wealth in 1992 for a new deal on Federalism the debate of the decade has been working towards the centenary of its constitution (and for all if this is true, and if so, the smoother economic running of the nation. But the political structure of the federation in relation to the role of the states (and their taxing powers) is unresolved in the wake of the cancellation of the November special premiers conference.

The problem is that federal caucus was too quick to dismiss the question of whether VFI matters or not. That debate will now be left to others like the Evatt Research Centre in Sydney which has already started work on a new edition of its comprehensive review of federal/state financial relations, State of Siege. A recent review of the book's first edition by Christopher Shell, an economist with the West Australian Government takes on a particular relevance in the context of the New Federalism debacle.

According to Shell, State of Siege "is remarkable [as] a significant departure from the modern labour view that states should be eliminated in favour of a national government with unfettered responsibility for economic development, employment and social security, supplemented by strengthened, more participatory, non-sovereign local administrations."

Since the book was released the prime minister has initiated a complete review of Commonwealth-State relations. The achievements described by Shiel include the reform of premiers' conference arrangements; public infrastructure investment such as the National Rail Freight Corporation; and wide-scale, systematic micro-reform of state functions. All are fundamental to the smoother economic running of the nation. But the political structure of the federation in relation to the role of the states (and their taxing powers) is unresolved in the wake of the cancellation of the November special premiers conference.

The states say they are being eliminated in practical political terms by fiscal attrition. As the debates surrounding constitutional reform and republicanism gather momentum the labour movement has to decide once and for all if this is true, and if so, whether it's a good or a bad thing.

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