

# John Forrest: Four times treasurer

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John Forrest entered the first federal parliament with an established reputation as a disciplined explorer and long-standing state premier. While narrowly missing out on becoming prime minister, he served four times as treasurer. In his first term, he followed in the conservative footsteps of Turner. He was later faced with reorganising federal finances when the arrangements governing the first decade of Federation were coming to an end. In his final term, he faced the challenges of funding Australia's involvement in the First World War.



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## Introduction

The Right Honourable Sir John Forrest, honoured as a privy counsellor and a knight grand cross of St Michael and St George (the highest form of knighthood), served as Australia's treasurer in four stints under three prime ministers, bringing down six federal budgets. Including the eleven budgets he delivered in pre-Federation Western Australia, he brought down more budgets than any other federal treasurer. His cumulative term as federal treasurer was the longest until Page in the 1920s. A 'man of forthright rectitude, robust common sense and homely hard-headedness'<sup>2</sup>, Forrest had a commanding presence; 'a big man with a big brain, a big voice and a big heart'.<sup>3</sup> He stood 180 cms tall and weighed over 100 kgs. Perhaps no treasurer has achieved as much fame for his activities before politics as the heroic explorer John Forrest. And perhaps none has showed as much leadership, and got so close, without ever achieving his ambition of becoming prime minister.<sup>4</sup>

Forrest was a strong advocate of development, especially for his native West Australia. A frequently used expression of his political goals was 'to make two blades of grass grow upon a spot of ground where only one grew before'.<sup>5</sup>

## Forrest the explorer

John Forrest was born in 1847 in the Bunbury area of Western Australia, one of ten children to British servants who moved with their employer to Australia before taking up farming. Forrest attended the government school in Bunbury and became a skilled horseman. He later attended a school in Perth where he showed aptitude at arithmetic, and trained as a surveyor. Forrest worked for the Surveyor-General's Office from 1865 to 1890.

Forrest's surveying expertise led to him to be appointed navigator on an expedition in 1869 which searched in vain for clues to the fate of the renowned explorer Leichhardt. Becoming leader of the expedition, Forrest successfully led six men for four months

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2 Crowley (1981).

3 Campbell-Jones (1935, page 138).

4 A less flattering view is put by the other great West Australian statesman of the era, George Pearce, who had been a political rival of Forrest for around two decades until they both served in Hughes' Nationalist party government. He regarded Forrest's 'ideas as outdated and his political cunning as overrated'; Heydon (1965, page 176). Clark (1987, page 48) suggests Hughes himself regarded Forrest as a 'pompous, vain, provincial fool'. Serle (1946, page 315), while generally favourable, attributes Forrest's failure to achieve the highest office to being 'too much inclined to look upon his opponents as people to be overcome rather than convinced'.

5 The line comes originally from Swift's *Gulliver's Travels*.

over 3,000 kilometres, much of it previously uncharted. The following year Forrest led the first overland expedition from Perth to Adelaide. In 1874 he led a party from Geraldton to Adelaide, the first west-to-east crossing through the western centre of Australia. On one of these trips he noted the effect of iron ore on his compass, but this was not followed up.

These feats brought Forrest public renown and confidence. He visited Britain in 1875 and gave public lectures, being feted as 'the young explorer'. He was honoured by the Royal Geographical Society and the Linnean Society. He was rewarded with a land grant of 2,000 hectares and on returning to Perth in 1876 was promoted to deputy surveyor-general. The same year he married Margaret Elvire Hamersley, a well-connected artist, but to Forrest's disappointment they were to have no children. She was 'a woman of exceptional managing ability', able to influence Forrest while leaving him under the impression that he had reached all decisions himself.<sup>6</sup>

As his biographer Crowley (1981) notes, the expeditions also established a leadership style; 'his objectives were boldly conceived, but cautiously executed. He was rarely compelled to go forward without knowing what lay ahead; nor was he obliged to advance merely because he could not retreat.' He carried into his administrative career the attributes of strength, thoroughness and punctiliousness. Crowley also suggests that his surveying influenced his blunt political style; 'he tended also to think that political solutions were discovered easily enough if the correct levels had been taken and the right angles measured'.

In 1883 Forrest did his last field work, accompanying a party surveying the Kimberley. He had earlier published a journal of his early explorations (1875). In 1884 he showed a much wider range of interest and published a precursor (with extensive statistics) to the *Western Australian Yearbook*.

Also in 1883 Forrest became surveyor-general and commissioner of crown lands, with seats in the Executive and Legislative Councils. He was the first colonial-born member of the Executive Council. In 1887 he represented Western Australia at the first Colonial Conference and Queen Victoria's jubilee.

Forrest supported self-government for Western Australia but as a government officer was not an active campaigner in the 1880s. He participated in the Legislative Council debates on the new constitution. He harboured hopes of being the first premier, since he was the only Executive Councillor who wished to continue on under the new system.

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6 Campbell-Jones (1935, page 138).

## Premier and treasurer of Western Australia

Forrest was elected unopposed to the Assembly seat of Bunbury and in December 1890 was sworn in as colonial treasurer, and was also known as premier.<sup>7</sup> He held both positions until he left for federal politics in 1901, also serving as colonial secretary from 1894 to 1898. His dominance was uncontested, given his ability, experience and support. It was said that 'no other man in Australia has enjoyed such despotic sway over a state'.<sup>8</sup>

He was the sole member of his original cabinet still in office when he retired. His government was stable, although it suffered defeats on some measures and Forrest withdrew some proposals when support was not forthcoming. Forrest relied on his personal support; he never formed a political party, and never faced one in opposition to him. A strong supporter was his brother Alexander, an MP and mayor of Perth for most of the 1890s.

Forrest expanded public works as he felt the needs of the growing population had been neglected by the previous, unrepresentative government. To this end he raised loans in London and during his decade in office, Western Australia's public debt rose from £1.4 million to £12.2 million. He personally determined the allocation of public works based on deputations to his office and his travels during parliamentary recesses. He allocated less to the goldfields areas as he expected their relative importance to decline over time. A major project was the Coolgardie Water Scheme, which established a new wheat belt, and he purchased the Great Southern Railway. He established an Agricultural Bank. While far from a socialist, he saw a role for government in owning major utilities and infrastructure.

In other ways, at this stage of his political career, he was also progressive. He widened the franchise by abolishing the property qualification for the Legislative Assembly in 1893 and giving votes to women in 1899. He introduced a workers' compensation scheme, laid down rules on hours and conditions in the mining industry, limited hours of work in shops, legalised trade unions and in 1900 established an Arbitration Court. He styled himself a 'moderate protectionist'.<sup>9</sup>

Forrest was a lucky treasurer. The drought that ravaged the eastern states from 1895 to 1903 was less severe in the west and there were a succession of discoveries of new

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7 At the time 'premier' was a courtesy title conferred by common usage rather than an official position.

8 Campbell-Jones (1935, page 131). By the time of Federation, he had set a record for an Australian premier of ten consecutive years in office.

9 Crowley (2000, p 103).

goldfields in the 1890s. While the other state treasurers were coping with depression, Forrest was managing a boom.

Forrest participated in the conventions leading to Federation, although without any apparent fervour. He successfully led the 'yes' campaign in Western Australia's Federation referendum.

## Federal parliament

Like many state leaders, Forrest entered the federal Parliament, elected unopposed for the electorate of Swan which contained his state seat of Bunbury. However, his hope of leading a band of supporters into the federal Parliament was not realised.

Barton had appointed Forrest as postmaster-general in his interim cabinet, but seventeen days later, after the sudden death of James Dickson, he was moved to the Defence portfolio, which he retained after the first election, and he started the integration of the colonial forces. After the August 1903 reshuffle following Barton's retirement he served as minister for home affairs under Alfred Deakin. Forrest was one of the wealthiest members of the first parliament and when in Melbourne stayed in a large suite at the Grand Hotel where he entertained lavishly.

In 1903 Forrest was again elected unopposed but the other four Western Australian Representatives seats, and all three Senate places, went to Labour.

During the short-lived Watson Labour government of 1904, Forrest was an opposition backbencher for the first (and only) time.<sup>10</sup> Although tempted, he rejected the overtures from the 'Come back, Jack' campaign to return to the Western Australian Parliament. He also declined a minor portfolio in the short-lived Reid-McLean coalition government.

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<sup>10</sup> It was an experience he did not find congenial after over twenty years as a state or federal minister. He reportedly exclaimed 'Mr Speaker, what are those men doing in our places? Those are our seats!'; McMullin (2004, page 49). This attitude was caricatured by Billy Hughes who famously remarked that Forrest seemed to be under the delusion that no cabinet was constitutional unless he was in it. Hughes also described him as 'a living image of a bygone age — a remnant of the post-pliocene age of politics. He stands there as a kind of fossilised mastodon, at once a source of astonishment and interest to the curious'; Hansard, 1908 pages 2323-4. There is a certain irony in this remark given that Hughes appointed Forrest to his own cabinet almost a decade later and himself stayed in Parliament until his death at the age of 90, having been an MP for around 60 years.

## Forrest's first term as federal treasurer

Forrest was first appointed Treasurer (and fifth in seniority in the ministry) by Deakin in July 1905 and the following month presented his first federal budget on his 58<sup>th</sup> birthday.

As the new Deakin government had been in office for such a short time, much of Forrest's budget was essentially the work of his predecessor George Turner.<sup>11</sup> But Forrest added his own vision, making a contrast with the dour delivery of Turner. As Deakin put it at the time, 'Where Sir George Turner plodded through columns of figures, lingering lovingly over minute variations, and never rising to a larger view than that of his totals, his successor has swept the details into printed tables, used simply as texts on which he discoursed. When the punctilious timidity of the first caused large and small items alike to assume importance, the breadth and boldness of Sir John Forrest throws the main figures alone into bold relief.'<sup>12</sup>

In his first budget speech Forrest promised to 'a round unvarnished tale deliver', but was soon interrupted by Fisher and others who complained that Forrest had not distributed the budget papers before his speech.<sup>13</sup> After this matter was sorted, Forrest expounded his concerns about the net emigration from Australia since the early 1890s. Forrest spoke of Australia's prosperity but expressed concern that Australia's population was growing more slowly than that of the United States and Canada. He then turned to the budget outcome for the previous year, noting that some money voted for public works had not been spent. There was a lengthy discussion about New Guinea.

Forrest provided in this speech an early estimate of what would later be called gross domestic product. He commented 'the general production of Australia — the production from our primary producing industries, amongst which I include manufactures ... was greater last year than ever before ... I should say it amounted to £120,000,000.'<sup>14</sup> He estimated that about half was attributable to agriculture, a quarter to mining and a quarter to manufactures; and that production per head exceeded that

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11 Crowley (1992, page 641). For an account of Turner as treasurer, see the Autumn 2007 Economic Roundup.

12 Deakin wrote this as the anonymous 'Sydney correspondent' of the London Morning Post, 13 October 1905. It was reprinted as Deakin (1968), page 155.

13 Hansard, 22 August 1905, pages 1194-5.

14 Hansard, 22 August 1905, page 1221. Forrest was drawing on the pioneering statistical work of Timothy Coghlan; see Hicks (1981). He repeated the estimate in Coghlan's presence at a London lecture in March 1906; Forrest (1906, page 7). By comparison, nominal GDP for 1904-05 was estimated by Butlin (1987) as £224 million.

in many European countries and the United States. On a later occasion he gave an estimate of national wealth as £1 billion, or about £250 per person.<sup>15</sup>

Forrest continued to push his long-held desire for a transcontinental railway, but to his disappointment, no further progress was made due to a lack of support from the South Australians.<sup>16</sup> Forrest suggested that the Australian government should take over the debts of the states and assume responsibility for all government loan-raising in London.

He took a trip to London in early 1906 to consult with financiers and experts at the UK Treasury and the Bank of England and promote British migration to Australia. Forrest foreshadowed a banking bill and a note issue in 1906 and draft bills were circulated to the Bank of England and others. However, Forrest had resigned before implementing them.<sup>17</sup> Similarly, in 1907 Forrest told a premiers' conference that a post office savings bank could be a 'splendid thing' and set parliamentary draftsmen to work on a bill but nothing eventuated.<sup>18</sup>

George Allen, the inaugural Treasury secretary, served Forrest during his first three terms as treasurer. Forrest apparently relied heavily on him, commenting 'Allen does all the written work'.<sup>19</sup>

By the time of Forrest's second federal budget on 31 July 1906, the Australian economy was at its 'most prosperous ... since the establishment of the Commonwealth'<sup>20</sup>, helped by the ending of the long drought. In his budget speech he said he did 'not propose to unduly weary honourable members with figures'<sup>21</sup>, although he then proceeded over the course of a three-hour speech to read out more than 300 numbers, often giving state breakdowns of the budgetary impact of measures. There was minimal further discussion of the state of the economy, other than references to the number of sheep.

Forrest proudly announced the introduction of a uniform 'penny post' across Australia. He also discoursed at some length about a naval agreement, a plan to

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15 Forrest (1906, page 9).

16 He asked 'What is the use of Parliament unless it exercises all the powers of State in order to carry out works of great public utility?'; Hansard, 22 August 1905, page 1230. Reputedly, when once challenged about the cost of the project he derisively replied 'What's a million?'; Campbell-Jones (1935, page 150).

17 His main motive was apparently the seigniorage revenue. In 1909 he returned to the issue but again lost office before action was taken; see Gollan (1968, page 76) and his letters to leading bankers in July 1909 in the Forrest Papers.

18 Faulkner (1923, page 2).

19 Cited by Crowley (2000, p 359).

20 Forrest, Hansard, 31 July 1906, page 1994.

21 Forrest, Hansard, 31 July 1906, page 1994.

encourage selective immigration<sup>22</sup> and the introduction of Australian coinage. He tabled many statistical tables including international comparisons.

A large part of the budget speech looked forward to the fiscal federalism framework that would ensue when the Braddon clause (section 87) expired in 1910. Forrest presented his own proposal for revenue-sharing, whereby each state would get a fixed payment of three-quarters of the net revenue from customs and excise contributed by that state over the previous five years. He made extensive reference to his discussions on the topic with notables during his trip to the UK. He suggested the Australian government take over the states' debts and be responsible for all government loan-raising in London. A bill subsequently passed the House authorising a referendum to enable the Australian government to take over the debts of the states, but amendments in the Senate were unacceptable and so the matter did not proceed.<sup>23</sup>

Acting Opposition leader Joseph Cook, saying he did 'not pretend to any special financial ability', concentrated on fiscal federalism issues during his reply, and there were exchanges about whether the Commonwealth or the states could borrow on more favourable terms. Labor leader Chris Watson remarked on the state of the economy and argued for a form of counter-cyclical fiscal policy.<sup>24</sup>

In 1906-07 a loose fourth party emerged in the Parliament, known as 'tariff reformers' or 'the corner' and comprising conservative protectionists and moderate free traders. Forrest and McLean were its unofficial leaders and in Western Australia it took the form of a West Australian Party, which contested three lower Representatives seats and the Senate in the December 1906 election. Its policies included federal takeover of states' debts, old age pensions, uniform corporate and banking laws, opposition to a land tax and preference for unionists. Forrest particularly attacked the Labor Party, especially for its alleged extreme socialism and the caucus pledge which he saw as an undesirable diminution of the independence of members. He had relatively little to say about protectionism. This election was the first time Forrest faced a contest for a seat, and it annoyed him. However, he retained Swan by a two-to-one margin.

From March to June 1907, Forrest was acting prime minister and minister for external affairs, as well as treasurer, while Deakin and Lyne attended the Imperial

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22 As he put it, 'We do not want the dregs of other lands. We need the young and enterprising,' Hansard, 31 July 1906, page 2016. He had earlier emphasised the need to 'fill up' Australia in his 1906 London speech.

23 He later attempted the same measure in 1914 but again unsuccessfully.

24 Watson's remarks are discussed further in his biography in the Winter 2007 Economic Roundup.



Conference.<sup>25</sup> This was probably the pinnacle of Forrest's career, as he was to miss out on gaining the prime ministership on four occasions.<sup>26</sup>

Forrest reassessed his position upon Deakin's return to Australia. Forrest had long felt uncomfortable being in a government dependent on Labor support to survive. He was concerned that under Labor pressure Deakin might introduce a land tax. He pushed Deakin to align with the free traders instead but Deakin would not have it, in part at least because he viewed Watson as more trustworthy than Reid.<sup>27</sup> Forrest's frustration with Deakin grew until he resigned from Cabinet in July 1907 and was replaced by his cabinet rival William Lyne. The reasons for Forrest's resignation at this time, and whether it was aimed at securing for him the prime ministership were widely debated.<sup>28</sup> Deakin's own anonymous column attributes Forrest's departure to

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25 Forrest seemed to have enjoyed this mightily. Crowley (1992, pages 675-80) recounts how he made copious use of prime ministerial stationery for correspondence, chaired eight meetings of cabinet and a premiers' conference, travelled extensively and commented publicly on a wide range of matters. He also inspected Canberra as a proposed site for the federal capital, but continued to prefer Dalgety, on the banks of the Snowy River.

26 His first real chance was when the non-Labor parties fused in 1909. Forrest was spoken of as a possible leader (along with Deakin, Cook and Irvine), but it was Deakin that emerged as the only man acceptable to all the leading players; Crowley (2000, pages 397-402). Hume Cook described a government not led by Deakin as 'Hamlet without the prince' and said he (and others) could not be counted as supporters unless Deakin led; Hume Cook to Forrest, 14 May 1909, Forrest Papers. Forrest's closest miss was when he lost the Liberal leadership by one vote when Deakin retired in 1913. Forrest was particularly hurt that Deakin voted for Joseph Cook in preference to him. He described this as 'the most painful episode in my political career', asking Deakin 'Do you think I would have acted towards you the way you have acted towards me?'; Crowley (1992, page 778) and La Nauze (1965, page 625). (The other crucial vote Forrest lost was that of Groom, variously attributed to Groom following Deakin's lead or being influenced by false rumours that Forrest had a brain tumour.) He also failed to get the leadership of the National Labor-Liberal coalition when it formed in February 1917. Crowley (1992, page 823) believes 'Forrest was successful in gaining the support of possibly 17 of the 34 Liberals and had more than an outside chance of success'. In January 1918 Hughes stood down following the defeat of his second conscription referendum and there was speculation Forrest might become prime minister. Forrest saw the governor-general and 'broached a certain matter' (as it was discreetly put in the vice-regal appointments book) but failed to convince him he could command a majority and Hughes was recommissioned; Crowley (1992, page 842).

27 Deakin wrote to Forrest that 'There is a gulf between the Labour party and myself but a greater gulf between Reid and myself'; 5 August 1908, Forrest papers.

28 Forrest wrote to Deakin that he felt 'out of joint with my surroundings' and his constituents would not view him as acting 'consistently and indeed honourably'; 25 July 1907, Forrest papers (on microfiche at National Library of Australia). In following letters he argues for his view that requiring Labor support was 'humiliating' and denies 'tariffs was a reason — or anything else'; 27 and 28 July 1907, Forrest Papers.

In contrast, a press report gave as 'the real reason' Forrest's poor relations with his colleagues who regarded his presence as making it harder for the government to retain the support from Labor it needed to survive; Sydney Morning Herald, 31 July 1907, page 9.

dissatisfaction with a forthcoming tariff and describes him as 'impetuous in everything'.<sup>29</sup> Within a week of becoming treasurer, Lyne brought down a budget, most of the work for which had been done by Forrest. Forrest interjected repeatedly during the speech and attacked Lyne on other occasions so forcefully that Deakin tried to calm him.<sup>30</sup>

## Forrest's second term as treasurer

From his first entry into federal Parliament Forrest had opposed what Deakin had called the 'three elevens'<sup>31</sup> and wanted a merger of the non-Labor parties. The 'fusion' of anti-Labor forces was finally achieved in 1909, aided by Reid's retirement. In June Forrest returned to the Treasurer's role.

His speech on the 1909-10 budget, at 90 minutes, was then the shortest on record.<sup>32</sup> He was the first treasurer to budget for a deficit as the introduction of the old age pension increased expenditure by an 'enormous sum', there was a need to develop the postal service, and customs and excise revenue was expected to fall.<sup>33</sup> However, he saw these problems as temporary and advocated funding the deficit by issue of four-year treasury bills, which he compared to 'an overdraft'.<sup>34</sup> A contentious expenditure item was the provision of a battleship to the United Kingdom.<sup>35</sup> The budget was described in the press as 'makeshift' and 'tentative'.<sup>36</sup> It was criticised by Labor for its deficit

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29 The column appeared in the *Morning Post* of 6 August 1908 and is reprinted in Deakin (1968), pages 207-8.

30 Deakin wrote to Forrest, 'You are so good tempered as a rule and these personalities are so unnecessary'; 20 July 1908, Forrest Papers.

31 The representation of three similarly sized parties, none able to command a majority.

32 He referred to it wistfully as his 14th budget, a sign that 'the years are rolling along'; Hansard, 12 August 1909, page 2413.

33 Hansard, 12 August 1909, page 2415. He did not decry the additional expenditure, saying that 'Care of the aged poor is a subject of intense importance, and in every civilised country some efforts are made to provide for them' and referring to 'our duty to those who have not been successful in the battle of life, in many cases through little or no fault of their own'; Hansard, 12 August 1909, page 2417.

34 Hansard, 12 August 1909, page 2416. He justified the borrowing by drawing on his experiences as WA premier; 'without borrowed capital the railways, telegraphs, harbours, water supplies and nearly all the great works throughout Australia could not have been constructed'; Hansard, 12 August 1909, page 2424.

35 This led to some purple prose by Forrest in his budget speech, referring to the UK as 'our own nation - the home of our fathers ... this other Eden ... this blessed plot'; Hansard, 12 August 1909, page 2423.

36 Cited by Crowley (2000, page 410).

funding, with Hughes in particular denouncing it in vituperative tones.<sup>37</sup>

In August 1909 Forrest was involved in negotiating with the premiers a financial agreement for the years beyond the expiry of the transitional arrangements which had governed the first decade after Federation. The threat of Fisher's return at the coming election may have persuaded the premiers, all non-Labor at the time, to accept at this conference terms offered by Deakin and Forrest that were less generous than they had previously insisted upon.<sup>38</sup> These were based on a per capita grant of 25 shillings per year. These financial arrangements between the commonwealth and states lasted until 1927, although inflation eroded their value.<sup>39</sup>

In December 1909 Forrest declined the offer to be High Commissioner in London.<sup>40</sup>

The fusion (by then called 'Liberal') government was defeated at the April 1910 election. Two referenda were held at the same time, approving the federal takeover of states' debt but narrowly rejecting the new financial agreement.

While the Labor government's clear majority in both houses meant resistance was only token, Forrest was a leading Liberal spokesman on economic matters.<sup>41</sup> He supported the government on the issue of Australian currency but opposed the bill establishing the Commonwealth Bank, particularly objecting to its governance arrangements.

### Forrest's third term as treasurer

The Liberals won a narrow majority in the House at the May 1913 election, but facing a hostile Senate were limited in what they could achieve. Forrest was treasurer (and deputy prime minister) when World War I broke out and he authorised payment for

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37 Hughes remarked, 'Every impecunious person has resorted since its first discovery to this ingenious method of putting off the evil day by signing one's name on the back of a bill'; while Watkins interjected 'It is a pawnshop policy'. Hughes claimed that Turner, whilst Barton's treasurer, had suggested borrowing to fund public works but the House had rejected it and argued that as the federal pensions partly replaced some state schemes they should contribute to the cost. He also suggested a land tax on large estates, praising Lloyd George's policies in the UK. Hughes went on to say 'No budget has been more vapid, evasive or unsatisfactory'; Hansard, 12 August 1909, pages 2427-30. He went on to describe the government's financial policy as an 'anaemic decrepit weakling' (page 2432) and concluded 'This budget, on being dissected, exhales an aroma which will provoke every manifestation of nausea and disgust' (page 2435).

38 Wright (1969, pages 473-4).

39 A referendum to make them permanent in April 1910 was defeated.

40 La Nauze (1965, p 595).

41 He was especially critical of the land tax proposed by Labor, or the 'socialistic caucus party' as he called it; West Australian, 29 November 1910.

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the raising of an Australian Imperial Force. He also had to deal with problems arising from the closing of the London money market.

Forrest's budget of October 1913 not only forecast a large deficit but 'did not bear the stamp of his style and language'.<sup>42</sup> It was long on lists of figures but lacked any rhetorical flourishes. The budget speech was described as ill-tempered.<sup>43</sup> Forrest expressed his opposition to maternity allowances for all, believing many did not need or deserve it, and arguing 'a system of social insurance must soon take its place'.<sup>44</sup>

There had been a frosty relationship between Forrest and Commonwealth Bank governor Miller.<sup>45</sup> For a while relations improved and Forrest referred to him as an 'excellent man'. But they later deteriorated again and Forrest mused about putting the governor under the direction of a board.<sup>46</sup> A bill to curb the Bank's savings bank business lapsed when the parliament was prorogued.

### Forrest's final term as treasurer

The Liberals lost the September 1914 double dissolution election. Forrest was again a leading Liberal spokesman on economic matters. He opposed many measures of the Labor government, especially the extension of the land tax and introduction of income tax. However, he had come round to accepting that the Commonwealth Bank played a useful role.

While this was a period of frustrating return to opposition, in 1915 Perth honoured Forrest's fifty years in public service and the new University of Western Australia awarded him a Doctor of Laws.

After the Labor government split over conscription, there was another 'fusion', of the Liberals and Hughes' pro-conscription 'National Labor' party, to form a 'war government', known as the Nationalist Party. Forrest became treasurer again in 1917, ranking third in cabinet after Hughes and Cook.

George Allen had by now retired as treasury secretary, being succeeded by James Collins.

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42 Crowley (2000, page 430).

43 Sawyer (1956, pages 117-8) comments 'Instead of showing any gratitude for the magnificent reserve left to him, he snarled at Fisher for having invested part of it in securities having several years to run'.

44 Hansard, 2 October 1913, page 1793.

45 Crowley (2000, p 432). This was unsurprising as the Liberals had opposed the Bank's creation and then argued against it expanding its business in London.

46 Crowley (1992, p 805 and p 834).

Forrest was returned unopposed at the 1917 election and remained as treasurer. In a 'somewhat extraordinary'<sup>47</sup> circumstance, Forrest presented two budgets within two months; one for 1916-17 on 14 June 1917 (with most debate delayed until July) and another for 1917-18 on 8 August.<sup>48</sup> It was said of the latter that it 'did not bear Forrest's brand'.<sup>49</sup> Facing a tough budget as customs revenue was declining, he spoke for less than an hour in a very plain way.<sup>50</sup> A special 'additional profits' tax was introduced. A controversial income tax on eligible men who had not enlisted<sup>51</sup> was also discussed but never levied.

By now Forrest was generally regarded as past his prime.<sup>52</sup> In October 1917 he had the great satisfaction of being on the first intercontinental train to Perth for which he fought so long and being the first native-born Australian to be appointed to a baronetcy. He styled himself 'Lord Forrest of Bunbury'. However, otherwise it was a very bad time. Not only was Australia incurring huge war casualties but, at a personal level, two of Forrest's brothers died and his own health deteriorated. A series of operations on his temple were unsuccessful. Hughes appointed William Watt as acting treasurer in February 1918 and Forrest reluctantly resigned from the cabinet on medical advice in March 1918.

He set sail for London for special medical treatment and his investiture in the Lords, but died on the ship on 2 September.

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47 Hansard, 12 July 1917, page 134.

48 After Fisher's slightly later than usual budget in December 1914, World War I and political turmoil disrupted financial arrangements, with no budget presented in 1915 and 'budget statements' (of sorts) by Higgs in May and September 1916, another by Poynton in December 1916 and another by Forrest in March 1917; Sawyer (1956, page 145). The story of these will be told in forthcoming essays in the Economic Roundup during 2008. While Forrest brought down the 1917-18 budget in August 1917, it was not fully debated until June 1918.

49 Crowley (2000, page 453).

50 The only exception was a patriotic peroration, where he proclaimed 'We are part of a great empire ... confronted by foes unparalleled in the world's history for cruelty and barbaric atrocity ... we owe everything we possess, including our homes on this continent, to the Motherland ... we are closer to the 'Old Land' than we ever were'; Hansard, 8 August 1917, page 837.

51 Those who had not taken the 'glorious opportunity of doing their duty', as it was put; Crowley (1992, pages 832-3).

52 However, the reference by a biographer and former secretary of Hughes to Forrest's 'political and administrative incompetence' is probably unfair; Booker (1980, page 219).

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