

CHAPTER XI

HOW AUSTRALIA CONTROLS THE FOOD PROBLEM

FROM the beginning of the Australian settlement there has been a marked tendency toward state socialism and the control of property in the public interest. The Australian colonies are, in fact, the only colonies of Anglo-Saxon stock that have abandoned the *laissez-faire* philosophy which prevails in Great Britain, the United States, and Canada. The railroads were obviously destined to be owned by the state, owing to the fact that lines had to be built to develop the interior of the country and to open up the mining regions. Private capital would not undertake such ventures or was only available at exorbitant rates. Even to-day railroads are being built with the aim of developing sections of the country which will not be profitable for generations. But they open up the territory and justify themselves in this way. As soon as existing lines become profitable extensions are built into new territory. This keeps down profits. There were 18,653 miles of railway in the commonwealth in 1912, of which only 1,755 miles were in private hands. Of these nearly one-half were timber and mining lines not open to the public. Freight rates and

passenger fares on the private lines are double and sometimes treble those on the state-owned railways, and the former make no concessions in time of emergency.

As in Germany, Denmark, and Switzerland, the railroads are operated for the upbuilding of the state. As Australia is primarily an agricultural nation, the aim is to aid the farmers in every possible way. An instance of such assistance in times of stress is the activities of the railways of Victoria in the drought of 1914, when they carried live stock from the affected areas to the green state forests along the seacoast. The railways also hauled water for household and stock use to the dried-up areas.¹ The government railways are equipped with refrigerator-cars and can accommodate the model travelling dairies sent out by the state for the instruction of farmers. This is indicative of the operating policy. The railways are treated as are the roads and highways. They are means of communication, not for profit but for public service.

New South Wales, Victoria, Queensland, South Australia, and West Australia have splendid workshops for the manufacture and repair of rolling-stock. An instance is cited in which the government shops at Newport, in competition with private works on a contract for engines, bid so much lower than the private interests that the latter accused the man-

¹ Elwood Mead, in *Metropolitan Magazine*, January, 1917.

ager of the government works of not knowing his business. An official investigation revealed the fact that the Newport bid not only allowed for reasonable profit but might even have been made lower still.¹ New South Wales has the biggest railway mileage in the commonwealth, having one mile for each 457 people.

All of the Australian states and New Zealand operate a number of agencies to aid the farmer to market his produce. The railroads are the chief means of promoting agriculture and for protecting the farmer. Among these agencies are commercial agents to investigate foreign markets. Wharves and docks at the seaports are owned by many of the states, as are also ship-building yards and cold-storage warehouses. Grading of produce for export is a function undertaken by some of the states to keep the shipper up to certain standards. A careless shipper is not allowed to spoil the market for the others. This is also the Danish practice.

As a result of all these activities freights have been lowered in price and the service has been improved. The Australian shipper can send his butter 12,000 miles to England for one cent a pound and his fresh meat over the same distance for $\frac{3}{4}$ of a cent a pound. To send food from California to New York, one-third the distance, costs three times as much.

¹ *Australia's Awakening*, W. G. Spence, 452.

Just after the war broke out Australia found herself with an unusually large wheat crop on hand and an insufficient supply of vessels to transport it, owing to the withdrawal of steamers from that part of the world. The government immediately arranged with the British Government that all the ships carrying troops to England should carry grain in their holds. No middleman was allowed to derive any benefit from the government aid. The government bought the wheat at a fixed price of 75 cents a bushel cash and is to pay an additional sum when the sales are completed and expenses deducted. Over 150,000,000 bushels were bought by the government in these transactions.¹

In 1915 the cost of living rose so high that the government went into the meat, sheep, and hog exporting business to England in order to eliminate the middleman.²

The state of South Australia is one of the most advanced in regard to export arrangements under government management. It handles the export business of the state by a produce export department which was established in 1893 and began working the following year. It was designed primarily to help the small farmer, who was practically unable to reach the markets of the world. The department receives produce at the port of ship-

¹ Elwood Mead, *Metropolitan Magazine*, January, 1917.

² *International Year Book*, 1915, article on "Australia."

ment, usually Port Adelaide, and sells it in the London market. Rates for freight and insurance were so high on small shipments that the small farmer was practically excluded no matter how great the demand for his produce. Only collective action, undertaken by the state, could help him. The export department takes charge of his goods even before it reaches the port of shipment; the farmer merely delivers to the nearest railway station, which is state property. The produce export department eliminates the distribution, it being the only broker involved, turning over to the producer the profits that usually go to the middleman and deducting only the necessary cost of marketing. The department has no secrets. Its accounts are public, showing every transaction down to the last cent of receipts and expenditures.¹

The export department handles perishable goods and frozen food, calls for fruit, etc., at any railway station, contracts for cargo space on steamships, and sells the goods to the world markets, all at a small charge, which is about one-half what the Tasmanians pay a private firm for the same work. Eggs, poultry, lambs, butter, wine, grain, honey, rabbits—anything for which there is a demand or prospect of a demand—comes within the category of produce handled by the department. Live stock is slaughtered, dressed, frozen, and shipped.

¹ *Newest England*, Henry D. Lloyd, 323, 324.

Arrangements are made for pushing and advertising the colony's wines.¹

Abattoirs are also owned by the states or the cities as they are all over Europe. In 1908 slaughtering-yards were built at Port Adelaide, with a capacity of 8,000 lambs per day and cold-storage facilities for 20,000 carcasses. The poultry export department did an interstate trade of \$600,000 in 1907 in addition to \$100,000 worth sent to New Zealand and \$10,000 to England. In 1908 the profits of the slaughtering and freezing plants, after allowing all expenses, were \$8,700, nearly all of which was on the refrigerator-plants. The commodities sold by the export department of South Australia in 1909 were as follows: lamb and mutton, 276,119 carcasses; wine, 55,618 gallons; fruit, 153,904 cases; eggs, 51,943 dozen; honey, 95,468 pounds; oranges, 1,645 cases; lemons, 400 cases; besides poultry. The total export value in that year was \$1,414,086.²

In July, 1913, the city of Adelaide opened at Port Adelaide one of the largest and most extensive abattoirs in the world. The total area of the land belonging to the slaughter-houses is 626 acres. "Belonging to the markets are seventeen large motor-lorries, with specially constructed, isolated van bodies, which deliver at the butchers' shops"

¹ *State Experiments in Australia and New Zealand*, Wm. P. Reeves, vol. I, p. 383.

² *Australia's Awakening*, W. G. Spence, p. 458.

on a time-schedule. The city also has municipal cold-storage plants.¹

Even in the early days of the produce export department the state proved itself a good business agent. When there was little goods for export it rented its cold-storage rooms to butchers, produce-dealers, etc. It lost money for a long time, it is true, on its rabbit-sorting and refrigeration, but it received indirect returns in the greater capacity of the country to raise sheep through the mitigation of the rabbit pest.

When stock is delivered at Port Adelaide and the government does the slaughtering it returns the skin and fat to the owner but reserves to itself the other by-products, which it uses scientifically. Even live poultry is received, killed, and dressed, graded, frozen, packed, shipped, insured, and sold by the government, and the amount remitted, all according to a schedule of charges furnished the producers in advance.

In 1909 the minister of agriculture estimated that the produce export department had added \$10 an acre to the value of all lands in South Australia fit for growing lambs, butter, wine, or fruit. As soon as the export department paid 4 per cent. on its capital the charges were to be reduced. Even before 1900 it showed a profit of 3 per cent. on the capital invested.²

¹ *The Collectivist State in the Making*, Emil Davies, p. 71.

² *Newest England*, Henry D. Lloyd, pp. 325 ff.

The middlemen in South Australia were robbing the farmer of his dairy profits; so in September, 1906, the government started a dairying establishment which in 1909 was turning out four tons of butter a week. As soon as its success was demonstrated \$375,000 more was appropriated for extensions to the plant. The butter is guaranteed to be first-class and good prices are secured; also a wider market, owing to the confidence in the state butter.¹

New South Wales has an export department and government-owned port facilities at Sydney, but up to 1903 did no selling for its clients as is done in South Australia. The harbor trust of Sydney shows a substantial return on a capital investment of \$25,725,000, and the Melbourne harbor trust made a profit of \$302,060 in 1908. Both are state institutions.

Victoria pursues a similar policy. It receives, grades, and ships fruits, butter, rabbits, tobacco, and other things. It represents the shippers collectively in making contracts with steamship companies for freight, these contracts including the use of refrigerating-chambers. It arranged for the first direct steamship communication between Victoria and Manchester. Even as early as 1901 it had done so much for the dairy industry that the under-secretary of agriculture was able to say: "Victoria is now the largest exporter of butter except Denmark."

¹ *Australia's Awakening*, W. G. Spence, p. 459.

The government grades the butter in its cold-storage warehouses at Melbourne and packs and ships it. At first the cold storage was free to the dairymen, but later a charge was made. In Victoria most of the butter exported is stored by the government in its refrigerator-plants. Inferior butter is marked "pastry brand."¹ In the same way the poultry export in Victoria has been aided, size and weight of shipments being regulated by the government. The government cattle inspectors kill diseased cattle without compensation to the owner. The government began experimenting with the export of frozen rabbits, which were received at its cold-storage chambers and sorted, and thus turned what had been a pest which threatened the pastures in Victoria into a source of profit.

In New Zealand *all* the butter exported is graded and stored in government refrigerator-plants. At first a bonus was granted to dairymen producing a certain amount for export, but after the trade was well established the bonus was dropped. The function of grading has been carried on by the state since 1896. In fact, it was New Zealand that originated the system of grading for export. It also grades for domestic use. At first the innovation caused loud complaint as an interference with personal liberty, but it was soon rightly understood.

¹ *State Experiments in Australia and New Zealand*, Wm. P. Reeves, vol. I, pp. 379, 383.

This colony also provides cold-storage facilities at a low charge. It maintains a produce commissioner in London. That government undertakings of this sort are familiar in New Zealand may be seen from the matter-of-fact tone of the following news item from a New Zealand paper in 1900:

“The agricultural department has decided to make its first shipment of poultry to London in February. The department has arranged to kill and dress all birds sent to the depots to be established at each of the four chief ports, and it will also be willing to send them to the home market at the risk of the owner. A small charge will be made for killing, dressing, and packing. The cost of shipping the birds to London will be equally reasonable.”¹

At one time New Zealand products were under the domination of a shipping ring. In order to break the monopoly the government threatened to establish a line of its own, and the ring was broken. The parliamentary committee appointed to investigate the matter even advised the government to look into the possibilities of procuring steamers for conveying coal purchased by the government at the port of shipment and the opening of retail agencies under state control.

The state of West Australia, stretching across the whole western third of the continent, has its own steamers for carrying meat from the sheep-raising

¹ *Newest England*, Henry D. Lloyd, p. 333.

districts of the north to the centres of population in the south. In 1913 three of these steamers were owned by the government of West Australia. The Honorable John Scadden, prime minister, in an interview in the *Labor Leader* on February 20, 1913, called these steamers an important step in the control of the food supply. "Previously," says Mr. Scadden, "the traffic was in the hands of a combine, but by our intervention and the starting of state butchers' and grocers' shops we have effectively broken the back of the food and meat trust and have already reduced the price of meat from one shilling (24 cents) to 5 pence (10 cents) per pound, and soon we shall have complete control of the coastal shipping service. This is only the consistent corollary of the state ownership of the railways."¹

After the drought of 1914 the state of Victoria chartered ships on which 50,000 tons of hay were transported from South America for the draft animals to be used in the next season's ploughing. This action on the part of the state was an important factor in producing the unusually large crop that followed the drought. The state spent \$3,000,000 in these transactions.²

¹ *The Collectivist State in the Making*, Emil Davies, p. 33.

² Elwood Mead, *Metropolitan Magazine*, January, 1917.