as the only politically feasible method of achieving his object. Yet, still believing in what he saw as Labour's aims, he was dispirited and unhappy at the prospect of leaving the party that he had served for over twenty years. At this point, as he later described it, when he was 'at his wit's end to know where to turn and what was the true course to follow', the Group contacted him.

Lang's overwhelming victory in New South Wales in October 1930, following on the earlier defeat of the Bruce-Page Government, emphasized the need for an Opposition leader who could reclaim the normally anti-Labour voters who, in desperation at the worsening Depression, had voted Labour. In addition, a leader was needed who could attract support from middle-of-the-road Labour voters. The Nationalist Party was discredited by the popular view that Bruce-Page 'extravagance' had been an important cause of the Depression, and its close relationship with 'Big Business' was disliked; in all states, several non-Labour political groups appeared during 1931 in opposition to the 'machine politics' of the Nationalists. While J.G. Latham's intellectual capacity was not questioned, there were doubts whether as Opposition leader he could reclaim sufficient votes for electoral success. No other Nationalist parliamentarian appeared to have the necessary electoral appeal, and finance committees supporting the parliamentary party began to look outside Nationalist ranks for a new leader.

1 Quoted in S. Ricketson, Diary, 15 April 1932.
By January 1931, Lyons was the obvious choice. Although his first nine months in federal politics had made little impact on either Government or Opposition, as Acting Treasurer he had come into very favourable prominence. As early as 24 November, it was reported that some Opposition members were willing to make an electoral pact with him and Scullin should they form a minority government with their Labour supporters.\(^1\) When his continued membership of the Labour Party became increasingly doubtful, Nationalist supporters hastened to encourage him to change parties.

Like the economists, the businessmen who were most influential now were friends whom Lyons had made in Tasmania. Though willing to accept advice from individual businessmen, he had the traditional Labour distrust of "Big Business",\(^2\) and disliked the influence of party organizations on parliamentarians. He would have been very suspicious of a direct approach from leading businessmen or the Nationalist organization, but an approach by an old Tasmanian friend succeeded. The Labour Party later believed that Keith Murdoch, the managing editor of the Melbourne Herald, was responsible for his leaving the party, and J.A. Beasley even alleged that in late 1930 the policy decisions he reached with Murdoch were then placed before Cabinet.\(^3\) This allegation

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\(^1\) Argus, 24 November 1930; see also S.M.H., 24 November 1930 and Argus, 11 December 1930.

\(^2\) Information given by Dame Enid Lyons and Staniforth Ricketson.

\(^3\) C.P.D., vol.129, p.1699 (7 May 1931).
is unsupported by any evidence, although Murdoch had met Lyons at least as early as December 1930.¹ Dame Enid Lyons later wrote that she was deeply impressed by Murdoch's 'concern for the moral effect involved' in tackling the Depression,² and probably her husband was equally impressed. But although Murdoch, ambitious to be a 'king-maker', realized that Lyons would be an excellent figure-head for the Nationalists, he did not initiate the move to make him leader.

The first ex-Tasmanian businessman who helped Lyons in 1930 was T.S. Nettlefold, by then a prominent Melbourne businessman. With R.G. Menzies and W.S. Kent Hughes, he had founded the Young Nationalist Organization in Victoria in 1929: this was a group of activists critical of the Nationalist leadership. Nettlefold helped Lyons in the December Conversion Loan campaign, organizing effective Young Nationalist assistance, and inducing him to address a Melbourne Town Hall meeting on 12 December.³ He may also have interested other leading businessmen in the possibility of making Lyons the new Nationalist leader.

From December 1930 to the end of his life, Lyons was supported by members of the Group, a Melbourne body consisting initially of five, but later six, men. First helping him with the Conversion Loan, they became, in the words of one of their number, his 'special bodyguard

¹ Lyons, p.168.
² Sun News-Pictorial, 8 October 1952.
³ J.A. Lyons, quoted in Advocate, 30 December 1930.
...constantly prepared to do anything and everything' to help him. The only member who knew him personally in 1930 was Staniforth Ricketson, by then one of Australia's leading financiers. A friend of Ricketson, Charles Arthur Norris, General Manager of the National Mutual Life Association, was another member, as was Sir John Higgins, who had been Chairman of the British and Australian Wool Realization Association. Ambrose Pratt, a prominent retired journalist and author, was the fourth member. Pratt had connections in the business world, especially mining, and had some active contact with politics: during 1930 he had supported W.M. Hughes' Australian Party. He was a life-long friend of T.S. Nettlefold. The fifth member was Robert Gordon Menzies, then prominent in Victorian politics. A close personal friend of Ricketson, Pratt, and Norris, Menzies was a director of several of the J.B. Were & Son companies.

In late May or early June 1931, Kingsley A. Henderson, a leading Melbourne architect, became the sixth member of the Group. A friend of Ricketson and Pratt, and a director of several J.B. Were & Son companies, he had also been a friend of Sir Robert Gibson for twenty years. With Menzies, he was the only member with much practical experience of politics, having participated in organizational work for the non-Labour parties for nearly twenty years and been for six years

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1 Ambrose Pratt to J.A. Lyons, 18 May 1931, Lyons Papers, file 20; see also J.A. Lyons to Ramsay MacDonald, 7 November 1933, Lyons Papers, file 8; Lyons, p.xi.

2 See Argus, 11 April 1939 and Herald, 14 April 1944.
a Councillor of Malvern. In October 1930 he became secretary of a group of businessmen who planned to form a new mass anti-Labour organization, and in the same week that Caucus resolved to postpone payment of the December loan, Sir Robert Gibson and other businessmen asked him to work to keep Australia 'honest'. He willingly complied, and in December was secretary of the Melbourne Lord Mayor's Citizens' Committee, which organized support for the Conversion Loan. R.W. Knox, who early the following year was to be elected as Chairman of the National Union, the Nationalists' main fund-raising body, was chairman of this committee.

The Group was united by ties of friendship and a determination to defeat Theodore's unorthodox financial proposals. Like their fellow businessmen, they did not understand the new theories of massive credit expansion, which to them were dishonest and dangerous and almost certain to lead not only to the collapse of their own business interests but possibly also to the collapse of the whole economy, resulting in chaos and revolution. An even greater bogey than Theodore was Lang, who by 1931 was becoming outspokenly 'extreme'. Theodore's policy appeared to them as a watered-down version of Lang's schemes, and they did not trust him not to adopt Lang's ideas in full in the future. During 1930,

1 Argus, 7 April 1942.


3 Argus, 16 December 1930.
Ricketson told the Federal Treasury of his fears concerning the fall in value of Australian stocks in London, and suggested that Australian stocks bear a guarantee that all Australia's revenue would be used to repay loan debts. 1 Ricketson, Herbert Richmond, Murdoch, Nettlefold and the Baillieus attempted to counter the bad overseas publicity about Labour's policies, 2 but knew that while the Scullin government lasted their concept of correct financial procedures would not be followed. Delighted by Lyons' stand against Caucus, the Group came to his aid when he determined to ignore Caucus' instructions forbidding him to convert the December loan. Ricketson, writing in his J.B. Were & Sons Weekly Share Market Letter, praised his 'sanity and courage', and asked his clients to over-subscribe the loan. 3 The Group helped to organize the loan campaign in Melbourne, Norris and Ricketson writing the 'Message to All Who Wish Australia Well' which was published on 12 December, while Menzies helped Nettlefold to organize Young Nationalist assistance. 4

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1 J.B. Were & Son to J.H. Scullin, 25 June 1930, Commonwealth, Treasury, Register, file 30/3453; J.B. Were & Son to J.A. Lyons, 26 August 1930, ibid, file 30/4356; J.B. Were & Son to J.A. Lyons, 10 November 1930, ibid, file 30/5364.

2 Sun News-Pictorial, 1 November 1929; Herald, 5 March 1931.

3 J.B. Were & Sons Weekly Share Market Letter, no.384 (Special Issue), 12 November 1930; no.386 (Special Issue), 26 November 1930.

4 Advertisement in Argus, 12 December 1930; information given by Staniforth Ricketson.
Ricketson met Lyons for the first time for many years during the loan campaign, and after its success continued to encourage him to oppose Caucus. Like other Melbourne businessmen, he expected Scullin to continue his 1930 policy, and as encouragement a 'Group of Citizens' on 9 January published an Appeal asking him to balance the federal budget and to practice financial rectitude. Ricketson was 'very reassured' by his Ashfield speech of 15 January, but despaired of him when he adopted Theodore's policies later in the month. After Lyons resigned from Cabinet on 29 January, the Group decided to ask him to leave the Labour Government completely; neither the National Union nor Keith Murdoch were consulted or even informed of this decision.

Lyons went to Melbourne on 4 February to hand over as Postmaster-General, and remained there until 7 February. During that time, Ricketson invited him to the J.B. Were & Son offices, where he was introduced to the other members of the Group. With Higgins chairing the meeting and with Menzies as their spokesman,

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1 Information given by Staniforth Ricketson; J.B. Were & Son to J.A. Lyons, 19 January 1931, Lyons Papers, file 3.

2 Advertisement in Herald, 9 January 1931.

3 J.B. Were & Son Weekly Share Market Letter, no. 390 (Special Issue), 20 January 1931.

4 Information given by Staniforth Ricketson.

5 Information given by Staniforth Ricketson; J.A. Lyons' recollection of this meeting is quoted in S. Ricketson, Diary, 15 April 1932.
they asked him to leave the Labour Party, guaranteeing their full support and the support of other businessmen. They hoped that he could encourage sufficient Labour men to desert Scullin to be able to form a temporary government of ex-Labour men with help from the Opposition, with a probable later amalgamation of all the anti-Scullin forces. Future action depended on events beyond their control, but their basic plan was that he should be made leader of the Nationalists. They hoped that his growing prestige as the honest man fighting the forces of repudiation would mean electoral victory for the Opposition. All Labour men who followed him out of the party were to be given electoral immunity.¹ No financial bribes were offered, as many Labour men suspected, realizing their error only when the poverty of Lyons' estate was revealed on his death.²

While willing to accept the Group's proposals,³ before making an irrevocable decision he returned to Tasmania to consult his wife. He was determined to defeat Theodore, and did not look much beyond this immediate purpose: if to defeat Theodore it was eventually necessary to join and perhaps to lead the Nationalist Party, then he was prepared to do so.

¹ But see D.C. McGrath, 'quoted in Argus, 13 April 1931.
³ Information given by Staniforth Ricketson.
assuming this to be the wish of Latham and the Nationalists. His motive in considering a change of parties was not to become Prime Minister: the possibility that the Nationalists would offer him the leadership, or that the Group could depose Latham, must have appeared to him as most unlikely in February, and such a contingency did not immediately concern him compared with the urgent need to defeat Theodore. The Group, however, was planning further into the future, for they were impressed far more with his performance and electoral popularity than with that of the current Nationalist leaders.

At this point, his wife made her most significant impact on Australian history, for her moral support and strength of character sustained him when he was deeply emotionally upset at the prospect of having to leave the Labour Party. He alone made the decision, but her concurrence and support made the break less painful. If she had opposed his leaving Labour, this rift in their political partnership would have made his path almost impossibly difficult. To break with Labour was the most difficult decision he ever had to make, for he still believed in the party's mission, yet was convinced that its new financial plans were dishonest and would wreck Australia; his financial advisers assured him that he could not reconcile his conscience with Theodore's plans.¹ Although realizing that the break was now unavoidable, he agonized for several weeks before finally determining to make it; indeed, so upset was he by

his dilemma that he even contemplated leaving politics altogether.\(^1\) The appearance of the 'Lang Plan' on 9 February as a more 'radical' alternative to Theodore's fiduciary note issue proposal must have ended his last hopes that Labour would revert to its former policies, and thereby made only one decision possible.

On 15 February, he went to Launceston to discuss the Group's offer with Allan Guy. Together, they met the Group in Melbourne on 16 February, but after further discussion the final decision to leave the party was still postponed.\(^2\) They attended Caucus on 18 and 19 February, when Theodore's fiduciary proposals were adopted by twenty-nine votes to seventeen.\(^3\) Lyons privately asked some moderate Labour members if they would leave the party with him, and did not deny an allegation that he planned to form a minority government with six other Labour men, merely replying that his actions 'would be controlled by the dictates of his own conscience'.\(^4\) At first he told the press that he had not decided what to do,\(^5\) but his statement on returning to Tasmania that he would put the interests of Australia

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1 See Denning, pp.28-30; Lyons, p.175.

2 Information given by J. Allan Guy.

3 Caucus Minutes, 18-19 February 1931.


5 Herald, 20 February 1931.
before that of party\textsuperscript{1} left little doubt about his intended course of action. He attended the Tasmanian Labour Conference on 25 February, which, after hearing bitter attacks on him by Ogilvie and his supporters, voted by twenty-four votes to thirteen to censure his disobedience of Caucus.\textsuperscript{2} To be treated in this way by his old party for doing what he saw as his duty was the final disillusionment, and he announced that he 'was going straight ahead as though the motion had not been carried'; Guy decided to follow him out of the party because of the Conference vote.\textsuperscript{3}

Public interest in his struggle to make the break with his party was heightened by newspaper suggestions that he might form a minority government. In late February the South Australian Citizen's League, a non-Labour organization formed in October 1930, called on him to declare his readiness to form a government, and asked Latham and all South Australian parliamentarians to serve under him.\textsuperscript{4} Latham replied that while willing to co-operate in a 'sound and sane government', he wanted to know Lyons' reply before fully answering their request;\textsuperscript{5} Lyons did not reply. Meanwhile, in Melbourne,

\textsuperscript{1} \textit{Herald}, 23 February 1931.

\textsuperscript{2} Australian Labour Party, Tasmanian Branch, Minutes of Annual State Conference, 26 February 1931.

\textsuperscript{3} \textit{Examiner}, 27 February 1931, p.7; information given by J. Allan Guy.

\textsuperscript{4} \textit{Advertiser}, 21 February 1931.

\textsuperscript{5} \textit{Advertiser}, 24 February 1931.
Lyons' switch was being arranged. Having obtained his tentative agreement to leave Labour, the Group met R.W. Knox of the National Union, who agreed that he would be a suitable Nationalist figure-head. When asked by Knox if he would stand down for Lyons, Latham made no promises, but was willing to do whatever was thought necessary for the party. The press, especially that controlled by Murdoch, who was informed of developments, prepared the public for the switch by conducting a vigorous campaign to portray Lyons as 'Honest Joe', the saviour of Australia's finances and integrity.

To assist his realignment, Captain H.T. Lanyon, until December 1930 Herbert Richmond's predecessor as Manager of J.B. Were & Son's London office, was made his private secretary.

Fenton attended Caucus on 2 March, but left before balloting began for a new Cabinet. The meeting adopted Theodore's proposed £18,000,000 fiduciary issue by thirty-two votes to twelve. Lyons told the press that for him to attend Caucus would be pointless, as he, opposed all Labour's financial proposals, and with Guy he went to Melbourne to inform the Group of their decision to leave the party. After his discussions with

1 Information given by Staniforth Ricketson; see J.G. Latham, Diary, 27 March 1931 and 3 April 1931.
2 Information given by Staniforth Ricketson; see J.A. Lyons' memorandum re H.T. Lanyon, 28 April 1931, Lyons Papers, file 19.
3 Caucus Minutes, 2 March 1931.
4 Herald, 2 March 1931.
the Group and the National Union, Lyons announced on the afternoon of 2 March that he was willing to lead a composite government to prevent inflation; Thomas Paterson, Deputy Leader of the Federal Country Party, offered his co-operation. Returning to Tasmania later that day, Lyons told the press that he would watch federal events before deciding what to do. 'He did not wish to leave the Labour movement, but there seemed no other course open to him'.

On 3 March, having learnt that Lyons and some of his supporters would vote against Scullin, the parliamentary Nationalists decided to move a vote of no-confidence in the government. However, with the removal of the left-wing from Cabinet by the ballotting held at the Caucus meeting of 2 March, Theodore's temporary ascendency over the Lang group, and the virtual secession of Lyons' small group, the party had become more united. The newspapers realized therefore that, despite the existence of possible deserters amongst the twelve Caucus members who had voted against Theodore's financial proposals on 2 March, Scullin was unlikely to be defeated. As the parliamentary debate on the no-confidence motion progressed, it became apparent that only Lyons, Guy, Fenton, Gabb, and the solitary surprise deserter, J.L. Price, would vote against the government. Although on 12 March the Lang group finally split away from the federal party, it decided

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1 J.A. Lyons, quoted in *Sun News-Pictorial*, 3 March 1931.

2 See *Herald*, 3 March 1931.
not to vote against the government on this motion. Also on 12 March came the announcement that Lyons would form a new party, the Nationalist and Country Parties stating that they would support a Lyons Government.\(^1\) However, when the vote was taken on 13 March, the government won by thirty-eight to thirty-three votes, Lyons having failed to attract more supporters.

Ambrose Pratt wrote a speech for Lyons to deliver in the House before he voted against the government, but it did not reach Canberra in time.\(^2\) Instead, he gave, extemporary, one of the best speeches of his life. Only this speech ensured that the parliamentary Nationalist Party, which until then had been unimpressed by his performance and satisfied with Latham's leadership, would accept him as leader and not merely as Treasurer or in some other subordinate position.\(^3\) The newspapers' ecstatically praised the speech: 'Mr Lyons, like Brutus, was so armed with honesty that the shafts of his enemies fell harmlessly from him', the Adelaide Advertiser reported.\(^4\) In his speech, Lyons noted that the previous day had been the twenty-second anniversary of the day that he had begun his first election campaign in Wilmot, and emphasized that his efforts to help the workers had not changed since then. He felt a 'real

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\(^1\) Herald, 12 March 1931.

\(^2\) Speech for J.A. Lyons, Ambrose Pratt Papers; information given by Staniforth Ricketson.

\(^3\) See H.S. Gullett's article in Herald, 8 April 1939.

\(^4\) Advertiser, 14 March 1931.
affection and respect' for the Labour parliamentarians, and much admiration for Scullin as a person; he did not even judge Theodore as guilty of the Mungana allegations, only believing that he should have remained outside Cabinet until cleared of the charges. Though opposing Cabinet policy on such major issues as arbitration, and out of step with many members 'for some considerable time', he had remained loyal to Scullin when the latter was in England, enduring 'mental suffering and strain' in upholding his leader's policies. The new financial policy was quite different from that on which he was elected, and would bring more unemployment and misery; he noted that many Cabinet members had changed their views on inflation. Wage and interest cuts were necessary, and the government must make the balancing of the budget its goal; the new proposals were a subtle form of repudiation, and his financial advisers had convinced him of their unacceptability. 'I know my limitations', explaining that 'I know little about finance', but he did know that there must be 'honest' finance instead of visionary and unrealistic schemes. In an emotional conclusion, he claimed that the government was doing nothing to ease the misery of the 'kiddies' of Australia, and said that in breaking the associations of a life-time he felt 'deep pain and sharp mental suffering'. When he finished, on the verge of physical collapse after the all-night sitting and the emotional strain of the speech, his membership of the Labour Party had been voluntarily ended.

1 C.P.D., vol.128, pp.229-238 (13 March 1931).
2 Lyons, p.174.
Lyons was 'very dispirited' by his break with Labour; having failed to defeat the government and thereby to defeat Theodore's financial policies, he probably felt that he had achieved nothing by leaving the Labour Party. His few followers had little ability or importance, and unless the Nationalist Party considered his popular support merited his inclusion in its leadership, he would be politically impotent, unable to influence either party.

His despondency was short-lived, and, encouraged by his wife and his Melbourne friends, by late March he was again campaigning against Theodore's policies. On 16 March, another Labour member, D.C. McGrath, became the last federal politician to join his group; six Tasmanian state Labour politicians also followed him out of the party. Although after voting against Scullin he said that his group felt 'free men today, and we will not associate ourselves with machine politics whatever the colour may be', he realized that his few supporters could not form the basis of a new political organization, and that he must therefore unite with the Nationalists.  

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2 Argus, 16 March 1931; J.G. Latham to A. Parkhill, 30 March 1931, Latham Papers, Box 5 Folder n.
By 19 March, he was reported to be hopeful that his projected visits to Adelaide, Melbourne, and Sydney would result in the formation of a new party that combined the best elements of the old. 1

The Group and the National Union, having engineered his split with Labour, intended to carry out the second part of their plan, his election as Leader of the Opposition, as soon as possible. As early as 18 February, E.H. Willis, Secretary of the National Union, expected a federal election 'in the immediate future', and sought funds from the Union's business subscribers to finance a campaign. 2 Fearing that an immediate election might be won by Scullin, the National Union hoped that by making Lyons the new Nationalist leader, enough extra votes would be attracted to ensure victory. Like the Group, the National Union also realized that, by careful manoeuvering, the new political bodies being started by disaffected Nationalists might be combined into a united non-Labour organization led by Lyons. Alarmed by the danger of a 'centre' party attracting their supporters, they determined to use the call for 'national unity' under Lyons' leadership to channel political bodies into support for the renamed but not significantly reshaped Nationalist Party. They feared that unless Lyons was made leader, many of the members of the new organizations would not vote for the Nationalists at the next election.

1 Herald, 19 March 1931.

2 E.H. Willis to W.A. Gibson, 18 February 1931, Goldsborough Mort Papers, General Manager's Correspondence, Letters received from the National Union, 1928-1949.
On the basis of this reasoning, the pragmatic National Union determined to exploit Lyons' appeal for its own ends, and, instead of fighting the new bodies, as happened in New South Wales, it encouraged their growth and guided their activities in the hope of taking votes from the Labour Party. It saw the new bodies as a 'half-way house' to ease the transition for Labour supporters who were reluctant to vote for the Nationalists, but who might support an allegedly 'national' party. The National Union had a ruthless attitude to politicians and electoral strategy: as the Argus, believed to be its mouthpiece,¹ wrote,

the Nationalist party seeks nothing but the higher welfare of the country, and if in a grave national emergency it is prepared to use the instrument nearest to its hand to effect that purpose no question can arise of individual rights and personal feelings.²

The 'instrument nearest to its hand' was Lyons, and Latham's 'rights and personal feelings' were to be disregarded in his replacement as Leader of the Opposition, and, therefore, the probably next Prime Minister.

While realizing the danger of his becoming merely the National Union's figurehead, Lyons knew that politically the only way to frustrate Theodore's financial policies was by unifying the non-Labour forces under an electorally-popular leader and then defeating Labour in parliament or at the next election. He probably realized from his

¹ Information given by Roy Curthoys, editor of the Argus during the 1930s.

² Editorial in Argus, 10 April 1931.
Tasmanian experience that an able and popular leader could, by his personal prestige and political experience, counter most outside pressure. And while the National Union needed him to defeat Labour in an immediate election, he, lacking any influence in the parliamentary Nationalist party, needed the National Union to arrange his elevation to the leadership of the Opposition should this be necessary. Although personally modest and reluctant to depose Latham, he knew that the Opposition would have better electoral prospects under his leadership than under Latham's, and now that his attempt to defeat Theodore by the 13 March vote had failed, he was prepared to take whatever steps were likely to succeed.

Popular disillusionment with the Bruce-Page government and the 'machine politics' of the Nationalists led to the appearance of several non-Labour bodies in 1930 and 1931. The principal ones were the All-For-Australia Leagues of New South Wales and Victoria, and the Citizens' League of South Australia. Controlled by businessmen who in most cases were actively involved in politics for the first time, these bodies sought to minimize the influence of professional politicians over national policy-making. 'More business in government, and less government in business' was their slogan,¹ and they insisted on financial orthodoxy and an end to government 'extravagance'. By organizing the middle class voter 'of sound ideas' into bodies which were free from the political impurities they saw in the Nationalist

¹ *Citizens' League: Its Formation, Aims, and Objects* (Adelaide, 1931).
Party, they hoped to defeat the Scullin Government.\textsuperscript{1} The movement began in Adelaide with the formation of the Citizens' League in October 1930 to campaign for 'sound finance'.\textsuperscript{2} By September 1931, it had 21,752 members, many of whom were believed to be former Labour supporters.\textsuperscript{3} The League was the first organization to support Lyons, on 11 February 1931 calling on him to defeat Scullin and form his own government.\textsuperscript{4} It wanted Latham to stand down for him, and early in March its organizer used the slogan 'Scullin must go, Lyons must lead, Latham must support'.\textsuperscript{5}

Fearing that the Citizens' League and its counterparts might establish a centre party supporting Lyons, leading members of the South Australian Liberal Federation, the local equivalent of the National Federation, decided in March to combine the new organizations with the Nationalists and the Country Party to form an Emergency Committee. Through this Committee, the Nationalists intended to prevent the League from forming a new party, and to channel its popular support towards the Nationalists;

\textsuperscript{1} W. Queale to J.A. Lyons, 23 July 1931, Lyons Papers (C.A.), CP103 (Series 19), Bundle 14, Folder of Condolences, Death of J.A. Lyons, 1939.

\textsuperscript{2} \textit{Advertiser}, 4 October 1930 and 15 October 1930.

\textsuperscript{3} Report of Executive Committee presented to first Annual Convention of branch members...on 16 September 1931, Bagot Papers, file 1186; E.D.A. Bagot, quoted in \textit{Herald}, 20 January 1931.

\textsuperscript{4} \textit{Advertiser}, 12 February 1931.

\textsuperscript{5} E.D.A. Bagot, quoted in \textit{News}, 3 March 1931.
after the electoral defeat of Scullin, financial support would be withdrawn so that the League would be forced to disband. The League and all non-Labour bodies including the Country Party readily agreed to join the Committee, which was financed by local businessmen and the National Union.

In Victoria, instead of taking over an existing organization as in South Australia, the National Union and leading businessmen formed their own Citizens' League. The committee of Melbourne businessmen that had been created to organize the December loan conversion campaign was addressed at its winding-up meeting in January by an emissary from the South Australian Citizens' League, and after several meetings in Ricketson's offices, the Australian Citizens' League held its inaugural meeting in the Melbourne Town Hall on 19 February. The first meeting

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1 W.G. Duncan and C.A.S. Hawker, quoted in Price, 'Rough Notes'.


3 Report by E.D.A. Bagot on his visit to Melbourne, in Minutes of a Meeting of the Executive Committee of the Citizens' League held on 21 January 1931, Bagot Papers, file 1186; E. Turnbull to J.A. Lyons, 13 June 1931, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 1, Folder A.

of the League's Provisional Committee had been held on 5 February, when Lyons was first discussing his future with the Group; no doubt both Lyons and the Group planned their future actions with the knowledge that he would have an organization designed especially to support his efforts once he left the Labour Party. Henderson was secretary and Ricketson treasurer of the League, while a former president of the Victorian branch of the Returned Soldiers' League, Ernest Turnbull, became president. Its offices were at 349 Collins Street, the address of J.B. Were & Son. After discussions with the Sydney All-For-Australia League in early March, it adopted the name 'A.F.A.' 1 276 branches with a total membership of 70,000 were formed in the League's first eight weeks. 2

The Nationalists planned to use the A.F.A. to attract voters from Labour, especially in industrial areas, and intended ultimately to amalgamate it into the Nationalist organization once its usefulness as a separate body was exhausted. 3 While pretending that the League would not adopt a political programme but would represent the people as a whole, some of the League's leaders, after helping Lyons to frame his statement of political objectives on 27 March, then adopted it on behalf of

1 Argus, 5 March 1931.

2 Herald, 6 May 1931.

3 Report by A.G. Price on his visit to Melbourne, 9–12 May 1931, Price Papers; J.G. Latham to Mrs A.C. Parker, 11 June 1931, Latham Papers, Box 5, Folder n.
their followers. Most of the League's funds came from the National Union through the United Australia Organization, the Victorian equivalent of South Australia's Emergency Committee, although at the height of the December election campaign Turnbull denied that his organization took either money from the National Union or policies from the Nationalist Party.

The Sydney All-For-Australia League was formed in February 1931 to combat the Lang Plan. Unlike its counterparts in other states, the Sydney A.F.A. so disliked the Nationalists that it refused to be included in any form of 'unity' organization. As in other states, the businessmen leading the A.F.A. were mostly new to politics, and their League attracted support from Labour voters scared by the policies of Lang and Theodore. In contrast to the carefully guided Leagues in other states, the Sydney A.F.A. at first hesitated before accepting Lyons as its leader, and on the same

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1 E. Turnbull, quoted in Herald, 19 March 1931; K.A. Henderson, quoted in Argus, 20 March 1931; J.G. Latham, Diary, 27 March 1931; Note on meeting held on 27 March 1931, Ricketson Papers.


3 S.M.H., 13 February 1931 and 17 February 1931.

4 See J.G. Latham, Diary, 29 March 1931, 1 April 1931, and 2 April 1931; Minutes of New South Wales unity conference held on 22 April 1931, Latham Papers, Box 5 Folder n.

5 For example, Sydney Snow, quoted in S.M.H., 26 February 1931; see A.J. Gibson, quoted in S.M.H., 20 May 1931.
day that his Seven Points were announced its Convention voted by 598 to forty to form a new political party that would oppose both the Labour and Nationalist Parties.  

Similar organizations were established in other states. The Tasmanian A.F.A., formed when Lyons decided that the time was suitable, was guided by the Nationalist Premier with the assistance of the Mercury and leading businessmen.  

Realizing the importance of the A.F.A. in attracting voters to his cause, Lyons cautiously worked to combine it into a united anti-Scullin organization. Afraid of losing the approval of its members by appearing to be too closely associated with the main Opposition parties, on 27 March he refused to issue his statement of policy jointly with the Nationalists and the Country Party. However, with the Victorian and South Australian Leagues under Nationalist guidance, the A.F.A. leaders pledged their followers to assist him, and, on the basis of his 'Seven Points' policy as announced on 28 March, the Victorian A.F.A. at the end of March arranged with the Sydney A.F.A. to make him their leader.

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1 Report by W. Queale on his visit to Melbourne, in Minutes of a Meeting of the Executive Committee of the Citizens' League held... on 23 March 1931, Bagot Papers, file 1186; S.M.H., 30 March 1931.

2 J.C. McPhee to J.A. Lyons, 21 April 1931, Lyons Papers (C.A.), CP 30 (Series 2) Box 1 Folder Mc; C.B. Davies to J.A. Lyons, 1 May 1931, Lyons Papers (C.A.), CP 103 (Series 19) Bundle 1 Folder D.

3 J.G. Latham, Diary, 29 March 1931.

4 J.G. Latham, Diary, 27 March 1931.

5 Age, 2 April 1931.
On 9 April, Lyons, his wife, and his ex-Labour parliamentary followers fulfilled an invitation from the Citizens' League to begin their anti-Scullin campaign in Adelaide. Besides giving several enthusiastically-received speeches to large audiences, Lyons also opened an interstate conference of seventeen citizens' movements from all states; intensifying his efforts to gain their approval, he said that his campaign had begun in Adelaide because this city had originated the A.F.A. movement. The conference, after deciding to organize electoral support for his parliamentary group, asked him to lead their movement; it hoped that his group would amalgamate with Latham and Page into a new party under his leadership. He accepted the leadership, inspiring Labour critics to rename the A.F.A. League 'All for Aloysius Lyons'. With the A.F.A. movement now solidly behind him, he sought to gain the support of organizations unconnected with the A.F.A., such as Charles Hardy's Riverina separatist movement. The Group continued to organize support for him, Mrs R.G. Menzies, for example, forming a Girls' Political Auxiliary to this end.

1 Herald, 9 April 1931.

2 A.J. Gibson to J.A. Lyons, 10 April 1931; A.J. Gibson, E. Turnbull, and E.D.A. Bagot to J.A. Lyons, 11 April 1931, Lyons Papers, file 19.


4 J.A. Lyons, quoted in Age, 23 April 1931.

5 Sun News-Pictorial, 2 April 1931.
To make Lyons leader of an Opposition that combined Nationalists, Independents, and ex-Labour men, and was sufficiently re-shaped to gain the support of A.F.A. members, as the National Union and the Group desired, Latham had to be deposed. But while realizing the political desirability of such a move, and having stated before leaving Labour that he was willing to lead a new party, after the split Lyons' attitude changed with his increasing respect for Latham. His wife urged him to overcome his sensitivity for Latham's feelings:

"Australia wants you", I told him....It was, as I saw it, his duty' to lead the Opposition. \(^1\) At first, however, he rejected such prompting. On 18 March, after talking to Latham\(^2\) and discussing the question with his wife, he wrote asking Latham to work with him, insisting that as he would 'willingly' serve under him, no question of leadership arose. \(^3\) After Latham discussed this offer with two senior Nationalist parliamentarians, H.S. Gullett and Sir George Pearce, the Nationalist Executive met, and on 26 March Latham told a meeting of Nationalist parliamentarians that he would probably discuss the question with Lyons. 'They left it to me in consultation with Gullett and Pearce to do what I thought best'. \(^4\)

On the morning of 27 March, the National Union gave Latham a draft of the Seven Points, a policy for a united

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1 Lyons, p.181.
2 Advertiser, 17 March 1931.
3 J.G. Latham, Diary, 24 March 1931.
4 J.G. Latham, Diary, 24 March 1931 and 26 March 1931.
Opposition 'suggested by' Lyons, though probably drafted by the National Union. The Points, deliberately generalized to avoid alienating any possible supporter, called for the restoration of confidence in government finance, no devaluation, balanced budgets, government economies, 'economically sound' tariffs, encouragement for productive enterprises to provide employment, credit for profitable primary production, and the retention of industrial arbitration and the protection of the employer against 'undue interference with business management'.

Latham complained that the Points were 'absolutely vague' about tariffs and arbitration, but the National Union dismissed these questions as unimportant compared with the financial points.

On the afternoon of 27 March, Lyons, Fenton, Pearce, and Latham decided to issue the Points as a joint statement of policy, and T. Paterson, the Deputy Leader of the federal Country Party, who arrived later that afternoon as Page's representative, also agreed to support them. The meeting decided to postpone the questions of the leadership and the formation of a single party, Latham saying that 'personally I would do anything necessary, but held [the] leadership in trust for [the] party. The Parliamentary party alone must decide the leader. Lyons

1 J.G. Latham to T. Bavin, 21 April 1931, Latham Papers, Box 5 Folder n.
2 Argus, 28 March 1931.
3 J.G. Latham, Diary, 27 March 1931.
agreed'. That evening, however, R.W. Knox and E.H. Willis, Chairman and Secretary of the National Union respectively, told Latham that Lyons would no longer agree to a joint statement, for he now feared that openly to ally himself with the Nationalists might lose him support amongst the uncommitted. At a conference with Knox, Willis, Pearce, and Paterson later that evening, Latham suggested that Lyons alone issue the Seven Points, 'saying he had done it himself and we then could say we agreed to co-operate'. When Lyons arrived with Menzies, Pratt, and Ricketson, he agreed to Latham's suggestion, and the Points with their accompanying endorsements were given to the press by the latter three while Latham told Knox and Willis of his discussion with Lyons concerning the leadership. As already planned by their leaders in Victoria and South Australia, the A.F.A. Leagues and their counterparts accepted both Lyons and 'his' Seven Points as the basis for a new political movement; Ricketson wrote on 31 March that events were moving sooner 'than we dared to hope' towards non-Labour unity.

Three days after Lyons voted against the government, Ricketson had told his clients that the Opposition must unite under him, for not only was he supported by the Australian people, but 'the name of Mr Lyons is more

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1 J.G. Latham, Diary, 27 March 1931; see also J.G. Latham to A. Parkhill, 30 March 1931, Latham Papers, Box 5 Folder n.

2 J.G. Latham, Diary, 27 March 1931; note on meeting held on 27 March 1931, Ricketson Papers.

3 J.B. Were & Son's Weekly Share Market Letter, no. 392 (Special Issue), 31 March 1931.
favourably regarded in Great Britain than that of any possible political leader'. When Ricketson and Henderson met Latham at the National Union rooms on 31 March, they assured him of their 'friendliness', although not disguising their support for Lyons. Latham again explained to them that he wanted a united party, 'and would do all I could consistently with principle to help. Members of Parliament must decide questions of leadership'. He repeated this to Knox and Willis, but had earlier been told by Gullett that Knox and the National Union generally were no longer loyal to him. Gullett heard rumours that Latham was 'merely hanging out to be Prime Minister', and at his suggestion Latham in a press statement supporting unity moves said that 'no merely personal considerations should be allowed to prevent the achievement of an end so urgently important'. Although greatly upset by the moves to depose him and thereby to thwart his ambition to become Prime Minister, he felt that personal feelings should not stand in the way 'when a national emergency arises', and declined to fight to save his position. Recognizing his electoral disadvantages as party leader, he also realized that in a Lyons Government he would play a leading, perhaps

1 J.B. Were & Son's Weekly Share Market Letter, no.391 (Special Issue), 16 March 1931.
2 J.G. Latham, Diary, 31 March 1931 and 29 March 1931.
3 J.G. Latham, Diary, 3 April 1931; Argus, 4 April 1931.
4 J.G. Latham to A. Pratt, 31 March 1931, Pratt Papers.
predominant, role. On 5 April, he began discussions with the Sydney organization about the formation of a combined Opposition, and, Sydney having agreed with its Melbourne counterpart's decision, on 10 April Lyons announced that he was prepared to lead a united Opposition.2

The press campaign to convince the public of Lyons' suitability as Leader of the Opposition was intensified during March and April, with especial efforts to mould public opinion being made by Murdoch, whom Lyons consulted about strategy and publicity.3 Leading public figures hastened to endorse his fitness for the leadership,4 and the business community mobilized to help the saviour of 'sound finance'. On 13 April, at a meeting held with the Group, the National Union, and perhaps other Melbourne businessmen to reach a final decision about his becoming Opposition leader, his performance brought 'many favourable comments', Ricketson informed him: 'our Group congratulates you heartily'.5 On the following

1 Zelman Cowen, *Sir John Latham and other Papers* (Melbourne, 1965), p.17; information given by H.A. Standish, then Latham's Private Secretary.

2 *S.M.H.*, 10 April 1931 and 11 April 1931.

3 See Lloyd Dumas to J.A. Lyons, 1 April 1931, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 1 Folder D; K.A. Murdoch to J.A. Lyons, 10 April 1931, Lyons Papers (C.A.), CP 30 (Series 2) Box 1 Folder M.


5 Staniforth Ricketson to J.A. Lyons, 15 April 1931, Lyons Papers, file 19.
day, Sir George Fairbairn, President of the National Union, publicly advocated that he should replace Latham as Opposition leader.¹ The Group was carefully guiding his new contacts with the Melbourne business community and the Nationalist leaders; for example, Menzies arranged, through Ricketson, for him to spend the following weekend at Menzies' country home, presumably to continue their discussions about policy and his future position in a combined Opposition.² Higgins accompanied him when he went to consult the Sydney organization and the Sydney A.F.A., from 28 to 30 March, and introduced him to leading businessmen there, while Pratt accompanied him to Adelaide on 9 April to help arrange press publicity.³

When the National Union and its business associates were satisfied with Lyons' qualifications and had convinced Latham that he could best serve his party by resigning as Opposition leader, the parliamentary party began formal moves to unite the Opposition. On 15 April, after it had unanimously agreed that a single Opposition party should be formed with a common policy and a single leader, Latham discussed the question of unity with Lyons and Page. A complication arose when Lyons' ex-Labour group

¹ Herald, 14 April 1931.
² R.G. Menzies, 'per S.R.' to J.A. Lyons, 15 April 1931, Lyons Papers (C.A.), C.P. 30 (Series 2) Box 1 Folder M; see Staniforth Ricketson to J.A. Lyons, 15 April 1931, Lyons Papers, file 19.
³ H.J. Davys to J.A. Lyons, 9 April 1931, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 1 Folder B; Australian Journalist, 29 May 1931.
agreed on unity only for the limited purpose of defeating the Scullin Government, as Gabb refused to join a united Opposition party. The Country Party agreed to co-operate to defeat Scullin, but refused to amalgamate, Page being well aware that 'the mob behind the Lyons-Nationalist Coalition are all big Melbourne manufacturers and stockbrokers, and would have no more mercy on us than on Latham, whom they have buried alive'. Further discussions were fruitless, and when Lyons and Page saw Latham on the afternoon of 17 April they told him that they were not prepared to form a single Opposition, and both insisted that he should remain Leader of the Opposition.

Although he had earlier insisted that the parliamentary party alone should decide its own leadership, Latham now took the decision from its hands by resigning as leader at a party meeting later that afternoon, and then nominating Lyons as his successor. This recommendation was unanimously accepted, the parliamentarians no doubt being aware of the organization's wishes, and Lyons, faced with a final and public ultimatum, ended his procrastination about deciding whether to replace Latham, and accepted the offer. His hesitancy about deposing Latham, and his sudden reluctance on 17 April, after all

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1 J.A. Lyons to J.G. Latham, 16 April 1931, Lyons Papers, file 19; Argus, 17 April 1931 and 18 April 1931; Advertiser, 5 May 1931.

2 E.C.G. Page to A.G. Cameron, 29 April 1931, Page Papers, file 810; see also E.C.G. Page to J.A. Lyons, 16 April 1931, Lyons Papers, file 19.

3 J.G. Latham's memorandum on the position 'at about 3 p.m.', 17 April 1931, Latham Papers, Box 5 Folder n.
the arrangements had been made, to agree to final union with the Nationalists, appear to have been caused mainly by two points. The first was his sensitivity about forcing Latham out, whatever the political needs of the situation, perhaps coupled with the hope that the National Union would exert the necessary pressure on Latham to induce him to resign, thereby avoiding a direct confrontation with him. The second point was an apparent resurgence of his earlier doubts about the advisability of amalgamating with the Nationalists. Even after he finally accepted the leadership of the Opposition, associates found that he still suffered from self-doubts, for he still believed that 'the best way to hold moderate Labour support was not by his joining the Nationalists, but by carrying out his own independent campaign' against Scullin. But to ensure that a united vote was cast against the Labour Government at the next election, he had to take a leading place in a combined Opposition.

Whatever his earlier indecision and doubts about the best course to follow, when given an ultimatum on 17 April he took the post that his wife, his ex-Labour supporters, the Group, the National Union, many Nationalist parliamentarians, and the economists and businessmen advising him were relying on him to accept: he had become too deeply committed to the plans to re-organize the Opposition to withdraw at the last moment. In accepting the leadership, he praised Latham's 'subordination

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of self', and insisted that he had not sought
the responsibility that has been thrust upon me.
I have not in any way made the question of
leadership a condition of unity. The offer to
stand down has been extended voluntarily by Mr
Latham'.

Precisely how 'voluntarily' Latham had stood down was
carefully concealed from the public, which was regaled
with press articles extolling Latham's 'noble sacrifice'.
At Lyons' request, Latham continued as Leader of the
Opposition until the reorganization of the Opposition
was complete. Thus, through the engineering of his
extra-parliamentary supporters, only five weeks after
he voted against Scullin Lyons had become leader-elect
of a united Opposition.

On 18 and 19 April, private meetings were held in
Melbourne. Those present on 19 April were Lyons, Pratt,
Menzies, Ricketson, Henderson, and Higgins of the Group,
al officially attending as members of other organizations,
Willis and Knox of the National Union, W. Queale and
E.D.A. Bagot of the South Australian Citizens' League,
and A.J. Gibson of the Sydney A.F.A. The meeting made
the first official decision that a new federal
organization, the United Australia Movement, should be
formed by the amalgamation of the Nationalists with the
A.F.A. Leagues and their counterparts. Both Lyons and

1 Argus, 18 April 1931.
2 Argus, 20 April 1931 and 22 April 1931.
3 Minutes of Conference held in Melbourne on Sunday,
19 April 1931, Bagot Papers, file 1186.
the Nationalist organization hoped that the change of
name would prevent the public's gaining the impression
that Lyons was being swallowed by the Nationalists, and
would permit the pretence that the United Australia
Party was an entirely new party free from the less
popular attributes of the former party. All the anti-
Labour press applauded the formation of the U.A.P.,
even the *Age*, which earlier had supported Scullin,¹
and all Lyons' ex-Labour followers except Gabb joined
the new party.

Moves to achieve unity in Victoria were successful
on 5 May, when Lyons opened a conference of Victorian
non-Labour organizations which, as already decided by
the secret meeting of 19 April, accepted Lyons as leader
and established a central council of the United Australia
Movement. Henderson was elected president, and, on Knox's
motion, Ricketson became temporary secretary.² While
the Country Party decided to co-operate with the
Movement, it retained its separate identity and still
endorsed its own candidates.³ Lyons applauded the
achievement of unity, and especially the election of
Henderson and Ricketson to the central council: 'no
man has worked more tirelessly in the interests of unity
than Mr Ricketson'.⁴

¹ See editorials in *Age*, 20 April 1931 and 23 April 1931.
² *Argus*, 6 May 1931.
³ *Herald*, 8 May 1931 and 14 May 1931.
⁴ J.A. Lyons, quoted in *Herald*, 6 May 1931.
The only major complication was that Latham, bitter at having to sacrifice his chances of becoming Prime Minister, wished to retire from politics. Although, as Page later commented, he had been stabbed in the back to make Lyons Prime Minister, he could not defend his position without being accused of acting against the best interests of the party and indeed of Australia. Then to be expected to swallow his pride by accepting a subordinate position under his supplanter was hardly tolerable, and at first, despite requests from federal parliamentarians and hastily-organized appeals by state organizations, he refused to become Deputy Leader of the new party, hinting that he would return to his legal practice. However, after Lyons and the party insisted that he must avoid any public suggestion of disunity and must be ready to serve 'the interests of Australia', an argument probably emphasized by the National Union when he dined with them on 2 May, he decided to accept the position. He promised Lyons that he would never attempt to supplant him.

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1 Information given by H.A. Standish; A.E. Heath to J.G. Latham, 21 April 1931, Latham Papers, Box 5 Folder n.


On 7 May, after Willis arrived in Canberra to assist the transformation of the Opposition, the parliamentary Nationalist Party formed itself into the U.A.P. and elected Lyons as its leader. Lyons and his ex-Labour supporters then attended the meeting, accompanied by the remnants of W.M. Hughes' Australian Party; at the conclusion of the meeting, he informed Scullin that as the new Leader of the Opposition he would move a no-confidence motion against the government on the following day. Pleased by the rapid success of his efforts, Ricketson wrote that

our Group...[has] been dealing with matters arising out of the situation in an endeavour to so condition them that, if a political change comes, they may be used for the benefit of Australia.

The only part of his political engineering yet to be achieved was the electoral defeat of Scullin.

No more Labour members deserted Scullin, and Lyons' no-confidence motion on 8 May was defeated by thirty-two votes to thirty-four after the two leaders alone had spoken to it. But on the following day, in the Tasmanian state election, the Nationalists were returned with an increased majority to become the only Australian

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1 E.H. Willis to J.G. Latham, 6 May 1931, Latham Papers, Box 5 Folder n.

2 J.A. Lyons to J.H. Scullin, 7 May 1931, Lyons Papers, file 19.

3 Staniforth Ricketson to Lord Glendyne, 18 June 1931, Ricketson Papers.

Depression government to be re-elected. Labour's representation fell from fourteen to ten, while the party's former Deputy Leader, and Acting Leader in 1929, Ben Watkins, was returned as an Independent supporting Lyons. Lyons claimed that the vote vindicated his leaving the party, for by actively campaigning in Tasmania, Theodore had used the election to test the popularity of his fiduciary note issue scheme. The sweeping victory in Tasmania made the U.A.P. hope that, once they realized that the electorate had rejected Theodore's policies, more Labour members would desert Scullin. Some Labour men were discreetly approached: for example, Lyons offered the Treasurership to J.B. Chifley, with whom he had a 'bond of mutual appreciation and of human sympathy'. With two or three Labour men believed to be considering joining Lyons, the National Union prepared for an immediate election. As an example of the large sums it had amassed to finance the campaign, early in May it agreed to give the South Australian organization £10,000 immediately, and £20,000 when the election campaign began. After a meeting of National Union subscribers was held on 26 May, Knox was confident of obtaining all the necessary finance; even overseas firms were contributing money.

1 J.A. Lyons, quoted in Advertiser, 12 May 1931.

2 L.F. Crisp, Ben Chifley (Melbourne, 1963), p.65; information given by Dame Enid Lyons.


As no more Labour members joined Lyons, there was no immediate election. However, the U.A.P. continued its intensive anti-Labour campaign, Lyons touring Australia seeking support while Latham handled routine parliamentary business. Lyons' role as 'Honest Joe', which was publicized at great length by the newspapers, was epitomized by a speech in which he said:

I am no orator, as Mr Scullin is. I am no financial genius as is Mr Theodore. (Laughter) I am just a plain blunt man with a simple straightforward story to tell of what seems to me to be the position in Australia today. I believe also that I bring a message of hope to the people of Australia.\(^1\)

This type of speech gained him the sympathy of his audiences, for the anxieties of the Depression made them receptive to his homely 'sanity' and 'honesty'. His wife gave some assistance early in the campaign,\(^2\) and the press devoted much space to the number of his children, the charm of his wife, the homeliness of his personality, and even the unruliness of his hair; the public was allowed no chance to forget his courageous stand against Caucus or to ignore the wisdom and profundity of his every remark. Only the \textit{Age}, the sole non-Labour paper to criticize his emotional and generalized speeches, admitted that 'public emotion is being aroused but public thought is not being enriched'.\(^3\)

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\(^1\) \textit{Argus}, 13 April 1931.

\(^2\) See \textit{Argus}, 13 April 1931, and Lyons, p.175.

\(^3\) Editorials in \textit{Age}, 13 April 1931 and 7 May 1931.
So extravagantly was he publicized that some politicians feared that a reaction might grow against him; partly to guard against the possibility of unintentionally producing potentially unfavourable publicity, Murdoch and his political journalists coordinated their work with the U.A.P. organization. From his long political experience, Lyons must have realized that his glorification by the press and his new party was not disinterested, but that they were using him as a figurehead; however, to defeat Theodore he was willing to play the role that the party and the public expected of him. Having always tended to play down his abilities, he knew how excessively the press was praising him: 'I am not a leader of men', he insisted, but the same edition of the Advertiser that reported this statement eulogized the most striking event in Australian history the rousing of a whole nation by one small honest man. As he commented to journalists, he was a fairly modest man, and it was not till he read the papers that he realized what a marvel he was.

The publication in March of cables between himself, Fenton and Scullin in late 1930 helped his campaign against the government by revealing to the public how

1 For example, A.G. Cameron to E.C.G. Page, n.d. [April 1931], Page Papers, file 810.
2 Price, 'Rough Notes'.
3 Advertiser. 10 April 1931.
4 Australian Journalist. 29 May 1931.
completely Scullin had reversed his policies on returning to Australia. Sir Robert Gibson's appearance at the bar of the Senate on 6 May at the instigation of Pearce, the Leader of the Opposition in the Senate, also assisted his campaign for Gibson's testimony opposing Theodore's fiduciary notes issue policy hinted that deflation was the correct alternative to the government's plans.

While the Opposition was obtaining favourable public response to its anti-Labour campaign, the government's financial policies were rejected by the Senate, the result in the Tasmanian state election indicated the electorate's disbelief in Theodore's schemes, and Lang Labour appeared to be biding its time before ending its temporary support for the government. The unacceptability of Theodore's policies to the Senate meant that Labour must either resign, force a double dissolution, or reverse its policies. The first alternative meant a public admission that it could do nothing to meet the Depression, an admission that would lose the party its self-respect and its electoral support. After the Senate defeated the Fiduciary Notes Bill on 17 April, Scullin studied the possibility of forcing a double dissolution; however, no double dissolution was sought, both because of fears that Labour would lose an immediate election and because of influential union leaders.

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1 Cables printed in S.M.H., 16 March 1931.
3 J.H. Scullin's speech in C.P.D., vol. 128, p. 1021 (17 April 1931); Caucus Minutes, 23 April 1931.
preference for a Labour government which, even if legislatively powerless, would administer more sympathetically than a U.A.P. government. The government therefore had no alternative but to replace Theodore's expansionist policies with the Premiers' Plan, framed by four economists, Giblin, Copland, L.G. Melville, and E.O.G. Shann, which combined Labour's insistence on interest cuts with the Opposition's insistence on wage and pension cuts.

This plan provided for a cut of twenty per cent in all adjustable government spending, including wages and pensions on a graduated scale, conversion of all internal government loans to achieve a 22½ per cent cut in interest, increased taxation, a cut in bank rates of interest, and relief for private mortgages. While not entirely satisfactory either to government or Opposition, this compromise was accepted by all but the irreconcilables as the best plan in the circumstances. Knox believed that, 'while drastic, it would appear the only way to face the situation', and his attitude was common amongst businessmen whose fear of Lang and the 'extremists' made them accept interest cuts. Believing that the banks would no longer finance government spending, Cabinet was forced to accept wage and pension cuts, as Scullin emphasized to a dissident minister, 'reductions are inevitable. We cannot pay out what we do not receive. It is really a question of arithmetic.

1 See Frank Anstey, Memoirs. 'The Industrial Militants'.

rather than argument'. The bankers had promised to make credit available to meet government obligations and to provide work for the unemployed if the Plan was carried out.  

While the Plan was more conservative than Lyons' proposals of October 1930, for it omitted his plans for credit expansion, it was basically the policy he had expected Scullin to carry out upon his return from England, and he therefore publicly endorsed it on 26 May. However, he was forced to modify his endorsement when conservative businessmen protested that the Plan might involve the compulsory conversion of loans to lower rates of interest. He therefore joined Latham in informing Scullin of their opposition to compulsion, which they described as repudiation, and at Scullin's suggestion they attended the Premiers' Conference, accompanied by Pearce, to explain their attitude. After criticizing Labour policies since August 1930 and trying to vindicate his attempts to defeat them, Lyons said that the Opposition would assist the government to make a voluntary conversion successful. On 9 June, the Conference carried a resolution drafted by the three Opposition leaders Scullin, and Theodore that created a National Appeal Executive of Scullin,

1 J.H. Scullin to E.J. Holloway, n.d. [?12 June 1931], incorporated in draft memoirs of E.J. Holloway.
3 Argus, 27 May 1931.
4 S.M.H, 1 June 1931.
Lyons, and Gibson to campaign for the voluntary conversion of all internal loans.¹

Although Labour's federal executive rejected the sections of the Plan that cut wages and pensions, when the government enforced these cuts, no attempts were made to prevent it.² While the Premiers' Conference was still in session, Caucus resolved that Scullin must consult it before approving any reductions.³ But, like Lyons in November 1930, Scullin ignored this instruction, though, unlike Lyons, he did so with impunity. After refusing to allow any amendment of the Plan, in a secret ballot he carried it through Caucus by twenty-six votes to thirteen.⁴ To avoid another party split, he declared it a non-party measure, thereby allowing Labour members to vote against it in parliament without incurring expulsion. Fourteen Scullin Labour men took advantage of this ruling by voting with Lang Labour against the Plan, while two ministers resigned from Cabinet in protest at its adoption. When Lyons in a moderately-expressed speech, pointed out that the Plan was a suitably realistic policy whose provisions, he reminded his former colleagues, were more severe than those they had rejected in October the previous year when he had presented them to Caucus,


³ Caucus Minutes, 4 June 1931.

⁴ Caucus Minutes, 11 June 1931.
H.P. Lazzarini of Lang Labour interjected that 'the victor can afford to be generous'. Ignoring the fact that Lang had agreed to the Plan, Beasley said that the government was a worse traitor to Labour principles than Lyons and Fenton, who by supporting the Plan were supporting their proposals of October 1930. While Lyons since entering federal politics had followed a consistent financial policy combining controlled deflation with moderate inflation, Labour with Theodore as its financial guide had described a complete circle within three months of Lyons' leaving Labour because it refused to cut wages and pensions and was proposing large-scale credit expansion, it had cut wages and pensions, dropped its expansionist policy completely and agreed to a Plan that was more conservative than his proposals of October 1930.

Businessmen supporting the U.A.P. were divided over the Premiers' Plan, for while many were willing, however reluctantly, to accept interest cuts, others completely rejected such a breach of 'inviolate' contracts. The Group disliked interest cuts, and opposed compulsory conversion: Henderson and Gibson 'fought like wild cats'.

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1 C.P.D., vol.130, p.2799 (18 June 1930).


3 For example. Price 'Rough Notes'; R.W. Knox to A.G. Price 26 May 1931. Price Papers; Staniforth Ricketson to Lord Glendyne, 18 June 1931; S.Ricketson, Diary, 15 June 1932; L. Brainowski to J.A. Lyons, 27 January 1933, Lyons Papers (C.A.) CP 30 (Series 3), Box 3 Folder B.
because the latter had told financial circles that as 'he felt the position was so desperate that contracts had to be broken to save it', he would not prevent compulsory interest cuts.¹ C.A. Norris advised Loan Council sub-committees against reducing interest rates,² while Ricketson wrote in his Weekly Letter that 'national morality [was] in danger' if the government cut interest. The Premiers' Plan 'out-Langs Lang' in his opinion, and the legislation to convert interest rates was 'the embodiment of default and repudiation'.³ Menzies said that rather than see Australia fail to meet its obligations in full, 'it would be far better for Australia that every citizen within her boundaries should die of starvation during the next six months'.⁴

In late May, the Group, on Ricketson's initiative, planned to hold a meeting under the auspices of the A.F.A. to arouse public opposition against interest cuts. They did not inform the A.F.A. executive, and Turnbull, the president, cancelled the proposed meeting immediately he heard of Ricketson's plan. Murdoch was supporting interest cuts, and his Herald ridiculed

¹  Staniforth Ricketson to Lord Glendyne, 18 June 1931, Ricketson Papers; K.A. Henderson to G.F. Pearce, 24 October 1931, Pearce Papers, MS 1927.

²  Staniforth Ricketson to Lord Glendyne, 18 June 1931, Ricketson Papers.

³  L.B. Were & Son's Weekly Share Market Letter, no. 395 (Special Issue), 28 May 1931, and no. 396 (Special Issue), 30 June 1931.

⁴  Argus, 4 May 1931.
Ricketson personally for his part in the fiasco. Held in place of Ricketson's meeting, a private meeting of four hundred 'leaders of Australian thought' was asked by Menzies whether a 'theft' was made respectable by instituting domestic economies at the same time...? This is the Lang Plan plus hypocrisy'.

Lyons did not support the Group's opposition to interest reductions. Having included compulsory interest cuts in his financial proposals in late 1930, when leaving Labour he had reiterated that bondholders must join in the general sacrifices, and that if necessary he would tax interest. On becoming Leader of the Opposition, he again called for the reduction of interest rates without 'breaking contracts'. Many U.A.P. politicians realized that interest cuts were necessary: S.M. Bruce in February 1931 had been about to advocate a twenty per cent cut by government decree when he was forestalled by Lang's proposing this himself. When Lyons and Gibson decided to compromise with the government so that the Plan could be carried

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1 Herald, 28 May 1931.


5 E.C. Dyason to L.F. Giblin, 24 February 1931, Giblin Papers.
out, 1 Ricketson opposed them, and labelled as 'really absurd' Lyons' suggestion that the Plan would have a healthy effect on the money market. 2 Ricketson's intransigence only antagonized U.A.P. parliamentarians, who ignored his views. 3

In October, businessmen again disagreed when legislation was introduced to compel the conversion of the bonds held by the three per cent who had not voluntarily converted. When questioned, Lyons assured the Group that he opposed compulsion, and in parliament he called for the defeat of the legislation. 4 However, the bill passed the House without a division, and only seven of the Opposition's overwhelming majority voted against it in the Senate. The parliamentary U.A.P. leaders told the Victorian A.F.A., which on the Group's initiative opposed the legislation, that not only would alternative government action be more severe, but that political expediency forbade effective opposition to compulsion: the electorate was believed to have little sympathy for those refusing to accept interest reductions

2 Staniforth Ricketson to Lord Glendyne, 18 June 1931, Ricketson Papers.
while wages and pensions were unilaterally cut. Henderson resigned as president of the Victorian United Australia Organization in protest at this complaisance.

With government and Opposition united in support of the Premiers' Plan and compulsory conversion, and Lyons helping Scullin to convert internal loans to lower rates of interest, the U.A.P. relaxed its anti-Scullin campaign. Besides helping Scullin to carry the Premiers' Plan through parliament, Lyons on other occasions offered to help the government tackle the Depression; only one U.A.P. member voted against Theodore's July budget, which incorporated cuts fulfilling the Plan. In September, the U.A.P. supported a Country Party proposal that a National Government be formed. For a time after becoming Leader of the Opposition, Lyons like the others of his ex-Labour group continued to support Scullin's tariffs, Lyons privately telling his supporters that he would be 'entirely inconsistent' to oppose tariff rates that he had helped to fix. However, he later realized that he would not continue to vote against the policy of his new party, and in September he publicly renounced his earlier tariff views.

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1 E. Turnbull to G.F. Pearce, 29 October 1931; G.F. Pearce to K.A. Henderson, 29 October 1931, with drafts and G.F. Pearce's memorandum to J.G Latham, Pearce Papers, MS 1927.


By leaving most of the parliamentary work to Latham, while he campaigned from state to state or helped to organize the party, he encouraged Labour's suggestion that he, the 'alleged' U.A.P. leader, was so inadequate a parliamentarian that he was deliberately kept out of the House.\(^1\) An unspectacular parliamentary leader, he left his subordinates to make most of the attacks on the government, restricting himself to his usual role of the moderate and commonsense spokesman. His only major parliamentary error was to follow Pearce's advice by unsuccessfully attempting in July to limit Supply to three months. This action implied that the Opposition considered the government untrustworthy in its pledges to follow a financial policy in accordance with the Premiers' Plan at the very time that Lyons was claiming to be Scullin's partner in organizing the loan conversion campaign. The Country Party denied Lyons' claim that it had been consulted about this move, and voted against his motion.\(^2\)

While Labour throughout 1931 continued its internal feud about financial policy, the U.A.P. reorganized itself in readiness for the coming election. As Latham had changed the parliamentary party from the dispirited and disunited body of 1929 into the effective fighting force

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1 C.P.D., vol.130, p.3449 (7 July 1931), and vol.131, p.4086 (17 July 1931).

2 C.P.D., vol.131, pp.4663-4695 (30 July 1931); Argus, 30 July 1931 and 4 August 1931; V.C. Thompson's letter in Herald, 19 August 1931, and J.A. Lyons' reply in Herald, 21 August 1931; W.M. Marks to J.A. Lyons, 19 August 1931, Lyons Papers (C.A.), CP 30 (Series 2) Box 1 Folder M.
of 1931, only the extra-parliamentary organization needed revitalizing. With the assistance of the newspapers, Willis arranged publicity with M.M. Threlfall, a former journalist who became Lyons' Political Secretary in April.1 Lyons realized that an entirely different slant to propaganda was made necessary by the government's adoption of the Premiers' Plan,2 but readjustment was swift, Theodore and Lang providing easy targets. Even the churches were encouraged to make statements denouncing repudiation and Communism and, by implication, the government.3 In advising his followers on the most effective ways to conduct the campaign, Lyons warned against the use of such phrases as 'anti-Labour' or 'anti-socialist', for he wanted to attract Labour voters disillusioned by Scullin and Theodore, and to emphasize the positive principles of his new party.4 The business community's fears about Labour's policies provided the party with ample finance and enthusiastic recruits for the organization; in Western Australia, for example, in late 1931 the party organization's finance committee was enlarged by the addition of five of the most prominent

1 R.W. Knox to A.G. Price, 26 May 1931, Price Papers; A.G. Price to J.A. Lyons, 13 October 1931, Lyons Papers (C.A.), CP 30 (Series 2) Box 1 Folder P.

2 J.A. Lyons to A.G. Price, 2 June 1931, Price Papers; J.A. Lyons to A.G. Price, 10 June 1931, Lyons Papers (C.A.), CP 30 (Series 2) Box 1 Folder P.


4 See E.D.A. Bagot to J.A. Lyons, 27 October 1931, Lyons Papers (C.A.), CP 103 (Series 19) Bundle 1 Folder C.
local businessmen.¹ The A.F.A.'s, still pretending to be 'non-political', continued their work for the party, although their support amongst the electors had waned because of their open collaboration with the ex-Nationalists.² Only in New South Wales was there serious disunity in the non-Labour ranks, but in November the A.F.A. agreed to co-operate with the U.A.P. during the next federal election.³

Labour continued in office, carrying out a policy it disliked and unable to inspire the return of business confidence in government finance without which adequate reflation was impossible.⁴ The government's continued existence depended upon Lang, who throughout 1931 had been steadily eroding the influence of the federal party in New South Wales. By November, he was ready to attack Theodore directly, and on 12 November Senator J.P.D. Dunn of Lang Labour accused Theodore of misusing unemployment grants for personal political advantage. Demanding an enquiry, Dunn warned on 19 November that when the Representatives reconvened on 25 November his party would force a showdown by moving an adjournment motion on his

¹ A.N. MacDonald to J.A. Lyons, 21 November 1931, Lyons Papers (C.A.), CP 30 (Series 2) Box 1 Folder N.
² See Report by E.D.A. Bagot, Organizing Secretary, to Chairman, Finance Committee, 15 March 1932, Bagot Papers, file 1186.
³ F.H. Tout to J.A. Lyons, 7 October 1931; J.A. Lyons to F.H. Tout, 9 October 1931, Lyons Papers, file 19; S.M.H., 20 November 1931.
⁴ E.R. Walker, Australia in the World Depression (London, 1933), pp.204-5.
charges. After 13 November, the Opposition was approached by Lang Labour, and, as Lyons later remarked in reference to Scullin, 'we made a plan for him, and later fixed him'. Lyons and Latham were now convinced that they would win the next election, although before Lang Labour contacted them they had not expected an election before about July 1932. At meetings with Opposition representatives in Sydney and Melbourne, the Lang group guaranteed that they would vote against Scullin and asked that all Opposition members attend the House for the vote. By 22 November, Lyons had telegraphed all U.A.P. members to attend parliament, an act of 'no special significance', he assured the press. Latham cancelled an urgent visit to Tasmania, and the party organization prepared for an immediate election. On 25 November, when Beasley moved the adjournment motion, Scullin threatened to go to the people if it was carried, his challenge was accepted.

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3 J.A. Lyons and J.G. Latham to S.M. Bruce, 13 November 1931, Lyons Papers (C.A.), CP 103 (Series 19) Bundle 1 Folder B.
5 See D.C. McGrath to J.A. Lyons, and J.A. Lyons to D.C. McGrath, 20 November 1931, Lyons Papers (C.A.), CP 30 (Series 2) Box 1 Folder Mc: Argus, 23 November 1931.
and he lost the vote by thirty-seven votes to thirty-two, all the Lang Labour members voting with the Opposition.¹

The election was precipitated before the U.A.P. was fully organized. A central publicity office had not been established, speakers' notes were still being prepared, and a joint policy with the Country Party had not been reached at conferences in Sydney.² Although sections of the party's policy speech had been prepared at meetings since July, the final draft had to be hastily written after 25 November; it was partly the work of Pearce, Gullett, and Latham as well as Lyons.³ Immediately the Scullin Government fell, the Group asked Lyons to discuss his election policy with them, and stressed that two essential planks in it must be the repeal of the Compulsory Conversion Act and an undertaking that all obligations to the public creditor would be met in full;⁴ he ignored both suggestions. His policy speech, delivered on 1 December, was very generalized in its outline of the party's intentions, for being confident of victory he did not need to propose explicit policies to attract voters. Much of the speech, and most of the election campaign was


² J.A. Alexander. quoted in Price, 'Rough Notes'; S.M.H., 15 September 1933, 2 June 1934, and 8 June 1934; C.P.D., vol.140, pp.2231-4 (13 June 1933); J.A. Lyons to A.C. Davidson, 12 November 1931, Lyons Papers (C.A.), CP 103 (Series 19) Bundle 1 Folder D.

³ Lyons Papers, files 1 and 12: J.G. Latham, Diary, 28 November 1931.

concentrated on the alleged weaknesses of all Labour's policies since August 1930; Lyons charged that only pressure from the Opposition had forced the government to adopt the Premiers' Plan.¹

Examples of U.A.P. tactics during the bitter campaign were its claim that a vote for Lyons was a vote for work, and its accusation that the Labour Party sympathized with Communism.² Theodore was viciously attacked by both the U.A.P. and the Lang Labour group, the U.A.P. using the slogan 'Scullin at the tiller, Theodore at the till'.³ Scullin was kinder to Lyons and Fenton, saying that though making errors of judgment in 1930 they had worked 'faithfully' for their absent leader.⁴ Lyons toured all states except Western Australia and Queensland, using as his slogan 'Tune in with Britain', where Ramsay MacDonald's National Government had been overwhelmingly returned by the electorate.

Lyons and Guy were the only ex-Labour men whose seats were contested by right-wing Nationalists. The A.F.A. and the Nationalists had not united in northern Tasmania, in spite of appeals for unity from the federal party. G.G. Pullen, Secretary of the National Federation in Tasmania, felt 'very great opposition' to Lyons being

¹ S.M.H., 3 December 1931.
² See J.A. Lyons' article in Mercury, 16 December 1931, p.8.
³ Argus, 3 December 1931.
⁴ Mercury, 4 December 1931, p.9.
U.A.P. leader, suspecting that he had not renounced his Labour beliefs, and believing that, as a Catholic, he was 'dominated by Rome'.¹ When asked by the National Federation if he had renounced the Labour platform, Lyons replied that he had left Labour because he disagreed with its financial policy; he did not answer a direct 'yes or no' query,² for the true answer, that he still supported much if not all of what he believed were Labour's aims, could never be given while he led the U.A.P. H.J. Solomon, Secretary of the Young Nationalists, stood against Guy, and Pullen stood against Lyons, with Nationalist support: Pullen claimed that he was offered bribes to withdraw his nomination.³ He charged that Lyons was 'infinitely inferior' to Latham and was 'unworthy and unable' to lead Australia; the Tasmanian National Federation would not support a man 'whose political creed they did not know'.⁴ Lyons won Wilmot with 12,662 votes to Labour's 5,586 and Pullen's 2,776 while Guy won Bass with 10,293 votes to Labour's 6,763 and Solomon's 5,032.

The U.A.P. and the Country Party received 53.2 per cent of first preference votes, Independents received 7.8 per cent, and Labour only 38.2 per cent. In a House

¹ G.G. Pullen to J.G. Latham, 4 May 1931, Latham Papers, Box 5 Folder n; see also Harold Ingle dew to J.A. Lyons, 2 April 1931, Lyons Papers (C.A.), CP 30 (Series 2) Box 1 Folder 1; G.G. Pullen, quoted in Mercury, 18 December 1931, p. 11.
² Argus, 11 November 1931, Mercury, 30 November 1931, p. 7.
³ Argus, 9 December 1931.
⁴ Mercury, 8 December 1931.
of seventy-six, the U.A.P. initially had thirty-nine members, but the U.A.P. member for East Sydney, who died shortly after his election, was succeeded by E.J. Ward of Lang Labour in a by-election early in 1932. The Country Party had sixteen seats, and there were three Independents, all of whom supported the new government. Scullin Labour was left with only thirteen seats, and Lang Labour with only four until E.J. Ward's victory increased their strength. All of Lyons' ex-Labour followers were re-elected, but Labour lost some of its most able members, Theodore being defeated by a Lang Labour candidate. In the Senate, the U.A.P. won twelve seats, the Country Party three, and Labour the three Queensland vacancies. At the age of fifty-two, Lyons was Prime Minister-elect.

As an ironic conclusion to the events of 1931, Lyons' leadership in the election campaign was a far less important element in the overwhelming defeat of the government than had been expected earlier in the year. When he was asked to change parties an early election was anticipated of which the outcome was uncertain, and in which Lyons' prestige was considered likely to be of vital significance. However, political circumstances had changed completely by December, as the government had so declined in prestige because of its contradictory and unsuccessful performance that almost any Opposition leader could have won the election. However, Lyons' leadership probably attracted sufficient middle-of-the-road Labour voters to cause the unexpected Labour defeats in such seats as Batman and East Sydney.
Having welcomed the election as an opportunity for the electorate to judge his actions, Lyons was well satisfied with the verdict. He never regretted his decision to leave the Labour Party in order to lead its opponents, not even in the bitterness and disillusionment of 1939, for he believed that it was both imperative and morally right for him to take whatever action would help to prevent the complete economic collapse of his country, even if such action included leaving the party he had served for so many years. In 1938, in urging his wife to ignore press criticism of his performance, he wrote that

neither you nor I can put everything right, and we saved Australia from ruin. Think of the homes that are happy because of what we did, and realize that no home is unhappy because of anything we did.  

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1 Lyons, p. 187.
2 Quoted in Lyons, p. 266.
Chapter 4

LYONS AND EXTRA-PARLIAMENTARY FORCES

The Group's decision to intervene in politics in 1930 and 1931 arose from their sense of moral obligation to oppose government 'immorality' which might lead to a complete economic collapse. As Ricketson told Lyons in June 1932, 'capital has a very definite responsibility at the present time to aid people like yourself who are fighting for the preservation of contracts and the honouring of our obligations'.

The Group considered that he was doing 'an excellent job' as Prime Minister, and therefore continued to give him their support and advice. While Norris' association with him ended in 1932, and Menzies, his friend for many years, in 1938 placed political advancement above personal friendship, the remaining four remained his friends until his death.

Pratt considered him to be 'the greatest political leader since Australia became a nation', and helped him whenever he could, although their contact was infrequent after 1932. Regarding him as 'gifted by nature and I

1 S. Ricketson to J.A. Lyons, 23 June 1932, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 4 Folder R.
2 S. Ricketson, Diary, 27 September 1932.
3 A. Pratt, quoted in Argus, 11 April 1939; A. Pratt to J.A. Lyons, 13 January 1932; A. Pratt to J.A. Lyons, 29 June 1934; memorandum by J.H. Starling, n.d., Lyons Papers (C.A.), CP 103 (Series 19), Bundle 11 Folder L; A. Pratt to J.A. Lyons, n.d. [late 1937 or early 1938], Lyons Papers, file 6; information given by Dame Enid Lyons.
believe selected by a Supreme power to prosecute the important and stupendous task of the administration of the affairs of the Commonwealth', ¹ Higgins was entirely satisfied with his leadership. Higgins' advice was found to be most useful by Lyons, who publicly praised his community service and 'conspicuous ability', and arranged that he be made a Knight Grand Cross of St Michael and St George, the highest order granted to the Dominions. ² In his will, Higgins instructed that the £2,500 bequest to his sister should, on her death, be transferred to Dame Enid Lyons for the education of her children, in appreciation of her husband's 'eminence service to Australia...in a critical period of Australia's history'. ³

After 1931, Ricketson had less contact with Lyons than he would have liked, fearing that as 'it might be said I had some axe to grind', he might embarrass him politically. However, his 'admiration and affection' for Lyons had not weakened after 1931, and his services were always at his disposal: 'you are very very essential to the continuance of well being to this whole community'. ⁴

¹ Sir John Higgins to J.A. Lyons, 9 December 1933, Lyons Papers (C.A.), CP 30 (Series 3), Box 4 Folder H (part 2).
² J.A. Lyons, quoted in S. Ricketson, Diary, 26 April 1932; J.A. Lyons' speech in C.P.D., vol.133, p.1072 (15 March 1932); J.A. Lyons to Ramsay MacDonald, 7 November 1933, Lyons Papers, file 8.
³ Argus, 15 December 1937.
⁴ S. Ricketson to J.A. Lyons, 16 August 1933, Lyons Papers, file 17.
Lyons occasionally consulted him about his difficulties in the later thirties; after Lyons' death, Ricketson eulogized his 'outstanding record of public service, sound leadership, and national achievement'.

Henderson was one of Lyons' two closest friends during the thirties. Lyons described him as not only 'an entertaining comrade but a man of the most sterling character', and their friendship was very deep. Occasionally, when in need of rest, companionship and advice, Lyons stayed with him in Melbourne, and they met whenever possible: Henderson told Lyons' private secretary in February 1933 that 'I have had every meal with the Prime Minister for the last two and a half days. We had many interesting talks'. They usually discussed government policy, mainly financial, when they met, although Lyons did not always agree with Henderson's

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2 Lyons, p. 275.

3 J.A. Lyons to W. Massy Greene, 11 October 1933, Lyons Papers (C.A.), CP 30 (Series 3), Box Folder H (part 2).

4 K.A. Henderson to M.M. Threlfall, 4 October 1932, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 3 Folder H; K.A. Henderson to M.M. Threlfall, 22 February 1933, Lyons Papers (C.A.), CP 30 (Series 3), Box 4 Folder H.
advice. Henderson's last services for his friend were
to be a pall-bearer at his funeral and to design his
funeral monument at Devonport.

To assist social contact between Lyons and the Group,
Henderson, who was President of the Melbourne Savage Club
from 1933 to 1939, arranged his election to the club in
November 1933. He remained a member to his death, the
Club being a convenient place for him to meet his friends
when visiting Melbourne; during the thirties, its
membership included Menzies, Murdoch, Pratt, Nettlefold,
and Jack Cato, a friend from his Tasmanian days. His
discussions with members of the Group were mainly about
financial policy; the Group conferred about his problems
amongst themselves in his absence, and, on at least one
occasion in 1932, Willis joined their discussions. As
in 1931, when, whatever his public statements, he did not
concur with their opposition to the compulsory conversion
of interest debts, he continued to reject their advice

1 See K.A. Henderson to J.A. Lyons, with enclosure, 19
October 1932, Lyons Papers, file 4; K.A. Henderson to
J.A. Lyons, 15 January 1934; J.A. Lyons to K.A. Henderson,
15 January 1934; K.A. Henderson to J.A. Lyons, 16 April
1934; J.A. Lyons to K.A. Henderson, 28 April 1934, Lyons
Papers (C.A.), CP 103 (Series 19), Bundle 10 Folder H
(part 3).

2 David M. Dow, Melbourne Savages: A History of the First
Fifty Years of the Melbourne Savage Club (Melbourne, 1947),
pp.129-222.

3 J S. Ricketson, Diary, 30 January 1932, 23 April 1932,
26 April 1932, 21 November 1932; K.A. Henderson to J.A.
Lyons, with enclosure, 19 October 1932, Lyons Papers,
file 4; S. Ricketson, Diary, 30 May 1932.

4 See pp.131-2.
when it conflicted with his own opinions. In April 1932, he told them that he was making little use of their preferred services for fear that they 'would think he was imposing on their good nature';\(^1\) this excuse was probably a polite fiction to hide his disagreement with their advice about exchange rates and reflation. However, on occasions in the later thirties he again sought the advice of members of the Group. The Group did not attempt to exploit his indebtedness for their help in making him Prime Minister by trying to make him feel obliged to accept their opinions, and his disagreements with them did not spoil their friendship.

Besides the Group, Lyons' closest associate after 1931 was T.G. Murray, who was also, with Henderson, his greatest friend.\(^2\) A member of the New South Wales Legislative Council, Murray, like Lyons, was a Catholic and a former Labour parliamentarian. Becoming acquainted with Lyons early in 1932, he cultivated a close friendship, even accompanying him to England in 1935; Lyons and his wife occasionally stayed with him in Sydney.\(^3\) As a member of the Sydney party and a prominent Sydney businessman, he helped Lyons by informing him of political developments in

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\(^1\) S. Ricketson, Diary, 23 April 1932.

\(^2\) Lyons, p.275.

\(^3\) See T.G. Murray to J.A. Lyons, 23 May 1932, Lyons Papers (C.A.), CP 30 (Series 3), Box 2 Folder M; T.G. Murray to J.A. Lyons, 19 September 1932; J.A. Lyons to T.G. Murray, 27 September 1932, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 4 Folder Mc; T.G. Murray, quoted in Diary of Jay Pierrepont Moffat (Moffat Diary), p.114 (13-28 November 1935) and S.M.H., 16 October 1937; information given by Dame Enid Lyons.
that state that might affect him and the federal party. They discussed government policy, Murray being regarded by observers, incorrectly, as one of his most influential advisers.

Through his initial contact with the Group, Lyons was introduced to the National Union and then to the more influential businessmen in Melbourne and, later, Sydney. Within the first two years of his leadership of the U.A.P., he had become acquainted with, and in some cases quite friendly with, the most important businessmen in these two cities, and had made friends amongst businessmen in other capitals, notably Adelaide. All sectors of the business world had always taken a close and often active interest in politics, if only from instincts of self-preservation, and they hastened to assure him of their good-will and desire to assist him in every way.

Leading businessmen sought to know him personally and to understand his policies by arranging that he should dine with them; for example, at one dinner in Melbourne at the home of M.H. Baillieu, the other guests were W.S. Robinson, Colin Fraser, C.J. Emery, R.W. Knox, K.A. Murdoch, and M.L. Baillieu, all of whom, with the exception of Murdoch, were among Australia's leading

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1 Moffat Diary, p.8 (15 August - 9 September 1935), p.349 (5 May 1936).

2 See T.S. Gordon to J.A. Lyons, 13 April 1931, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 1 Folder G; Colin Fraser to J.A. Lyons, 8 October 1933, Lyons Papers (C.A.), CP30 (Series 3), Box 3 Folder F.
financiers and mining entrepreneurs. Similar gatherings were occasionally held in Sydney; at one such, he dined with fifteen senior industrialists, financiers, bankers, importers, retailers, and insurance men who were 'glad of the opportunity to have a quiet friendly chat' with him. Some of his new acquaintances tried to become perhaps excessively friendly, and were suspected by their associates of having ulterior motives.

Lyons shared the desire of businessmen to promote good relations, and set out to win their confidence, with considerable success. At a dinner for him and Latham, given on 21 January 1932 by the President of the National Union, he made 'a decidedly favourable impression with a very able speech'. In 1933, Higgins assured him that by 'saving Australia' during the Depression he had earned 'the gratitude and praise not only of all right-thinking Australians but I can assure you of important sections of public men, financiers, and

1 M.H. Baillieu to J.A. Lyons, with enclosure, 12 January 1933, Lyons Papers (C.A.), CP 30 (Series 3), Box 3 Folder B; see also Colin Fraser to J.A. Lyons, 14 September 1933, Lyons Papers (C.A.), CP 30 (Series 3), Box 3 Folder F.

2 R.M. Clark to J.A. Lyons, 7 March 1934, 20 March 1934, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 9 Folder C (part 3); see also A. Spencer Watts to J.A. Lyons, 12 October 1933, Lyons Papers (C.A.), CP 30 (Series 3) Box 4 Folder W.

3 See T.S. Gordon to M.M. Threlfall, 2 April 1932, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 3 Folder G.

4 S. Ricketson, Diary, 22 January 1932.
the big trading people in London.\footnote{Sir John Higgins to J.A. Lyons, 9 December 1933, Lyons Papers (C.A.), CP 30 (Series 3), Box 4 Folder G.} But, while this gratitude long persisted amongst Australian businessmen, and their initial assessment of his financial orthodoxy and electoral effectiveness was very favourable, they would soon turn against him should his policies or his leadership be considered unsatisfactory. Their advice and political support were of great assistance to him, but his leadership could be handicapped and perhaps endangered if they were antagonized. His relations with leading businessmen, therefore, had always to be handled with considerable delicacy.

Fortunately for him, their influence on the parliamentary party was exaggerated by its critics, and their failure to agree about Lyons as they failed to agree about economic policies meant that, whatever difficulties individuals or interest groups might cause, they could not depose him. For example, although many leading Sydney businessmen, who had regretted his becoming leader in 1931, were completely dissatisfied with his leadership by 1937 and wanted him replaced,\footnote{Hugh McClure Smith, quoted in Moffat Diary, p.755 (27-8 February 1937).} they had little support in Melbourne, and his leadership was in no way endangered by their intrigues.

Because of his secret consultations with businessmen, he had to reconcile in his own mind his position as a parliamentary leader elected to office by popular vote and apparently responsible only to parliament and the
electors, yet obliged by political circumstances beyond his control to seek and to some extent to heed the advice of interest groups whose relations with his party and himself were almost completely unknown to the voters and even to the ordinary party member. He seems not to have felt any conflict between his official responsibility to parliament and his unofficial contact with the National Union and leading businessmen, but to feel that, whatever the constitutional position, his political integrity was not compromised. Even if his policies were sometimes worked out in consultation with businessmen, he believed that they benefited the community in general, and not just a particular section. In Tasmania, when faced with a depleted Treasury and the failure of earlier government enterprises, he had turned to private enterprise to develop the state and thereby to improve the economic conditions of its inhabitants. When Prime Minister and faced once again with a depressed economy and apparently unavoidable financial stringency, he continued his earlier policy of expecting private enterprise to do, with some government assistance, what he believed the government on its own could not do. He therefore saw nothing suspect in his negotiating secretly with businessmen to reduce unemployment or to maintain political support for the government of 'sound finance'.

Having experienced in Tasmania some of the difficulties of attempting to reconcile conflicting requests from interest groups, he was partly prepared for these difficulties when Prime Minister. His genial personality coupled with the universal conviction in non-Labour circles that government and private enterprise must work together to overcome the Depression meant that
for his first two years as party leader in particular he had excellent relations with the party's most important supporters. But while of great assistance, especially when he first became leader, these close relations would make his leadership discredited should the party or the electors suspect that he was in any way controlled by his new friends in the business world. His leadership would be endangered also if he became too reliant on their support, for should this be withdrawn, its foundation would be undermined: his political strength had to be based on the support of the parliamentary party. He had therefore to tread a delicate path, needing the general support of the business community without prejudicing his acceptability to the parliamentary party or the electors by becoming identified with any sectional interest. A considerable portion of his time was accordingly spent in convincing businessmen that he was the most suitable leader available, in discussing their suggestions and requests, and in averting clashes between Cabinet and interest groups.

There were no conflicts between Cabinet and the business community as a whole, but only with sections of the latter, for government policy through the thirties automatically favoured private enterprise. However, as was unavoidable, some government policies assisted one business group to the detriment of another, and individual businessmen therefore frequently protested against the details of policy. They, of course, did not disagree with Cabinet's general objectives of very limited government 'interference' in the economy and industrial relations, strict financial orthodoxy expressed by the balancing of budgets and
restrictions on government spending, and help for private enterprise provided mainly through tariff manipulations and a sympathetic taxation structure. The party and its business supporters had a common purpose and agreed objectives on internal policy issues, and for this reason, and not because the business world exerted some mysterious control over the party, most legislation was in accord with business wishes. The government would have adopted the same general policies even if the National Union had never existed and businessmen had never asked for favourable legislation.

While ready to hear suggestions, Cabinet, having its own notions about which policies were in 'the public interest', did not consider itself in any way bound to heed requests from interest groups. Casey, for example, emphatically rejected the suggestion that the U.A.P. when in office had a duty to the business community to reduce taxation drastically, and he like other ministers rejected and occasionally publicly rebuked requests that they considered to be unreasonable. In their turn, businessmen frequently attacked policies that they considered to be detrimental to their interests, and on occasions were even able to lobby sufficient back-benchers to defeat specific tariff schedules; however, Lyons usually succeeded in forcing the rebels to reverse their

1 R.G. Casey to J.A. Lyons, 19 October 1934, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 9 Folder C (part 2); for example, R.G. Casey, quoted in S.M.H., 27 April 1935 and 30 March 1936; C.P.D., vol.144, pp.958-9 (1 August 1934); A. Parkhill's speech in C.P.D., vol.148, pp.2363-9 (3 December 1935).
votes. As on every topic interest groups had conflicting needs, their requests largely cancelled themselves out, or were defeated by economic or political circumstances. The need to compromise with Country Party policy often meant decisions unfavourable to the U.A.P.'s supporters, as did the necessity to avoid legislation that would give the Labour Party an electoral advantage. Cabinet decided its policies on the advice of the public service and in accordance with the views of senior ministers, and although attempts were often made to accommodate the conflicting requests of business groups, the final decision was Cabinet's alone.

The government's unwillingness to antagonize interest groups probably led to many compromises on, to take a prominent instance, tariff rates, with Cabinet seeking to find an economically viable balance between manufacturers, importers, and primary producers. But with Cabinet basically pre-occupied with such pressing problems as budgetary equilibrium, the maintenance of a favourable balance of trade, the reduction of unemployment, and the improvement of Australia's defences, the most attention that businessmen would reasonably expect from ministers was to be consulted before the final details of proposed legislation were decided. An example of such consultation, in this case perhaps as much for reasons of political strategy as for the need of advice, was in early 1934, when a complicated rural debts rehabilitation scheme was discussed by a committee

1 For example, S.M.H., 15 February 1935, 24 June 1936, and 10 December 1937; editorial in S.M.H., 30 March 1936; C.P.D., vol.150, p.1041 (30 April 1936), and p.2047 (21 May 1936).
representing the interests involved before any definite proposal was placed before Cabinet. On other occasions, the government sometimes ignored the legitimate interest of businessmen in proposed legislation, as, for example, when in 1936 it did not discuss the intended introduction of a policy of trade diversion with those sections of the business community vitally affected. But even if dissatisfied by Cabinet's disregard for their advice or its adoption of policies they disliked, businessmen could not attack the government too strongly for fear of helping the 'extremist' Labour Party return to power; they had no choice but to support a U.A.P. government, however unsatisfactory. And in any case, at no time could businessmen, with their conflicting economic needs, agree to combine to fight a specific government decision. Therefore, the government could pursue its own policies unafraid of serious repercussions should it ignore business requests.

To Lyons, the greatest service his business friends could render was to provide expert advice and information. Much of this was not always available to the public service, as for example when he arranged in 1932 to receive regular cables from W.S. Robinson transmitting and explaining confidential information learnt in American financial circles about economic developments in the United States,

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1 R.G. Casey to J.A. Lyons, 26 March 1934, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 9 Folder C (part 3).

2 See Sydney Chamber of Commerce, quoted in S.M.H., 10 December 1937; Sir Norman Kater, quoted in Moffat Diary, p.426 (16 June 1936).
or when H.W. Gepp on returning from an Asian tour wrote a report for Cabinet about monetary, trade, and political changes in that region.  

On at least one occasion, Cabinet adopted a suggestion made by one of his friends outside parliament. He also used his private contacts with businessmen to explain and to seek support for government policy. The clearest example of him in the latter role occurred in June 1933, when, with the help of Knox, a private dinner was arranged with the principal Australian representatives of the leading Anglo-Australian insurance companies. After the meal, he explained Cabinet’s financial policies and the need for the British-based insurance companies to help in the conversion of Australia’s external loans. The influence of his personality was revealed in a letter from one insurance representative to his London office: he reported that Lyons had 'confidentially and very frankly stated his views and equally frankly sought any assistance we might be able to give to the Government'. After 'as fully and frankly as he possibly could' explaining Australia's financial position 'entirely from an Australian point of view', he warned of the dangers to 'sound finance' of a

1 J. Fitzgerald to J.A. Lyons, 13 July 1932 and 25 July 1932; J.A. Lyons to J. Fitzgerald, 29 July 1932; plus cables from W.S. Robinson, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 3 Folder E; H.W. Gepp to J.A. Lyons, 13 January 1932, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 3 Folder G.

2 W. Queale to J.A. Lyons, 27 January 1932; J.A. Lyons to W. Queale, 3 March 1932, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 4 Folder Q.

3 For example, R.W. Knox to J.A. Lyons, 2 June 1933, Lyons Papers (C.A.), CP 30 (Series 3), Box 4 Folder K.
Labour victory in 1934, a danger that could be averted only by British help in reducing Australia's overseas debt. The representatives were impressed by his sincerity, and advised their London directors to treat his request sympathetically.¹

Such meetings with businessmen were not held regularly, usually being improvised when he visited Melbourne or Sydney, which was only for brief periods a few times each year. Pearce got the impression that he was too easily influenced at these discussions, but, while ready to satisfy business requests whenever possible, he sometimes refused even to discuss decisions that he considered to be correct with people outside Cabinet.² Any request that he thought reflected on his political integrity was refused: for example, when asked in 1933 by a delegation from industry and commerce to make substantial tariff cuts, he emotionally rejected their 'most indecent request' that he should, as he interpreted their words, ignore the policy upon which he had been elected.³ When demands were unacceptable, he knew from his Tasmanian experience how to point to political or economic circumstances as proof that they could not be met.

¹ D.N. Treenary to C.G. Falloon, 13 June 1933, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 7 Folder T; R.W. Knox to J.A. Lyons, 29 June 1933, Lyons Papers (C.A.), CP 30 (Series 3), Box 4 Folder K.

² Peter Heydon, Quiet Decision: A Study of George Foster Pearce (Melbourne, 1965), p.119; see J.G. Latham to J.A. Lyons, 7 July 1933, Lyons Papers, file 8; L. Broinowski to J.A. Lyons, 27 January 1933, Lyons Papers (C.A.), CP 30 (Series 3), Box 3 Folder B.

³ S.M.H., 12 August 1933.
Like other parliamentarians, Lyons always refused to accept contributions towards his election expenses, but the party organization, unlike the politicians, could not exist without the money provided by businessmen. If any organized pressure was to be exerted on the government by the business community, the provision or refusal of political funds would appear to have been the most effective method. The procedure whereby the party's finances were raised supports this hypothesis. Money subscribed for the party was given not to the parliamentary party or to the official organization, but to independent finance committees, which then transferred funds to the party. Existing in every state, all the principal fields of private enterprise were included amongst the committees' subscribers; their existence, and especially the membership of their executives, were kept as secret as possible.

The main committees were the Consultative Council of Sydney and the National Union of Melbourne, both of which assisted finance committees in other states. Despite the traditional Sydney-Melbourne political and financial rivalry, in the federal field they worked in harmony for their mutual benefit throughout the thirties. To ensure that their policies and strategies were not at cross-purposes, periodic conferences were held between the two committees and the parliamentary leaders; at one such, in April 1934, arranged by Sydney Snow and members of the Consultative Council at the Council's rooms, Knox, Willis, and other National Union members attended, along

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1 Irvine Douglas, writing in S.M.H., 8 April 1939; S. Ricketson, Diary, 3 May 1932.
with Lyons and B.S.B. Stevens, the New South Wales parliamentary leader. ¹ When arranging financial help for the Queensland Finance Committee in 1932, Willis refused to discuss their needs in detail before consulting the Chairman of the Consultative Council. ² From such close and continued personal contact came the organizational strength of the federal party.

The Consultative Council, operating from its rooms at 4 Bridge Street, Sydney, was guided by a strong executive of leading businessmen. In 1934, the Chairman, F.N. Yarwood, was replaced by Sir James Murdoch, himself later replaced in 1936 by Edward Telford Simpson, who remained Chairman until 1941. The post of Deputy Chairman, created after 1934, was held by Charles Lloyd Jones during Lyons' term of office. By 1938 the earlier Secretary, John Garlick, had been replaced by H.W. Horsfield, who was concurrently the secretary of the official state party organization. Throughout the thirties, the two Trustees were Simpson and D.W. Roxburgh. Simpson, a solicitor with large business interests, was described by Yarwood as 'a very active member in connection with our operations and a very important man in that direction', ³ and with Sydney Snow, Sir Sydney after 1936, a big city

¹ S. Snow to J.A. Lyons, 29 March 1934, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 12 Folder S.

² R.C. Hancock to J.A. Lyons, 23 October 1932, Lyons Papers (C.A.), CP 30 (Series 3), Box 4 Folder H (part 2).

³ F.N. Yarwood to J.G. Latham, 16 January 1934, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 12 Folder S.
retailer and from 1932 Chairman or Deputy Chairman of the New South Wales branch of the party, was the most important individual in the state organization. The Council's influence was mainly confined to New South Wales, although it also helped the National Union to provide finance for the Queensland organization.  

Both the Council and the official state organization worked in close liaison with the state and federal parliamentary leaders. To ensure that there were no misunderstandings with the federal party, Lyons sometimes dined with the Council and attended its meetings when in Sydney.  

In June 1933, the official state executive asked him to visit Sydney periodically to consult the organization and to attend the executive's meetings whenever possible; he did as requested. Stevens also had close associations with the Council, and when difficulties arose in finding a Chairman to succeed Yarwood, he recommended a suitable replacement for the consideration of 'the principal men concerned'.


2 J. Garlick to F.J. McKenna, 10 July 1934, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 9 Folder C (part 3); J.A. Lyons to E. Telford Simpson, 22 January 1934; S. Snow to J.A. Lyons, 29 March 1934, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 12 Folder S.

3 H.W. Horsfield to J.A. Lyons, 23 June 1933, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 7 Folder U.

4 F.N. Yarwood to J.G. Latham, 16 January 1934, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 12 Folder S.
developed a personal friendship with Simpson and especially Snow, with whom he discussed 'many things' when in Sydney or Melbourne, occasionally staying at Snow's house. An example of Snow's assistance was when, in 1932, he helped him to end a public dispute between Stevens and the federal party about federal financial policy; throughout the thirties he prevented forces opposed to Lyons from gaining control of the state organization.

From its offices at 395 Collins Street, Melbourne, the National Union influenced politics throughout Australia. The businessmen who subscribed its finances elected an executive of, it was believed, no more than six men, whose names were rarely known to the general public. In 1931, Sir William McBeath was succeeded as president by Sir George Fairbairn, a prominent grazier with a leading position in the financial and insurance world. Sir George had been a member of the Victorian parliament and of both federal houses, and also Agent-General for

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1 E. Telford Simpson to J.A. Lyons, 7 September 1934 and 12 September 1934, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 12 Folder S; S. Snow to J.A. Lyons, 14 November 1932, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 5 Folder S; S. Snow to J.A. Lyons, 28 November 1933, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 7 Folder S; S. Snow to J.A. Lyons, 10 January 1934, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 12 Folder S.

2 S. Snow to J.A. Lyons, 12 December 1932; J.A. Lyons to S. Snow, 16 December 1932; S. Snow to J.A. Lyons, 22 December 1932; S. Snow to J.A. Lyons, 28 November 1933, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 7 Folder S.

also in 1931, Robert Wilson Knox, Sir Robert after 1934, was elected chairman. Knox, a former President of the Australian Chambers of Commerce, was a member of the executive of the Federal Council of the Employers' Federation of Australia, in 1934 Chairman of the Australian National Committee of the International Chamber of Commerce, and a leading figure in the insurance world; his wife was President of the Australian Women's National League. Ernest Horatio Willis, O.B.E., who had been Resident Secretary in Melbourne, and hence the Union's chief executive officer, since 1918, continued in this post until his retirement because of ill-health in 1944. Frank Pilkington Brett, a Melbourne solicitor, was honorary treasurer until 1937, when he was replaced by John Turnbull. Reference to 'the National Union' generally means Knox and Willis, as they alone made most of the Union's day-to-day decisions, and had most contact with the state organizations and the federal party; when Willis was absent from Melbourne, Knox controlled the allocation of the Union's finances. The subscribers took no active part in the management of the Union, never meeting to discuss or to pass resolutions about government policy or the objectives of the Union. Any important decisions about the future of the Union were made by the

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1 Argus, 25 October 1943.
2 Argus, 4 June 1934.
3 J.A. Lyons to Mrs E.A. Goldsmith, 29 November 1934, Lyons Papers (C.A.), CP 30 (Series 3), Box 8 Folder Q.
executive alone, although probably after consultation with other important businessmen.

The Union received its income from almost all sectors of large-scale primary and secondary industry, and was rarely short of funds. Business firms gave annual donations, often specifying the areas to which their money was to be allocated, and gave additional contributions for election campaigns. British and American as well as Australian companies were subscribers. During the 1925 election campaign, it had spent £59,000, and in May 1931 it offered the South Australian organization alone £10,000 to enable adequate preparation to be made for the coming elections, and a further £20,000 when the election campaign began. The Union was most influential in Victoria, where the official state organization shared its office and was guided by Willis and Knox, who both held official positions in the organization, but it also helped every other state party. Despite the existence of the Consultative Council, portion of the Union's funds was

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1 I. Eddington to E.H. Willis, 30 July 1934; E.H. Willis to I. Eddington, 31 July 1934, Goldsborough Mort Deposit, General Managers' Correspondence, Letters received from the National Union, 1928-49.


3 Graham, p.44; Report by A.G. Price on his visit to Melbourne, 9-12 May 1931, Price Papers.

4 See E.H. Willis to J.A. Lyons, 31 January 1933, Lyons Papers (C.A.), CP 30 (Series 3), Box 5 Folder W; S.M.H., 2 June 1934 and 31 July 1934; Herald, 24 July 1937.
allocated to New South Wales.¹ State finance committees made application to the Union for assistance, and to it were channelled all appeals for financial help received by Lyons or other parliamentary leaders; funds were distributed only after consultation with Lyons and other senior parliamentarians.²

Its financial resources were not inexhaustible; for example, after 'very expensive' federal and Victorian election campaigns in 1931 and 1932 it was unable to provide the £231 needed to provide an organizer for the Tasmanian U.A.P.³ Even in 1935, when the drain on its resources was less, Knox told the Queensland organization that the Union was unable to provide the £1,000 required as the annual salary of a state Organizing Secretary.⁴

¹ See I. Eddington to E.H. Willis, 30 July 1934; E.H. Willis to I. Eddington, 31 July 1934, Goldsborough Mort Deposit, General Managers' Correspondence, Letters received from the National Union, 1928-1949.

² J.G. Latham to J.J. McDonald, October 1932 [no exact date], Latham Papers, Box 87 Folder b; A.G. Price to K.A. Henderson, 29 October 1931; J.A. Lyons to A.G. Price, 5 November 1931, Price Papers; J.A. Lyons to J.G. Latham, 5 July 1934, Latham Papers, Box 87 Folder b; see R.C. Hancock to J.A. Lyons, 23 October 1932 and 22 September 1933; J.A. Lyons to R.C. Hancock, 3 October 1933; J.A. Lyons to E.H. Willis, 3 October 1933, Lyons Papers (C.A.), CP 30 (Series 3), Box 4 Folder H (part 2).

³ Tasman Shields to E.H. Willis, 13 April 1932; E.H. Willis to Tasman Shields, 3 May 1932, Lyons Papers, file 19; G.S. Coleman to W.A. Gibson, 10 December 1932, Goldsborough Mort Deposit, General Managers' Correspondence, Letters received from the National Union, 1928-1949.

Union subscribers restricted their generosity to election campaigns, or to an extraordinary crisis, as in 1931.

The National Union assisted the federal parliamentary party by helping Lyons to arrange publicity, to organize election campaigns, and to plan his tours between elections.¹ It played a discreet but influential part in choosing parliamentary candidates, thereby having a considerable if indirect effect on the choice of party policy;² the executive was expected by its subscribers to ensure that suitable men entered parliament, men whose general social and economic outlook would ensure that, without being in any way subservient to the Union or even in most cases aware of its wishes, they would carry out policies beneficial to the business community. Both the Consultative Council and the National Union arranged for senior ministers to explain government actions to them so that they in turn could answer the criticisms raised by businessmen;³ in this way they were

¹ J.A. Lyons to E.H. Willis, 4 May 1933, Lyons Papers (C.A.), CP 30 (Series 3) Box 4 Folder G; M.M. Threlfall to J.E. Fenton, 21 December 1933, Lyons Papers (C.A.), CP 30 (Series 3), Box 3 Folder F; F.J. McKenna to E.H. Willis, 2 August 1934, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 8 Folder B; J.A. Lyons to E.H. Willis, 1 March 1934; J.A. Lyons to W.J. Hutchinson, 1 March 1934, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 10 Folder H (part 3).


³ E. Telford Simpson to E.C.G. Page, 22 March 1937, Page Papers, file 804; R.W. Knox to J.A. Lyons, 2 June 1933, Lyons Papers (C.A.), CP 30 (Series 3), Box 4 Folder K.
of particularly important assistance to Cabinet. Because of Lyons' lack of knowledge of most members of his new party, the Union at a meeting on 23 December 1931 helped him to form his first Cabinet. Throughout the thirties it continued to give the federal party, and especially Lyons, valuable assistance; in 1934, for example, it assisted him to bring Menzies into federal politics, and again in 1938-1939 it helped to protect him from Menzies' attacks.

The deposition of Latham in 1931 at its instigation, its greatest direct influence on the parliamentary party, was not a typical illustration of its power. The political circumstances of the Depression crisis were abnormal, with an apparently 'extreme' Labour Party holding office, the Nationalists parliamentarily weak, electorally unpopular, and led by a man whose cold personality contrasted unfavourably with the warmth of 'Honest Joe', who had gained great prestige when he defeated the forces of repudiation over the December Conversion Loan. The alarm felt by Latham at the worsening economic crisis made him decide not to fight to save his leadership, for he shared the Union's opinion that Lyons was a more suitable figurehead for the party at that time. In a politically stable period,

1 R.W. Knox to J.A. Lyons, 21 December 1931; J.A. Lyons to R.W. Knox, 24 December 1931, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 14, envelope of personal congratulations on the 1931 election; J.A. Lyons to S.M. Bruce, n.d. [23 December 1931], Lyons Papers, file 11.

2 J.A. Lyons to Dame Enid Lyons, n.d. [October-December 1937], Lyons Papers, miscellaneous file; see chapter 7.
with the party in office and having no need for a more
electorally-popular leader or a 'new look' party, and
with a leader who had no intention of stepping down, the
Union would have had great difficulty in deposing the
leader; only the existence of a disaffected minority in
the parliamentary party would have made its success at
all feasible. After Lyons' death, the only occasion
besides 1931 when its ability to decide the parliamentary
leadership was tested, it failed to make either Bruce or
its second choice, Casey, Prime Minister, while Menzies,
whom it strongly opposed, was chosen,1 and in 1944
destroyed its influence in non-Labour politics.

Lyons periodically received advice about policy from
Sir George Fairbairn, little of it of any value.2 The
advice he received from Knox and Willis was much more
valuable; like Bruce, who had found Willis to be one
of the few people whom he could take into his 'complete
confidence', he found him a loyal adviser whose
experience and political influence were extremely
helpful.3 They became friends, and Willis helped him
in many ways; on one occasion, for example, Willis,
with Knox, tried to solve a dispute within the South

1 See E.C.G. Page, quoted in Herald, 24 April 1939;
see also chapter 7.

2 For example, Sir George Fairbairn to J.A. Lyons, n.d.
[September 1931], Lyons Papers (C.A.), CP 103 (Series
19), Bundle 1 Folder F; Sir George Fairbairn to J.A.
Lyons, 7 July 1933; J.A. Lyons to Sir George Fairbairn,
14 July 1933, Lyons Papers (C.A.), CP 30 (Series 3),
Box 3 Folder F.

3 Edwards, pp.188-9; information given by Dame Enid
Lyons.
Australian organization that directly involved and worried him, and throughout the thirties they assisted him to control the Tasmanian organization, elements of which remained unreconciled to the leadership of an ex-Labour man. Knox also developed a close friendship with Lyons, and, like Willis, advised him about policy.

The relationship of Lyons and the National Union was a mutually beneficial partnership. They both had their own spheres of activity, which, though often overlapping, as in the planning of political strategy, also had areas that were not the direct concern of the other partner: Lyons was mainly concerned with policy, the National Union with the party's finances. They discussed their problems without any attempt by either side to dominate the other, and the partnership was always harmonious; the National Union provided the organization and finance needed by the parliamentary party, while Lyons gave the Union parliamentary leadership that combined electoral appeal with the ability to handle Cabinet and the coalition successfully. As each needed the other, both tried to avoid disagreements, and the Union, itself firmly

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1 J.A. Lyons to E.H. Willis, 30 October 1934, Lyons Papers (C.A.), CP 30 (Series 3), Box 8 Folder W (part 3); J.A. Lyons to Lloyd Dumas, 20 June 1934, Lyons Papers (C.A.), CP 30 (Series 3), Box 6 Folder D (part 2); C.H. Innes to J.A. Lyons, 19 February 1932, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 4 Folder I.

2 R.W. Knox to F. Strahan, 17 April 1939; F. Strahan to R.W. Knox, 18 April 1939, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 14, folder of condolences on the death of J.A. Lyons, 1939; memorandum by R.W. Knox, n.d. [1932], Lyons Papers, file 4; J.A. Lyons to E.H. Willis, 2 November 1933, Lyons Papers (C.A.), CP 30 (Series 3), Box 5 Folder W.
established, sought to strengthen Lyons' leadership in every way possible. Its unequivocal support warned any potential rival that not only would he be difficult to dislodge, but that a sufficiently troublesome rival might even lose party backing at election time. Willis in October 1933 assured Lyons that he would support 'anything' he did, and such 'wonderful confidence' greatly encouraged him and helped him to overcome his frequent moments of self-doubt. When, after the 1933 budget was brought down, the Union officially thanked him for his 'able leadership', he replied that his achievements had been made possible 'only by the splendid support and encouragement' given by all associated with the Union. 'I am more appreciative of this support than I shall ever be able to say'.

Precise evaluation of the National Union's influence on policy is not possible, as most of its suggestions were made in unrecorded personal discussions. Country Party members, who distrusted the 'pretended friendship' of the Union for their party, saw its executive as being 'our National leaders' after the U.A.P.'s 1931 election victory, and certainly they had great influence within the party organization. For example, an emissary sent by Lyons and the National Union to reorganize the Tasmanian organization found that the members of the party in Hobart

2 Sir George Fairbairn to J.A. Lyons, 23 October 1933; J.A. Lyons to Sir George Fairbairn, 30 October 1933, Lyons Papers (C.A.), CP 30 (Series 7), Box 3 Folder F.
'wanted the wrong men for the chief executive officers', but he managed to have elected the members he wanted; the Union's control of the party finances gave it the final word in most organizational decisions. However, its influence on the parliamentary party was less direct, being confined mainly to helping to select candidates for parliament, and to explaining opinion in the business community to Cabinet. Its executive was not elected to decide government policy, but because they were 'sound men' who could be trusted not to prejudice the interests of the subscribers. As the latter had conflicting economic needs, universally acceptable policies could not be framed by the Union for submission to Cabinet. The Union and the parliamentary party shared the common purpose of ensuring continued government by the U.A.P. in the interests of 'sound finance' and the benefit of private enterprise in general, and worked, in their separate spheres, to this end. Leading Union members advised senior ministers on policies affecting the business world, and, as they were experienced businessmen themselves who understood the opinions of other leading businessmen, such advice was welcomed; but they were not allowed to usurp Cabinet's prerogative of deciding policy.

In 1934 occurred the only known example of the National Union's intervening in the process of Cabinet decision-making determined to change a policy already decided on in principle by Cabinet. Without first informing the Union, in March 1934 Casey, with Lyons' advice.

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1 C.H. Read to J.A. Lyons, 20 July 1933, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 7 Folder U.
approval and in close consultation with Pearce, formed a committee to study, 'confidentially and unofficially', ways to relieve rural indebtedness; the committee consisted of bankers, a small farmer, insurance men including C.A. Norris, Copland, and Massy Greene. By June, Casey and his committee had produced a scheme for submission to Cabinet; Page, who shared U.A.P. fears that both their parties would lose rural seats to Labour if a satisfactory rural debts scheme was not forthcoming before the election campaign, was then consulted in the hope of producing a joint plan.

When members of the National Union heard, early in July, of the discussions in Cabinet, then close to fruition, they were annoyed that the Country Party had been consulted, and they had not, about a scheme that they regarded as electorally and financially unnecessary, morally culpable because of its interference in the normal repayment of 'just debts', and also undesirable because it 'excessively' expanded the normal bounds of Commonwealth responsibilities. On 8 July, at a meeting of all the leading National Union members at the home of Harold Darling, a leading industrialist, Menzies, then President of the United Australia Organization in Victoria, joined the discussions, and influenced the others to reject completely the proposed legislation. Menzies, then considering a proposal from Lyons and the National Union that he transfer from Victorian to federal politics as Lyons'
eventual successor, refused to accede to their request unless he received an assurance that the planned legislation would not interfere with the 'orthodox relations of debtor and creditor'.¹ Massy Greene, asked to attend the meeting, was told that all forms of relief for rural debtors would be unacceptable to the Union. To Massy Green, this was 'an experience I won't easily forget'; as he had been a senior minister since the Great War and was closely connected with the upper levels of the business world, his reaction suggests that this directive was most unusual, if not unique. Not being prepared to accept the Union's command, and realizing that they had misunderstood some of the government's intentions, he saw Knox on the following day; Knox, the least antagonistic of the Union members to the scheme, genuinely wanted to help, and the beginnings of a compromise took shape. As the Union was not united in opposing the scheme, most being less intransigent than Menzies,² an end was soon made to the disagreements.

Four members of the Union, Darling, Knox, Willis, and Colonel H.E. Cohen, accompanied Menzies to a meeting with Lyons, Casey, and Pearce in Sydney on 16 July. They reached a compromise that restricted the plan to financial co-operation with the state governments in readjusting debts owed by primary producers to the states. As Pearce told Massy Greene, 'while not satisfactory', in states like Western Australia and South Australia the new scheme

¹ Herald, 12 July 1934.
² W. Massy Greene to G.F. Pearce, 9 July 1934, and 14 July 1934, Pearce Papers, MS 213.
would be of considerable benefit, and a compromise was necessary 'to avoid trouble' with the National Union and Victorian business interests.¹ No other examples of such direct interference are known, although suggestions have been made that the National Union caused the demise of the National Insurance legislation in 1939.²

As in this example, Lyons always took a leading part in settling any differences of opinion between party and organization or between state and federal parties. In another instance, when serious disagreements arose between the Commonwealth and New South Wales governments about financial policy, Lyons and Casey met a few senior members of the state government and the state organization to discuss their differences. Lyons feared that 'trouble' might develop out of the situation, and was 'anxious for a full and frank discussion';³ his efforts invariably succeeded in damping down dissension, although he was unable to remove the basic conflicts that continued to threaten renewed strife. However, his likeable personality coupled with his acceptability as leader to all factions gave him greater success as a mediator between the government and its critics within and outside the party than any of the alternative leaders could have achieved.

¹ G.F. Pearce to W. Massy Greene, 17 July 1934, Pearce Papers, MS 213.
³ J.A. Lyons to W.M. Hughes, 13 February 1936, Hughes Papers.
Lyons was not only the main link between the federal party and the National Union and the Consultative Council, but also the main link with the state organizations; he was therefore the most important single element in the party structure. And, to a large extent, he alone was also the federal 'organization'. In the early thirties, there were some tentative steps made to form a federal organization by Lyons and other federal parliamentarians working with the National Union and the Sydney organization, but these all failed. No attempt was made to build a party with a mass membership: indeed the A.F.A.s, a promising basis for such a party, were rapidly disbanded after the defeat of the Scullin Government, Lyons doing nothing to save the first organizations to rally to his side in 1931. State organizations therefore provided the party with its membership, electoral organization, and justification for existence as expressed in the policy platforms of each state party; the selection of candidates for federal elections was left entirely in their hands. The federal 'organization', if such it can be called,

1 See S. Snow to J.A. Lyons, 9 November 1932, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 5 Folder S; S.M.H., 13 March 1934; R.G. Casey to J.A. Lyons, 22 August 1931, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 1 Folder C; R.G. Casey to J.A. Lyons, 1 October 1934, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 9 Folder C.

2 See Minutes of Meeting of General Council and Executive Committee held ... on 22 May 1934, Bagot Papers, file 1186-4, General Council Meetings.

consisted of the leader and deputy leader of the parliamentary party plus those senior members in the confidence of the leader, working with the National Union and the Sydney organization. The strength and efficiency of the federal 'organization' depended on the effectiveness of the state organizations on the one hand, and on the other on Lyons' capacity to work in harmony with them and to co-ordinate their efforts.

Lyons took his role as link with and co-ordinator of the various organizations and finance committees very seriously, and devoted considerable time to making the organizations as effective as possible. The federal organization worked smoothly and successfully, but the state organizations, though usually capable of providing the needed assistance during federal elections, had in some cases little success within their own states. The National Union attempted to help them, and Lyons was occasionally involved in such attempts, but in state affairs he mainly concentrated his attentions on building a strong organization in Tasmania that would support him against the conservatives who continued to distrust him; he was not completely successful.¹

Apart from the party organization and its business associates, the other significant extra-parliamentary force that concerned Lyons was the press. In congratulating

¹ See C.H. Innes to J.A. Lyons, 19 February 1932, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 4 Folder I; J.A. Lyons to Tasman Shields, 9 March 1932, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 5 Folder S; C.H. Read to J.A. Lyons, with enclosure, 20 July 1933, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 7 Folder U; J.A. Guy to J.A. Lyons, 4 November 1938, Lyons Papers, file 17.
a newly-appointed newspaper editor on his promotion, he expressed the hope that in the 'responsible position you occupy much will be possible in moulding public opinion along the lines of virile Australian nationhood'; "virile Australian nationhood" excluded 'extremist' philosophies and included support for 'sound government'. He believed that newspapers were very influential in moulding public opinion, considering, for example, that their help was 'in a very large measure' responsible for his election victory in 1934. In Tasmania, he had had long experience of working with journalists, at first exclusively with those on Labour newspapers, but when Premier also with those of the conservative press. He therefore entered federal politics familiar with how best to use newspapers to publicize his work; as with the economists, some of the newspapermen he worked with in federal politics had been acquainted with him in Tasmania.

Whatever their public protestations of impartiality, almost every newspaper tried to help the U.A.P. by 'informing and educating the public mind'; as the general manager of the Brisbane Telegraph assured Lyons in 1934,

1 J.A. Lyons to H.A.M. Campbell, 21 February 1939, Lyons Papers (C.A.), CP 167 (Series 2), Folder 'Newspapers'.
2 J.A. Lyons to J.A. Alexander, 8 October 1934, Lyons Papers (C.A.), CP 30 (Series 2), Box 6 Folder A (part 2); J.A. Lyons to various editors, 5 October 1934, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 11 Folder P.
we are, of course, doing our utmost to create a favourable atmosphere for your Party and I think our newspaper will play no small part in... the forthcoming Elections. In any case we shall do our best.

Proprietors and editors were careful to hide their close relations with political parties from the public, for, as Warwick Fairfax wrote of the Sydney Morning Herald,

we have always felt that our contacts with the leaders of State and Commonwealth, of whatever party they may be, will be of greater mutual benefit if they are made privately.

Newspapers sought confidential information about government policy, and sometimes, to help the carrying out of plans disclosed to them in discussions with leading politicians or businessmen connected with the finance committees, 'inspired' leading articles were published.

To ensure that the party always received favourable publicity, senior ministers maintained close relationships with proprietors and editors, and Lyons' publicity

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1 L. Broinowski to J.A. Lyons, 24 December 1931, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 2 Folder B; W.H. Cummins to J.A. Lyons, 2 July 1934, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 9 Folder C (part 3).

2 Warwick O. Fairfax to J.A. Lyons, 31 March 1932, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 3 Folder F.

3 L. Broinowski to J.A. Lyons, 31 December 1931; T. Dunbabin to J.A. Lyons, 2 March 1932; Lloyd Dumas to J.A. Lyons, 19 March 1932, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 2 Folder B; S. Snow to J.A. Lyons, 26 September 1934, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 12 Folder S.
officers regularly provided articles explaining government policy for newspapers to publish under the misleading attribution of 'From a Correspondent'. ¹ Lyons gave details of Cabinet decisions to editors in advance of public disclosure, revealed the confidential information upon which Cabinet had reached its decisions, and explained the reasoning behind policies in the hope of influencing newspaper reports, or of rebutting editorial criticisms.² Newspapers also assisted the government either by not publishing the attacks of its critics or by so censoring them that their impact was lost, and by heeding Lyons' requests for favourable reporting and, occasionally, for silence on contentious issues.³ Lyons' two press conferences daily helped to create friendly relations and mutual trust with most parliamentary reporters, who believed


² J.A. Lyons to J.A. Guy, 6 April 1932, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 3 Folder G; J.A. Lyons to C.B. Davies, 19 October 1931, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 1 Folder D; M.M. Threlfall to K.A. Murdoch, 12 July 1932, Lyons Papers (C.A.), CP 30 (Series 3), Box 2 Folder M; J.A. Lyons to E. Hurst, 22 June 1936, Hurst Papers.

that he took them into his confidence on many issues.\(^1\) He may occasionally have used newspapers for 'kiteflying' when planning moves against a minister or foreshadowing a change in government policy.\(^2\)

However, despite all the co-operation he received from proprietors and editors, Lyons in 1935 quoted handling the press as one of his main problems.\(^3\) Not being subservient publicists for the party, newspapers often criticized its policies and performance, and frequently embarrassed its leaders by reporting secret party decisions and disagreements expressed at private meetings; to quote one instance, a disclosure of Lyons' planned date for the 1937 election caused such discontent amongst his followers that he was forced to change the date.\(^4\) Cabinet decision-making was handicapped by premature press announcements of only partly decided policy, and ministers frequently complained of being misreported; Lyons regularly had

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\(^1\) See J.A. Lyons, speeches in C.P.D., vol.152, p.2877 (3 December 1936), and vol.158, p.2994 (8 December 1938); Trevor Smith, writing in The Times, 8 April 1939; Irvine Douglas, writing in S.M.H., 8 April 1939.

\(^2\) For example, G.F. Pearce: Heyde, pp.165-6; J.A. Perkins: Herald, 9 October 1934, S.M.H., 9 October 1934.

\(^3\) J.A. Lyons, quoted in Moffat Diary, p.55 (2 October 1935).

to deny the accuracy of newspaper reports. 1 Sometimes leaks to newspapers were deliberately made by dissident ministers, and in January 1934, when asking all his ministers to stop the 'quite unauthorized' and 'entirely misleading' leaking of information by some of their number, Lyons warned that 'statements of policy are the prerogative solely of the Prime Minister and even so I would not consider making any statement on behalf of the Government without first being certain of the views of the Cabinet'. 2 Cabinet was so annoyed at the leaks, speculations, and inaccuracies appearing in the press during the party disputes of 1938 and 1939 that in March 1939 it authorized Lyons to take the unprecedented step of broadcasting a denial of newspaper reports of government policy; he charged that newspapers had refused to correct their misreporting of a decision concerning the army, and had hidden Cabinet's decision on National Insurance under a mass of conjecture. 3

Sections of the press, while aware of Lyons' suitability as party figurehead in 1931, opposed his remaining as leader once the Depression began to lift and Labour's continued factionalism seemed likely to

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2 J.A. Lyons to R.G. Casey [and all other ministers], 9 January 1934, Lyons Papers (C.A.), CP 103 (Series 19), Bundle 9 Folder G (part 3); see also Lyons, p. 272.

3 J.A. Lyons, quoted in S.M.H., 3 March 1939.
keep it on the Opposition benches. When in October 1933 the Sydney Morning Herald advocated that Bruce should replace him, the federal party had to pull 'all sorts of strings' to silence it.¹ This newspaper supported B.S.B. Stevens' financial policy against that of the federal Cabinet and the Commonwealth Bank, with federal ministers believed, confidential information supplied by Stevens forming the factual basis of its campaign.² In 1933, it urged that Stevens should become federal Treasurer or even Prime Minister, and in 1937, angered by what it saw as Lyons' 'utter lack of leadership' during the dispute over trade diversion, with some of the larger newspapers it discussed whether to issue a call for a change of federal leadership, this call to precede or to coincide with the 1937 federal election. However, while they thought 'nothing' of him as Prime Minister, they thought a great deal of him as a vote-getter, and took no action.³ In the event, Keith Murdoch's Herald led the assault on Lyons in late 1938 and in 1939.⁴

During the thirties, the most influential editor was believed to be Keith Murdoch, after 1933 Sir Keith,

¹ Editorials in S.M.H., 5 October 1933 and 6 October 1933; J.A. Lyons to E.M. Lyons, n.d. [early October 1933], Lyons Papers, miscellaneous file.
² J.A. Lyons to S.M. Bruce, 2 November 1932, Lyons Papers, file 5; R.G. Casey to J.A. Lyons, 23 June 1934, Lyons Papers, file 16.
³ S.M.H., 26 June 1933; Hugh McClure Smith [editor of S.M.H.], quoted in Moffat Diary, p.755 (27-8 February 1937).
⁴ See chapter 7.
managing editor of the Melbourne Herald. Because of his admiration for Lord Northcliffe and his desire to be a king-maker in Australian politics, Murdoch was called 'Lord Southcliffe' by his critics. He annoyed senior ministers by encouraging the false impression that he greatly influenced government policy, for although an able publicist whose assistance was welcomed, his advice appears to have been little heeded by Cabinet. He had not attended any of the secret meetings in 1931 that had arranged Lyons' transfer from Labour to the leadership of the U.A.P., although by April he was consulting Lyons and enlisting support and arranging publicity for him. After becoming Prime Minister, Lyons when visiting Melbourne would discuss policy and political difficulties when dining with him; occasionally leading businessmen were invited to join their discussions. However, having no control of any kind over Lyons or his government, Murdoch had to be discreet

1 Smith's Weekly, 30 April 1932, p.3.
2 Heydon, p.165.
3 K.A. Murdoch to J.A. Lyons, 10 April 1931, Lyons Papers (C.A.), CP 30 (Series 2), Box 1 Folder M.
4 J.A. Alexander to J.A. Lyons, 27 July 1933; J.A. Swanson to J.A. Alexander, 28 July 1933, Lyons Papers (C.A.), CP 30 (Series 3), Box 3 Folder A; K.A. Murdoch to J.A. Lyons, 16 March 1933; J.A. Lyons to K.A. Murdoch, 17 March 1933; K.A. Murdoch to J.A. Lyons, 21 March 1933; J.A. Lyons to K.A. Murdoch, 28 July 1933; K.A. Murdoch to J.A. Lyons, 22 August 1933; J.A. Lyons to K.A. Murdoch, 23 August 1933, Lyons Papers, (C.A.), CP 103 (Series 19), Bundle 6 Folder M.