

CHAPTER 6

CLEARING A WAY TO TOTAL WAR, OCTOBER 1940-JANUARY 1941

1—THE PROBLEM OF A WORKABLE PARLIAMENT

AFTER the election there was a disposition among some members of the Government side to interpret the indeterminate vote as an expression of opinion in favour of an all-party national government. This piece of electoral mathematics is hard to follow. It is true that a number of candidates on the Government side who had advocated national government had been returned but Labour candidates who had opposed national government had also been returned. An inconclusive result for the whole nation might indicate that neither party had been able to commend itself so strongly to the floating voters as to gain a large majority of the seats, but it did not mean that the floating voters, by telepathy or collusion, had contrived to produce an even balance so that neither party would be able to govern without the other.

Yet, whether or not the voters intended it, the election results, by creating a position in which party government would be precarious, revived the question of all-party government. After providing a Speaker, the United Australia Party and the United Country Party would have only 37 supporters on the floor of the House, including 2 Independents, facing 36 in the two Labour parties. A leader backed by a tightly-knit and loyal party might well have been dismayed at the prospect of trying to manage Parliament on those terms; Menzies would have to attempt it at the head of a coalition containing more than its due proportion of factious and discontented individualists. The situation was one to shake loose party adherence, for even the least of the followers was endowed with exceptional power.

At the declaration of the poll in his own electorate of Kooyong on 5th October, the composition of the House of Representatives then being known, the Prime Minister spoke in favour of an all-party government, saying that it would be a calamity for Australia if negotiations to that end failed.

To explore the possibilities, he invited Curtin, leader of the parliamentary Labour Party; Cameron, leader of the Country Party; and Beasley, leader of the Labour Party (Non-Communist), to meet him in Melbourne, and separate conversations with them individually took place on the 7th. In effect, the party leaders were asked if they were willing to join a national government and, if so, on what terms. Each of them, without commitment, promised to refer the question to his party.

The Country Party's advocacy of a national government had been constant and, as the necessity and possibility of change became clearer, Sir Earle Page, who had proposed a national government even before the war, moved towards that personal reconciliation with Menzies which had

to precede any effective contribution on his part towards achieving the object. Cameron, working to the same end, brought about a meeting between Page and Menzies in Melbourne on 10th October and subsequently described the results in a public statement as follows: "The Prime Minister and Sir Earle Page met this morning. They discussed the political situation arising from the recent election, and had a lengthy conversation on the desirability of forming an all-party national government, and the ways and means by which the result might be assisted. They agreed that only by the formation of a national government could a maximum war effort be achieved".¹

The defeat of two Country Party members of the Ministry—Thorby, the Postmaster-General; and Nock, Assistant Minister—made urgent the reconsideration of the Country Party's membership of the Government, apart from any outcome of the negotiations for an all-party government, and an additional complication was brought about in mid-October by a crisis in the Country Party. Country Party members had resumed meeting as one party but the division between the Cameron-Page group and the respective supporters of McEwen and of Fadden remained. When in their post-election meeting the seventeen members from both Houses gathered to elect a leader, McEwen was immediately nominated by one group but then, apparently to the surprise of some of the members, Page was nominated. Somewhat tardily the nomination of the party's leader followed but was apparently made in such circumstances that Cameron, who had already faced some criticism from members of his own party for his actions as minister, took it that a movement to replace him had been plotted within his own group, and that Page was trying to recapture the leadership. He left the party room and, although induced to return to preside over the election, he refused either to be considered as a candidate or to take part in the voting. The votes of the other sixteen members were evenly divided, eight for McEwen and eight for Page and, eventually, after neither group would change its voting, a way out of the deadlock was found by unanimously electing A. W. Fadden as deputy leader and asking him to act as leader for the time being.

There was apparently no grave difference over policy between the two groups. The original differences between them had arisen over the question of cooperation under Menzies. Page's public reconciliation to Menzies had not, however, brought about a private reconciliation of all his party with Page. Cameron spoke his mind with customary vigour and exceptional bitterness when, in his letter of resignation, he wrote of the "everlasting intrigue and manoeuvring for personal advantage" inside the party and described its "internal state" as a "stew of simmering discontent, spiced by insatiable personal ambitions and incurable animosities". No leader could lead successfully, he added, if he must devote most of his time to outwitting rivals, or outbidding them for support, or watching every foot-fall lest he stumble on a mantrap or a mine. The call to unity had been

¹ *Herald* (Melbourne) 10 Oct 1940.

unheard or unheeded in the party's own room. Australia expected something better and the times demanded it.

Cameron, who had been a vigorous and determined minister, offered his resignation from the Cabinet on 16th October. For the rest of the war, from the back benches, he became one of the sharpest tongued and most uncompromising critics of anything in the conduct of hostilities that seemed to him to be less than the utmost. From the start his view had been that wars could only be won by fighting and the sooner and harder Australia fought the better. He became increasingly and indiscriminately intolerant of any hindrance to the war effort and ended by being described by a journalist as a powerful locomotive with a full head of steam but no rails on which to run. Cameron's rejoinder was that some others in Parliament had a fine set of rails and no steam.

Fadden, the new deputy leader, acting as leader of the Country Party, was a Queensland member. In rising by his own enterprise and wits from being offside to a gang of cane cutters as a boy of fifteen to a busy accountant at the age of thirty, looking after the business and taxation returns of sugar growers, miners and pastoralists in Townsville, he had learnt how to get along with people and how to handle affairs without becoming deeply involved in them. He was an affable, astute, story-telling man, untroubled by the deeper significance of problems and thus the readier to dispose of them. He had been four years in the House, was forty-five years of age, and had been an Assistant Minister for five months and a Minister for two. He was not the cleverest, the most experienced, or the wisest man in the Country Party, but he was the best colleague and probably the staunchest character.

In the meantime the Labour Party and the United Australia Party had re-elected Curtin and Menzies as their respective leaders. In the Labour Party, however, there had been changes in the party executive. Brennan and Ward, who had voted against the majority of the party on the National Security Amendment Bill in the previous Parliament, were dropped. Both Evatt and Chifley were included. This did not mean, however, that the Labour Party's internal problem was simply that of a rebellious Left wing which was at the moment in a minority, or the persistence of the Lang Labour group as a separate party under Beasley. There were other movements and, in particular, the immediate and intense activity of Evatt, influential because of the prestige he had brought with him in the descent from the Bench, but under the necessity, too, of living down his reputation as an intellectual. It was, however, no gift of theory or philosophy that the new member brought to the party executive. It soon became clear that his determination was to find a way of taking office and his prime interest was in the tactics which would serve that end. A friendly observer early remarked in him "a pugnacity which does not do justice to his great powers".²

² *Austral-Asiatic Bulletin*, Oct-Nov 1940.

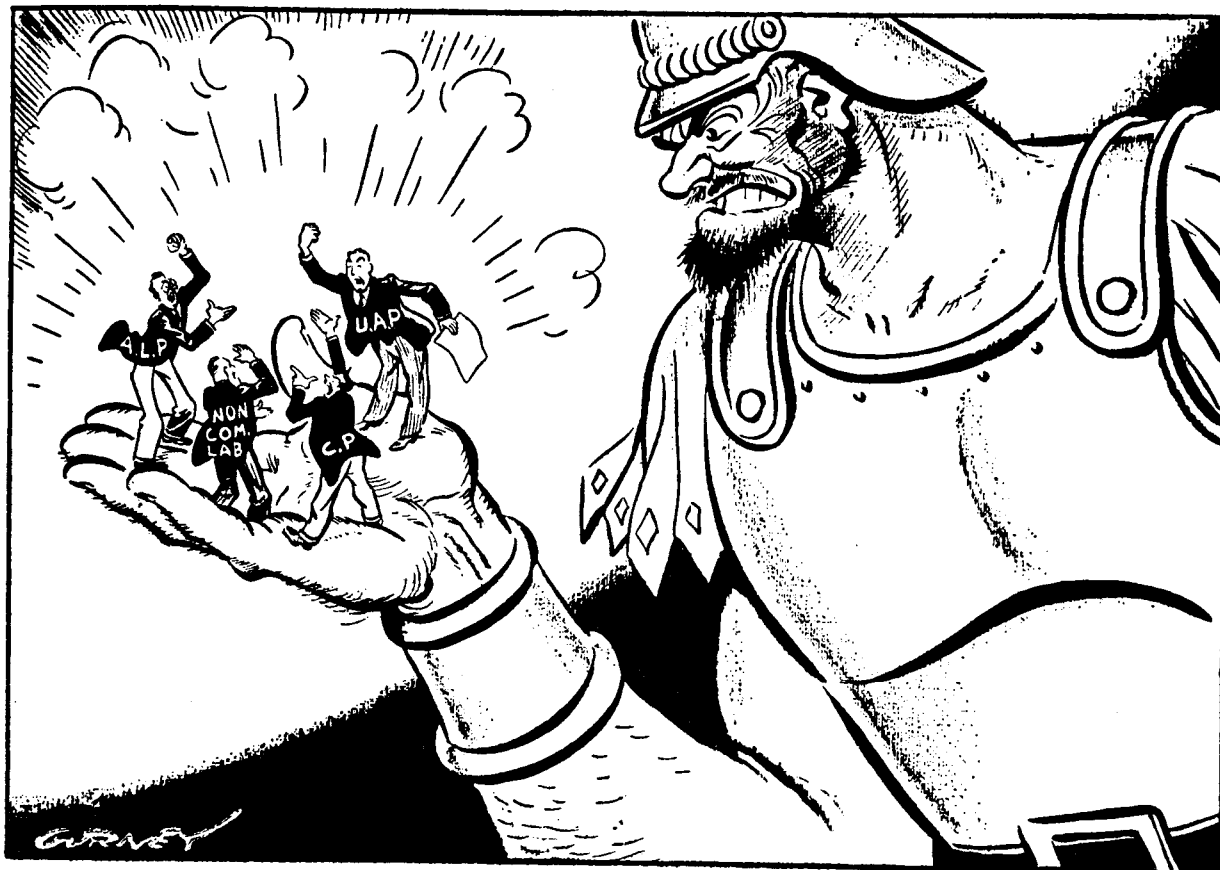
Curtin had already had reason to be careful that the Left wing did not either impede the national war effort, split the party or alienate the electorate by the manner of its opposition to the Menzies Government. He now found reason to be equally careful about those, of whom Evatt was the most eager, who were avid for office. There were two problems for a thoughtful leader. Was the Labour Party yet sufficiently united both organisationally and in its views on wartime policy to take office as a wartime government? By what means and with whose aid and by what association of forces would office be gained?

There was still a minority of Labour members who looked kindly on the idea of national government. Some of those closest to Curtin have since stated that Curtin himself was at that time disposed to look on a national government as a necessity for a united war effort but was counselled against it by the "stalwarts" of Labour. The majority of the party was clearly against national government and there was little practical possibility that it could be brought about except by splitting Labour and handing over the Opposition to the extreme Left. Yet it could not be dismissed offhand. There was a great responsibility on the parties in Parliament and a high expectation in the country that something should be done, in this time of national danger, to ensure that Parliament could work and that the executive could function effectively. No Australian party could contemplate readily an early dissolution of the House and another election, for the interruption and dislocation of the war effort might be serious and, at the lowest level of calculation, any party which forced another election on the country would be likely to incur the disfavour of the electorate.

How does a party which is in a minority of one or two obtain office without an election? By converting some of the other side to its support. That was what was eventually done with the two Independents, but such conversions do not come like a blinding light. And when some Labour members found other Labour members talking of taking the initiative and trying to form a government, they thought how else could it be done than by combining with some discontented fringe of the Government parties. Would such a combination not in fact mean that there would be, not a Labour government, but a government led by someone who had come out of the Labour party? Some of the practical and experienced Labour men, who had memories of party history, were inclined to look cautiously at those ambitious colleagues who talked about forcing their way into office.

At a party meeting at Canberra on 15th October, the day following the re-election of Curtin as leader and the election of the party executive, the Labour Party discussed the political situation and the question Menzies had put to Curtin whether Labour would join a national government and, if so, on what terms. The meeting agreed to a resolution, which was ascribed to Evatt in contemporary reports, by which Labour sought to seize the initiative from the Government by declaring Labour's determination to strengthen the war effort and ensure that Parliament could carry on effectively, and inviting the cooperation of all other parties and all Independents to that end. As an essential part of the war effort, steps

LITTLE MEN, WHAT NOW ?



Gurney in Herald (Melbourne), 8 Oct 1940.

should be taken to put into effect "the substantial aims of Labour's electoral policy" as announced by Curtin, and, to serve that end, too, Labour again invited the cooperation of other parties and Independents. Menzies, however, did not accept a Labour Party resolution as a reason for handing over the initiative in negotiation to the Opposition. He chose to read this resolution, when it was communicated to him, as a reply to the questions he had asked of Curtin in Melbourne. He assumed it meant that discussions with party managers could usefully take place, and invited the Labour Party and the Non-Communist Labour Party to send three representatives to a meeting on the following morning.

The meeting was held in the Cabinet Room at Parliament House, Canberra, on the afternoon of the 16th under the chairmanship of Menzies, who had with him Fadden, Hughes, Spender, McEwen and Page, representing the United Australia Party and the United Country Party. Curtin, Forde, and Evatt had been elected to represent the Federal Labour Party and Beasley, Rosevear and Mulcahy³ to represent the Non-Communist Labour Party, while Coles was also present as an Independent. A public statement issued subsequently said that the talks were of a purely exploratory kind.

Two further meetings were held in the following week but from these meetings Evatt was absent, having been taken ill and having been replaced by Makin. These talks led to the production of two documents by Curtin and Beasley setting out the questions of policy on which they respectively sought agreement. The precise nature of the cooperation which would follow if such agreement could be obtained was not at first clear, Curtin simply referring to the subjects as those "on which we are willing to make an agreement in order to strengthen Australia's war effort and to ensure the workability of the Parliament". In acknowledging them, however, Menzies placed on record that Curtin had "indicated that if an agreement should be reached in respect of the matters set out, the Opposition proposed that an Australian War Council should be established" and had later "appeared to be envisaging a War Council of an advisory kind without responsibility for decisions of policy".

The Prime Minister's reply to the submission of these lists was that it would not be useful to conduct a debate in conference on a long list of points which must embody practically the whole of the Labour policy. If there was to be some association of the Labour and non-Labour parties in the business of government there must be a great deal of mutual confidence and goodwill and the representation of Labour in any cooperative body must be such as to compel the fullest consideration of Labour views. He therefore put forward more briefly nine "guiding principles" for cooperation and proposed that the Opposition parties should "accept half the seats in a National Government or, failing a National Government, half the seats in some form of National or War Council, with executive functions". The view pressed by the Government parties was that only "a

³ D. Mulcahy. MHR 1934-53. Of Sydney; b. Milltown, Ireland, 7 Jan 1882. Died 13 Jul 1953.

full national government" could produce a full measure of cooperation and a sharing of responsibility, and only such a government could give due weight and effect over the whole field of administration to the legitimate views of organised Labour.

The nine "guiding principles" listed soldiers' pay, financial policy, stabilisation of the wheat industry, social policy, trade union cooperation in industrial problems, and post-war reconstruction, but left all the spaces blank for the filling in of details.

When the parliamentary Labour Party considered these proposals at a meeting on the evening of the 23rd, it maintained its preference for an Advisory War Council; and on that night the Labour proposals for such a council were accepted by Menzies after expressions of regret that the negotiations had not led to fuller participation in the government of the nation.

The purpose to be served by the new council and the spirit in which the suggestion was put forward are best indicated by the text of the resolution agreed to at the Labour Party meeting:

That the Labor Party receives the memorandum of the Prime Minister as indicating the guiding principles to be worked out harmoniously in a workable Parliament and considers that Labor's proposals for an Australian War Council enable the Government and the Parliament to strengthen the war effort and give substantial effect to the requirements for internal security and post-war preparation. The Australian War Council should be representative of all parties and empowered to investigate, advise and assist the Government in its war efforts. The Labor Party will also place the services of individual members of the party at the disposal of the Government to assist Ministers occupied on war and defence efforts. It will not take political advantage, as an Opposition, of its numerical strength to embarrass the Government in its war efforts. The Labor Party, however, hopes that the Government will give effect to a substantial measure of the party's social, industrial and financial policy, with special reference to soldiers' pay and allowances; pensions; housing; unemployment; the plight of the wheatgrowers, and a reorganisation of the finances of the country. The members of the Australian War Council could be sworn in to respect all confidences just as many public servants are, notably officers of the Income Tax Department.

The Council was constituted by National Security Regulations made on 28th October.⁴ The regulations were elastic as to the number of members or their term of office. The Prime Minister was to be chairman and the Secretary to the War Cabinet was to be Secretary to the Council. The functions were defined as follows:

The Council shall consider and advise the Government with respect to such matters relating to the defence of the Commonwealth or the prosecution of the war as are referred to the Council by the Prime Minister and may consider and advise the Government with respect to such other matters so relating as it thinks fit.

Members took an oath to give freely, when required, their counsel and advice on these matters and to respect the secrecy of council proceedings.⁵

By agreement, the Council was composed initially of four Ministers (the Prime Minister, two U.A.P. Ministers and one Country Party Minis-

⁴ National Security (Australian Advisory War Council) Regulations Statutory Rules, 1940, No. 235.

⁵ *Commonwealth Debates*, Vol 166, p. 600.

ter), and four members of the Opposition (three from the parliamentary Labour Party and one from the Non-Communist Labour Party). Fadden, Hughes and Spender were chosen by the Prime Minister; Beasley was selected by the Non-Communist Labour Party. The Labour Party, in a secret ballot, chose Curtin, Forde and Makin, all men of long-standing in the party, and, by implication, rejected both the eager and the radical. The Council met for the first time on Tuesday, 29th October, in Melbourne.

On the day of the formal constitution of the Advisory War Council—an act which meant that the Second Menzies Government would attempt to continue to govern and implied that the Opposition would cooperate to make Parliament workable—a reconstruction of the Ministry was announced. The resignation of Cameron was accepted, and this, together with the loss of Thorby and Nock, and the ending of the temporary arrangement made after the death of Street, Gullett and Fairbairn, gave room for six newcomers. Harrison and Holt, who had stood down when the coalition with the Country Party was arranged in March 1940, were brought back to office, together with a Victorian U.A.P. Senator, J. W. Leckie,⁶ Page, Collins and Anthony⁷ were brought in from the Country Party. Out of twelve portfolios, the U.A.P. held eight and the Country Party four, and each party had two assistant ministerships. Fadden, senior Country Party representative, became Treasurer, and Spender, one of the most enterprising of the U.A.P. members, went from the Treasury to the Army. McEwen, who had been shaping well in External Affairs, was given a more active post as Minister for Air. Hughes, while remaining Attorney-General, also became Minister for the Navy, a portfolio previously held by Cameron. Page took the customary Country Party portfolio of Commerce. The necessary coordination between Supply and Development and Munitions was sought by confiding both portfolios to one Minister, Senator McBride, who had previously been assisting the Minister for Commerce and who since the death of Street, had been Minister for the Army. Stewart, who had been Minister for Supply and Development as well as Minister for Social Services, since March, was given External Affairs in place of Supply and Development—an arrangement which signified on the one hand the increasing importance of Social Services and, at the same time, having regard particularly to the fact that he was not in the War Cabinet, the decreasing value placed on External Affairs at a time when a Prime Minister was handling high policy. Foll remained at Interior. Harrison, whose previous experience had been as Postmaster-General, became Minister for Trade and Customs, and Holt, one of the younger members of the party, who had been regarded as showing marked promise as an Assistant Minister, was given the new portfolio of Minister for Labour and National Service, the duties of which were likely to be both exacting and onerous and their successful discharge

⁶ Hon J. W. Leckie, MLA, Vic, 1913-17. Senator 1934-47; Asst Min for Labour and National Service 1940-41. Manufacturer; of Kew, Vic; b. Alexandra, Vic, 14 Oct 1872. Died 25 Sep 1947.

⁷ Hon H. L. Anthony. (1st AIF: 2 Sig Troop.) MHR since 1937; Asst Treas and Asst Min for Commerce 1940; Min for Transport 1941; PMG since 1949. Of Murwillumbah, NSW; b. Warren, NSW, 12 Mar 1897.

vital to the industrial side of the national war effort. McLeay became Postmaster-General (vice Thorby) and Vice-President of the Executive Council (vice Gullett), his old portfolio of Trade and Customs having gone to Harrison. He continued to lead in the Senate. The Prime Minister remained Minister for Defence Coordination and had with him in the War Cabinet Fadden (Treasurer), the three service Ministers—Hughes, Spender and McEwen—and Foll (Interior). Although portfolios had changed, Fadden was the only newcomer to the War Cabinet.

The most remarkable feature about the reconstructed Cabinet was that out of twenty portfolios, fifteen were in new hands. The ministerial head of fifteen out of twenty government departments was new to the department he administered. The administrative setback as the result both of the Canberra air tragedy and the September elections must have been considerable, particularly as it came at a time when the war effort was being intensified.

The reconstruction of the Cabinet had neither strengthened the Government nor brought greater harmony among its supporters. On the fringes of the U.A.P. there was still dissatisfaction. For the time being dissatisfaction expressed itself publicly in continued sighs for a national government and for suggestions that a further conference, not only between party leaders but including "rank and file" members, should be held, but the thought behind the sighs was sometimes suspect. The Prime Minister was moved a few weeks later by the repeated questions of McCall⁸, a New South Wales U.A.P. member, to permit himself to "wonder whether those observations in regard to the formation of a national government are being made with the object of bringing one about, or in order to embarrass me as Leader of the Government".¹

For the time being the Government had gained some promise of cooperation from the Opposition and had added to the machinery of government an Advisory War Council, which could consider high matters of state without accepting any responsibility.

This novel institution had been devised to meet the particular situation presented by an almost equal division of the parties in Parliament at a time so critical that dissolution could not be lightly considered, and in the circumstances that the minority refused to join an all-party government. Once that particular situation ended the council would lose the merits claimed for it. Those merits were, first, that information regarding the war, which for reasons of state or the requirements of security could not be given to the whole Parliament, might be given in confidence to party leaders and that advice and opinion which might not be proffered formally on the floor of the House could be given confidentially; and, second, that, as a consequence of that exchange of information and opinion, a loose agreement might be reached to ensure that executive action or legislative measures on questions vital to the prosecution of the war did not become a matter of open controversy, or, more to the point, did not lead to the

⁸ W. V. McCall. MHR 1934-43. Company Director; b. Chatswood, NSW, 24 May 1908.

¹ *Commonwealth Debates*, Vol 165, p. 577, 9 Dec 1940.

outvoting of the Government and consequent political confusion during crises in which national unity and stability were essential to national survival. In addition, at an early stage in the Council's existence, it was realised that the Opposition members of the Council, being Labour members, might be able to render a special service to the nation in helping to overcome industrial dissatisfaction or unrest, both on the one hand by the value of their advice to the Government, restraining it from blunders and helping it to perfect the machinery of industrial peace and, on the other hand, by their influence on the trade unions, restraining them from precipitate action.

When, at a later stage in the war, another general election gave a clear majority to the Labour Party, the need for the Council lessened and its continuance was more of a courtesy to the Opposition than a necessity either to give stability to the Executive or to make Parliament workable, while the fact that the Opposition was no longer a Labour Opposition lessened the capacity of its representatives on the Council to do anything helpful in the particular matter of industrial unrest.

A body of this character, accepting no responsibility, could not become a significant and enduring part of the machinery of government but it helped to ease the strain in a particular contingency. Even in the period of its greatest usefulness it was open to the criticism that it was assuming some of the functions of Parliament for, instead of that review by Parliament which had been the Labour ideal in the opening months of the war, there was substituted at times a private discussion in the Council followed by a request to Parliament to endorse or to refrain from criticising what had been arranged by a body which met in private and which was not strictly speaking a committee of Parliament accountable to Parliament but rather a creation of the Government and, if it were accountable at all, obliged only by its own sense of national duty and political possibilities to help the Government to govern and to please the parties from which its members came. The party meeting room and the Cabinet, rather than Parliament, reviewed what the Council did.

Yet this curious extra-constitutional body did signify the health of the Australian parliamentary system and the characteristic talent of parliamentary democracies to improvise. In the particular situation, brought about by many conflicting factors, in which neither single-party nor all-party government was possible, a temporary arrangement had been found by which the traditional system of parliament and party was preserved. On both sides of politics there were men who would have liked to give the nation what they called strong government by using quite different methods. The leaders, Menzies and Curtin, however, were both scrupulous. The liberalism of one, founded on the rule of law, and the practical socialism of the other, rooted in parliamentary method, made them both careful of the same tradition. At a time when ambition or the nation's need might have driven other men to seek other courses, they kept the accustomed way.

The Advisory War Council, however, insofar as it sought to share control without sharing responsibility, does not commend itself as a useful aid to the machinery of government. Considered as a device to overcome a particular difficulty, the success of the Council's functioning depended almost wholly on the willingness of the Opposition to give honest cooperation to the Government and on the readiness of the Government to pay deference to the views of the Opposition. Some private inquiries among those associated with the Council at various times and a close examination of the records of the Council, which were kept more fully than the parallel War Cabinet minutes, do not allow one to say that those ideal conditions were always realised. So far as the influence of Curtin prevailed the record is honourable but not all his colleagues were so meticulous and the advantage gained from sitting in the inner room with the Government but not sharing the Government's responsibility was one of the many factors that helped the more eager section of the Opposition on its way to office. On the other hand, when the Government chose, it sometimes reached decisions without the Council's advice and then sought the endorsement of the Council to help commend its decisions elsewhere.²

Labour's participation in the Advisory War Council, which was the result of a Labour suggestion consequential on the Labour refusal to entertain the idea of an all-party government, raises a nice point of political conduct. To what extent had this act of cooperation committed them to assist the Government? The originating resolution carried by the Labour Party had promised that the party would not take political advantage, as an Opposition, of its numerical strength to embarrass the Government in its war efforts and expressed a hope that the Government would, however, give effect to a substantial measure of the party's social, industrial and financial policy.

While there may have been no commitment, there was at least an expectation that, so long as the Government showed itself capable of conducting the war effort, the Opposition would not work to unseat it and, on the other hand, an expectation that, subject to the demands of the war effort, the Government would give "substantial effect to the requirements for internal security and post-war preparation". Unless there was such an expectation that these objectives would be achieved the whole proposal for a council, whose creation was directed to these objectives, would be valueless.

² The records of the Council contain several complaints by the Government members regarding the disclosure in the press of the Council's business, and a complaint emanating from departments, that non-Government members had used their position on the Council to go behind Ministers to the departments to obtain information to be used in criticism of the Government. A comparison of the Council Minutes and metropolitan press reports of the 14 and 15 Jan; 22 and 23 Apr; 4 and 5 Jun 1941; and on several dates in Aug 1941, relating to war industries in Australia, Lady Blamey, shipbuilding in Australia, the campaigns in Greece and North Africa, the placing of Australia's views before the United Kingdom Government, munitions production and the projected visit of Menzies to London certainly show that, however it may have come about, press reports were published which were an incomplete and partial account of Council proceedings, that these reports were likely to have created an impression unfavourable to the Government and that, in several cases, they were likely to create an impression favourable to non-Government members, and, on one occasion, to the chances of the Labour Party's taking office.

These speculations concerning the Council are directly relevant to the first major use made of it. This was also the first major challenge to the Government's stability.

The Sixteenth Parliament met for its first session three weeks after the Cabinet reconstruction and the creation of the Advisory War Council. On 21st November, Fadden brought down a £150,000,000 Budget, which contained proposals for higher taxation falling most severely on the higher income groups, but which replaced the exemption from taxation of incomes below £250 by an exemption of incomes below £150. This Budget had previously been discussed in the Advisory War Council, but the chief result of its consideration in the Council was, not agreement, but rather a heightening of controversy and a working up of opposition to the proposals before even the Budget was introduced. Following a meeting of the Council on the 8th November, the press carried reports of a "dead-lock" on the Budget proposals and rumours about such details as the downward extension of income tax, payments to wheatgrowers and a difference of view on the extent to which central bank credit could be used to finance the war. The reporters had obviously found someone, a member of the Council, and possibly more than one, ready to talk, or they had guessed shrewdly from hints dropped by some member of the Council. Apart from the doubts occasioned as to the secrecy of the Council, the effect was that for ten days before the Budget was introduced its proposals, or its conjectured proposals, were being discussed in party rooms and in the press, and positions were being prepared.

The Labour Party, at a caucus meeting at which, according to contemporary reports, opinion was divided, decided to make a challenge to the Government on the Budget. In the House on 28th November, Curtin, after saying that the Labour Party raised no objection to the amount of the Budget, applied himself to the problem of "the best and most equitable way to find this vast sum of money", and ended by moving an amendment which, if carried, was to be regarded as an instruction to the Government that the exemption in the income tax be not reduced as indicated; that the tax rates on higher ranges of income be increased; that the proposed wartime company tax be revised to ensure that the large companies bore a greater proportionate burden than the small companies; that the pay to soldiers and the provision for their dependants be increased; that a further payment be made to wheatgrowers; and that, in respect to financial policy generally, the resources and functions of the Commonwealth Bank be used to the limit of safety, and, in order to provide against inflation, the private trading banks be regulated in order to prevent them from building up "a superstructure of bank credit on the monetary expansion arising from war conditions".

So far as the points raised against the Budget were a suggestion for using a different method of raising revenue and a representation of the hardships that the Government proposals might impose on lower income groups they could scarcely be regarded as running counter to the promise of cooperation. But some of the points and the way in which the whole

were stated were undoubtedly raised in an attempt to gain an advantage over the Government. The statements on soldiers' pay, pensions, payments to wheatgrowers and use of bank credit rather than higher taxation were a renewal of Labour's election campaign and a challenge to the Government either to accept Labour's policy or refuse to give to sections of the electorate the benefits that Labour was promising them. Accept or refuse, the Government would lose ground—and Labour would gain. Of course there had never been any undertaking that Labour would not seek to advance its own policy or that Labour would renounce hope of office; nor in the normal course of politics would it be expected that the Opposition should assist the Government to produce and gain acceptance for its Budget. If Labour had been prepared to cooperate in that way there would have been an all-party Government. The fact was that the differences between Government and Opposition, both in the principles of war finance and on their respective campaign platforms, had not been removed by the creation of the Council.

On this occasion, the Advisory War Council performed the functions it was planned to perform after rather than before the parliamentary crisis had arisen.

In the House, Menzies, rather precipitately, though in an impromptu speech that brilliantly demonstrated his great powers of debate and capped all that Curtin had said, took up the challenge. The motion was moved, no doubt, he said, "with a view to testing the position of this House in relation to the Government. It is a challenge and I accept it". Government members chorused "hear, hear", but, during the course of the proceedings it became clear that Wilson, the Independent, a wheatgrower with strong views on the banking system, saw some point in the Labour suggestions and, moreover, that some of the members on the Government cross benches, particularly Spooner,³ had doubts about the methods the Budget proposed, and the effects that excessive taxation might have on industry, and consequently on the war effort.

So the issue was not forced but the Advisory War Council entered on discussions, with the agreement of the Labour Party, and the afternoon sitting of the House of 5th December was suspended to allow the leaders to continue their talks. Basically, the Council was facing the question that had influenced its foundation—how to make Parliament workable—and it had to answer it by means of a compromise on Labour's challenge to the Budget. On the evening of the 6th the Prime Minister reported to the House that, after a "frank but amicable and constructive discussion" the Advisory War Council had agreed to recommend to the various parties that certain amendments to the Budget should be adopted, and subsequently the Council's recommendations had been referred to a joint meeting of Government supporters and to meetings of each of the two Labour parties and accepted.

³ Hon E. S. Spooner. MLA NSW 1932-40. MHR 1940-43; Min for War Organisation of Industry 1941. Accountant; of Orange, NSW, and Sydney; b. Sydney, 2 Mar 1891. Died 3 Jun 1952.

Thereupon Curtin withdrew his amendment and, in the following week, after a succession of speakers had delivered their prepared Budget speeches, the first item was agreed to and the general debate concluded. The Budget and its attendant measures were passed more or less peacefully and Scullin, former Labour Prime Minister who, though not a member of the party executive, held a special place as "elder statesman" in the party and counsellor of Curtin, emerged from his customary quietness to take a leading part for the Opposition in giving effect to the agreement.

One of the paragraphs of the agreed statement reaffirmed the purpose for which the Council had been formed. It was agreed that, "without in any way limiting the rights of any member or party, but in order to facilitate the future work of Parliament, members of the Advisory War Council express their common intention that, in future, questions appropriate for discussion by the Council will, whenever practicable, be brought before it before being raised in Parliament".⁴

The compromise had not been reached easily. Among the Government parties it had left some discontent with their leader, considerable uneasiness about the Government's future, and renewed impatience—on the one hand from those who disliked being forced to accept Labour policy and on the other hand from those who wanted to get on with winning the war. On the Labour side, the compromise represented a vindication of Curtin's view of the party's role at this juncture. It was reported that Evatt opposed compromise and wanted to force a showdown while Ward was openly opposed to making any concession whatever to "big business". Probably if the issue had been forced the Government would have been outvoted, but what would have then happened was not so clear. Parliamentary stability and Labour Party unity would certainly not have been served and it was doubtful what sort of an alternative government might have been secured—clearly not one under either Menzies or Curtin.

A contemporary report, which from other inquiries would appear to be as well founded as any report of happenings inside Caucus can be, said that the voting in favour of Curtin's recommendation for the acceptance of the amended Budget was twenty-four against nineteen and that the opposition was led by Evatt who had contrived to bring together several diverse elements to support his bid to defeat the Government on the Budget and, presumably, then to find a new government from Parliament without an election.

The three sections which joined to support Mr Evatt (wrote the correspondent of the *Sydney Morning Herald*), were—(1) A small group, comprised almost entirely of New South Wales members, which is prepared to follow Mr Evatt and might even tacitly be prepared to agree to approaches to certain members on the Ministerial side. This section is willing to accept a National Government under Mr Evatt, or even another Labour leader; but its attitude to a National Government under Mr Menzies has never been defined. (2) The small left-wing section headed by Mr Ward, who is always hostile to Mr Curtin's leadership. (3) An influential group, normally associated with Mr Curtin which rejected his advice on this occasion because of a desire to secure as large a pension as possible up to the policy promise of 25/-

⁴ *Commonwealth Debates*, Vol 165, p. 483.

a week. This group, which included such men as Messrs Holloway, Dedman, Drakeford⁵ (Vic.) and James (N.S.W.), could normally be counted as part of Mr Curtin's following especially on the National Government.

The same correspondent described Curtin's majority as "the core of Labour opinion" which was opposed to a national government, believed that Parliament should be made workable and thought that Labour should bide its time until it had power and could govern in reality.⁶

Curtin, in a public statement, said "all the manoeuvres of last week which I fought were leading to a violation of the Federal Labour Party's conference decision that there should not be a national government. I had in mind and kept in mind and will keep in mind the obligations we entered into to make Parliament workable and that the establishment of the War Council, as authorised by the Labour movement, was to enable Labour to give its best to the war effort". He went on to declare that most of the nineteen who voted against him were concerned solely with the failure to obtain a higher pension rate. He denied that the nineteen members were against his leadership or constituted "the material of the elements available for the formation of a national government". The phrasing of his statement, however, leaves open the possibility that some of them were.

In public there was a good deal of loose talk about possibilities. On the Government side there were a few who talked of electing a Prime Minister from the floor of the House—an idea which had also been urged by Page during the inter-party discussions. On both sides there were those who held the opinion that defeat of the Government would not necessarily mean a dissolution and an appeal to the electorate but that Parliament itself should find means of deciding who should govern—an idea which was argued in the House by Evatt. Curtin held the course of a good party man and a parliamentarian. Hold the party together and cooperate to make Parliament workable. If Labour obtained a majority, Labour would govern. Until Labour obtained a majority, Labour would provide the Opposition and, as an Opposition, make its contribution to the functioning of Parliament.

Incidentally, the Budget crisis exposed not only the precarious state of the Ministry but something of the difficulty it faced in maintaining its position. There were possibly two ways of obtaining support for an Australian government. One was to serve the separate interests of a great number of people. The other was to define a common interest and demand that other interests should be sacrificed for the need of all. It proved to be beyond the capacity of the Menzies Government to do either, although its inclination was to attempt the second. The two Independents, into whose hands an accident placed the eventual fate of the Ministry, were, in this Budget debate, the spokesmen for the two points of view.

Wilson seemed to take the view that a government should keep in office and win the war by pleasing everybody. "The tragic war in which

⁵ Hon A. S. Drakeford. MLA Vic 1927-32. MHR since 1934; Min for Air and Civil Aviation 1941-49. Of Moonee Ponds, Vic.

⁶ *Sydney Morning Herald*, 9 Dec 1940.

we are now engaged can be brought to a successful conclusion only by the establishment of unity of purpose and action which, hitherto, has been lacking," he said. "I am satisfied that it is not possible for the Government as at present constituted, to supply the elements of accord and driving force which are necessary to ensure that Australia will pull its fair weight in the tremendous effort that is demanded of all sections of the community Australia must have a government which will conduct national affairs in such an equitable manner as to inspire the country to achieve its maximum war effort" He went on to speak of the particular matters in which he was interested and concluded his speech with the hope that the Government would "give serious consideration to all of the recommendations that have been made by honorable members on both sides of the chamber, so that as far as possible, its legislative programme may satisfy their wishes. If that be done we shall all contribute materially to the nation's war effort and the improvement of our economic standards. This would prove our sincere belief in democracy and ensure the true expression of our democratic principles".⁷

Coles, who incidentally pressed no interests of his own or of any other section of the country, exhorted the Government to think nationally and to forego all sectional interests. "Be strong and resolute in giving the guidance for which the people are pleading and be fearless in placing the load where it can be carried." He spoke of the necessity for hardship and sacrifices, although recognising the claims for social service side by side with an all-in effort.⁸

Apart from the crisis on the Budget, the opening period of the new Parliament passed smoothly enough. After a number of routine measures had been agreed to, including an amending Bill for the wartime control and stabilisation of the wheat industry, Parliament adjourned on 13th December on the understanding that the recess would last until March unless extraordinary circumstances arose. Menzies, in a valedictory speech, spoke on the difficulties and the need for goodwill and understanding to make Parliament workable and acknowledged that as Prime Minister he had been "under an immeasurable debt to the Leader of the Opposition for his consistent courtesy and understanding. His patriotism is completely clear and unspoiled".⁹

Curtin responded with a classic statement of parliamentary government in Australia:

While I am Leader of the Opposition I shall do my best to promote the good government of this country and, having regard to what are the obligations of my office, do all I can to ensure that the Prime Ministership of this nation shall be conducted in such a way that it will be at least free from anything but reasonable, honorable and straightforward criticism and opposition. If the country will not give a mandate to my party, but will give one to the party led by the right honorable gentleman, I accept that decision, and shall do my best to have carried out by the Government as much as possible of the programme in which I believe. I shall not

⁷ *Commonwealth Debates*, Vol 165, pp. 715-21.

⁸ *Commonwealth Debates*, Vol 165, pp. 355-60.

⁹ *Commonwealth Debates*, Vol 165, p. 1114.

permit myself to do anything that would jeopardise the free parliamentary system of this country, which is the chief instrument of the freedom that we are striving to preserve. I appeal to all those in Australia who feel that they have a duty to criticise Parliament, to distinguish between that criticism which is well founded and that which rests upon mere assumption, and is sometimes, perhaps too often, instigated and fed by mere prejudice. Whatever may be said about our Parliament, either good or bad, it is the Parliament of a free people. Only quite recently the enfranchised people sent all of us to this legislature. To the utmost of our respective abilities we have reflected in our attitude towards the problems of the country the opinions of the people at large. The people are divided as to what party or parties shall govern Australia, and that division is reflected in this Parliament; but there is no division among the people in regard to the necessity for complete cooperation by those who are charged with the responsibility to ensure the safety of our country and, as vigorously as we can, to promote the prosecution of the war.¹

The prospects were not as clear as the fair words of the leaders might indicate. Within the parliamentary Labour Party there was continuing pressure from those who wanted to force a change of government and continuing activity among those who saw politics simply as an irreconcilable fight between classes. On the Government side, a coalition of pieces rather than parties rested on a mass of shifting discontents, and was propped up by two Independents. There was little prospect of fortuitous change. Two by-elections in Kalgoorlie and Swan during November and December, as the result of the death of A. E. Green and H. Gregory, left the seats in the hands of Labour and the Country Party respectively. The Government might keep office by the delicate arts of party management, but the times were not propitious for the practice of such arts. It had to conduct a war and the war was reaching a stage where greater burdens had to be assumed and the life of all sections of the community had to be disturbed more deeply.

2—THE GROWING DEMANDS OF WAR

The plainest fact contained in the Budget for 1940-41 was scarcely noticed during the Budget debate. In 1939-40 the actual war expenditure of Australia was £55,000,000; in 1940-41 it was to be £186,000,000 and perhaps more. Whether considered as a matter of raising revenue, enlisting troops, increasing factory output, constructing new works or, in more general terms, diverting a much larger proportion of the national resources to war, these figures meant that in every part of the community there would have to be great changes.

During the first year of the war the disturbance of the Australian community had really been very small. The Treasury advisers found "a strongly rising level of income and consumption despite the dislocation due to the war".² In November 1940 the index of employment in retail stores was still rising. Building was continuing. There was no rationing of goods and the disbursement of wages had risen considerably. There were about 150,000 men in the various services, and civil employment had

¹ *Commonwealth Debates*, Vol 165, p. 1116.

² *Commonwealth Debates*, Vol 165, p. 78.

increased by about 80,000 in a year. Up to the present manpower controls had been apparent chiefly in measures to prevent volunteers from enlisting if they were in reserved occupations. Prices for exports had improved, and difficulties of marketing were being softened by governmental measures. Death and bereavement had yet touched only a few homes. The first casualty lists did not appear in the press until January 1941.

In these happy circumstances the community at large had still not realised the implications of total war. The first reaction to proposals for controls was usually fear that unemployment would be caused, and this fear often obscured the purpose of diverting resources to the war effort. Primary producers and small proprietors wanted to engage in their normal activities and the only alternative they could see was loss of their investments and loss of their living. For example, petrol rationing was seen by the man running a hire-car service as a threat to his livelihood. Any shortage of materials for building was seen chiefly as a danger that men in the building industry would be put out of work. State governments still entered substantial claims for loan money to finance public works unrelated to the war, and saw their own need for the works and their own financial rights rather than the fact that they were competing for labour and materials needed for war purposes. Workers, particularly in skilled trades, were reluctant to vary conditions which preserved for them the reward for their labour and they were strongly disposed, too, when their labour was increasingly in demand, to seek better wages and conditions.

What the Budget said was that expenditure on the navy was to rise from £11,000,000 to £22,000,000; on the army from £26,000,000 to £103,000,000, and on air from £11,500,000 to nearly £37,000,000. The expenditure of the Munitions Department was to rise from less than £5,000,000 to nearly £18,000,000. In practical terms this meant new demands for more men in new occupations, new demands for new kinds of production, new demands for the erection of specialised buildings, works and plant.

When the parliamentary debates on these proposals are studied, however, they reveal an imperfect understanding of the magnitude of the change which had to take place in the community. There is still a predominant concern with preserving sectional interests against any major disturbance. At one point in the debate, Coles said directly what most other members only disclosed by the kind of criticism they were making: "There is a strongly entrenched feeling in Australia that there is no imminent danger to this country and that economies and sacrifices could well be put off until some time in the distant future".³

Behind the particular questions raised during the Budget debate, the prevailing theme of "equality of sacrifice" is still discernible. An example is found in the Treasurer's proposals for increased taxation. Taxation had been increased in May to meet the expenditure under the "all-in" war effort then demanded but by the time the 1940-41 Budget was presented,

³ *Commonwealth Debates*, Vol 165, p. 359.

the May estimates of a war expenditure of £79,000,000 had risen to an estimate of £186,000,000 including £43,000,000 to be expended overseas, and it was recognised that in the remaining seven months of the financial year unforeseen events might well raise the expenditure even higher. £50,000,000 was to be raised by loan, including war savings certificates; balances in hand afforded £28,000,000 and taxation on the scale approved in May would yield £34,000,000, leaving a balance of £31,000,000 to be found for expenditure in Australia. The Treasurer took the view that the money must come "from the pockets of the people" and there were three methods of obtaining it—by raising loans from them, by extra taxation or by expanding credit by which means "spending power is taken from the community by rising prices". He was against any expansion of credit because he thought it made no attempt to apportion the burden according to ability to pay but bore most heavily on those with fixed incomes or wages and salaries and depreciated the value of small savings. Furthermore, fearing the "financial and economic collapse" that would be the end of any reckless expansion of credit, he thought that the scope for credit expansion must be estimated anew from time to time. With a great increase in future productive activity further credit expansion than had already taken place might be safe, and any such opportunities for "the safe expansion of credit" would be eagerly seized by the Government, but for the present he was against it. As for loans he had already estimated the limits of the loan market at £80,000,000 of which £50,000,000 could be devoted to war expenditure. Therefore the gap of £31,000,000 must be bridged by taxation and more than half of this would come from a higher tax on individuals, although a special wartime levy on the profits of companies, graduated according to the percentage of profits in relation to capital employed, would bring the total taxation of companies in Australia (adding together Commonwealth, State and overseas taxation) to about £32,000,000 on an estimated income of £93,000,000, while dividends were taxed without rebate in the income of shareholders. Included among the proposals for income taxation was the reduction of the statutory exemption from £250 to £150.

A good deal of the debate turned on this last-mentioned proposal, it being argued by the Opposition that a tax of sixpence in the pound on low incomes would "attack the standard of life in the homes of the great masses of the people" and would "imperil the real physical resources of the nation". Both Opposition and Government appealed to the principle of "ability to pay" but the Opposition applied the principle with the meaning that the middle and higher incomes should pay nearly all, while the Government applied it to mean that the middle and higher incomes should pay heavily but lower incomes should also give a little. Menzies taunted Curtin with saying that Labour would give its all and asked if "giving all" meant giving nothing. There must be sacrifices or security was obtained at the expense of others. Labour answered that it was not the amount that was given but what was left that counted in the standard of living. Labour argued, too, that the burden would be more equitably distributed by

"mobilising the credit of the country". Attacks on "big business" and allegations of profiteering passed current with phrases such as "brutal treatment of lower-paid workers" and fears that the Government's "policy of deflation" would create unemployment.⁴

The compromise accepted by the Government included an agreement that the statutory exemption should be £200 and not £150; that more money should be raised by a wartime companies tax; and that, "in order to permit of an investigation of the questions which have arisen in respect of central bank credit and subsequent control, the Advisory War Council will, as soon as possible, confer with the Commonwealth Bank and Treasury".⁵

Although Labour argued for a greater use of central bank credit and the Treasurer argued for a greater reliance upon direct taxation, the sharpest edge of the Budget debate is to be found, not in a discussion of the general principles of war finance but in an argument about where the hardships of war should fall most heavily. The case presented by the Opposition started, to quote Curtin, as a consideration of a problem of "the best and most equitable way to find this vast sum of money", but it became, for the most part, less a discussion about what Australia could do than one about what various groups of Australians could not do. Yet the narrowness of this approach was not peculiar to the Opposition. The arguments of Forde that taxation on lower incomes would cause "a sharp reduction in the spending power of the masses", and thus, he said, increase unemployment as well as inflict hardship on many thousands of people, can be balanced by the arguments of Spooner that excessive taxation of higher incomes would interfere with industry by taking out of "the indus-

* The following information was used by Fadden in Parliament to illustrate his taxation proposals:

Total of personal incomes in Australia . . .	£745,000,000
Total of personal incomes over £1,000 . . .	85,000,000
Total of personal incomes under £400 . . .	517,000,000
New rates to produce . . .	33,000,000
Incomes over £1,000 to contribute . . .	20,000,000
Middle incomes to contribute . . .	8,000,000
Incomes under £400 to contribute . . .	5,000,000

Tax collections from various income groups:

	Rates applying in 1939-40 £	Rates applying in May, 1940 £	Rates applying in 1940-41 £
Higher . . .	6,200,000	9,800,000	20,000,000
Middle . . .	1,300,000	2,000,000	8,000,000
Lower . . .	100,000	200,000	5,000,000

Scales of Taxation

- 1/- in the £1 on taxable amount of £300.
5/- in the £1 on a taxable amount of £1,500.
10/- in the £1 on a taxable amount over £1,500.

The following table was later compiled by Treasury advisers:

Income	U.K. 1941-42 rates	NSW State and Commonwealth 1940-41	Victoria State and Commonwealth 1940-41
£	£	£	£
150	17.9	—	1.4
200	32.5	5.4	1.9
300	66.1	24.2	19.0
600	201.1	89.5	84.4
1000	381.1	217	206
2000	856	723	704
4000	2125	1935	1823

⁵ *Commonwealth Debates*, Vol 165, p. 483

trial system" money required for development and thus cause unemployment too. An economist may find a fallacy in their understanding of war finance; the political historian is conscious that the economic fallacy springs in each case from too jealous a concern with one group of interests.

The means employed in the challenge to the Government had included a calculated appeal to the sectional claims of the populace—pensions, farmers' relief, soldiers' pay, exemption from taxation for lower income groups, social benefits. Quite apart from whether or not any or all of these claims was fully justified, the general effect of this political calculation was that part of the community was expected by their political representatives to respond favourably to a policy that gave them benefits rather than one that demanded sacrifices or a disturbance of normal peacetime life.

There were some signs, however, that the people themselves were beginning to object to this low estimate of their patriotism. The discussions of the war effort in the correspondence columns of the newspaper and the reporting of opinion more frequently reveal a readiness to accept personal inconvenience and an anxiety to serve, and contain less about equality of sacrifice or war aims than they had done in the previous six months. They also reveal a mounting protest against complacency and selfishness. Both still persisted but they were now being castigated more frequently.

Only a few in Australia had yet suffered very greatly by the war and many had found that war brought unusual opportunities and rewards. There was money about, plenty of goods in the shops and an exciting uncertainty about what might turn up next, good or bad. The Melbourne Cup in November drew a huge, gay and well-dressed crowd and the presence of men in uniform was recorded among the fashion notes as though it were one of the attractions of the carnival. The amount of bets handled by the totalisator was a record.

An observant Australian, returning home from London, found the attitude of Australians comparable to that of Britain before the terrible happenings of 1940 had made them realise the seriousness of the situation. "Australians on the whole are distinctly complacent about the war," he said. "They congratulate themselves on having a record crowd at the Melbourne Cup race; they resist petrol rationing, the control of civilian spending—anything, in fact, that interferes with the ordinary life of the community. They are, moreover, too interested in political faction fights and industrial disputes and strikes to realise that their country is in danger."⁶

Newspaper editorials and statements by public men about complacency and apathy expressed a growing concern over the state of affairs, but when the reader of the press turns from the general description of the situation to the day-by-day practice of politics, he finds that the matters engaging

⁶ Professor Clunies Ross, interviewed by the *Sydney Morning Herald* on 8 Nov 1940.

the attention of the politically active members of the community are not the major issues of the war effort but industrial disputes, opposition to national security regulations and particular grievances. There were those who directed their discussion to what the Government should do, but they usually spoke in broad and general terms about speeding up the war effort, building a labour force for war industry, formulating a more definite policy for home defence and so on, while on the other hand those who directed their words and their actions to what the Government should not do were very direct and concrete. The Government went on calling for sacrifice; substantial sections of the Press and the Opposition were busy proving instances in which sacrifice was unfair.

Both in the Budget debates and in public comment it is apparent that the reluctance to accept change and bear new burdens was often allied with the belief that big profits were being made out of the war and that there was extravagance, mismanagement and even malpractice. The total wartime experience under both the Menzies and the Curtin Governments discounts these charges to a very considerable extent, and leaves those critics who shouted them exposed to the criticism that they passed far beyond the protection of the people's interests to a point where they were damaging the nation's war effort, by unjustifiably disturbing confidence and unity. Nevertheless, it has also to be recognised that, as it was a question of confidence, the Government itself could have been more careful to earn and keep a reputation. For example, whatever the effectiveness of other methods of restricting profits may have been, there was wisdom in a remark by Scullin who, after he had commended the Wartime (Company) Tax Assessment Bill for placing a special impost on businesses making more than eight per cent profit, also spoke of the "psychological effect" there would be from a measure to tax war profits as such.⁷

Other manifestations of a harmful and carping form of criticism can be found in the frequent references by less responsible Labour members to the effect that "captains of industry" and "representatives of big business" were at the heads of the various branches of munitions production and supply, and though it could not be denied that the Government had called in these men because of their undoubtedly superior knowledge, experience and organising ability in special fields, and though, on a change of government, Labour gratefully continued to use their services, direct hints were continually being made by the Government's critics during 1940 and 1941 that these men were "taking care of themselves". If any garage man's offer of his workshop or an inventor's offer of his design were not promptly accepted, some Labour cross-bencher or some small newspaper would spread a story that it was because of some deep and dark conspiracy on the part of the Broken Hill Proprietary, Australian Consolidated Industries or any other of the big corporations from which the directors of munitions production had been drawn. Privilege, too, was constantly under suspicion. Favouritism was attacked, perhaps the most

⁷ *Commonwealth Debates*, Vol 165, p. 1031.

substantial of the complaints being the one which was made noisily, to the entertainment of newspaper readers and the discomfiture of the Government, when the wife of General Blamey was granted permission to travel to join her husband in the Middle East.⁸

Perhaps an even more potent factor in bringing hesitation over the acceptance of the Budget changes was the incompleteness of popular understanding of what war effort meant. This slowness of the adjustment of ideas can also be illustrated in the particular changes affecting the wheat industry and the State public works programmes which were associated with the changes proposed by the Budget.

At the outbreak of war the wheat industry was suffering from the effect of world surpluses and a fall in price. The Government took control of the marketable wheat remaining from the 1938-39 harvest and established the Australian Wheat Board to control, store and market the 1939-40 crop. It also sought to devise plans for stabilisation during the war and the recovery of the industry after the war. In conferences with the State Governments in August 1939, and October 1940, no unanimous agreement could be reached on such plans so the Commonwealth decided on a wartime stabilisation plan and announced it to a conference of State Premiers and Ministers, who promised their cooperation in administering the scheme. The necessary legislation was introduced in the Federal Parliament in November 1940.

The plan proposed a guaranteed price of 3s 10d a bushel f.o.b. ports for bagged wheat in respect of an acquired crop of 140,000,000 bushels. All grain would be marketed through the Australian Wheat Board and, in years of high price, any amount above 3s 10d a bushel would be paid into a fund from which payments to growers would be made in years of low price. Existing wheat farms would be registered and wheatgrowers would be licensed to grow wheat and required to give an undertaking that they would sow only the acreage allotted to them and carry out any other conditions that might be imposed upon them in the interests of the industry as a whole or that might be forced upon Australia by the exigencies of

⁸ In May 1940 the Government decided that passports would not be issued to enable wives, families or fiancées of members of the A.I.F. to proceed to Egypt or the Middle East. Hitherto a number of women folk had in fact travelled from Australia to the Middle East to be near their menfolk. The ban was also extended to other women or child tourists to the Middle East or the United Kingdom, unless in the latter case it was shown that the journey was necessary for urgent business or personal reasons. On 4th October 1940 Blamey wrote personally to Menzies from Gaza, recalling a previous reference to the matter, and asking that Lady Blamey and Mrs. Mackay, wife of Major-Gen Mackay, be regarded as special cases. He argued that there was a real need for women to do welfare work for the troops. In response to inquiries, the Government learnt on 12th December that the United Kingdom was strictly enforcing the similar ban it had placed on British families proceeding to the Middle East. Two personal letters were addressed by Lady Blamey to the Prime Minister on 3rd November and 12th December appealing for special consideration and on 12th December War Cabinet gave her permission to travel. The travel arrangements of Lady Blamey early in January attracted attention and led to a storm of criticism in the press and in the Advisory War Council. The tenor of the criticism was: Why make an exception for one woman? Full Cabinet discussed the matter on 17th January deciding that no further passports should be issued to women and as a consequence of its discussion Blamey was asked to arrange that his wife should commence the return journey "at a reasonably early date". After several more exchanges, War Cabinet was informed by the G.O.C. that the lady was standing on "her rights as a free subject" and had taken legal advice on her right to stay abroad. In the event, she successfully resisted War Cabinet's attempts to secure her return and stayed in the Middle East until March 1942, when she returned to Australia by air with her husband. The incident closed with the Government of the day docking the amount of her return fare from the General's pay book.

war. Production in marginal areas would be eliminated but the limit of production to a marketable crop of 140,000,000 bushels plus 20,000,000 bushels for seed and stock feed was approximately the average Australian crop of the past six years.⁹

Looking back across the war years, the most extraordinary feature about the debates was that the proposals for the wheat industry were not discussed as war measures or as being related to those wartime problems of manpower, production or finance to which they were in reality so closely relevant. The Minister himself spoke only of the war—"largely a European war"—as an event which had closed markets, caused a shortage of shipping and an increase in freights, thus adding to the problem of the wheat industry. The debate was left to the farmer members on both sides. The Opposition farmers wanted a higher price, and no restriction on acreage and they objected to control. Their principal speaker, Scully,¹ later to become Minister for Commerce himself in the Labour Government, objected most strongly to controls. "No regulation more soul-destroying or more destructive of individual effort than the regulations now before us was ever issued even in Soviet Russia." Pollard,² also to become a Labour minister, protested that the Government was applying restrictive measures to wheat growers but was not restricting the output of barbed wire and iron from Broken Hill Proprietary or the products of firms making radios or chocolate.

Historically the wheat scheme of November 1940 might be one of the earliest wartime measures of control of an industry, but, at the time it was adopted, it was scarcely seen, even by those whom it affected most directly, as having that character. The conception of a diversion of resources had scarcely come into the popular mind. The Labour spokesmen for the wheat growers could not be criticised for unwillingness to accept the changes imposed on that particular industry by the necessities of the war effort for they spoke apparently in total innocence of what a war effort meant in terms of national resources.³

The relationship of State public works to defence had been discussed during pre-war planning⁴ but only with the idea that State programmes might be devised or adjusted to assist defence. Gradually the core of the problem was shifting from a question of coordination to one of allocating limited resources to a single urgent task of waging war. Because of the way discussion had originated and because the question was handled through the Loan Council there was still a tendency to see the problem in financial terms as one of dividing up the total of loan moneys. Moreover, public works were at the heart of State politics, for it was by this

⁹ *Commonwealth Debates*, Vol 165, pp. 313-21.

¹ Hon W. J. Scully. MLA NSW 1927-37. MHR 1937-49; Min for Commerce and Agric 1941-46; Vice Presdt Exec Counc 1946-49. Farmer; b. Bective, NSW, 1 Feb 1890.

² Hon R. T. Pollard. (1st AIF: Lt 6 Bn.) MLA Vic 1924-32; MHR since 1937; Min for Commerce and Agric 1946-49. Of Ballarat, Vic; b. Castlemaine, Vic, 31 Oct 1894.

³ *Commonwealth Debates*, Vol 165, pp. 746 et seq. A separate contemporary problem of the wheat industry appears in the special vote for drought relief payments to be made to farmers by the States.

⁴ See Chapter 3, Section 3B above.

means that State governments undertook development, improved services and maintained employment. In June 1940, the Loan Council had instituted a plan for the coordination of civil works and appointed a Coordinator-General of Works to collaborate with officers in each State in the preparation of a works plan. His report was to be used by the Council to determine the total works programme and its allocation between States. The purpose, however, was still dual "in order to secure a maximum allocation of resources to war purposes and at the same time to maintain and improve the employment position in the States",⁵ and the dual purpose was also shown in the arrangements made to give a proportionately larger allocation of loan money to certain States which were not important centres of war expenditure. The war was not yet the predominant fact in Australian politics.

3—LABOUR RELATIONS

Among all the political problems associated with the growing war effort there were few more difficult than those related to the use of labour. It has already been indicated briefly how the minds of critics still ran to fear of unemployment as a result of wartime change. One of the tasks of the Government was to still that fear and make the transition from peacetime to wartime occupation in a way that did not impose hardship on the individual worker. A greater task was the obtaining of labour and the organising, the control and the training of labour so that the competing demands of the services, of war industries, and of civil industry might be met in a way that served the nation best. That way might not always readily satisfy the worker or the employer. There would have to be control; there would have to be some change of industrial conditions such as those relating to apprenticeship.

Labour control touched one of the most sensitive areas in Australian political life. It was not control over a commodity but over persons, and a very large proportion of those persons not only had a will but a memory and a set of ideas built up through times of depression as well as emergency, in times when they had felt they were not wanted as well as in times when they were in demand. On the other hand there were small as well as large employers, primary producers as well as factory owners, who wanted to keep employees. To call up men was not only to perform an act of "industrial conscription", it might also put a business out of operation through lack of staff. The organisation would have to spread beyond manpower to the organisation of industry.

By the closing months of 1940 the Government was becoming aware both of the need and of the nature of the problem. On the reconstruction of the Cabinet the new Department of Labour and National Service came into full activity. In pursuing its main objective of making the most effective use of the nation's manpower and resources, this department was required to give attention to manpower priorities, supply and demand

⁵ Statement by Fadden, 21 Nov 1941. *Commonwealth Debates*, Vol 165, p. 79.

of labour, placement, technical training, industrial welfare, post-war rehabilitation and reconstruction and industrial relations.⁶

In the meantime, while the new department was organising itself, and examining the ground, the Government faced the immediate problem of considerable industrial unrest. This was one of the fields in which the Advisory War Council was intended to help. At the second meeting of the Council, on 30th October, it was agreed, on the Prime Minister's suggestion, that a joint statement should be issued by the three party leaders (Menzies, Curtin and Beasley) affirming that the machinery for the adjudication of disputes should be made adequate and saying that consequently stoppages in industry could not be justified as they were helpful to the enemy and a grave hindrance to the industrial part of Australia's war effort.⁷

After further discussions, the Prime Minister announced to Parliament on 22nd November, the unanimous agreement of the Council on certain principles and on new machinery and improved procedures to ensure industrial peace. The Council had agreed that the Commonwealth Court of Conciliation and Arbitration should be preserved as the centre of the arbitration system but that the means available to it should be made more extensive and flexible. In particular, it was desirable that ways and means should exist for prompt intervention in any dispute or difference, however small, the growth or aggravation of which might impair the war effort. Whereas in times of peace the jurisdiction of the Court was limited to the prevention and settlement of industrial disputes extending beyond the limits of one State there were in time of war no limits to the Commonwealth's industrial power except such limits as might be found in the defence power itself.

The main feature of the new machinery on which the Council had agreed was the appointment of three more conciliation commissioners, making four in all, linked with the Arbitration Court and under the general jurisdiction of the judges. The prime duty of each conciliation commissioner would be the prompt investigation of disputes on the spot in consultation with employers and union officials. He would report promptly to an Arbitration Court judge on the nature of the dispute. If the judge was of the opinion that the matter of a dispute was purely local or, for some other reason, suitable for determination by the commissioner, he would empower the commissioner to arbitrate; if not, he would refer the matter into Court for adjudication there. Limits on the jurisdiction of the Court were to be removed, and the court given power to make a common rule for an industry, portion of an industry or a group of industries, subject to consultation with State tribunals to avoid unnecessary interference with State industrial laws and determinations; power to exercise any of its powers on its own initiative, and unrestricted power to authorise investigations by boards of reference. Furthermore, prospective as well as actual industrial

⁶ *Commonwealth Gazette* 218, 28 Oct 1940, and 229, 14 Nov; *Commonwealth Debates*, Vol 165, p. 690.

⁷ Advisory War Council Minute 13, 30 Oct 1940.

trouble could be brought within the Court's cognisance by either the unions or the employers.⁸

The changes were effected by National Security Regulations made on 16th December, the Prime Minister saying, in answer to Evatt, who had urged that a Bill should be introduced to allow full discussion of the subject in Parliament that, in view of the urgency of the matter, it would be a pity if these changes, which he believed were quite non-contentious, could not be brought into immediate effect instead of waiting on the introduction and debating of a fairly long Bill. He promised a Bill at "the first convenient opportunity".

Thus, incidentally, the subject affords an illustration of how, on the one hand, the absolute national security powers of the Executive were modified by seeking first the agreement of the Advisory War Council because that was a political and practical necessity, and, on the other hand, political agreement in the Council on a highly contentious subject might be made a substitute for agreement in Parliament.⁹ The appointment of the conciliation commissioners was also discussed in the Council to ensure that the men appointed would receive the confidence of the unions.

Following representations made in the House by James the Council considered the special circumstances in the coal industry and recommended the creation of special arbitration and conciliation machinery for that industry, including a central reference board and a number of local reference boards. These recommendations were eventually applied by further National Security Regulations.¹

The Central Reference Board, constituted by an equal number of representatives of employers and employees with a Judge of the Arbitration Court as chairman, was given cognisance not only of disputes on matters arising under awards but also of "any other matter affecting industrial relations in the industry which the Chairman of the Board might declare was in the public interest, proper to be dealt with under the regulations" and it was accorded extensive powers and allowed great flexibility in procedure. The local boards, subject to review by the Central Reference Board, had similarly extensive powers of conciliation and investigation of local dispute and could also inquire into and report to the central board on matters not covered by existing awards or orders.

In helping to provide adequate machinery for the prompt consideration of industrial grievances, the non-Governmental members of the Advisory War Council had been conscious of the parallel obligation to avoid stoppages and, to this end, they suggested that the Trade Union Advisory Panel should also be used both for general advice on the attitude of industrial Labour and to help in overcoming particular situations. Curtin,

⁸ Advisory War Council Minute 33, 19 Nov on Advisory War Council Agendum 6/1940, and *Commonwealth Debates*, Vol 165, pp. 143-4.

⁹ *Commonwealth Debates*, Vol 165, p. 144; Statutory Rules 1940, No. 290 made on 16 Dec 1940, and notified in the *Commonwealth Gazette* on 17 Dec.

¹ *Commonwealth Debates*, Vol 165, p. 145. Advisory War Council Minutes 63 of 12 Dec and 69 of 16 Dec 1940, and Statutory Rules 1941, No. 25 made and notified on 10 Feb 1941, and amended by No. 38 made and notified on 20 Feb.

particularly, was anxious that the panel should be used constantly to remove legitimate grievances and to meet the propaganda of "subversive elements" and the "irresponsibles". The panel was certainly not used as an auxiliary to the extent which Curtin wished and the possibility of using it effectively was limited by the fact that the A.C.T.U. was still opposed to its existence and, by resolution of a majority of the State Trades and Labour Councils at the end of September, had repudiated the action of those unions which had accepted representation on it.

When the new machinery for industrial peace was being discussed, the Government had also put forward proposals for sanctions against strikes or lock-outs but, at the request of the Council, had deferred them, the argument of the Council being that the improved machinery of conciliation should first be given a trial and, if it did not produce satisfactory results, the justification for introducing sanctions would be stronger.²

These measures to secure industrial peace were supplemented by the creation of an Industrial Relations Division of the Department of Labour and National Service and one of its earliest administrative acts, also referred to the Advisory War Council for prior discussion, was the appointment of three industrial inspectors to assist in the interpretation of awards and agreements and to investigate industrial conditions.³

The situation was becoming serious with the acceleration of the war effort. During the year 1940, which had now drawn to a close, 1,507,252 working days had been lost through industrial disputes, 1,371,382 of them in the coalmining industry, mostly in the New South Wales strike, and the production of coal for the year was 1,800,000 tons below the total for the previous year. If industrial unrest continued to take that toll the war effort would be most seriously impeded. Moreover, it was recognised that the unusual conditions of wartime employment, the diversion and dilution of labour, the strain of working overtime and unusual shifts, the housing difficulties and unsettlement of normal life would themselves be likely to give rise to some friction and irritation.

In this connection perhaps the most serious defect in all the Government had done was their slowness in anticipating and providing against the social discomforts attendant on the transfer of labour. Already at the major munitions plants in New South Wales and Victoria housing difficulties were becoming acute and both public and private factories were deficient in amenities. These were matters to which the new Department of Labour would have to give immediate attention.

During January 1941 there was a marked revival of industrial disputes. The main issue publicly stated by the unions was a refusal to work overtime unless the Federal and State Governments agreed to exempt from taxation the extra money the worker received for his overtime. In New South Wales and Victoria a number of unions representing boilermakers, ironworkers and munitions workers carried resolutions placing a ban on

² Advisory War Council Minute 33.

³ Advisory War Council Minute 113, 14 Jan 1941.

overtime. A resolution carried by a conference of seventy trade union executives representing 250,000 workers, convened by the New South Wales Trades and Labour Council on 23rd January endorsed the ban and expressed its motives as follows:

We condemn the new taxation of wage earners, which reduces the living standard of the working class. We call upon all unions to join in a campaign to compel the withdrawal of this taxation, and to demonstrate to the Government and to the employers on behalf of the working class that they must keep their hands off wages.

Other resolutions suggested the introduction of shift work instead of overtime, the nationalisation of the iron, clothing and foodstuffs industries, the raising of the basic wage to £5 a week, the raising of the statutory exemption from income taxation to £300 (instead of the £200 at which the Budget compromise placed it), and the abolition of State wages tax and of "the new indirect taxes".⁴

The trouble was not simply a matter of the workers in one group of industry insisting on their own claims. It was linked with the struggle for control within the Labour Party itself. In part it continued the opposition to the Budget compromise. At a conference at Woy Woy on 27th January of the New South Wales (Hughes⁵-Evans group) Labour Party, Edgar Ross, an executive member, reading a paper on "the political perspective", preached opposition to a Federal Government which, he alleged, was under the control of big monopolies. He saw the strikes as part of a working class struggle "to win real power and use it for socialism" and, attacking those union leaders who were assisting the Government, urged that the line taken by the Labour Party should be reversed and, as a first step towards that end, the "present capitulating leadership" (i.e., Curtin and his supporters) should be isolated and expelled.

In an earlier discussion of the situation in the Advisory War Council, Beasley, who certainly knew better than any other Council member what was going on in the New South Wales industrial field, described the cause of the strikes rather mildly as "misunderstanding". "An intricate question of this nature which was not readily understood by the masses created a fertile field for subversive propaganda and the maximum use was being made of the position by disruptive elements to stir up further trouble."⁶

Curtin, at a later meeting—he had been absent from the Council in January—clearly regarded the trouble as due to "disruptive" and "subversive" elements and wanted an opportunity to be given to the Labour Party itself to handle the situation, urging that the Trade Union Advisory Panel should be used constantly and the standing of the "legitimate unions" enhanced so that they could meet the propaganda of the subversive and investigate genuine complaints.⁷

⁴ *Sydney Morning Herald*, 24 Jan 1941.

⁵ J. R. Hughes. Former Senior Vice-President (NSW) Australian Labour Party.

⁶ Advisory War Council Minute 97, 14 Jan 1941.

⁷ Advisory War Council Minutes 124, 128, 132, and 141 of 5 Feb.

This industrial activity illustrates less that a large body of working men were objecting to paying extra taxation than it illustrates that some industrial leaders were ready to stir up "grievances" in order to advance their political ideas or to keep an advantage in party conflict.⁸

4—SECURITY AGAINST JAPAN

During the closing months of 1940, while the Australian Government was struggling for its own political survival, facing a Budget crisis in Parliament and devising means for combating industrial unrest, the war was still raging. The Battle of Britain was at its height. During the period from September to December over 20,000 Britons were killed and over 30,000 injured in enemy air raids. The heroism of Britain under fire and the story of the devastation of Coventry and other English cities were perhaps more familiar to most Australians than the ins and outs of their own political difficulties and, stirring them, made large numbers more impatient than ever with those engaged in the practice of politics. The King's broadcast of 23rd September came to them from bomb-scarred London. "As we look around us we see in our hour of trial the Mother City of the British Empire proving herself united in herself. It is not the walls that make a city, but the people within them. The walls of London may be battered, but the spirit of the Londoners is calm, resolute and undismayed. As it is in London, so it is throughout Great Britain."

By the end of October, the fear of an immediate attempt by Germany to invade the British Isles was passing, but the air raids, submarine and surface attacks continued and, in the Atlantic, were taking heavy toll of British convoys. H.M.S. *Jervis Bay*, an auxiliary cruiser which bore an Australian name and had commenced its maritime life as one of the Australian Commonwealth Line, had gone down gloriously engaging the enemy. Without armour and mounting eight-year-old six-inch guns, she had steamed straight for the German battleship *Admiral Scheer*, firing as she went, and most of the convoy with its precious food and munitions had been saved. Australian warships were in action in the Mediterranean and the Red Sea. In November, *Sydney*, with *Ajax*, *Orion*, *Nubian* and *Mohawk*, sailed through the Straits of Otranto into "Italy's own private sea" and attacked enemy shipping, about the same time as the Fleet Air Arm of the British navy was delivering a "crippling blow" to the Italian navy in a night raid on Taranto. It was during this period, too, that the Commander of H.M.A.S. *Yarra*, patrolling under frequent bombing attacks, wrote of his men: "I fear that some do not land even when they can do so in case they should miss an air raid". Towards the end of November it was announced that the R.A.A.F. had been in action for the first time over the Western Desert of Egypt. The 6th Division was in an advanced position in the Western Desert and an enemy drive against Egypt was awaited. Italy had invaded Greece at the end of October, and on the 3rd November the landing of British troops on Greek territory

⁸ See Appendix 6, "Industrial Disputes in Wartime".

was announced. Throughout November and December the Greeks, showing great fighting spirit in the Albanian mountains, checked the invader and then began to drive him back.

Nearer home there were reports of sinkings of ships on or near the Australian coast by mines off Bass Strait, by a raider in the Indian Ocean and by undisclosed causes off the New South Wales coast. The general situation in the Far East was not perceptibly better or worse although Japan's adherence to the Axis Pact made it more probable than ever that sooner or later, at a moment when the British Commonwealth was most distressed, Japan would strike.

While conducting an election campaign, reconstructing the Cabinet and facing the Budget crisis, the Australian Government was also directing the national war effort. Throughout this period War Cabinet was continuously engaged in attempts to improve the situation in the Far East and to strengthen Australia's security.

For the time being, during a period of preparation in the Middle East, interest in that theatre was largely a matter of trying to ensure a state of readiness. The anxiety of the Government that all should go well there and the importance they placed on a "clear-cut victory" were reflected in an exchange of telegrams between Menzies and Churchill in September and October expressing concern at the Dakar Incident and regretting the lack of prior consultation. Menzies asked that the Middle East should be "as fully reinforced and equipped as humanly possible".⁹

On the particular question of the training and equipment of the A.I.F. further telegrams were exchanged with the United Kingdom and with Blamey, who replied to the effect that, like most British units in the Middle East, the 6th Division was still deficient in equipment and that supplies from England were not arriving as rapidly as desired but, seeing that the division was generally better equipped than the remainder of the British forces available, he felt bound to agree to its participation in a defensive role. The War Cabinet continued its efforts to ensure that the whole of the A.I.F. abroad was fully equipped as early as possible, but the key to the position was the availability of supplies from Britain, and Britain was still under nightly bombing and still fighting to keep the seas clear of her enemies.¹

In the Far East further measures were being shaped in military staff conversations. A Far Eastern defence conference had been suggested in the appreciation of the Far East forwarded by the United Kingdom Chiefs of Staff in August. It was intended that it should be a staff conference between British, Australian and New Zealand officers and should be followed by further conversations with Netherlands officers. It was hoped, too, that staff conversations might also be held with the United States. A proposal by Australia that the Far East Defence Conference be held in Melbourne gave place to a decision to hold it in Singapore. In sending the

⁹ See W. S. Churchill, *The Second World War*, Vol II, Appendix D.

¹ War Cabinet Minute 565, 17 Oct and 596, 24 Oct.

Australian delegation (Captain Burnett,² Assistant Chief of the Naval Staff; Air Commodore Bostock,³ Deputy Chief of the Air Staff; and Major-General Northcott, Deputy Chief of the General Staff), War Cabinet made clear that the cooperation of Australia in the defence of the Far East was to be examined at the conference as a staff problem after providing fully for the existing commitments of the Commonwealth and that any proposals for further cooperation by Australia were reserved to the Government for decision.⁴

The conference met from the 22nd to the 31st October and applied itself to preparing a tactical appreciation of the situation in the Far East in the event of Japanese aggression; a review of the defence requirements of India and Burma in the light of a possible Japanese threat from Thailand; points for discussion with Netherlands East Indies authorities in the event of staff conversations with them being authorised, and points for discussion with representatives of the United States of America on the assumption that Anglo-American staff conversations would ultimately take place in the Far East. The United Kingdom view, based on the earlier appreciations furnished to the Australian Government, was that Singapore was the key to the British Commonwealth's defensive position in the event of war with Japan and that Australia and New Zealand and British possessions in the Far East would be best defended at this stage by adequate concentration of forces in Malaya. This was endorsed by the conference, the chief general conclusion of which was that the first and immediate consideration must be to ensure the security of Malaya against direct attack. The army and air force, both in numbers and equipment, were now far below requirements, in view of the inadequacy of naval forces, and these deficiencies should be remedied immediately, the further cooperation of India, Australia and New Zealand being sought. The conference also, as required, drew up lists of matters for discussion with the Dutch and Americans.

The conference made the following observation in regard to Australian local defence: "While the possibility of a major expedition against Australia or New Zealand may be ruled out initially, we must still maintain in Australia and New Zealand such army and air forces as are necessary to deal with raids and also such naval and air forces as are necessary to ensure the maintenance of vital trade, protect troop and other convoys and carry out necessary local defence duties". Detailed problems concerning Australia's local defence were not considered by the conference except insofar as these concerned combined defence in the Far East.⁵

The conclusions and recommendations of the conference, together with the observations of the Australian Delegation and the views of the Aus-

² Capt J. Burnett, RAN. ACNS Navy Office, 1939-41; comd H.M.A.S. *Sydney* 1941. B. 26 Dec 1899. Lost in sinking of *Sydney* 19 Nov 1941.

³ AVM W.D. Bostock, CB, DSO, OBE. Dep Ch of Air Staff RAAF 1939-40; C of S Allied Air Forces SWPA 1942; AOC RAAF Cd SWPA 1943-46; MHR since 1949. Regular air force officer; of Melbourne and Benalla, Vic; b. Sydney 5 Feb 1892.

⁴ War Cabinet Minute 567, 17 Oct 1940.

⁵ War Cabinet Agendum 254/1940, 18 Nov.

tralian Chiefs of Staff were considered by the War Cabinet on 26th November. On the previous day the Prime Minister had informed the Advisory War Council of the "alarming position in regard to the defence of Singapore", as revealed by the conference, and the probability that Australia would be called upon for troops and munitions for Malaya and, although no expression of opinion by non-Government members on the defence of Singapore is recorded, there was general approval of the suggestion that Menzies should go to London to talk over this and other matters with Churchill.⁶

Independently of the Singapore report, Curtin had already been asking questions in the Council about the possibility of transferring a battleship to Singapore and disposing the Royal Australian Navy "for the defence of the waters to the north of Australia".⁷

As the result of the War Cabinet discussion, and following the recommendation of the Singapore conference, the Australian Government urged the United Kingdom Government, by cablegram on 1st December, that immediate action should be taken, in view of the inadequacy of the naval forces, to remedy the deficiencies in the army and air force at Singapore. Going back to the discussions at the 1937 Imperial Conference, the Australian Government repeated an assurance that had been given that Singapore would be rendered secure from military attack, using the term military in the broadest sense. The whole defence policy in the Far East was directed towards ensuring that Singapore would hold out. The cablegram then set out what Australia itself was prepared to do and expressed concern at the most serious position revealed by the Singapore conference.⁸

The supporting papers prepared for Cabinet show that the Singapore report was based on the expectation that, on the outbreak of war with Japan, Australian and New Zealand naval forces would return home and a battle cruiser and aircraft carrier would proceed to the Indian Ocean. The minimum naval forces required, other than troop convoy escorts, and excluding local defence forces in Australian waters, were two eight-inch cruisers, three six-inch cruisers and five destroyers, and these forces could be provided by the return of the Australian vessels serving overseas. A capital ship escort would be required for troop convoys in the Indian Ocean, and more anti-submarine and mine-sweeping vessels were needed for local defence in Burma and New Zealand.

The plain fact of the naval situation, however, was that this "minimum" did not exist in the Far East and could only be provided in an emergency by moving vessels from other waters. Land and air defences must therefore be strengthened both to hold Singapore for the use of the navy and to defend territories against raids or invasion. Moreover, the assumptions made about minimum naval forces had been based on a further assumption that adequate air forces were maintained in local areas. Such air forces

⁶ Advisory War Council Minute 39, 25 Nov.

⁷ Advisory War Council Minutes 7, 29 Oct and 34, 25 Nov.

⁸ The Australian Government to Secretary of State for Dominion Affairs, 1 Dec 1940; repeated to Prime Minister of New Zealand.

did not, in fact, exist. The Singapore conference recommended an R.A.F. strength of 582 aircraft for the Far East but conceded that 336 would give "a very fair degree of security". In fact, there were only 88 first-line aircraft in Malaya in November, 1940, and only 48 of these, the Blenheims and Hudsons, were modern, while the air strength in Hong Kong and Ceylon was negligible. On the assumption that the 582 aircraft were available, the conference estimated that 26 infantry battalions, 5 field regiments and 3 light tank companies were required for the land defences of Malaya and neighbouring territories—an estimate that subsequently was recognised as being excessively modest—but in fact there were only available in November 1940 17 infantry battalions (6 British, 10 Indian and 1 Malay) and one mountain regiment of mobile artillery.

The Australian War Cabinet's decisions left the main responsibility for repairing these deficiencies on the United Kingdom, but offered to give whatever assistance was possible in the supply of anti-submarine and mine-sweeping vessels, mines and depth charges, to provide Australian troops for temporary service in Malaya, to despatch certain specified arms and equipment to Malaya and to commence work immediately to improve air defences in the Australian area.

The offer of Australian troops for Malaya, as on the previous occasion on which the subject had been raised, was unenthusiastic. The Australian Chiefs of Staff recommended that a brigade group and necessary maintenance troops, with a modified scale of equipment only, be made available at an early date "as a contribution to the deficiencies in land forces" but that these troops should only be located in Malaya as a temporary measure while completing their training and until such time as the 8th Division could be concentrated in the Middle East, when they should be relieved by Indian troops. The War Cabinet, in accepting the recommendation, also decided to tell the United Kingdom Government that, for the reasons previously given about the climate and the "psychological" unsuitability of Australian troops for garrison duties, they would prefer Malaya to be reinforced by Indian troops but, if imperial strategical considerations called for the despatch of Australian troops to Malaya, the Australian Government concurred, "provided the troops are concentrated in the Middle East as soon as circumstances permit".

Supplies made immediately available for Malaya by Australia included 2,000 rifles, small arms ammunition and grenades. The supply of anti-aircraft guns was made contingent on the diversion of supplies already being made available to the United Kingdom. A promise was made to consider the despatch of three-inch mortars when they became available from Australian production early in 1941.

As regards air defence, the Singapore conference had defined certain operational areas and had suggested a flexible system by which each area could reinforce the other. The areas which came within the sphere of responsibility of the Australian Government were (a) North Australia, (b) South-East Australia, (c) South-West Australia and (d) New Guinea, the Solomons and the New Hebrides. War Cabinet approved the recom-

mentation of the Chiefs of Staff that work be commenced immediately to extend ground organisation and facilities in these areas. It was also decided to ask the United Kingdom to expedite the allotment of aircraft required by the R.A.A.F. home defence expansion programme to enable Australia to meet its share of responsibility. The minimum strength of aircraft required for the initial equipment of the R.A.A.F. for this purpose was 320 and the present deficiency in modern types was 278. This was, in reality, only the fulfilment of the 32-squadron plan of home defence previously adopted.

When the Cabinet decisions are examined critically, the conclusion is inescapable that, although the Singapore conference had revealed the weakness of Singapore and hence, in the reasoning of the Australian defence advisers, of the home defences of Australia, it did not lead to any substantial action to repair the weakness. The pathetic extremities in which the British Commonwealth found itself are revealed most pointedly in the plain facts that the naval strength on which Far Eastern security was based was not available; that weapons, equipment and supplies were lacking; and that not only Australia but every other part of the region had to await the allocation of hundreds of aircraft from British and American factories before air defence became more than a paper plan. The size of the minimum forces required in each of the services had been calculated on the assumption that the full strength of the other services would be available but every one of them was deficient.

The non-Government members of the Advisory War Council were rather more emphatic than the Cabinet about immediate naval reinforcement of the Far East but do not appear at this stage to have pressed for any change in the employment of the A.I.F. At the first meeting of the Council Curtin had asked about the possibility of disposing the Royal Australian Navy for the defence of the waters to the north of Australia and, in response to his later inquiries along the same line, the Chief of the Naval Staff attended a Council meeting on 2nd December to explain the "world-wide plan" to give heaviest protection where most required. Any reduction of naval strength in the main theatres might have disastrous results not only there but in the scale of attack in Australian waters. The situation in the Far East was always under close review but the war effort in the main theatre should not be reduced by withdrawing ships to stand by in case of Japanese action.

The Council, having heard the review, was content with an unemphatic proposal that the Prime Minister should communicate with the United Kingdom Government regarding the possibility of "basing three or four capital ships at Singapore as a deterrent to Japanese action in this region".⁹

The disposition of the Australian vessels at that time was: *Canberra*, *Perth*, and *Adelaide* in Australian waters with mine-sweepers and anti-submarine vessels; *Australia* with the Home Fleet; *Hobart*, *Yarra* and *Parramatta* with the Red Sea Force; and *Sydney*, *Stuart*, *Waterhen*, *Vam-*

⁹ Advisory War Council Minute No. 48, 2 Dec 1940.

pire, *Vendetta* and *Voyager* with the Mediterranean Fleet. During December *Sydney* and the armed merchant cruiser *Westralia* returned to the Australian Station and were replaced in the Mediterranean by *Perth*.

The last word at this stage of the communications with Britain was given by Churchill in a cablegram sent in Christmas week. He thanked Australia for the offer of troops, equipment and ammunition for Malaya and promised that arrangements would be made to relieve the Australian troops in May 1941 by the equivalent of a division from India. He thought the danger of Japan going to war with the British Empire had lessened and that the growing naval and military advantages in the Mediterranean would also have their effect on Japanese conduct. It would be quite impossible for the British fleet to leave the Mediterranean at the present juncture without throwing away irretrievably all that had been gained there and all prospects for the future. Anxieties in the East must be borne "patiently and doggedly", it always being understood that if Australia were seriously threatened by invasion Britain would not hesitate to sacrifice the Mediterranean position for the sake of Australia. Churchill pointed, too, to the seriousness of the naval position in the North Sea and Atlantic as the result of German accretions of strength and the possibility of the undamaged portion of the French fleet being betrayed to Germany. The only way in which a naval squadron could be found for Singapore would be by ruining all prospects in the Mediterranean. As regards the recommended air reinforcements for Singapore it was difficult, he said, to make any precise commitment as to numbers. He concluded that, broadly speaking, British policy was to build up as large as possible a fleet, army and air force in the Middle East and keep this in a fluid condition, either to prosecute the war in Libya, Greece and presently Thrace or reinforce Singapore should the Japanese attitude change for the worse.

The substance of this cablegram was communicated to the Advisory War Council by the Prime Minister on 8th January 1941,¹ but there is no record that any further opinion was expressed on it. Previously the Prime Minister had sent a reply to Churchill stating that arrangements had been made to ship the Australian brigade group to Malaya as soon as shipping was available and there would be an immediate shipment of equipment and ammunition. During the Christmas period the Minister for the Army, Mr Spender, and the Chief of the General Staff, Lieut-General V. A. H. Sturdee, had visited Malaya and discussed the question on the spot.

At the beginning of November the War Cabinet had approved the recommendation of the Australian Chiefs of Staff in favour of a British proposal to create the office of Commander-in-Chief, Far East, in order to secure fuller coordination in the defence of Malaya, Burma and Hong Kong. It was agreed that the new Commander-in-Chief should communicate direct with the defence services in Australia on matters of interest to them, but that matters of major policy should be referred to the services

¹ Advisory War Council Minute 8.

through the Commonwealth Government.² Previously a proposal had also been made by the United Kingdom Government that, in certain contingencies, a unified naval command in the Pacific Ocean and the Far East, including the waters around the Netherlands Indies, Malaya, Australia and New Zealand, would be desirable. The War Cabinet had expressed the opinion that this was a strategical question and there would be no political objections from Australia.³

In the meantime in the Middle East, General Wavell⁴ was preparing to mount the first Allied offensive in the Western Desert. Whatever weapons, aircraft or troops could be spared were to go there. The Australian Government, too, although making urgent representations regarding Singapore, gave priority to the Middle East. The equipping of the 6th Division and the building up of an Australian army corps had first claim. Among the arguments used to the United Kingdom for strengthening Singapore was the extent to which Australian cooperation in overseas theatres was dependent on the Australian public's impression of the degree of local security that existed.

The Singapore conference was followed by conversations in December 1940 at Singapore between British and Netherlands officers, the Australian services being kept informed, and eventually by Anglo-American staff conversations in Washington. These meetings led the way to Anglo-Dutch-Australian conversations at Singapore in February 1941, to which reference will be made below. In the meantime, during the visit to Australia of a small Netherlands Army mission the urgent munitions requirements of the Netherlands East Indies had been discussed in Melbourne and arrangement made for the supply of some of these requirements, principally small arms ammunition, by Australia.⁵ Collaboration with the Netherlands was extended by granting approval for the stationing of a Dutch oiler in Papuan waters to serve a naval patrol which was being established to protect Dutch trade from the United States of America, for Dutch naval tankers and warships to visit Rabaul and for Dutch warships to use harbours and roadsteads in Australian territories and mandated islands.⁶

Diplomatically, Casey was taking advantage of whatever opportunity presented itself to impress on the United States Government and its advisers the value to the United States of the joint use of existing bases in the south-west Pacific or of making arrangements to lease and build their own bases in that region. Early in September, the Anglo-American agreement to lease to the United States sea and air bases in Newfoundland, the British West Indies and British Guiana in exchange for fifty over-age destroyers had been announced and in August, the U.S.A. and Canada had formed a Permanent Joint Defence Board. Casey hoped it would be possible to extend similar cooperation to the Pacific and to American-

² War Cabinet Minute 616, 4 Nov 1940.

³ War Cabinet Minute 593, 24 Oct 1940.

⁴ Field Marshal Rt Hon Earl Wavell, GCB, GCSI, GCIE, MC, GOC-in-C, ME 1939-41, India 1941-43, SW Pacific Jan-Mar 1942. Viceroy of India 1943-47. B. 5 May 1883. Died 24 May 1950.

⁵ War Cabinet Minutes 512, 16 Sep; 648, 26 Nov; 707, 22 Jan 1941.

⁶ War Cabinet Minutes 613, 4 Nov and 743, 4 Feb 1941.

Australian relations and, at his prompting, the Defence Committee produced "arguments" for use, if opportunity arose, for persuading the American authorities of the value to the United States of bases in the south-west Pacific.⁷

For the most part, however, the hope of securing the restraining influence or the defensive aid of America in the Pacific was pursued in conjunction with the United Kingdom and subject to the broader questions of American aid to the Allies which were being handled in communications between American and British Chiefs of Staff. This meant that, as events will show, the Pacific was subsidiary to the more immediate and critical call for aid for the Allies and protection for the United States in the Atlantic.

The Australian Government also looked to the state of its own outlying territories. Arrangements were made for the strengthening of the defences and the garrison of Darwin.⁸ Early in November plans prepared in September for the evacuation of the civil population of Darwin in an emergency were approved and the Defence Committee instructed to prepare a report on plans for the evacuation of population from centres of population liable to air attack and on evacuation from vulnerable areas for military reasons.⁹ Defence works at various points, including a proposal to instal six-inch guns at Nauru, Ocean Island and Rabaul, were under consideration, and consultation with the United Kingdom was taking place regarding responsibility for the defence of the Cocos Islands.¹ By proclamation on 13th December ten more age groups were called on to enrol for home service under the *Defence Act*.²

Discussions had also taken place between the Australian and the New Zealand Chiefs of the General Staff in Melbourne in September 1940 on the application of the decision made in the previous July that munitions should be supplied to New Zealand to "the fullest practicable extent" on "the basis of actual cost plus inspection and proof charges and freight",³ and a proposal had been made that New Zealand should share in Australian production in the ratio of her war establishment to the Australian war establishment, that is, she should have one-sixth of the production, with reservations regarding certain items and subject to priority being given to unfulfilled United Kingdom orders.⁴

By the demands of its own increasing forces, commitments to the United Kingdom and the arrangements being worked out with New Zealand, and the promises made consequent on the Singapore Conference in respect of the Far East, Australia was accepting heavy commitments for war production. They were allied with hopes which Ministers had been trying to turn into practical proposals that British industries, particu-

⁷ War Cabinet Minute 526, 24 Sep and War Cabinet Agendum 210/1940.

⁸ War Cabinet Minutes 525, 24 Sep and 643, 26 Nov 1940.

⁹ War Cabinet Minute 617 on Agendum 245/1940 of 4 Nov.

¹ War Cabinet Minute 638, 26 Nov 1940.

² War Cabinet Minute 666, 12 Dec 1940.

³ War Cabinet Minute 437, 24 Jul 1940.

⁴ War Cabinet Minute 580, 23 Oct 1940.

larly aircraft production and shipbuilding, might be transferred to Australia.

The contribution by Australia of weapons, supplies and equipment to strengthening the security of the Far East was contingent on commitments already made and on the discussions at the Eastern Group Supply Conference, held at New Delhi in October, to improve the organisation of war supplies to Empire forces in the Middle East, Far East, India and elsewhere by coordinating the industrial capacity of Australia, New Zealand, South Africa, India and the African and Asiatic colonies.

In deciding to accept the invitation to the Eastern Group Supply Conference, War Cabinet reaffirmed the 1937 principles of defence, which it interpreted to mean that Australia's primary obligation was to provide for its own local defence and that its assistance to other parts of the Empire or to allies was subject to that condition. The delegation to New Delhi, led by Sir Walter Massy-Greene, was authorised to negotiate, however, regarding the allocation of Australian production of munitions, foodstuffs and raw materials after essential local requirements had been met and for the meeting of Australian needs from other countries provided that no arrangements should be contrary to "the basic principle of Australian self-sufficiency" and that the quantities in the case of munitions, did not exceed the approved programme. Any policy of Australian dependence on India was not acceptable, firstly because of the Imperial Conference principles of responsibility for local defence and self-sufficiency in munitions, secondly because of the wartime risks of sea transport between the Eastern group of Empire countries and thirdly because of such political factors as the possible attitude of India after the attainment of self-government.

"Our policy might be summarised," the Prime Minister said to the delegation, "as production up to the maximum capacity of the things that we can produce, and, having provided for our needs first, we would be willing to become exporters of the balance. We are not prepared to be importers of things we can produce. As to the relation of our tariff policy, there is no intention of entering into commitments which might cramp the development and expansion of our secondary industries".

The War Cabinet agreed in principle to the establishment of a central authority, on which Australia should be represented, through which all demands for stores for forces in the Middle East, East Africa, Malaya and other colonial stations east of the Red Sea should be submitted and that this authority should be responsible for the coordination of demand and supply from India, the Dominions and Colonies in accordance with the estimated requirements of the various forces to be maintained.⁵

The New Delhi Conference led to the setting up of the Eastern Group Supply Council, permanently in session at New Delhi, with representatives of the United Kingdom, India, Australia, South Africa, and New Zealand plus a representative of the Army Council and the Imperial General Staff, who, after a Central Provision Office had decided questions such as priority

⁵ War Cabinet Minute 545 and Agendum 217/1940, 2 Oct 1940; 565, 17 Oct; and 602, 31 Oct.

of needs and other military details, brought before the Council the demands of the forces in the Eastern Group. The Council had then to decide from what country or countries it would be best to obtain supplies and, having done so, would ask the Governments of those countries to place the necessary contracts. In January 1941 the Full Cabinet approved the recommendation of the Minister for Supply and Development to appoint Sir Bertram Stevens as Australian representative on the Council.⁶

5—A DIPLOMATIC ADVENTURE

The attempts to ensure security against Japan also brought Australia into more picturesque adventures in international politics. Unwillingly at first, but with increasing zest, Australia played a part in assisting the *coup de force* which rallied New Caledonia to the Free French movement headed by General de Gaulle, in September 1940.

Broadly, the situation was that while the majority of the French population of New Caledonia supported the resolution of the local elected Council (Conseil-Général) of 26th June affirming New Caledonia's determination to carry on the struggle against Germany, there were, among the wealthier merchants, officials and military officers a number who favoured the Vichy Government established under Marshal Pétain.

Previously, in the New Hebrides, administered under an Anglo-French Condominium, the French Resident Commissioner, M. Sautot, in close consultation with the British Resident Commissioner, Mr R. D. Blandy, had declared for Free France, and Sautot, whose fervent patriotism and moral courage are testified to by those who knew him, at once appeared as a possible leader for rallying New Caledonia to the Free French cause.

The Governor of New Caledonia, M. Pelicier, appeared to be trying to hold a balance between de Gaullistes and Pétainistes. The relations between him and the Australian Government had been correct and friendly. Australia facilitated shipping from Australia to French possessions in the Pacific and offered "practical help and special consideration . . . in the solution of your economic problems and in the maintenance of your well-being and stability". The Governor expressed his thanks and readiness to discuss with the newly-appointed Commonwealth representative, Mr Ballard, all questions affecting the friendly relations of the two countries.⁷

Early in August, the High Commissioner for the Western Pacific expressed to the United Kingdom Government his opinion that, in view of recent incidents in New Caledonia, some definite action by de Gaulle was advisable, such as sending a French warship with French officials to take control of the administration and to remove the adherents of the Pétain Government. The Australian Government, however, thought such action would be precipitate, and asked the United Kingdom Government

⁶ Full Cabinet Minute 29 in War Cabinet series, 16 Jan 1941.

⁷ Cablegram from Menzies to British Consul, Noumea, 18 Jul 1940, and cablegram from British Consul, Noumea, 21 Jul.

not to take any immediate steps before Ballard could arrive in the colony. The Australian reading of the situation in New Caledonia was that the overwhelming majority of the French population was wholeheartedly on the side of de Gaulle and, although the attitude of some officials was "ambiguous", the Governor wanted to move in the same direction as the population and was working to avoid any situation in which the colony would be left without a constitutional authority at its head. Australia deprecated the popular demonstrations as due to a few "extremists" who wanted to move faster than the administration.⁸ When Ballard took up duty in Noumea towards the end of August, his instructions were explicit:

The last thing the Commonwealth Government desires is a local revolution or the overthrow of the French Administration by extremists in New Caledonia. Such an event might as a consequence result in a request to Australia to assume responsibility for law and order and defence or even to take over the colony as a protectorate. An appeal of this nature would, if acceded to or not, be misinterpreted in some quarters and would have far-reaching repercussions especially as regards French Indo-China. In any case, we are pledged publicly to maintain the status quo and to do nothing to alter the present position. The best solution seems to us to be to have an administration owing nominal allegiance to Vichy only but sympathetically inclined to the wishes of the local populace in regard to continuing the war effort—in other words to cooperate with the Allies as far as possible. You should endeavour to get the leaders of the local movement to accept this point of view not only for their own benefit but for ours. If Vichy concurs in the suggestion of the Governor that he leave the colony it would be advisable to suggest the appointment of a deputy acceptable to the Council and not leave the colony without a constitutional head.⁹

Developments during August, however, changed the situation. Early in the month the Vichy Minister for the Colonies sent out an instruction to the effect that a French Colony which continued to fight was guilty of treason. The French sloop *Dumont d'Urville* was ordered by Vichy to proceed to New Caledonia and after her arrival her Commander, Toussaint de Quievrecourt, recommended to Vichy various measures for maintaining control, squashing the local autonomist movement and breaking away from British economic influence. One of these recommendations was that Governor Pelicier should be removed from office. Pelicier had also failed to please the anti-Vichy elements and the Council had demanded his resignation. He handed over to Colonel Denis, the commander of the local military forces, who had been appointed as provisional Governor by Vichy on 30th August, and left the colony on 4th September.

On the other side, the anti-Vichy forces were rallying and demonstrating. Steps were taken to form a Free French Committee on the island and on 3rd August a local patriot, M. Raymond Pognon, communicated with de Gaulle asking for instructions. On 14th August de Gaulle, on confirming Sautot in his post as French Resident Commissioner in the New Hebrides, asked him to consider the possibility of going to New Caledonia to rally

⁸ Cablegram from High Commissioner for the Western Pacific, dated 9 Aug, repeated to Australia and New Zealand, and cablegram 426 from Australia to Secretary of State for Dominion Affairs, 11 Aug 1940.

⁹ Telegram No. 5 to Ballard, 29 Aug 1940.

it to the Free French cause. Finally, on 30th August, the United Kingdom Government conveyed to the Australian Government a request by de Gaulle that a British ship might convey Sautot from Vila to Noumea. As New Caledonia fell within the limits of the Australian naval station this meant, in practical effect, a request for a ship of the Royal Australian Navy.

The United Kingdom Government favoured the request and suggested that the Australian cruiser *Adelaide* might be used both to carry Sautot on his mission and, by its presence, induce the French sloop *Dumont d'Urville* to depart. Its arrival would also encourage the local elements to declare openly against Vichy. All the information was that the "overwhelming majority" was on the side of de Gaulle.

We do not contemplate (the United Kingdom Government said) that it would be desirable or necessary for H.M.A.S. *Adelaide* to use actual force against the French war vessel—certainly not at present. What we should rather hope would be that her mere presence would reinforce the determination and efforts of the anti-Vichy party and that she would support the French Resident Commissioner in giving that party desired encouragement. The result may be to enable the local population to arrange their affairs in a manner satisfactory to ourselves without need for any overt intervention by us. But this process may, of course, take a little time during which the *Adelaide* can stay and report developments

Adelaide was made available on 1st September. The cruiser sailed from Sydney on the morning of the 2nd and from Brisbane on the 3rd, reaching Port Vila on the 7th. The instructions to the Commanding Officer, Captain Showers,¹ however, showed only slight variation from the cautiousness of the instructions to Ballard on the 29th. He was told that the sole object was to maintain good economic relations between Australia and New Caledonia. The general feeling in New Caledonia was understood to be favourable to good relations with Australia and the British Empire but the commander of *Dumont d'Urville* was endeavouring to sway opinion in favour of the Vichy Government. The presence of *Adelaide* and of Sautot might counteract this and might result in *Dumont d'Urville* leaving New Caledonia. These were to be the principal objects of the cruiser's presence. Annexation was not intended and great care should be taken to avoid any such impression. The instructions did not include the use of force.

While the warship was en route to Vila, the United Kingdom and Australian Governments were listening to further counsels of caution. From 30th August to 2nd September the British High Commissioner in the Western Pacific, Sir Harry Luke,² had been on a visit to Noumea, under approval given earlier in August by Pelicier and, although his presence undoubtedly stimulated further demonstrations of sympathy for the Allies by the local residents, both he and Ballard continued to work to avoid precipitate action by the de Gaullists and to ensure that any transition from Vichy to Free France was orderly and did not raise doubts about

¹ Rear-Adm H. A. Showers, CBE; RAN. (HMS *Glorious* 1917-18.) Comd H.M.A.S. *Adelaide* 1939-42, H.M.A.S. *Hobart* 1942-44, H.M.A.S. *Shropshire* 1944; Second Naval Member, Aust Naval Board 1944-46, 1948-50. Of Preston, Victoria; b. Carlton, Vic; 24 May 1899.

² Sir Harry Luke, KCMG. Governor of Fiji, and High Commr for Western Pacific, 1938-42. Chief Repve of Brit Council in Caribbean 1943-46. B. London, Dec 1884.

constitutional authority or leave the sovereignty of the colony in the air. One method under discussion among members of the Council was that the Council should request Vichy to authorise fresh general elections, the intention being that after such general elections the Council, which it was confidently expected would support the Allies, would request local autonomy while preserving a nominal link with France. Ballard reported to Australia on the 3rd that the President of the Council had had a "satisfactory" meeting with Governor Denis, who had been found "conciliatory", and on the 4th the Commonwealth Government also received a copy of a telegram dated 3rd August, from Vila by Sir Harry Luke to the Secretary of State for the Colonies, reporting on the general situation he had found in New Caledonia and also advising against precipitate action. Later on the same day they received a direct message from Sir Harry Luke referring to the situation in the New Hebrides and expressing the opinion that Sautot would have no jurisdiction in New Caledonia unless he went there with an appointment from de Gaulle as Governor of New Caledonia and French High Commissioner of the Western Pacific. He should not be taken to Noumea in a British man-of-war without credentials from de Gaulle.

Showers was instructed on the 5th not to proceed beyond Vila and to take no action pending further advice. The Prime Minister also pondered over a request received on the 4th from the United Kingdom High Commissioner in Canberra to convey a message from de Gaulle to Raymond Pognon, acknowledging the New Caledonian's report of the colony's sentiments, and asking him to form at once a General Committee favourable to the de Gaullist majority of the Council to take the place of the Council and to substitute it for the Council. Pognon was also to get into touch with Sautot, who, de Gaulle said, "has received my instructions". The message was sent to Ballard on the 5th with the expression of the Australian Government's opinion that it was dangerous and, if accepted literally, would mean taking action contrary to the objectives towards which Ballard had been instructed to work. Therefore Ballard was to hold the message until he had reported to Australia on the possible effect and what action would be taken by the recipient. This telegram is of interest only as an illustration of the mind of the Australian Government, for Pognon received a message in similar terms on 6th September direct from General de Gaulle and set about forming a de Gaullist Committee.³

The attempts of Australia to maintain a strictly correct course of policy were being quickly overborne by events. From London the Government learnt on the 6th of Vichy instructions to Governor Denis which made it appear that his conciliatory attitude might merely be an attempt to tide over a time of crisis without committing himself to any real cooperation

³ Pognon seems to have been unlucky in his correspondence. The original direct message to him had been despatched by de Gaulle on 29th August, but by the manipulations of some local patriots, whose ambitions were tied to local autonomy, this communication, after having been intercepted by New Caledonian censorship, was withheld from him until 6th September. The message transmitted through Canberra did not reach the hands of the Commonwealth Government until 4th September.

with the Allies. They also received the opinion of the United Kingdom Government that the plan for sending *Adelaide* to Noumea should be continued and that, if Australia agreed, Sautot would be formally appointed Governor by de Gaulle. If it could be arranged Sautot might travel from Vila in a French vessel, supported by *Adelaide*. On the following day they learnt from Vila that a representative of the de Gaullist supporters in Noumea had arrived on the 6th to get into touch with Sautot and ask him to return to New Caledonia as Governor. This representative reported optimistically on the state of public feeling in New Caledonia and the prospects of the Vichy sloop *Dumont d'Urville* being seized by patriots, aided by some of her crew. He added that the de Gaulle Committee was being hampered in obtaining the unreserved support of the colonists for Free France by the belief that the Vichy Administration was being treated with "excessive consideration" by Australia.

On the 8th Canberra asked Ballard urgently for his views on the proposed action and received early on the 9th his opinion in favour of the scheme. He said that it had become increasingly clear that Governor Denis would carry out Vichy orders and that he had rejected the idea of a popular referendum to decide the colony's future. He only wanted to cooperate in trade to obtain funds for the colony's necessities and was unlikely to consent to carrying on the war in any sense. Thus the hope of obtaining a complaisant Governor in formal relations with Vichy could not be realised. The population was overwhelmingly, though not unanimously, in favour of continuing the war and if the existing regime continued incidents would be bound to happen. In any such disorder, the Japanese local residents, who were the keen competitors of the French labourers and small shopkeepers, might suffer (a point which was related to Australian concern lest these might be a pretext for Japanese intervention in New Caledonia). If a Governor appointed by de Gaulle arrived he would be welcomed and followed and there would be less risk of disorder following this course of action than of disorder following attempts by Australia to exert influence through trade relations without a change of government.

Some reinforcement of these persuasions was given in a telegram received on the same day from the External Affairs Officer, London, referring to reports of growing tension between Japan and Vichy over Indo-China and repeating the British view that if New Caledonia remained pro-Vichy there seemed to be a greater likelihood of Japanese intervention than if it openly renounced Vichy control.

On the 9th the Australian Government made its decision to assist the prospective *coup de force* and informed those principally concerned. When they made the decision Ministers had before them the reports from New Caledonia and London, a further communication from Vila that Sautot was ready to proceed and the instructions given by de Gaulle to Sautot, together with his appointment as "temporary Governor of Free New Caledonia and the High Commissioner of the Western Pacific". The instructions and Sautot's statements expressly declared that the operation should

be conducted as "a French operation in its form and manner and under the French flag with merely contingent support from H.M.A.S. *Adelaide* but without any naval engagement taking place".

Arrangements were made that Sautot should travel from Vila to Noumea as a passenger in the Norwegian tanker *Norden*. The instructions to the Commander of *Adelaide*, modifying those under which he had sailed from Brisbane, were that force was not to be employed unless *Adelaide* was attacked and armed parties were not to be landed except for the protection of British life and property.

When War Cabinet approved the decision on 10th September they stressed the importance of not provoking a conflict and, as a result of their discussion, a further warning was sent to *Adelaide* that it should be clearly understood that the responsibility of going to New Caledonia was a matter for M. Sautot himself and *Adelaide* was not to convey him there against his wishes.⁴

The hesitation of the Australian Government was induced partly out of concern for international propriety in a field that was quite novel in Australian external relations, partly by uncertainty as to what course of action in New Caledonia would leave the least opportunity for Japanese intervention and partly by touchiness on the allegation, assiduously spread in New Caledonia by Vichy sympathisers, that Australia had ambitions to annex New Caledonia. In regard to the third-mentioned influence, the Australian Government was so sensitive that on the day it made its decision to assist Sautot, the United States Minister in Canberra was informed and special instructions were sent to the Australian Minister in Washington that, if it was necessary to avert any criticism or undue publicity, he should make it clear that Australia, in conjunction with the United Kingdom, was acting in accordance with the desires of the New Caledonian population and the appointment of Sautot was in conformity with the wishes of the people, and in no way an interference with the *status quo* of the territory. It would be useful if the United States Government could be persuaded to let it be known that it viewed the incident in the same light.

As previously mentioned *Adelaide* had arrived at Vila on the 7th. Following conferences between Sautot, the commander of *Adelaide*, and the British representatives, and after further communications with Australia and London, Sautot sent to de Gaulle on 11th September a telegram informing him that the "fruit was ripe" and that he was ready to attempt, under de Gaulle's orders, to land in New Caledonia to place himself at the head of the Free French movement there. At midday on the 13th he received a reply from de Gaulle appointing him Governor of New Caledonia with full powers and leaving him freedom of action to rally the colony. The General made one sole recommendation: avoid bloodshed.

The plan which was worked out by the commander of *Adelaide* in consultation with Sautot required that the Free French in New Caledonia should attempt a *coup de force* at a pre-arranged date; that on the

⁴ War Cabinet Minutes 492 and 498, 10 Sep 1940.

chosen date *Adelaide* and the Norwegian steamer *Norden* would arrive off Noumea and if, by the pre-arranged arrival of a boat from the land, it was clear that the *coup de force* would succeed, Sautot would be landed from the *Norden*. *Adelaide* would remain for twenty-four hours to ensure calm. If the coup had failed the ships would withdraw, using the least possible degree of force. These plans were conveyed to the Free French in New Caledonia and 19th September was agreed upon as the date.

The Free French in New Caledonia demonstrated, the ships arrived, Sautot landed a few minutes after midday on the 19th and, at the head of an enthusiastic crowd singing the *Marseillaise*, he drove to the Governor's office, produced de Gaulle's telegram and called on Colonel Denis to quit. By the late afternoon, after some feeble attempts by Denis to exert his failing authority or to outwit Sautot, the Free French Governor was in occupation of the government offices, with assurances of support from all except two of the heads of the civil service, and Denis was under arrest. The weapon had been popular feeling. Sautot describes how, watch in hand, he had given Denis twenty minutes in which to make up his mind and had himself occupied that twenty minutes reading a proclamation to the crowd from a nearby window and, when their cheers subsided, telling them that Denis wanted to arrest him as a traitor. With that literacy which crowds always assume in such narratives, a great shout at once arose: "It is we who will make the colonel our prisoner and we will hang him from the gates of the park". Sautot records that the colonel, who was within earshot, was yellow with fright when Sautot returned to him. He yielded his room and asked permission to leave by the servants' staircase and the back garden to avoid the crowd.

By direction of de Gaulle, the civil and military officials were to be given the option of declaring for Free France and remaining in New Caledonia or of being repatriated to France. In the course of the succeeding days Sautot was able readily to ensure the maintenance of the civil services. The military officers, and the continued presence in the harbour of *Dumont d'Urville* presented a tougher problem, and so long as the sloop remained and the army officers had any freedom of movement there was a danger of a counter-stroke to re-establish Vichy rule. On the 20th, in face of signs that the military would not cooperate and that the sloop would not depart, Sautot asked the *Adelaide* to stay for forty-eight hours. Another possible danger to the peaceful transition to Free French rule lay in the fact that another French sloop *Amiral Charner* had left Saigon on the 17th to make a rendezvous with *Dumont d'Urville*.

On the 21st the commander of *Dumont d'Urville* invoked international law and lodged a formal protest with the commander of *Adelaide* at the cruiser's violation of French territorial waters. Showers replied that he was there at the direct invitation of the recognised French Government.

Attempts to oblige the French commander to sail for Indo-China if still unwilling to rally to Free France were met in the statement that he was under orders from Vichy and by a claim that since Denis had been forced

to vacate his post de Quievrecourt had assumed the powers of representative of the Vichy Government.

A futile attempt by the military to release Denis on the 23rd was followed by the arrest, on Sautot's orders, of the officers. On the same day the commander of *Dumont d'Urville*, which had been lying in the harbour without communication with the shore, applied for supplies and fresh water and was told by Sautot that he would only be given them if he signed a document containing the conditions for his departure from New Caledonia and the Pacific in general.

On the same day, before it was aware of the firmer line being taken by the Governor, the Australian Government, becoming deeply concerned at what seemed to be a deterioration of the situation, sent further instructions to Ballard to the effect that he was to express to Sautot the Australian opinion that Denis should be deported, his followers in the armed forces interned immediately and "extremists" deported, too. Sautot should ask the commander of *Adelaide* for protection against any attempt to interfere with internal control or administration of the colony or against any vessel hostile to Free France in or proceeding to New Caledonia and if he asked for this protection the commander of *Adelaide* would immediately give it. On 24th September, however, Ballard was able to report that the position was "practically normal" and that "any remaining difficulties were minor only".

On the 24th the commander of *Dumont d'Urville* accepted the conditions presented by Sautot, undertaking to leave the territorial waters of New Caledonia by the 25th at the latest and sail for Saigon, accepting the warning in advance that British naval forces would oppose his passage eastward and that his position would be checked daily by British aircraft. Sautot gave assurances on his part for the repatriation of Vichy officials and their families. The commander was also required to accept the further condition that as soon as he came into touch with *Amiral Charner* he should pass on to her commander the order to return to Saigon and the warning of the danger of continuing her voyage into the Pacific.

The sloop, having been revictualled, sailed on the 25th. *Adelaide* was instructed to remain at Noumea in case it was necessary to intercept *Dumont d'Urville* which was kept under air observation from Rabaul. When the cruiser left for Brisbane on 5th October the island was outwardly normal and the episode ended with the sailing of *Pierre Loti* with 132 French repatriates for Brisbane on the first stage of their journey to Saigon.⁵

The establishment of Free French rule in New Caledonia and the deportation of the Vichy leaders, meant that the colony was for all practical purposes allied with Australia in the war against Germany and, indeed, at the prompting of General de Gaulle, the colony set about raising a small expeditionary force for service with the Free French in the Mediter-

⁵ Sautot, *Grandeur et Décadence du Gaullisme dans le Pacifique* (Melbourne, 1949) for description of events as seen by the principal actor on shore. For details of operations by *Adelaide* see G. H. Gill, *Royal Australian Navy 1939-1942*, in the navy series of this history.



Daily Telegraph (Sydney)

Special appeal days such as this held in Martin Place, Sydney, on 17th January 1941, were organised with the hope of increasing sales of War Savings Certificates. The Certificates scheme, begun in March 1940, was designed for the small investor, the certificates being available in denominations of £1, £5, £10 and £50. Later, groups of purchasers were organised. Sales, less amounts repaid to those cashing certificates, were: at 30th June 1940, £6,099,886; 1941, £17,380,098; 1942, £26,170,601.



Daily Telegraph (Sydney)

Children evacuated from Britain. In July 1940 the British Government announced that it was unable to take the responsibility of sending abroad ships loaded with children, but children were sent to Australia at their parents' risk, and at the risk of voluntary associations who arranged for transport. This group arrived in Sydney in October 1940, and at least one member brought with him his gas mask—standard issue to British civilians.

raneean. There still remained, however, acute problems related both to the defence of New Caledonia itself and the internal economic and political conditions of the colony. New Caledonia, which was of considerable strategic importance in the Pacific, was practically undefended and its local capacity for defence was limited to the raising of a home defence force of possibly 6,000 men armed with rifles. French naval forces in the Pacific were in Indo-China, which was under Vichy control and increasingly under Japanese pressure.

In December the Australian Naval Board became so concerned about the danger to Australia which was presented by the weakness of New Caledonia that it presented to Cabinet a statement on the need for immediate action to prevent the island from falling into Japanese hands. The importance of New Caledonia, according to this statement, was first, its value in the production of nickel and chromium and its potential production of iron ore and, secondly, its strategic position. Japanese interests had been making strenuous efforts to gain peaceful control of certain mines in New Caledonia, for hitherto Australia's agreement to take an increased proportion of New Caledonian nickel had prevented Japan from obtaining all the supplies she wanted. In the event of war, possession of New Caledonia by Japan would enable her to control shipping to and from New Zealand, would paralyse trade on the east coast of Australia and, in conjunction with use of the Japanese mandated islands, would greatly impede a westward advance of a United States fleet and increase the difficulties of operating from Australian or New Guinea bases as well as presenting an obstacle to the approach to Singapore from the southern Pacific. The internal situation was seen by the Naval Board as follows:

The position of Sautot (Governor of New Caledonia) is made difficult by the presence of a group of mercenary opportunists who are prepared to sell themselves for immediate profit. They are known to be associated with the Japanese mining interests. In the event of a Japanese move they would constitute a substantial fifth column, even by merely urging that no resistance should be made. The Japanese population is about 1,200, the European about 18,000 and the natives about 30,000. Not all the natives are friendly to the French and they can be bribed with Japanese gifts. The will to resist, at present, would not be sustained.

The sort of eventuality that was feared was that Japan, after recognising the Vichy Government and having a stranglehold on Indo-China, would create a pretext such as the murder of a Japanese in New Caledonia, to allege that the de Gaulle Administration was not capable of maintaining order and demand that Japan be asked by Vichy to undertake the restoration of a Vichy puppet government. By such means Japan could gain immediate control of the nickel and actual possession of the island.

To meet the danger the War Cabinet was urged to take action, both on its own and by representations to General de Gaulle and other governments concerned, to improve the defences of New Caledonia and to give financial and economic backing and improved communications for the island. The broad objective was to revive the morale of New Caledonians,

to create a force which would oblige Japan to undertake a major operation if she wanted to gain the island instead of infiltrating by political chicanery, and to enable New Caledonia to dissociate herself politically and economically from Indo-China and to assume her intended place as the headquarters for French possessions in the south Pacific. It was urged that unless such steps were taken immediately the Japanese would "acquire" the island within the next three months.⁶

At a meeting on 7th January 1941 War Cabinet approved of financial assistance being afforded to the Free French forces in Oceania with special reference to military requirements.⁷ After reference to the Chiefs of Staff, the Government obtained the agreement of General de Gaulle to the holding of staff conversations with the Free French in New Caledonia, and a military mission left Sydney for Noumea on 14th February. The basis for Australian policy was laid down as follows:

- "(a) Acceptance by Australia of financial responsibility for assistance to the Free French forces in Oceania subject to later adjustments with the other governments concerned;
- (b) The Commonwealth's operational responsibility is to be limited to New Caledonia; and
- (c) New Zealand will continue to be responsible for assistance in the defence of Free French territory in the New Zealand station".⁸

6—THE A.I.F. IN ACTION

Thus, by consultation with other governments and measures on its own part, the Australian Government was attempting to make itself more secure against possible danger in the Far East. The main spearhead of its war effort, however, was still in the Mediterranean and the Middle East and it still saw the more urgent peril in the Battle of Britain and the Battle of the Atlantic. Japan was still a prospective foe. The active enemies were Germany and Italy. Then, in the Western Desert of Egypt, fifteen months of military preparation culminated in battle.

Wavell had opened his offensive with the Battle of Sidi Barrani on 9th and 10th December and, by the 16th, all enemy troops had been driven out of Egypt, the greater part of the Italian army withdrawing into Bardia. While the British 7th Armoured Division had been pursuing the enemy the 6th Division had been brought up to replace the 4th Indian Division, which was needed for reinforcing the Sudan, and, on the morning of 3rd January 1941, went into action against Bardia. During January and early February the troops of the Second A.I.F. shared in the notable series of successes—the first which had been brought by Allied arms on land—by which the Western Desert Force advanced 500 miles, destroyed an Italian army of four corps comprising nine divisions and part of a tenth, and

⁶ War Cabinet Agendum 282/1940, 30 Dec 1940.

⁷ War Cabinet Minute 681, 7 Jan 1941.

⁸ War Cabinet Minute 793 and Supplement 1 to Agendum 282/1940. Measures subsequently taken for the defence of New Caledonia are described in the army and navy series.

captured 130,000 prisoners, 400 tanks and 1,290 guns. It was a glorious beginning. The young troops of a new generation were conscious of the comparisons with the dramatic baptism of fire at Gallipoli a quarter of a century before which had established an Anzac tradition. A war correspondent who was in Bardia on the night it was taken has written:

Men who, since childhood had read and heard of the exploits in battle of the First A.I.F., who had enlisted and trained under the shadow of their fathers' reputation as soldiers, had come through their ordeal of fire and built a reputation of their own. More than one man came to me that night in Bardia and said: "Correspondent, eh? Well, when you write to the papers tell them we're as good as the First A.I.F." We Australians have a deep strain of arrogance, at times almost a small boy's capacity for exhibitionism, but this was not arrogance or exhibitionism. It was the expression of a desire to let the people back home know that they had carried the torch in strong hands.⁹

Back home in Australia the people learnt more than the facts of battle and their hearts kindled with more than pride in their fighting sons. They too began to feel that stiffening of resolution that remains after the baptism of fire.

7—THE PRIME MINISTER GOES ABROAD

Towards the end of January, the Prime Minister, in accordance with arrangements which had been under discussion since early November, left Australia for consultations in Britain on matters relating to the war policy of the British Commonwealth. Before leaving he outlined to the Advisory War Council the major subjects on which consultation was desirable. These were the position in the Far East, including policy towards Japan; policy in relation to the Netherlands East Indies and the importance of planning in advance with the Dutch the action to be taken in case of Japanese aggression, and a "frank discussion" of the weakness of Singapore; the Middle East position including strength of forces, equipment, military objectives, and the unsatisfactory news arrangements about the activities of the forces; policy towards France; aircraft production and particularly the possibility of further developing the aircraft industry in Australia; and the expanding of Australian shipbuilding capacity. There was a long discussion at two successive Council meetings, in the course of which, among other subjects mentioned, was the importance of the attitude of the United States in shaping the policy of the British Commonwealth in the Far East and towards France.

Curtin was absent from the Council meetings but Forde, after having consulted him by telephone, expressed the party's view that it was the Cabinet's responsibility to take any decision regarding the Prime Minister's visit to London, or alternatively, to consult Parliament on the subject at a secret session. Although the non-Government members of the Council could not give any undertaking in respect of their parties, he felt that the commonsense of members should not give rise to any embarrassment to

⁹ John Hetherington, *The Australian Soldier: A Portrait* (1943).
These operations are described in detail in G. Long, *To Benghazi!* (in the army series).

the Government during the Prime Minister's absence. There was no difference of opinion between the Government and the Opposition on the matters which had been discussed in the Council.

The Prime Minister concluded that, in the light of the discussion and the view expressed by non-Government members of the Council, he would be better able to say in London that he spoke for all parties in Australia.¹ In the absence of Menzies, Fadden was to be Acting Prime Minister.

The Prime Minister left Sydney by air for London on 21st January. While passing through the Netherlands Indies, Malaya and India he had discussions with the administrators on questions related to the war, and in Palestine and Egypt met service chiefs.

In Palestine, Egypt and Libya, too, he talked with Australian sailors, soldiers and airmen, seeing many of them fresh from battle, in Tobruk, Benghazi and Benina. In a broadcast from Cairo he spoke of his intense pride in what the A.I.F. had done and also said:

One other feeling I shall carry away with me from these scenes. It is not a feeling of mere exultation or vainglory. This is to us British people no swashbuckling enterprise for plunder or power. It is a crusade. No man can contemplate the deeds of these our heroes on the sea, on the land, and in the air, without forming a solemn determination to do all that he can to support them. To my own people in Australia who may be listening to me I say: "These men of ours deserve not only our cheers but our backing, our work, our sweat and our sacrifice". No half measures will be sufficient. No limited efforts will do. The more one sees of these countries in which British power is accumulating in numbers, skill, experience and materials, the more one realises that our enemy has yet to see the best of us. Every month that goes by sees us stronger and sees him more strained. If we can all only realise that the soldier in the front line and the workman in the factory are in this war brothers in arms, that they help one another, that they do not desert under fire, the total effort of the British Empire will be irresistible.

¹ Advisory War Council Minutes 79, 8 Jan and 82, 9 Jan.