against them claiming damages and an injunction. A great deal of ingenuity has been displayed by the Association in reconstructing the works of great masters; music which has been in more or less common use for 20 or 30 years is, in some cases, rewritten and slightly altered, so that a new copyright may be obtained". For putting a sonata of Beethoven's upon the air, a Broadcasting Company was charged copyright – although Beethoven had been dead for 92 years – because five years previously the composition was reset to trio music in America. Dr Earle Page states that: "If a 'B class' station wishes to broadcast a service from a country church – this restriction is imposed even on the Psalms of David; the practice is to alter a few bars of the setting to enable the copyright law to become effective for the next 40 years" (Hansard, Vol. 134, p. 95). "It demands royalties", says Mr Guy, "not only from Broadcasting Companies, but also from the proprietors of public tea rooms and halls in which listening sets are established. In numerous instances the Association is paid a dozen times for the broadcasting of one piece of music" (Hansard, Vol. 134, p. 84).

'Class A' stations, even though they received the greater portion of the fees paid by listeners, also suffered badly from these bleeding processes. 3LO, Melbourne, was run by a company in which Farmer & Co., Buckley & Nunn, J. & N. Tait, J. C. Williamson Ltd. and the Herald and Weekly Times Publishing Co. were all large shareholders. By using what should have been a public service to advertise themselves, their own artists, their own records and their own goods, they seem to have avoided many exactions and to have prospered

accordingly; but theirs was an exceptional case and for the most part shareholders in these companies 'received no dividends at all'.

The complaints of the listeners and the demands of the Broadcasting Companies at last galvanised Bruce into action, and a Royal Commission on Wireless was appointed (28-1-27) "to report on Wireless Broadcasting within the Commonwealth in all its aspects". The fact that its personnel was neither Labor nor Liberal, but non-political, makes the findings of this Commission of exceptional interest. It reported that the dissatisfaction existing throughout the Commonwealth arose very largely out of the acts and omissions of Amalgamated Wireless (Australasia) Ltd.. The demands of the company for patent royalties extended over every field of radio and in almost every instance had created friction and ill-feeling. They had been based upon the principle that the company was entitled to exact from the public whatever it could get, and the conduct of the managing director in carrying out the powers entrusted to him had created an atmosphere of hostility and distrust that had been manifest to the Commission throughout Australia. Its own selling agent in Western Australia said (though he afterwards found it advisable to withdraw the remark): "I know that Amalgamated Wireless (Australasia) Ltd. is undoubtedly the worst hated firm in Australia". Not only had the company made demands on radio dealers which, in the opinion of the Commission, were excessive, but they sought to impose terms and conditions in their licenses which were oppressive and unfair. The license form was a stereotyped printed document, and the licensee was aware when he signed it that the company could, if it chose, prevent him from carrying out his business. The value of the company's patent rights was, according to their books, £93,000, yet in one year (1926) they had collected from the Australian public £38,100 in respect of them, or 41 percent upon their capital value. But the conduct of the company, with regard to patents claimed by it, had caused a bona fide doubt in the minds of those interested as to whether the company itself regarded them as valid. It had exhibited the utmost reluctance to fight in those cases where its rights were challenged, both in Australia and New Zealand. (As a matter of fact, when it was finally forced into the Australian Courts, out of two cases, it lost one and only gained the other by default, its opponent deciding not to go to the expense of defending the case) (Hansard, Vol. 134, p. 82). With regard to the land and coastal stations taken over from the Commonwealth by the company, the reasons why the Commonwealth should resume possession of them at the earliest possible opportunity were, in the opinion of the Commission 'overwhelming'. The claims of the Australian Performing Rights Association it characterised as excessive. The Commission accordingly recommended:

- (1) That the charges made by Amalgamated Wireless on the Broadcasting Companies be reduced to 2/- per every listener's license (It had been charging 5/-).
- (2) That the charges made by Amalgamated Wireless on revenue-earning 'B Class' stations should be limited to 10 percent of the gross revenue of each station (It had been demanding up to 25 percent).
- (3) That the charges made by Amalgamated Wireless on radio dealers should be reduced to 5/- on each valve holder (It had authorised its managing director to charge 12/6).
- (4) That terminal charges on messages should be borne by Amalgamated Wireless, not the Postmaster General's Department.
- (5) That the land and coastal stations taken over by Amalgamated Wireless from the Commonwealth should be re-acquired by the Commonwealth; the consideration (if any) paid to the company to be determined in the same manner as when they were acquired by the company.
- (6) That, in default, the Commonwealth should take over the shares of Amalgamated Wireless that were privately held, at a just valuation, and run the wireless service itself.
- (7) That the royalty payable to the Australian Performing Rights Association, for broadcasting musical copyright works, be limited to 4 pence per item per performance, and that no limitation should be placed on the number of copyright items which the Broadcasting Company might broadcast. (The Association had been receiving from 'A Stations' 10 percent of their revenue in respect of the first 100,000 licenses issued and 5 percent on any excess, while from 'B Stations' it was demanding as much as 3/6 per item broadcast).
- (8) That the control of the Broadcasting Stations should remain in the hands of the Postmaster General, subject to their administration by an Australian Wireless Committee consisting of the Director of Postal Services (chairman), a wireless service officer and a broadcasting officer.

Such was the Commission's report. A circumstance to which it might have paid more attention was that Amalgamated Wireless, in spite of its extortionate charges, distributed no dividends between the years 1922 and 1925, although prior to the agreement it had paid a steady 5 percent. The following table will show how its profits were

used to build up formidable assets at the expense of the Australian shareholders and the Commonwealth Government:

Assets	1921	1925
Patent rights	£93,000	£93,000
Reserves	2,180	66,552
Plant, land, stock, etc.	103,355	270,390
War bonds, fixed deposits, etc.	15,920	36,662
Shares in other companies	Nil	12,352
Unspecified assets	Nil	120,000
	-----	-----
	£214,455	£598,956
	=====	=====

(Wild Cat Monthly, 6-12-24; Hansard, Vol. 114, p. 5314)

As for the Commission's recommendations, the Bruce-Page Administration practically ignored them in the new Wireless Agreement Act which they passed through Parliament on 22nd November, 1927, and which provided, inter alia:

- (1) Amalgamated Wireless was to pay terminal charges on all wireless messages received at or dispatched from their wireless stations. (Terminal charges are charges for transmitting wireless messages over land lines. The International Convention on Telegraphy and Radio had - presumably in the interests of the cable and telegraph companies - imposed these charges on all messages transmitted by wireless, whether land lines were used or not, and as Australia was a party to the Convention, Bruce had to make Amalgamated Wireless pay up. The amount involved was approximately £45,000 per annum, besides £25,000 in respect of amounts already due. Clause 13).
- (2) As compensation for Amalgamated Wireless doing what it was obliged to do, Bruce allowed it, in defiance of the Royal Commission's recommendations, to keep possession of the Commonwealth's land and coastal stations, and in return for 30 percent (£10,000) of their total annual revenue (£35,000) he agreed to pay the company £45,000 a year to make good its annual loss on them, which the Commission had stated, upon figures supplied by the company, to be only £25,000. (Clause 12). (If this £25,000 did really represent the difference between receipts and expenditure, the company stood to gain £10,000 a year on the deal, but if the £25,000 was merely the cost of running the stations, then the company would receive a present of £45,000 per annum in return for the £45,000 it had to pay yearly

in terminal charges. In the latter case one must admire the pure beauty of the transaction.) (Hansard, Vol. 116, p. 1559; Report of Royal Commission).

- (3) In addition Bruce allowed Amalgamated Wireless to set off the £56,500 they owed the Commonwealth for these stations against the above payments to be made to the company by the Commonwealth. (As the Commonwealth should never have made these payments at all, it is no exaggeration to say that the company got our coast stations guaranteed against loss for nothing. Clause 12.) (Hansard, Vol. 117, p. 2884)
- (4) Amalgamated Wireless agreed, for five years only, to waive its alleged patent rights – with the proviso that users of wireless licenses (except listeners' licenses) should agree to be bound by a license drawn up by it and the Commonwealth – in return for 3/- per listener per annum. Clauses 5, 6 and 21. (The list of listeners contained then 250,000 names – giving the company an annual revenue of £37,500 – and the number was rapidly increasing.)
- (5) No department of the Commonwealth was to carry on any commercial wireless service in competition with Amalgamated Wireless. (Clause 14 (6).)

The next thing to happen was the formation of what was practically a broadcasting monopoly in Australia. On 23-5-1928 it was announced in Parliament that the Victorian, Tasmanian, South Australian and Western Australian 'A' stations were to be brought under one control; that the New South Wales stations had pooled their interests and were to be 'co-ordinated' with the Victorian Company; but that the station in Queensland, belonging to the Queensland Government, would not be forced into the 'co-ordination', although it was anticipated that it 'would fall into line with the rest'. Mr Hill told the House that Amalgamated Wireless controlled the activities of two stations, one in Melbourne and one in Sydney, so that in all probability it was the driving force of the 'co-ordination'. (Hansard Vol. 118, pp. 3918 & 5092). Obviously then these vested interests, having been carefully created, would have to be compensated for any Government action interfering with their rights; so the Wireless Broadcasting Advisory Board, recommended by the Royal Commission, was appointed, and upon its advising that the 'A' stations should be acquired by the Government, the Bruce-Page Administration took over, by 4-9-29, the following stations at the prices shown after them in brackets: 6WF (£7,000), 2BL (£7,500) and 3AR (8,500). The other 'A' stations were taken over at the termination of their licenses,

and claims for compensation to the extent of £64,000 were made upon the Government. (Hansard, Vol. 121, p. 521 & Vol. 122, p. 919).

But even this sort of thing could not stop the progress of wireless. The 1922 Agreement had stipulated for a service of 8,640,000 words per annum; the 1924 Agreement for one of 12,960,000; but the guaranteed capacity of the Beam (established 8-4-27) was 26,000,000 words per annum with a possible 50,000,000, and the demand arose for a penny-a-word wireless service instead of one which charged 1/8 per word. The big cable companies and the foreign telegraph companies had fought wireless bitterly from the beginning. The establishment of the Beam brought their charges down with a run from about 4/- to 2/- per word, but a penny-a-word service, though an inestimable boon to everyone else, meant their ruin. They accordingly 'moved Hell and Earth' to buy up shares in wireless companies so as to obtain some measure of control and enable them, in the gentle language of commerce, 'to protect their mutual interests', or in vulgar speech, to keep up prices. A committee from the various Governments concerned was appointed to consider the matter, and, as Australia held a third interest in the Pacific Cable, she had her representatives at the Conference. The result was that a Merger Company (Imperial Communications Company) was formed which took over the Pacific Cable, certain other Imperial Cables, and the Beam Wireless System, on a lease for 25 years (Hansard, Vol. 120, p. 697). But the advocates of a penny-a-word system carried matters so far that on 21st February, 1929, a Select Committee was appointed to report upon the practicability of the Scheme. The Committee came to the following conclusions:

1. That the value of the Commonwealth Telegraph Department was about £11,000,000. Its charges were fixed by Parliament and did not exceed a half-penny a word for the bulk of its ordinary messages. In addition, 141,000,000 words were dispatched annually on behalf of the Newspaper Press which had been powerful enough to force a very much lower rate upon the Government. These press messages entailed an enormous amount of work and involved the Department in an annual loss of from £200,000 to £300,000 a year – practically its entire loss which amounted in 1928 to £312,000. At a charge of a penny per word the department would pay handsomely.

2. That through the formation of the Merger Company (Imperial Communications Company) in England, the interests of the Cable companies were safeguarded and the Beam was not allowed to reduce its rates to an extent that would enable the public to reap

the full benefits of this invention of science. The result of the merger would have the effect of retarding cheap communication for the mass of the people.

3. That the rates for telegraphic communications between England and Australia were too high for 80 percent of the people to take advantage of it, although business concerns, newspapers and other public and private institutions made constant use of the Cable and the Beam; "but", said the Hon. William Brooks, "if the rates were reduced to a penny per word – the growth of domestic and social communications would be tremendous".

The Committee, therefore, recommended that the wireless stations should be owned by the Government and that all overseas telegraphic communications should be under Government control; also that wireless should be developed to its fullest extent, unhampered by cable considerations, and that plants capable of dispatching messages at a penny-a-word should be provided as soon as possible.

The Bruce-Page Administration made no attempt to bring about a penny-a-word service. Late in 1930, when the Scullin Administration was in power, Amalgamated Wireless, in conjunction with Imperial Communications, made an attempt to force the Government to ratify a draft agreement between the Commonwealth and these Merger Companies with regard to overseas communications. They made promises to reduce the cable charges to the same rates as Beam charges and threatened wholesale dismissals to wireless staffs in Australia if their demands were not accepted; but the Administration, which at that date retained some measure of self respect, replied that 'it has not yet been decided that a ratification of the Agreement is in the best interests of the nation' (Hansard, Vol. 127, p. 835).

As already stated, the Bruce-Page Administration did take over the 'A Class' private broadcasting stations. Tenders for a supply of programmes for three years were called for, and the Australian Broadcasting Company was formed for this purpose, with a very limited list of shareholders and a paid-up capital of only £1,507 (Hansard, Vol. 125, p. 4231). One of its members had an interest in the Performing Rights Association, and it commenced operations in June, 1929. It seems to have had an annual revenue of about £200,000 per annum, and although it had to pay Performing Rights Association £35,000 a year in addition to its artists' fees, yet as its studios and broadcasting stations were both supplied by the Postmaster General's Department, it probably paid its shareholders a very handsome dividend on their extremely small capital (Hansard, Vol. 133, p. 954). This Company was either making too good a thing out

of the business, or it was not sufficiently subservient to the Lyons Administration, for early in 1932 the Government brought in a Bill to replace the Australian Broadcasting Company by a Commission composed of a Chairman, Vice-Chairman and three other members on small salaries, to control the policy of the Commission, while an expensive General Manager looked after its administrative side. Said Lyons: "The Government's aim is to provide able and impartial trustees to provide programmes for entertainment as well as for information in an acceptable form". These 'able and impartial trustees' consisted of the undermentioned persons:

Name [Position]	Qualifications
Mr C. Lloyd Jones [Chairman]	Large Sydney retailer, accustomed (according to Mr Beasley) to threaten to dismiss his employees if other political parties than his own were returned to power.
Mr Herbert Brookes [Vice-Chairman]	Ex Trade Commissioner to New York (appointed by Liberal Government)
Mrs Claude Couchman	President of Victorian Branch of Australian Women's National League. Liberal Organiser for Southern Victoria.
Mr R. Orchard	Ex Liberal Minister.
Professor R. Wallace	In close political association with the Liberal Party.

To ensure that the programmes should provide entertainment and information 'in an acceptable form', Mr Williams was appointed manager. "A man", says Mr Beasley, "who is unable to broadcast even the news of the day without colouring it to suit his own political opinions", while as an additional safeguard, the Minister was given power to prohibit the broadcasting of any matter. A most sinister privilege granted the Commission was that of issuing interest-bearing debentures or stock to the extent of £50,000, *of which the Government guaranteed both principal and interest* (Hansard, Vol. 134, p. 1150 & Vol. 135, p. 560). The Bill was duly passed.

Before leaving this subject, it cannot be too forcibly pointed out that the reason given for the strict censorship to which broadcasting has been subjected from the first, namely, that controversial matters are banned owing to the fact that, as listeners are of all shades of

opinion, some of them would be sure to be annoyed, is pure and unadulterated nonsense. The same reason could be urged in the case of newspapers. No one is forced to listen to wireless any more than he is forced to read a newspaper, and if one does not like anything which is coming over the air, whether it is criticism of our present financial system or the moans of crooners, he can switch off until it is finished. The few cases of open indecency which have occurred in connection with broadcasting have been punished under existing law, and the punishments can be increased to any measure of severity necessary to prevent them recurring. The true reason for the censorship is fear, and, our Governments for some years past having been cowardly and corrupt, their censorship of all wireless criticism of the methods by which we are being deprived of our economic and personal freedom has been as rigid as the private censorship exercised by vested interests over the news in the daily press. Australia at present is in an intellectual backwater, a fact which is at once apparent to those Australians who have occasion to go abroad.

In October, 1932, Members of Parliament were surprised to receive circulars from Amalgamated Wireless extolling its own virtues and the genius of its Manager, Mr E. T. Fisk. Upon looking into the matter, they found that Part 2 of its 1927 Agreement with the Commonwealth, under which it received 3/- per listener - in 1932 amounting to £73,000 a year - for alleged patent rights, was about to expire and could be terminated by 12 months' notice. Hence the propaganda. They also discovered that although the Commonwealth had three Directors upon the Board of Amalgamated Wireless, no one could say definitely what the Managing Director's salary amounted to. It was variously stated to be from £5,000 to £7,000 per annum with another £3,000 a year as 'entertainment allowance'. Part 2 of the Agreement was accordingly terminated in 1933, when the following figures were given by Mr Parkhill as showing the monetary position at 30th June, between the Commonwealth and the Company. (Hansard, Vol. 141, p. 3979)

Commonwealth paid in Royalties upon Patents (valued in the Company's Books at £93,000)	£296,625
Commonwealth paid in Subsidies re Coastal Stations	358,154

	654,779
Commonwealth received in dividends	152,058

Loss to the Commonwealth	£502,721
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It will be noticed that, during all these years, no effective action had been taken to curb the rapacity of the Performing Rights Association. Canada repudiated its claims and the Association quickly came to terms; the Irish Free State fought it in the Courts and won; in New Zealand and South Africa very little was paid to it; but "in Australia", said Mr Thompson (Hansard, Vol. 133, p. 975), "where we have never contested the claims of the Association, we are robbed and exploited to the tune of half the total revenue collected by the Association throughout the whole Empire". To all demands for redress the Bruce–Page Government answered that "the Commonwealth was at present governed by a Copyright Act based largely upon international Agreements, and any action taken would have to be taken most discreetly". They called conference after conference of the parties concerned and begged them to be reasonable, but did little else. In 1933, the Association decided that the £221,000 it had collected from Australia between the years 1926 and 1931 (about £37,000 annually) was not enough and proposed to increase its rates (Hansard, Vol. 142, p. 4065).

On 17th November, 1931, another Association, The Australian Record Manufacturers, also claimed performing rights, and issued to all broadcasting stations in Australia and New Zealand a written notice forbidding the use of their records for broadcasting purposes. As they practically controlled the Australian market for high class records, incorporating the best music, they could impose such terms as they thought fit. On 9th September, 1932, an agreement was made between them and the 'A Class' stations, but the ban at that date was still upon 'B Class' stations, and only very inferior records were available to them. So on 19th September, 1932, Mr Justice Owen was appointed to a Royal Commission on Performing Rights. He reported (24-4-1933) that it was difficult to imagine any other monopolies with such powers; they could dictate their own terms; there was, and unless the law was altered there could be, no restraint placed upon their demands.

At long last, therefore, the law was altered. The Copyright Act of 1933 provided that in the event of a dispute between the owners of copyrights in literary, dramatic and musical works (or the manufacturers of records by means of which such works may be mechanically reproduced), and any person using or desirous of using any such works or records – any party to the dispute might apply in writing to the Attorney-General for the determination of the dispute by an arbitrator mutually selected, or in default, appointed by the Attorney-General. The Arbitrator's decisions, whatever they might be, were not to be deemed an infringement of copyright law.

Here ends the Story of the Commonwealth Wireless Service and the product of calm reflection upon it would seem to be:

- (1) A public service is best incorporated in a public body, administered by a public official responsible for the results to the Government of a country, since private monopolies, and to a still greater extent private businesses, have of necessity to consider private rather than public interests. But when a private monopoly – like the money monopoly at the present moment – controls the Government of a country, the public suffers whether the service is publicly or privately administered.
- (2) If the Government of a country controls the country's money – as it was in the case of Australia not so long ago – it can, if it pleases, control the policy of all private businesses and monopolies without interfering with their administrative side; and in this case it matters little whether the public service is in public or private hands – the public gains from it.
- (3) If the Government of a country frees its citizens from the fear of destitution by means of a National Dividend, accompanied by administrative machinery which will ensure a just price for all commodities, it will, at one stroke, force all private businesses and monopolies to grant decent remuneration and working conditions to their servants – otherwise it will not get them to serve. This is the state of things foreshadowed in the Social Credit Proposals of Major Douglas.

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ABOUT THE AUTHOR

Very little is known about the author of the 'Commonwealth Stories' series of books except what can be gleaned from an undated copy of a transcript of evidence Mr Amos gave to 'The Dean Case'. From the transcript it is probable that it was written in 1944.

Mr Amos was born in the late 19th century and served as a front-line soldier in the Boer War and the First World War, but was rejected when he volunteered for the Second World War on account of his age.

He held F.A.I.S. qualifications in accountancy. During the 1920's he studied the subject of money at the Adelaide University. He initially becoming a supporter of Socialism, but later realised the great wisdom in the writings of C. H. Douglas and became a strong advocate of Social Credit. In addition to the five books here republished as 'The Commonwealth Stories - Volumes 1 and 2', he wrote 'The Story of the Commonwealth Bank' which is published separately and several papers on banking and money.

In 1941 Mr Amos published Australia's Balance Sheet, National Credit Account and Revenue Account to illustrate the correct way in which Australia's financial affairs should be managed. In 1950 he produced an updated set of figures showing how a National Credit Account and Balance Sheet should be used. These were distributed widely and their accuracy has never been disproved.

Mr Amos died in a motor vehicle accident. Thanks go to Mr D. M. Beavan of Enfield, South Australia for this brief outline of Mr Amos's contribution to the better understanding of money and of Social Credit.

Books by D. J. Amos:

The Story of the Commonwealth Bank (published separately)

The Commonwealth Stories – Volume 1:

*The Story of the Commonwealth Oil Refineries
and the Search for Oil*

*The Story of the Commonwealth Railways
and the Note Issue*

The Story of the Commonwealth Woollen Mills

The Commonwealth Stories – Volume 2:

The Story of the Commonwealth Fleet of Steamers

The Story of the Commonwealth Wireless Service

