

Chris Watson: Australia's second Treasurer

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The following article is the second in a series of biographies of Australia's federal treasurers. John Christian Watson was Australia's second (and youngest) treasurer, and the first national Labour prime minister and treasurer in the world. His government did not last long enough for him to bring down a budget. But his cautious pragmatic approach proved influential for subsequent Labour governments.



National Archives of Australia: A1200, L11176A.

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Introduction

John Christian Watson (usually known as Chris) was Australia's second treasurer. He was simultaneously prime minister and his minority Labour² ministry could be said to be in office, rather than in power. With his government lasting less than four months, he had little scope for far-reaching reforms. He did not even have the chance to bring down a budget. But he was the world's first Labour treasurer (and prime minister).³ He was also Australia's youngest treasurer, only 37 years old, and the only one not born in Australia or the British Isles.⁴

Watson's career before Federation

On 9 April 1867, in the Chilean port of Valparaiso, a son was born to seafarers Johan and Martha Tanck, whom they named Johan Cristian after his father. What became of Watson's father is unknown, but his mother soon after remarried, to George Watson, a Scottish miner, and her son became known as John Christian Watson.⁵ He grew up in New Zealand. He only attended school until age 10 and, after helping on the family farm, he was apprenticed as a compositor (or 'printer's devil') at a newspaper run by a

2 The spelling 'labour' is used in this article as the more common usage at the time. While both spellings appear in the caucus minutes of the period, 'labour' was used in the caucus resolution regarding the name of the party on 20 May 1901; Weller (1975, page 46). McMullin (1991, page ix) notes that the federal conference used 'labour' in 1905 and 1908 but 'labor' in 1902 and from 1912 onwards. Faulkner and McIntyre (2001, page xi) also refer to both spellings being used in Watson's time but 'labor' being adopted in 1912.

3 Strictly Watson was the first national Labour treasurer. One of his ministers, Anderson Dawson, had been Queensland premier for a week before federation, but his government was voted down the first time it faced Parliament. William Kidston had been Dawson's treasurer, and went on to serve as treasurer for a substantive term in later Queensland governments and become premier. Also serving in Dawson's short-lived administration was Andrew Fisher, another of Watson's ministers, and a future federal prime minister and treasurer.

The British Labour Party did not win government until 1924 and its New Zealand counterpart not until 1935. Similar parties in Norway and Sweden did not govern until the 1920s.

4 There have been four other treasurers under 40, mostly decades later; Bruce (in 1921), Howard (in 1977), Keating (in 1983) and Costello (in 1996). Watson was the youngest prime minister in the British Empire since Pitt the Younger, according to Grassby and Ordoñez (2001). The only other treasurers born overseas were Fisher (Scotland), Cook (England) and Bury (England).

5 This background means that Watson was actually ineligible to stand for parliament, let alone be prime minister. Watson's father was a Chilean citizen born in Germany, and section 34 of the constitution required members to be 'subjects of the Queen'. But at the time it was thought he was George Watson's son, which made him a British subject. For example, the *Sydney Morning Herald* (23 April 1904) writing of his becoming prime minister said that 'when a child, he removed with his British parents from South America to New Zealand'.

leading reformist politician. This exposure to public affairs augmented his meagre formal education.

In 1886, after the death of his mother, Watson migrated to Sydney, working for a month as a stablehand at Government House. One day the Governor, Lord Carrington, stopped for a chat, and gave him sixpence for a beer, which Watson used to buy a book, Ellis (1962).

Watson then found another position as a compositor. In 1889 he married Ada Low, an English-born dressmaker.⁶ Watson became active in the printing union and in 1890 was elected a delegate to the New South Wales Trades and Labor Council. In April 1891 he became foundation secretary of the Labour Electoral League's West Sydney branch and successfully led the local campaign. By 1892 he was both president of the Trades and Labour Council and chairman of the Labour Party in NSW. In 1894, rather than standing for a natural Labour seat in the inner city, he successfully contested the rural NSW Legislative Assembly seat of Young. He served on the Standing Committee on Public Works and was associated with the drafting of the Factories Act.

Watson was one of 10 unsuccessful NSW Labour candidates for the 1897 federation convention. While not opposed to federation in principle, he was critical of the proposed constitution developed by the convention and campaigned against it. But he readily accepted the democratic verdict and decided to enter federal Parliament.

Watson's early career in federal Parliament

Watson won the country seat of Bland, which included his state electorate. He made a good impression on Alfred Deakin, of whom he would later be a frequent ally. Deakin recalled Watson as 'an apt scholar in practical methods; level-headed and painstaking rather than brilliant; not an orator but by degrees becoming a useful debator ... [but over time] his soundness of judgement, clearness in argument and fairness to opponents won him wide respect'.⁷

Watson was chosen unanimously, to his surprise, as the Labour Party's parliamentary leader. Labour followed a policy of 'support for concessions'; voting on matters of confidence with that party willing to implement more of the Labour programme.

6 Ada is something of a mystery. Little is known of her life before she married Watson and she is the only Australian prime minister's wife of whom no photograph survives.

7 Deakin wrote these words in 1907 as an anonymous 'special correspondent' for London's *Morning Post*. Many of Deakin's columns for the paper were later published as Deakin (1968).

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Accordingly, they kept the Protectionist Party in office until early 1904, under first Edmund Barton and then Deakin.

In 1902 Watson had the establishment of a competitive national bank placed on the Labour platform. There was no 'shadow treasurer' or 'finance spokesman' at this time, but Watson usually replied for Labour to speeches by Treasurer Turner.

Watson's term as treasurer

Chris Watson was commissioned to form a government in April 1904 when then prime minister Alfred Deakin treated a Labour amendment to the conciliation and arbitration bill, expanding its coverage to include public servants, as a matter of no confidence in his government. Deakin's treasurer, Turner, was sufficiently well-respected that Watson purportedly asked Turner to stay on as treasurer.⁸ None of the other Labour members were discussed in the press as potential treasurers, and in the event Watson assumed the post himself.⁹

Ironically given that he actually had no Scottish blood at all, some commentators praised him as a Treasurer on the grounds that the public finances were 'in safe Caledonian hands ... The world has a great and well-grounded faith in Scotchmen in matters of finance.'¹⁰ Fitzhardinge (1964, page 162) interprets Watson taking on the treasury portfolio as 'a further pledge of moderation, for Watson had the knack of getting on with businessmen and winning their confidence'.

8 This was described as a rumour in the contemporary press; *The Age* (25 April 1904, page 5). By the time obituaries were being written for Turner, *The Age* (25 April 1916, page 7), it was reported as fact and is stated as such by Serle (1990). It is not as preposterous an idea as it would be in contemporary politics. Caucus voted to give Watson 'a free hand' in choosing the ministers after discussing the merits of appointments from outside the Labor Party. Watson reached outside the Labor Party to appoint Higgins, a Protectionist member, to his cabinet as he lacked experienced lawyers to fill the position of attorney-general. (He also publicly said that he had hoped to include another Protectionist, Kingston, but Kingston's health would not allow it.) As Watson lacked accountants as well as lawyers (only the flamboyant King O'Malley had any financial experience), bringing in the experienced and respected Turner would be a good way of achieving his goal of demonstrating that Labor could provide sober and responsible government. Furthermore, Labour had generally supported Turner as Victorian premier and did not stand candidates against him in 1901 or 1903. Turner's tenure as treasurer is described in an essay in the previous *Economic Roundup*; Hawkins (2007).

9 This followed the pattern set by Barton and Deakin of holding portfolios while prime minister, although they chose External Affairs rather than Treasury.

10 *Bulletin*, 28 April 1904.

Watson had some socialist leanings, such as wanting to nationalise monopolies, but was generally very pragmatic.¹¹ While not yet ready to introduce a national government-owned bank, Watson wanted to ensure banks held 40 per cent of their reserves in non-interest bearing Treasury certificates, as a means of funding national projects. Watson also aspired to introduce old age pensions.

The Labour government's main priority in office was the Conciliation and Arbitration Bill, which absorbed about half of parliamentary debate in the House. In a cruel irony, this Bill was the cause of Watson leaving office as well as gaining it when in August 1904 the parliament voted down 36-34 a clause providing for preference for unionists. The Bill was not finally passed until after Labour left office.

Watson had an office at Treasury as well as a 'prime minister's office' in the External Affairs department. He kept on George Allen, the Secretary he inherited from Turner; and four future secretaries were among the score of Treasury staff. Watson had been working towards a budget when he left office, regretting it was delayed. He commented 'I had matters in train ... everything is nearly complete'.¹²

Watson also kept on Deakin's prime ministerial private secretary, Malcolm Shepherd. In the latter's memoirs, he remarks on the similarities between the ideals of Deakin and those of the 'shy but likeable' Watson. He also opines that Watson's life as prime minister and treasurer was 'most unhappy' and suggests he was 'only too glad to relinquish' the post. Certainly the hours they worked were daunting.¹³

Watson's career after being treasurer

Watson had offered Deakin a coalition, but the Protectionist party room rejected it.¹⁴ Instead, George Reid led a Free Trade-Protectionist coalition, with Turner taking over again as treasurer. Watson became leader of the opposition.

Initially Watson said he would 'not strew tacks in the way of Mr Reid's cycle'.¹⁵ But as Reid moved from campaigning on free trade to marketing his party as 'anti-socialist', Labor became more opposed to him. Deakin gave a speech on 24 June 1905, which was

11 His peers respected him, although Beazley Snr (1966) suggests he was 'not a deep thinker' and refers to his 'tactical ineffectiveness'.

12 *Sydney Morning Herald*, 16 August 1904, page 6.

13 Shepherd describes the typical week as working days and evenings in Parliament in Melbourne from Monday to Thursday and Friday morning, taking the Friday afternoon train to Sydney, where they worked Saturday and Sunday mornings and then took the Sunday afternoon train back to Melbourne.

14 Watson's offer to Deakin was rejected in May 1904. Watson's letter is reprinted in Crisp (1955), pages 156-7.

15 *Sydney Morning Herald*, 16 August 1904, page 6.

widely interpreted as a 'notice to quit' to Reid. Watson formally wrote to Deakin on 26 June offering Labour's support to him as an alternative prime minister. Reid's government was soon replaced by a Protectionist one led by Deakin with Labour support (essentially a return to the arrangements of 1901-1903).

Watson was essentially a practical politician, focusing on 'achieving the possible'. But out of office, he became more expansive on political economy and ethics. In a 1904 address he advocated 'evolutionary socialism', which he viewed as sharing many goals with Christianity.¹⁶ Watson supported Canberra as the site for the national capital.¹⁷

In July 1905 Watson resigned the leadership but was persuaded to change his mind.¹⁸ With his country seat abolished at a redistribution, Watson won the seat of South Sydney at the 1906 election. Watson led Labour at the 1906 election, campaigning on measures (if necessary nationalisation) against monopolies, federal old age pensions, progressive land tax and a referendum on the tariff issue.¹⁹ Labour performed creditably but did not win a majority. Seared by his experience as a minority prime minister, Watson preferred to exercise influence by supporting Deakin's government. He wrote to Deakin that 'our party is not anxious for office unless a programme worth having could be carried through'.²⁰

Watson continued to take an interest in economic and financial affairs. In his response to the 1906 Budget, he broke new ground by moving attention from the budget balances to the state of the economy. He quoted a poet:

16 He angrily rejected (1905) suggestions by Reid's coalition partner McLean that Labour regarded marriage as incompatible with socialism.

17 New South Wales premier Carruthers wrote to Watson on 16 August 1906 that he would 'follow your lead in regard to Canberra'. Watson papers, NLA, MS 451/1/167. Watson's 'strong personal leanings in favour of Canberra' were reported in the *Sydney Morning Herald*, 29 October 1906.

18 His letter of resignation dated 27 July 1905 refers to Labour conference votes tying the parliamentary leader's hands on entering into alliances and selecting his ministers, which Watson interpreted as criticism of his performance. He withdrew his resignation on 2 August 1905. Watson papers, National Library of Australia, MS 451/1/94.

19 His opening campaign speech is given in the *Sydney Morning Herald*, 9 October 1906, pages 7-8.

20 Watson papers, NLA, MS 451/1/9. His political opponents saw him as having excessive influence. Senator Josiah Symon wrote on 21 May 1906 to his fellow Senator Edward Pulsford of the 'debasement of Deakin', asserting that 'if he had any regard for the interests of Australia, much less his own, he would throw up the sponge and let Mr Watson and his followers take up responsibility as at present they exercise power indirectly through him'. (Symon papers, National Library of Australia, MS 1736/1/1074, page 454.)

Ill fares the land, to hastening ills a prey; Where wealth accumulates, and men decay.²¹

While conceding the economy was not in bad condition, he argued 'Australia is not progressing as its resources should make it progress'²², before turning to commenting on postal arrangements and fiscal federalism. He then raised the idea of a sort of counter-cyclical fiscal policy, arguing 'it is a wise thing to start in a fat year to build up a reserve which would tide us over the lean year, which must inevitably come'.²³

He resigned again as party leader in October 1907, aged just forty. Tired, aware of Ada's unhappiness at his frequent absences, and perhaps feeling a little unappreciated by the party at large, there was no way he could be persuaded to reconsider this time. He was re-elected at the 1908 election but did not seek a portfolio in Andrew Fisher's first, minority, ministry, probably fearing it would be a repeat of his own frustrating experience leading a minority government. He did not run at the 1910 election and so was not part of Andrew Fisher's first majority Labour government.

In the following years Watson mixed activities supporting the Labour Party and the Australian Workers' Union with business interests. But his support for Hughes on conscription in 1916 led to his expulsion from the party. Watson initially supported Hughes' National Party, but seemed to lose interest after the 1922 election. While not returning to active Labour politics, he welcomed Scullin's 1929 victory and became friends with Curtin. In 1920 he became president of the motorists' group that became the National Roads and Motorists' Association, a position he held for twenty years. He was a director of several companies and chairman of Ampol. He was also a trustee of the Sydney Cricket Ground.

Ada died in 1921. Watson remarried in 1925 and had his only child, a daughter. He died on 18 November 1941. Prime Minister John Curtin paid tribute to a man who 'made friends wherever he went, was an influence for unity, and endeavoured at all times to make Labour a great, and indeed permanent force in the political system of this country'.²⁴

21 *Hansard*, 7 August 1906, page 2411. The poem quoted is 'The Deserted Village' by the 18th century Irish writer Oliver Goldsmith, best known as the author of the novel *The Vicar of Wakefield*, the play *She Stoops to Conquer*, and the children's tale *The History of Little Goody Two-Shoes*.

22 *Hansard*, 7 August 1906, page 2,412.

23 *Hansard*, 7 August 1906, page 2,422.

24 *Hansard*, 18 November 1941. In a similar vein, his longstanding colleague Billy Hughes (*Hansard*, 18 November 1941), who had entered both the New South Wales and federal parliaments at the same time as Watson, and would remain another decade, described him as 'a man of fine character, high ideals, clear vision, sound judgement and great tact'.

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