when trying to influence them; he knew that only through the careful exertion of 'the right pressure...at the right time' was his advice likely to be heeded. As an example, to have Hughes appointed to Cabinet after the 1934 election he published an editorial supporting his claims to be considered for ministerial rank, and personally petitioned Lyons. Having 'done my best' and acted at 'the right time', he assured Hughes that 'I think it will come off...unless I am much mistaken, you will get an invitation'. Hughes was appointed to Cabinet, but Murdoch's advocacy may not have influenced Lyons' decision. As a further example, between 1932 and 1934 Murdoch, describing himself as an 'interested observer, with the desire to help you if you wish and if I can', tried to persuade Lyons to form a coalition with the Country Party. He even offered his services as a go-between with the Country Party, but neither his advice nor his offer were accepted.

Far from deciding Lyons' and the government's policy, as critics alleged, Murdoch on some issues was quite undecided about policy himself. For instance, with Lyons' co-operation, before the 1932 Premiers' Conference he arranged a conference of all newspaper

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1 K.A. Murdoch to W.M. Hughes, n.d. [October-December 1935], Hughes Papers.

2 K.A. Murdoch to W.M. Hughes, 25 September 1934, Hughes Papers; see editorial in *Herald*, 25 September 1934.

3 K.A. Murdoch to J.A. Lyons, n.d. [September-October 1934], Lyons Papers, miscellaneous file; see also K.A. Murdoch to J.A. Lyons, n.d. [1933], Lyons Papers, file.
editors at Clive, later Lord, Baillieu's house at which Lyons, Bruce, Giblin, Melville, and Shann explained government financial policy. He told Giblin that while he was not sure that he agreed with Cabinet's proposal, the *Herald* would strongly support it, because 'we must go bald-headed for "something" - some plan - and this is the only reasoned plan in the field'.¹ This conference and the resultant favourable publicity was an example of Murdoch's assistance to the government, but gratitude for his aid did not make politicians willing to accept his opinions, as is revealed by the criticism increasingly expressed by his *Herald* by the mid thirties. Being the dominant force of the paper, the *Herald*'s editorials reflected his views, and may occasionally have been written by him. After the 1934 election, he hoped that the government would not become 'a do-nothing conspiracy', but was soon disappointed, and early in 1936 the *Herald* accused Cabinet of being complacent, secretive, and indifferent to public opinion; it especially criticized the growing unwillingness to disclose the reasoning behind government decisions.² From that year onwards, the *Herald* opposed an increasing number of government policies, and criticized Cabinet for failing to consider policy adequately and for delaying

¹ L.F. Giblin to Edith Giblin, 14 April 1932, Giblin Papers; see also K.A. Murdoch to J.A. Lyons, 30 March 1932; J.A. Lyons to Frank Marien, 14 April 1932, Lyons Papers (C.A.), CP 30 (Series 3), Box 2 Folder M.

² K.A. Murdoch to W.M. Hughes, 25 September 1934, Hughes Papers; editorials in *Herald*, 13 March 1936 and 27 April 1936.
the introduction of overdue reforms. In late 1938, exasperated by ineffectually criticizing, Murdoch took active steps to change Cabinet's policies by seeking to change its leader.

Far more influential than any of Lyons' friends in the party organizations and the finance committees, or amongst pressmen, businessmen, or economists, was his wife, his partner in politics as in all else. 'My world centres on you', he once told her, and when sworn in as Prime Minister his first act was to write to her, 'because whatever honours or distinctions come are ours not mine'. To one observer, she had 'a wonderful influence over Mr Lyons and of the two is far the more talented. When she is not with him he seems to lose some of his self-confidence'. This was a common impression of her influence, and at one civic welcome she was described as 'the joint Prime Minister'. Some critics believed, incorrectly, that without her assistance Lyons was incapable as a leader or as a policy-maker; however, he had attained high office in his party and the government in Tasmania before his marriage, and his decisions in 1930 and 1931 to defy Caucus over the

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2 See chapter 7.

3 Quoted in Lyons, pp. 216 and 189.

4 Moffat Diary, p. 521 (25 August 1935).

5 Age, 23 March 1934.
December Loan Conversion and to leave the Labour Party at the Group's request were made without prior consultation with her. Likewise, after 1931 he was quite capable of deciding government policy and political strategy without her guidance.

However, her advice helped him to elucidate and combat his main worries, and he respected her suggestions: he praised her in 1937 as one 'whose judgment has always been sound, whose human sympathies have always been invaluable and whose instincts have always been right'. Her opinion, especially if a moral issue was involved, was of greater significance for him than that of any other adviser. Like her husband, she did not significantly change her views after leaving Labour, and she thereby strengthened his resistance to the conservatism of many of his followers. She wanted Australia to be a land where learning and the arts flourished, where freedom was entrenched and where no person was in need, and said that if the U.A.P. forgot the poorer sections of the community, then 'the U.A.P. will deserve to be forgotten'.

Besides helping him to uphold his principles, she probably helped him most through her ability to build up his self-confidence and to revitalize him when he was suffering from overstrain. When he went home exhausted from the House, after ten minutes talk with me he was renewed and refreshed, seeming to draw strength from the reserves of my vitality which always I was able to summon up to meet his need.

1 Telegraph (Brisbane), 1 June 1937.
2 Dame Enid Lyons, quoted in Age, 27 September 1938, and S.M.H., 9 March 1937.
As in Tasmania, her greatest value to her party was her ability to sway an audience, and with her husband she formed a team whose electoral effectiveness was 'unequalled in the thirties. Lyons encouraged her to address as many meetings as possible, believing that 'without talking politics at all' she could 'interpret his mind to the people far more effectively than could be done by any direct propaganda'.¹ On the platform, they worked 'like partners in a game of bridge', Dame Enid trying to bring out his most attractive qualities, often making jokes at his expense, 'sure of his joining in the laughter, and knowing the audience would like him for it'.² She averaged three speeches a week, mainly to religious, political, and charitable organizations, and travelled so unceasingly to publicize her husband's work that her longest unbroken stay in Canberra during his seven years Prime Ministership was five weeks.³ Without her assistance in every aspect of his political life, he could not have withstood the pressures and anxieties of his position for as long as he did.

All the available evidence, therefore, supports Lyons' claim that he never received dictation from any extra-parliamentary organization.⁴ He was too successful

¹ Lyons, p.194.
² Lyons, p.178.
³ Lyons, My Life, p.30.
⁴ S.M.H., 31 July 1937.
a leader for anyone to jeopardize the future of the government by attempting such a political crudity. The features of his personality and political experience and skill that explained his successful relationship with all the extra-parliamentary forces also explained his success as parliamentary leader.
Chapter 5

LYONS AS POLITIQIAN

Hughes said of Lyons that 'few leaders have had to face more delicate or more complex situations in Parliament or in the party room'. Bruce said that, to meet this challenge, Lyons, while 'a wonderful election winner and a helluva nice bloke', was 'not competent to run a Government between elections'. Yet he had been sufficiently competent successfully to lead a state party for thirteen years and a state government for five, and in federal politics surprised many of his critics by leading a government for seven years without his leadership's being challenged until the last six months of his Prime Ministership. Bruce's definition of 'competence' apparently was used in the sense of Lyons' being able to produce original suggestions about policy, of determining government policy in accordance with his own principles whatever the doubts of his Cabinet, and of competence in administration. Lyons was not without competence as an administrator or without originality in tackling familiar policy issues, but his role as Prime Minister was only partly concerned with policy-making, in which area he indisputably had less influence than such a leader as Bruce. However, in the circumstances of the thirties his competence in the

1 C.P.D., vol.159, p.7 (19 April 1939).
specifically 'political' aspect of leadership exceeded that of his rivals for the Prime Ministership. For a Prime Minister, success as a politician is of as much, if not more, importance as his achievements in making policy.

Fundamental causes of the difficulties Lyons faced as Prime Minister were the marked individualism of his ministers, which was expressed by continual if usually muted friction between them, the changing composition of Cabinet, and the gradual depletion of a core of senior ministers whose advice and loyal support greatly strengthened his position.¹ He was fortunate in the quality of many of his ministers; as Bruce commented to Latham in 1932, some of the new U.A.P. parliamentarians were 'first class', and the party unquestionably had 'a better side than anything you or I hoped for in our time'.² While from 1932 to 1934 Cabinet included the most experienced administrators of all Lyons' Cabinets, with men of the high calibre of R.G. Menzies, John McEwen, and Earle Page joining Cabinet in 1934 and later years, he always had a core of capable ministers. However, by the late thirties some of his most loyal and experienced ministers had left politics, to be replaced by men who were either less capable or who were yet to realize their full potential. So greatly did the composition of Cabinet change that by 1939 Lyons and J.A. Perkins were the sole survivors of the original ministry.

¹ For the composition of all Lyons' Cabinets, see Appendix.

² S.M. Bruce to J.G. Latham, 24 June 1932, Latham Papers, Box 86 Folder j.
The most important U.A.P. parliamentarians were Menzies, Latham, Bruce, Pearce, Casey, Gullett, Hughes, Hawker, Parkhill, and Stewart, while the principal Country Party members were Page, Paterson, and Thorby, with Cameron and McEwen coming into prominence in the late thirties. Out of this 'unusually diverse collection' of individualists 1 Lyons had so to construct his Cabinet that their varying qualities were best utilized while at the same time ensuring that the latent disloyalty of many of them to his leadership and to Cabinet solidarity did not upset the fragile unity of the government. The magnitude of the task of choosing a competent, harmonious, and loyal Cabinet is evident from a brief sketch of his principal followers.

R.G. Menzies, Attorney-General and Minister for Industry from 1934 to 1939, entered federal parliament in 1934. The best orator in the party, a competent administrator, clear and decisive when framing policy, and possessing valuable political experience gained from his leadership of the Young Nationalists, the presidency of the United Australia Organization in Victoria, and his two years as Deputy Premier of Victoria, he was clearly destined for high office. However, his early years in federal politics were marred by his driving ambition, which made him incapable of fitting comfortably into a team where he was but one amongst equals: only a position of dominance would satisfy him. Having little respect for their intellectual capacity, he continually sought to

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1. Ellis, p.211.
emphasize his superiority over his fellow ministers, especially those from the Country Party. In response, his critics accused him of 'intellectual sadism', although contemporary apologists explained that his arrogance was caused by 'unusual inward nervousness' and shyness.\(^1\) As his later political mastery had not developed by the thirties, his inability to suffer fools gladly reacted against his ambition to be leader, and only one year after he had entered federal parliament anti-Menzies stories were circulating amongst his associates; one such alleged that he had refused to fight in the Great War because he had 'no intention of robbing Australia of a future Prime Minister'.\(^2\)

His lack of political astuteness in failing to disguise his arrogance and ambition reacted adversely on his popularity with the voters as well as with the politicians, and by 1936 his lack of 'political sex appeal' to the electorate was becoming apparent.\(^3\) Latham had won Kooyong in 1931 with a majority of 35,031, but Menzies had only a 15,846 majority in 1934, which fell to 1,602 in 1937; political observers considered that he might be defeated in the 1940 election.\(^4\)


\(^2\) Moffat Diary, p.93 (24-5 October 1935); see also West, p.214.

\(^3\) Moffat Diary, p.303 (1 April 1936).

\(^4\) Canberra Correspondent, writing in S.M.H., 20 March 1939.
By 1938, he had so antagonized parliamentarians of both governing parties that his attempt to overthrow his leader was frustrated until Lyons was removed from the contest by death. And even after Lyons' death, he could defeat the ageing W.M. Hughes for the leadership by only four votes.\(^1\)

His popularity was not enhanced by his outspoken opinions on internal policy, opinions that were more conservative than those of his leader and many of his colleagues. Refusing to accept the principle of interest cuts enshrined in the Premiers' Plan, when asked in 1934 about the political implications of imposing a flour tax, thereby further depressing the standards of the unemployed while, by refusing to cut interest rates, allowing the mortgagee and the bondholder to retain his entire income, he 'had no answer, except to say that contracts should not be broken'.\(^2\) Again, talking of social services, he said that the government should not be expected to provide 'bread and services' for the poor, while to regard old-age pensions as a birthright made Australia a nation of mendicants, and was therefore 'a serious reflection on us as a community'.\(^3\)

While disliking many of Menzies' prejudices, Lyons was favourably impressed with his performance as Deputy

\(^1\) See chapter 7.

\(^2\) R.G. Menzies, quoted in S. Ricketson, Diary, 3 May 1932; W. Massy Greene to G.F. Pearce, 14 July 1934, Pearce Papers, MS 213; see also W. Massy Green to G.F. Pearce, 9 July 1934, Pearce Papers, MS 213.

\(^3\) R.G. Menzies, quoted in Argus, 4 May 1931 and Sun News-Pictorial, 20 October 1932.
Premier of Victoria. Indeed, he described Menzies' speech to the February 1934 Premiers' Conference as 'worthy to rank as one of the greatest efforts made by any statesman, past or present', in Australia's history.¹ Later that same year, with the assistance of the National Union he 'induced Menzies to come in [to federal parliament] in the expectation that he would succeed me'.² Because of his confidence in Menzies' loyalty and intellectual capacity, he appointed him Attorney-General and fourth in Cabinet seniority immediately on his election to the federal House, helped him to become Deputy Leader of the U.A.P. in 1935, and, also in 1935, sought to have him selected as a Privy Councillor.³ The initial response to Menzies' entry into federal politics was almost universally favourable, Stanley Baldwin, the then British Prime Minister, telling Lyons after meeting Menzies in 1935 that 'I well understand your high opinion of him'.⁴ Lyons was soon aware that his deputy's ambitions might endanger his own position,⁵ but while the disloyalty was only potential still intended Menzies to be his successor once the burden of leadership became too onerous. That

¹ Sun News-Pictorial, 20 February 1934.
² J.A. Lyons to Dame Enid Lyons, n.d. [October-December 1937], Lyons Papers, miscellaneous file.
³ Stanley Baldwin to J.A. Lyons, 26 November 1935, Lyons Papers, miscellaneous file.
⁴ Ibid; see also Lord Hailsham to J.G. Latham, 29 July 1935, Latham Papers, Box 36 Folder b.
⁵ See T.G. Murray, quoted in Moffat Diary, p.114 (13-28 November 1935).
he turned against Menzies in 1938 was entirely the result of Menzies' ambition outstripping his political discretion. ¹

Although Assistant Treasurer only from January to September 1932, Bruce in laying the foundations of U.A.P. financial policy so impressed Lyons that he retained great respect for Bruce's advice, advice that on financial subjects was moderately adventurous.² Realizing the strong feeling in the party against himself because of the 1929 debacle, Bruce, who was personally friendly with Lyons, did not begrudge his being Prime Minister, and willingly became High Commissioner in London in 1933, from whence he constantly gave advice about financial, defence, and foreign policies.³ Attempts by business men to entice Bruce, who was closer to their conception of a 'traditional' conservative Prime Minister, back into federal politics failed, for he remained loyal to Lyons and happier aloof from party squabbles.⁴ In late 1935, when Lyons

¹ See chapter 7.

² J.A. Lyons, quoted in S.M.H., 6 April 1934; E.C.G. Page, Truant Surgeon (Sydney, 1960), p.233; J.A. Lyons to S.M. Bruce, 13 October 1933, Lyons Papers, file 5.

³ S.M. Bruce, quoted in S. Ricketson, Diary, 22 January 1932, and J.A. Lyons, quoted in S. Ricketson, Diary, 21 November 1932; S.M. Bruce to J.A. Lyons, 11 April 1933, Lyons Papers, file 5; S.M. Bruce to J.G. Latham, 22 March 1932, and 11 May 1933, Latham Papers, Box 86 folder j; Edwards, p.208.

⁴ Editorials in S.M.H., 5 October 1933 and 6 October 1933; S.M.H., 13 June 1934; Moffat Diary, p.303 (1 April 1936).
sought to encourage him to re-enter Australian politics, he refused, having become more critical of Lyons' leadership and more determined never again to be Prime Minister of Australia. Yet, retaining his affection for Lyons and his sense of service to the public, when in 1939 urged to forestall Menzies by becoming Lyons' successor, he agreed, on his own impossible terms.

Latham was Attorney-General and Minister for External Affairs and for Industry from 1931 to 1934. While he possessed an 'extraordinary passion for work and love of a difficult job' coupled with considerable experience in administration and policy-making, his political judgment was faulty and his electoral appeal weak. Lyons thought himself more capable of handling the political problems of running the government when Latham did not interfere, but, admiring his capacity for administration, left him to handle most of the routine administration of policy, thereby permitting his own concentration on those aspects of leadership for which his political experience best fitted him. He called Latham his 'co-leader', and they made a harmonious partnership, for, as Latham was completely loyal to the man who had prevented his becoming Prime

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1 Edwards, pp.241-4.

2 See chapter 7.

3 S.M. Bruce to J.G. Latham, 24 June 1932, Latham Papers, Box 86 Folder j; Edwards, p.299; L.F. Giblin to Edith Giblin, 15 February 1932, Giblin Papers.

Minister, there was never 'even the beginning of a misunderstanding' between them.\(^1\) After Latham had left politics in 1934 to return to the law, Lyons told him that 'I miss you very much in many ways',\(^2\) for few of his other ministers were as capable administrators.

Sir George Pearce, Minister for Defence from 1931 to 1934 and for External Affairs from 1934 to 1937, was Lyons' most experienced administrator, although by the mid-thirties he was beginning to lose interest in the more routine duties of his portfolios.\(^3\) He led the conservative faction in Cabinet, Lyons in 1935 describing him as 'our Tory...he's moved much farther to the right than any member of my Cabinet'.\(^4\) Loyal to his leader, able to work without friction with his Cabinet colleagues, and still a shrewd judge of policy and political conditions, he was Lyons' main parliamentary adviser after Latham left the government, and was appointed as Acting Leader of the party when Lyons visited England in 1935.\(^5\) His defeat in the 1937 election left only Casey and Page as his most capable and influential supporters.

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1 J.A. Lyons, quoted in _S.M.H._, 22 April 1933; Lyons, p.208; J.G. Latham to J.A. Lyons, 31 July 1934, Latham Papers, Box 5 Folder a.

2 J.A. Lyons to J.G. Latham, 10 May 1935, Latham Papers, Box 36 Folder b.

3 W.R. Hodgson, quoted in Moffat Diary, p.212 (6 February 1936); see also p.520 (24 August 1936).

4 J.A. Lyons, quoted in Moffat Diary, p.69 (5 October 1935).

5 Lyons, p.208; Heydon, p.119.
Although Lyons was attracted by his personality and impressed by his capacity as an administrator, as a friend and protege of Bruce Casey's entry into Cabinet was delayed because some party members distrusted him as a 'Bruce man'.\(^1\) After appointing him Assistant Treasurer in October 1933, Lyons was pleased to find him 'doing splendidly, and I'm sure he'll be loyal to me';\(^2\) he came to value his experience and to rely on his administrative skills and capacity to work out intricate policies, and in 1935 made him Treasurer. In 1938 and 1939, Casey assisted Page to safeguard Lyons against Menzies.\(^3\)

H.S. Gullett, after 1933 Sir Henry, was one of Lyons' most temperamental colleagues, partly because of his recurrent ill-health.\(^4\) He was temperamentally incapable of working in harmony with his associates, especially Country Party ministers, whose tariff views he disliked, and his competence as administrator and policy-maker was dubious, although his erratic but fertile imagination could produce worth-while ideas. His ministerial posts were Minister for Trade and Customs from 1932 to January 1933, and Minister in Charge of Trade Treaties from 1934 to March 1937.

\(^1\) See Edwards, p.242; J.A. Lyons, quoted in S. Ricketson, Diary, 21 November 1932; L.F. Giblin to Edith Giblin, 15 February 1932, Giblin Papers.


\(^3\) See chapter 7.

\(^4\) See Edwards, p.211; H.S. Gullett to J.A. Lyons, 5 September 1932, Lyons Papers, file 13.
Lyons liked him and considered that his human qualities made him a skilful political negotiator; in 1936, he resisted the demands of a majority of ministers that Gullett's trade diversion policy be rescinded, wanting to avoid 'chucking poor Henry Gullett'. Gullett reciprocated his friendship, and in November 1937, when criticism was beginning to mount against Lyons, he moved at a meeting of the parliamentary party a motion of appreciation of his leadership; the following year, the unpredictable Gullett had become violently opposed to him.

W.M. Hughes was Vice-President of the Executive Council and Minister for Health and Repatriation from 1934 to 1937, and Minister for External Affairs as well as Vice-President of the Executive Council from 1937 to 1939. He was still distrusted by many of his colleagues when he rejoined Cabinet because of his Labour Party background, his defeat of Bruce in 1929, and his irrespressible nonconformity. Uninterested in administration but a wily and very experienced politician with considerable competence in framing policy within the limits of his interests and his prejudices, he was incapable of being a co-operative member of Cabinet. His colleagues were frequently embarrassed by his indiscreet public statements, and

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1 Lyons, p.208; J.A. Lyons to S.M. Bruce, 2 November 1932, Lyons Papers, file 5; Moffat Diary, p.531 (4 September 1936); N.H. Hooker (ed.), The Moffat Papers: Selections from the Diplomatic Journals of Jay Pirrepoint Moffat, 1919-1943 (Cambridge, 1956), pp.144-5.

2 Herald, 29 November 1937.
he angered them by occasionally refusing to divulge information relating to his departments or to explain his opinions on policy except, after much persuasion, to Lyons. However, as Hughes' liberal views on social questions were very similar to those of his leader, whose friend he became, he remained in Cabinet despite the exasperation of other ministers. He supported Lyons' leadership against the threat of Menzies, whom he disliked, and against whom he led the New South Wales' members after the defeat of Parkhill in 1937.

Archdale Parkhill, after 1936 Sir Archdale, was Minister for Home Affairs and Transport from January to October 1932, when he became Postmaster-General. From 1934 to 1937 he was Minister for Defence. Although his conservative opinions and low tariff views were shared by the Country Party, he strongly disliked it, and his arrogance made him unpopular in both government parties. With moderate capacity as an administrator and policy-maker, and considerable political experience, he was a useful subordinate for Lyons, although his ambition to become Prime Minister made him a potentially disruptive force in the party. His manoeuvres in 1935 failed to defeat Menzies for the

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1 P.C. Green, writing in Sun-Herald, 3 May 1959 and 24 May 1959.


3 See A. Parkhill to J.A. Lyons, 30 December 1936, Lyons Papers, file 17.
deputy leadership of the U.A.P. or to undermine Lyons' position,¹ and his unpopularity amongst his own party
and in his own electorate caused his defeat by an
Independent in the 1937 election. This defeat
seriously weakened Lyons' hold on the leadership, for
Parkhill probably had sufficient political influence
to prevent Menzies seizing the Prime Ministership.

C.A.S. Hawker was a member of Lyons' Cabinet as
Minister for Markets and Repatriation only from January
to September 1932, but his reputation as a man, as a
political strategist, and as a policy-maker and
administrator was so great that in the late thirties he
was seriously considered as a possible successor to
Lyons. His conservative opinions and low tariff policy
made him popular with the Country Party, and as a
minister he impressed Lyons as being 'the only other
brain in the Cabinet' besides Bruce and Latham; he
was 'invaluable', for 'personally as well as officially
[he] has been a real comfort to me at all times'.²
Unbending on matters of principle, he resigned from
Cabinet when it refused to reduce parliamentary
salaries further, or to alter its high tariff policy,
and became a leading critic of government policy; for
example, in 1933 he castigated its tariff proposals as

¹ See K.A. Murdoch to W.M. Hughes, n.d. [October-December
1935], Hughes Papers; T.G. Murray, quoted in Moffat
Diary, p.114 (13-28 October 1935).

² J.A. Lyons, quoted in S. Ricketson, Diary, 23 April
1932; J.A. Lyons to J.G. Latham, 21 July 1932, Latham
Papers, Box 36 Folder a i).
being 'a sort of government of the feeble for the greedy'.\textsuperscript{1} In the late thirties his disapproval of Lyons' leadership and of defence unpreparedness increased, but when in October 1938 he was preparing to challenge Lyons' performance, he was killed in an air crash.\textsuperscript{2}

F.H. Stewart, after 1935 Sir Frederick, was Minister for Commerce from October 1932 to 1934, and Parliamentary Under-Secretary for Unemployment from 1934 to March 1936. A 'self-made' businessman, his deep religious convictions led to his advocacy of social and economic reforms that would assist the underprivileged. Without political experience or expertise, and with little support in the coalition for his liberal opinions, he was unable perceptibly to influence Cabinet policy. A conscientious administrator, he was a loyal supporter and friend of Lyons,\textsuperscript{3} who had similar opinions on social issues. After voluntarily retiring from Cabinet in 1934 to assist the formation of a coalition with the Country Party, he worked as Parliamentary Under-Secretary for Unemployment until resigning in March 1936 in disgust at Cabinet's procrastination over social reforms and its refusal to establish a forty-hour working

\textsuperscript{1} \textit{Herald}, 24 September 1932, S.M.II., 1 October 1934; Ellis, p.195; C.A.S. Hawker's speech in C.P.D., vol.138, p.167 (10 March 1933); see also S.M.H., 5 September 1933.

\textsuperscript{2} See chapter 7.

\textsuperscript{3} See F.H. Stewart to J.A. Lyons, 12 June 1933, Lyons Papers, file 8.
Although continuing to support Lyons' leadership, he could not tolerate Cabinet's conservatism, and became the leader of a disgruntled 'left-wing' faction in the U.A.P., refusing offers in 1937 and 1938 to rejoin Cabinet. When National Insurance was shelved in March 1939, he was finally disillusioned with Lyons, and announced his support for Menzies.

E.C.G. Page, after 1937 Sir Earle, was Minister for Commerce and, in fact if not in name, Deputy Prime Minister from 1934 to 1939, adding Health to his responsibilities in 1937. An experienced, ruthless, and uncompromising party leader, his capacity to originate constructive and sometimes unorthodox policies and to carry these through often unenthusiastic or antagonistic Cabinets was unequalled in the thirties. He refused to subordinate his views or those of his party to the wishes of the majority partner in the coalition, and when on the cross-benches from 1932 to 1934 had waged an often bitter war against the U.A.P.'s financial and tariff policies. However, there was no personal bitterness in his clashes with Lyons, whose closest and most loyal parliamentary friend he became.

1 *Age*, 11 March 1936; F.H. Stewart's speech in *C.P.D.*, vol.149, p.86 (12 March 1936).

2 F.H. Stewart to J.A. Lyons, 17 November 1938, Lyons Papers, file 17; F.H. Stewart's speech in *C.P.D.*, vol. 149, p.88 and p.93 (12 March 1936); *Herald*, 9 November 1938.

3 *S.M.H.*, 15 March 1939; *Herald*, 17 March 1939.
after joining the government. By 1938, when he had become his most powerful supporter in Cabinet, his assistance was vital in deciding policy, in controlling the coalition, and in countering Menzies' manoeuvrings.

H.V.C. Thorby, Assistant Minister from 1934 to 1937, Minister for Defence from 1937 to November 1938, and Minister for Works and Civil Aviation from November 1938, became Deputy Leader of the Country Party in 1937, after T. Paterson, his well-liked predecessor, retired because of ill-health. His pugnaciousness in political controversy made him extremely unpopular with many U.A.P. members, including Lyons before he joined the government, and his performance as an administrator and policy-maker was criticized, resulting in his removal from the defence portfolio in 1938. A loyal supporter of Lyons after 1934, he was a leading opponent of Menzies.

The handicaps created by the heterogeneous composition of the government parties and, apart from the desire to retain power, the lack of a clear objective once the Depression began to lift, are revealed by the government's history. Until 1934, Lyons' Cabinet was his most experienced and his most loyal, and relations between ministers, being free from 'selfishness and intrigue', were 'pleasant in every respect'. But if for the

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1 S.M.H., 11 October 1932; Sun News-Pictorial, 28 June 1934; Ellis, p.211; see E.C.G. Page's speech in C.P.D., vol.159, p.5 (19 April 1939).

2 See chapter 7.

3 See S.M.H., 28 August 1933 and Ellis, p.212.

4 J.G. Latham to J.A. Lyons, 4 July 1934, Latham Papers, Box 5 Folder a.
duration of the Depression intrigue was inhibited, under the surface calm lay petty jealousies about, for instance, the allocation of portfolios between states and individuals. Distrust between conservatives and liberals was constant, while ministerial involvement in public service rivalries and demarcation disputes caused periodic friction in Cabinet. ¹

In his first few months of leadership, Lyons had the probably unique handicap of knowing few of the members of his party, and therefore most of his first Cabinet was chosen on the advice of Latham and the National Union. ² In April 1932, he told Henderson that he and Fenton were 'really isolated in the Cabinet as they did not know the personalities of their fellow members'. ³ However, by 1933 he had become friendly with most of his ministers, and Cabinet was 'a very happy family' although discontent with Cabinet policies in the parliamentary party, with which his contacts were necessarily less personal, led to his talking 'pretty straight to some'. ⁴ With the need to combat the

¹ For example, F.H. Stewart to J.A. Lyons, 20 March 1934, with enclosures, Lyons Papers, file 15.

² See J.A. Lyons to J.G. Latham, 21 July 1932, Latham Papers, Box 35 Folder a 1); J.A. Perkins to J.G. Latham, 18 September 1934, Latham Papers, Box 5 Folder a; 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 re 1931 election.

³ K.A. Henderson, quoted in S. Ricketson, Diary, 23 April 1932.

⁴ J.A. Lyons to E.M. Lyons, two letters, n.d. [October 1933], Lyons Papers, miscellaneous file.
Depression, to create a politically and economically viable tariff system, and to present a united front to the attacks of the Labour and Country Parties, his government had a sense of purpose and unity from 1932 to 1934 never equalled in the later thirties.

The Country Party, determined to prove both its value to the U.A.P. as a coalition partner instead of an opponent and also its disapproval of Cabinet's financial policies, vigorously and sometimes bitterly attacked the government, thereby increasing Lyons' and his senior ministers' dislike of the party. Lyons, however, who had inherited, not created, the mutual ill-feeling, continued his usual practice of moderating rather than provoking political disputes; he 'studiously refrained from taking the initiative' in the inter-party squabbles, and replied to criticisms only when 'further silence would have been misconstrued'. By discussing ways of reducing friction between the two parties with Country Party members who sympathized with his determination to end the conflict, and also by discussing policy in an attempt to compromise with Country Party criticisms, he successfully lessened the

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1 See H.S. Gullett to J.A. Lyons, 24 September 1932, Lyons Papers, file 17.

2 J.A. Lyons to N.E. Mills, 24 April 1934, Lyons Papers (C.A.), CP 30 (Series 3) Box 7 Folder M.
tension between the two parties. 1 However, his attempts to form a coalition failed: the Country Party, with good reason, suspected that the National Union, if not Lyons, sought a coalition wherein its separate identity and independence would be destroyed, and it therefore rejected all unity proposals. Despite his dislike of Country Party tactics and of some of its policies, Lyons insisted to his supporters that if he was considered an obstacle to the formation of a coalition, 'I should be prepared to stand down'; 2 however, the real obstacle to unity was not Lyons but his former Nationalist followers.

Although the coalition formed after the 1934 election ended open conflict between the two parties, many U.A.P. members resented both Cabinet's enforced adoption of Country Party rural policies and the transfer of U.A.P. portfolios to the Country Party. However, the Country Party firmly supported Lyons' leadership, preferring him to the alternative U.A.P. leaders, and Lyons, who in September 1934 had been reluctant to form a coalition, in December told his wife that while there was 'a lot of

1 See J.A. Lyons to C.L.A. Abbott, 1 February 1933; C.L.A. Abbott to J.A. Lyons, 11 April 1933, Lyons Papers (C.A.), CP 30 (Series 3) Box 3 Folder A; C.L.A. Abbott to J.A. Lyons, 28 July 1933; J.A. Lyons to C.L.A. Abbott, 3 August 1933, Lyons Papers (C.A.), CP 30 (Series 2) Box 14 Folder 2; for Country Party approval of the 1933 budget, see C.P.D., vol.141, pp.3420-3 (11 October 1933), p.3486 (12 October 1933), and p.3626 (19 October 1933), and C.L.A. Abbott to J.A. Lyons, 21 October 1933, Lyons Papers, file 8.

2 J.A. Lyons to Colin Fraser, 19 October 1933, Lyons Papers (C.A.), CP 30 (Series 3) Box 3 Folder F.
unhappiness still in his own party 'and a lot of disloyalty too', the Country Party would 'be our salvation, and Page and his mates in the Cabinet are playing the game to the letter so far as I am concerned.' U.A.P. ill-feeling against its coalition partner increased with the Country Party's defeat of its candidate in the Darling Downs by-election in December 1936, while general dissatisfaction in the governing parties increased with Cabinet's lack of initiative before the 1937 election.

A fear of possible U.A.P. disintegration arose in early 1937 when a small group of frustrated parliamentarians under Stewart's influence formed an informal 'social betterment' wing of the party. After winning the 1937 election, the government returned to a more constructive policy when faced with the need to introduce a National Insurance scheme and to make immediate preparations for a possible war; yet despite this revived sense of purpose and the need for unity to tackle a growing defence crisis, disunity for the first time endangered Lyons' leadership.

For all the periodic disputes within his government, not till late 1938 did serious instability appear or Lyons' leadership face a direct challenge. Although in 1931 some businessmen and U.A.P. politicians distrusted him because of his Labour background and regretted that

1 S. Snow to J.A. Lyons, 26 September 1934, Lyons Papers (C.A.), CP 103 (Series 19) Bundle 12 Folder Y; J.A. Lyons to E.M. Lyons, 7 December 1934, Lyons Papers, miscellaneous file.

2 S.M.H., 19 April 1937; Herald, 19 April 1937, 21 May 1937 and 28 May 1937.
he had become leader of their party, their hostility waned as he proved himself to be orthodox in his financial policies and a successful election-winner. 1 Having observed the fate of Hughes and his ex-Labour supporters after 1917, he knew that he might be deposed once his usefulness to the U.A.P. had been exhausted; however, as his ministers realized that they did not have sufficient support in the party to displace him, his leadership was not challenged. There were, of course, potential challengers, and Parkhill, whose arrogance blinded him to the impossibility of the party's accepting him as leader, remarked before the 1934 election that although the election would be fought under Lyons' leadership, 'what might happen afterwards might well be left for the present'. What happened afterwards was that Menzies joined Cabinet as Lyons' chosen successor, thus thwarting Parkhill's ambitions. Menzies and Parkhill both sought support within and outside the parliamentary party in 1935 in preparation for a fight for the cession, and Lyons, who was 'well aware of the intrigues going on in certain financial circles to oust him in favour of a bona fide conservative Prime Minister', feared for the safety of his position. However, by November 1935 he felt 'distinctly more cheerful', for with Menzies and Parkhill hating each other more than


2 S.M.H., 18 June 1934.
they hated him, 'his strategic position was of the best, and he felt that all danger had now been removed'. In a statement in February 1936 revealing that 'certain interests have suggested...that it was quite time I got out of the way', he assured the public that he would not resign. No further danger to his position appeared until the last six months of his life.

That Lyons' leadership should be unchallenged for seven years is one of the many initially puzzling features of his Prime Ministership. If he was as incompetent, vacillating, dependent on his ministers, and intellectually ill-equipped to comprehend basic government policy as critics alleged, why did his ministers tolerate his leadership, and make not even one attempt in seven years to displace him? How can the allegation that he was a weakling who did not know his own mind be reconciled with his firm, principled stands against inflation in 1930 and 1931 and against compulsory military training from 1937 to 1939? How did he manage to keep a Cabinet generally united and efficient that contained men like Page, Menzies, Gullett, Hughes, Thorby, and Cameron, strongly opinionated men who personally disliked each other? How could a government with so little to show for its existence after 1934 win an election in 1937? Why was the Labour Party, in the thirties still bitter about Hughes' split with the party in 1917, so tolerant, relatively, of Lyons despite the

1 T.G. Murray, quoted in Moffat Diary, p.114 (13-28 November 1935); see also K.A. Murdoch to W.M. Hughes, n.d. [October-December 1935], Hughes Papers.

2 S.M.H., 17 February 1936.
split of 1931? Why should the conservative Country Party, suspicious of ex-Labour men and directly responsible for Hughes' removal from the Prime Ministership in 1923, be more united in its support of Lyons' leadership than his own party? Why, despite periodic resignations of ministers from Cabinet, did these have no effect on Cabinet's stability until 1939? And why was Lyons so personally popular with the voters and his associates within and outside parliament? These are some of the main questions raised by the history of his Prime Ministership; the answers are to be found in his personality, the nature of his leadership, and the political conditions of the thirties.

As in Tasmania, his personality was an important key to his success. 'A delightful person', as Bruce described him, 'his resemblance to a cheerful koala, his eleven children, his family man appeal and his essential humanity, were irresistible to the voters'. ¹ Curtin said that he was best described as 'an average Australian', ² and this ordinariness attracted most electors. Contrasted with uncommonly 'clever' men like Theodore or Latham, or arrogantly superior leaders such as Bruce or Menzies, Lyons had wide appeal. His similarities to the 'common man' caught the public imagination; he was always 'Joe' Lyons, a homely leader with his heart in the right place and the interests of the community always guiding his actions. His unostentatious egalitarianism was so obviously genuine and spontaneous

¹ Edwards, p.208.

² C.P.D., vol.159, p.6 (19 April 1979).
compared with the attempts of the previous non-Labour Prime Minister to appear 'human' that he could, without affectation but with superb political effect, tell a woman who rose to take her crying baby out of his meeting that she need not leave, for 'I always feel quite at home with a baby about the place'. His genuine 'niceness' even impressed his opponents: at one election meeting, a persistent interjector seconded a vote of thanks to him because 'one can't help liking the Prime Minister...whether you like his policies or not'. He quickly became friendly with all his close associates, thereby strengthening his hold on the leadership; as C.A.S. Hawker, who was frequently critical of his policies, wrote, his consideration for his subordinates 'always made you such a likeable leader personally to work under', and therein lay an important part of the secret of his success in controlling Cabinet.

Close Tasmanian associates knew that Lyons, after taking advice, would make his 'own decisions and stick to them', whatever the pressure from Cabinet or party. He had not been a weakling in Tasmania, nor in the Scullin Government when put to the test, and he had no intention of being one when Prime Minister. On taking office, he assured his old friends that he would be

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1 S.M.H., 4 September 1934.
2 Advocate, 1 September 1934.
3 C.A.S. Hawker to J.A. Lyons, 10 August 1933, Lyons Papers (C.A.), CP 30 (Series 3) Box 4 Folder II (part 2).
4 L. Broinowski to J.A. Lyons, 27 January 1933, Lyons Papers (C.A.), CP 30 (Series 3) Box 3 Folder B.
Captain of his own ship, and in his unobtrusive way guided his government into a less conservative direction than it would have taken under a leader without his background and beliefs. Usually he tried to modify Cabinet decisions without exerting his authority as Prime Minister; the only occasion on which he openly forbade his government to adopt a particular policy was when, in the late thirties, he refused to permit the reintroduction of compulsory military training. His apparent weakness in accepting policies contrary to his own opinions was due to his acquiescing unhappily in compromises caused by what seemed at the time the unavoidable limitations of a Depression economy combined with political circumstances that he could not fundamentally alter.

His role as a member of Cabinet was to be, he decided, part of a team. While as Cabinet's chairman he was one of the chief arbiters of policy and of political tactics, he did not believe that he should, or could successfully, attempt to play the predominant role in its deliberations. He did not have the necessary experience of many federal issues to be able alone to determine policy, and to disregard the opinions of his subordinates would be to endanger his leadership. Not ashamed of the realistic role that he had chosen for himself, he publicly under-rated his contribution to Cabinet's deliberations to show that he considered himself to be but one amongst equals. For example, he once compared his role to that of Stanley Baldwin.

1 L. Broinowski to J.A. Lyons, 24 December 1931, Lyons Papers (C.A.), CP 103 (Series 19) Bundle 2 Folder B.
whom he described as just trying to keep the party together. On another occasion, he said that although most of the credit for the government's achievements should go to others, 'I get the bouquets...I am hardly a pilot, but a beacon'. On some policy issues, some ministers would have preferred a more forceful and decisive leader; however, by seeking a consensus of opinion, he prevented the breakdown of the coalition that more forceful leadership might have caused, if sometimes at the expense of producing more adventurous and constructive policies. In general, ministers were happy with his method of conducting Cabinet meetings, for as Casey commented to Hughes, as 'we are none of us dictators', only 'by argument' could they obtain acceptance of proposals placed before their fellow ministers; such a procedure satisfied all but the would-be dictatorial.

Labour members made much play of the periodic resignations from Cabinet, suggesting that Lyons' 'incompetent' leadership was to blame. In order, the resignations were of Hawker in 1932 because he opposed Cabinet's refusal to reduce parliamentary salaries further or to lower tariff levels drastically, Fenton in the same year because the Ottawa Agreement contradicted

1 Advocate, 12 June 1936.
2 Telegraph (Brisbane), 11 June 1937.
3 R.G. Casey to W.M. Hughes, 6 August 1935, Hughes Papers.
his protectionist views, Gullett in January 1933 because of ill-health, Bruce in October 1933 to become High Commissioner in London, and Massy Greene in the same month to concentrate on his business affairs. Hughes resigned in 1935 because he had openly disagreed with Cabinet's public optimism about the effects of sanctions against Italy, while in 1937 Gullett resigned for the second time, in this case because Cabinet had rejected his trade diversion policy. McLachlan was forced to resign in 1938 when accused of improperly retaining a directorship in a company that was submitting tenders to the federal department under his control. White also resigned in 1938, in his case in anger at his exclusion from the newly-formed Inner Cabinet. Menzies, the last minister to resign, left Cabinet in March 1939 both in protest at the shelving of National Insurance and in preparation for a more vigorous campaign to become Prime Minister.

Of these resignations, only four were exclusively due to opposition to Cabinet policy, one other, Menzies', being partly for this reason. Lyons perhaps could have prevented Gullett's second resignation, for by ensuring that Cabinet had more adequately considered the trade diversion policy he might have prevented a direct clash between Gullett and the remainder of Cabinet. Again, by cautioning McLachlan of the possible constitutional impropriety of his position, the necessity of his resignation might have been avoided. Apart from these two, Lyons cannot be blamed for the resignations. The only one that was even in part a protest against his leadership as distinct from Cabinet's policy was Menzies'};
it is therefore unfair to attribute the resignations to Lyons' 'weak leadership'.

Allegations of weak leadership arising from the periodic resignations from and disputes within his government overlook the insurmountable political realities confronting him: strong leadership in the sense of demanding that the government accept his policies or of firmly repressing dissident minorities would, in fact, have been foolish leadership endangering the stability of the government. The men composing his government had opinions and personalities that made Cabinet unity unavoidably fragile, and any attempt to dominate them was beyond Lyons' political strength, as he realized; indeed, none of the alternative U.A.P. leaders had the power to impose his will on the government. Back-bench members of the coalition also were not amenable to dictation, and he realistically required no more than general support for the government, allowing them to take an independent line on the details of policy; although politically embarrassed by the occasional parliamentary defeats over the details of tariff or pension legislation, he did not penalize the rebels, whose actions only temporarily weakened the government's authority. Critics argued that 'a more forceful leader' would never have tolerated the disunity of his government, nor have compromised so often on policy to maintain party unity, but one forceful leader

1 J.A. Lyons to H.W. Horsfield, 17 August 1931, Lyons Papers (C.A.), CP 103 (Series 19) Bundle 1 Folder H; J.A. Lyons, quoted in S.M.H., 11 September 1934.

2 Editorial in S.M.H., 17 March 1939.
had caused his own downfall in 1923 by his autocratic intolerance towards the wishes of his colleagues, while another forceful leader was to be ousted by his own party from the Prime Ministership in 1941 for attempting to dictate to his followers. Lyons' preference of 'conciliation to contest' was usually successful in keeping the government united, although the policies produced by the process of continual compromise frequently disappointed him.

In asserting his restricted though not inconsiderable authority over his party, Lyons was assisted by his prestige as the sincere and honest man who, when the Labour Party turned from the paths of orthodoxy and righteousness, had defended, at the price of possible expulsion from the party, what he considered to be morally right and necessary, and had stood above party conflict to advocate a national, non-partisan solution to the crisis. This prestige gained him sympathy and respect amongst conservative members who normally would have deeply distrusted an ex-Labour man who became their leader. While some suspicion persisted that he might still, like Hughes, hold some 'Labour' views, it was countered by this lasting prestige, which in the early thirties in particular was also a valuable electoral asset.

His leadership was greatly assisted by his experience while in Tasmanian politics of most of the political problems that beset his Prime Ministership. He had been deputy leader of his party for three years,

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1 E.C.G. Page, quoted in S.M.H., 8 April 1939.
leader for thirteen, and premier for five; the sole alternative leader of the U.A.P. in 1931 with any leadership experience was Latham, who had led the Opposition for only eighteen months. In Tasmania, he had learnt suitable tactics for handling a party and a parliament, and for attracting electoral support; he had become experienced in policy-making and in administration, and had gained an understanding of political life and leadership unequalled by any of his colleagues except Hughes and Pearce. Even the difficulties of leading a coalition had been foreshadowed by his experience of minority governments from 1914 to 1916 and from 1923 to 1925.

Much of the strength of his leadership was based on the fact that he was the only leader acceptable to ministers 'who did not at all respect and accept each other'.¹ No other Prime Minister could have kept the coalition in existence from 1934 to 1939. Of the alternative leaders, Latham, the most respected, lacked wide political experience and his inflexibility on policy issues would have made a successful coalition with the Country Party, which he detested, impossible, and have made an exclusively U.A.P. government under his leadership highly unstable. Gullett likewise could never have led the coalition because of his antipathy to the Country Party and his erratic and autocratic personality, while his arrogant conservatism, a similar antipathy to the Country Party, and the Victorian members' distrust of New South Wales politicians made Parkhill an impossibility.

Bruce's prestige in the party had been destroyed by his miscalculation in 1929, and he would never be tolerated as leader again. Casey lacked the political experience and drive necessary to be considered a suitable leader: his true role was a conscientious administrator. Menzies' open dislike of the Country Party led to its refusal in 1939 to serve in his government, and in his earlier years in federal politics he was too politically maladroit to be chosen; he learnt his lesson in 1941.

Lyons was also the only leading member of the U.A.P. with no legacy of mistakes and personal antagonisms to handicap him: all the other possible leaders had a political 'past' that could be used against them, and had influential rivals and enemies in the party. Apart from his career in the Tasmanian Labour Party, generally agreed to be a moderate and 'sane' party, Lyons had no such handicap. As well, the men who might have been Prime Minister but for the 1931 crisis were attracted by his genial personality and became his friends; he alone of the principal U.A.P. members was liked as a person by all factions and almost every member of the coalition, whatever their reservations about his competence to decide policy.

Worried by the fact that, with its diverse and continually changing membership, Cabinet sometimes lacked cohesion, and that factional disagreements over the details of policy were frequent, Lyons sought to rectify its weaknesses. Compared with Tasmania, where a Cabinet of five to six ministers usually had little difficulty in deciding on immediate action in accordance with agreed general goals, he found that federal Cabinet's procedure was time-consuming and inefficient. In 1932, to
increase efficiency and to reduce the time taken to reach decisions, at his instigation his Political Secretary formed a Cabinet Secretariat as part of the Prime Minister's Department. However his 1939 suggestion that a Secretary to Cabinet be appointed was rejected as 'too radical'. In the mid-thirties, with the departure of some experienced ministers and the government's loss of its earlier drive after the lifting of the Depression, Cabinet disunity and inefficiency increased, the trade diversion policy of 1936 being the most notable example. After this crisis was resolved, Cabinet on Pearce's advice established an inter-Departmental committee consisting of ministers and officials to overcome the lack of consultation, partly caused by ministerial and public service rivalries, that had preceded Cabinet's adoption of the trade diversion policy.

The differing abilities of his ministers and the changing importance of many portfolios made the allocation of portfolios difficult, Lyons frankly admitting that some ministers had too much work and some too little. To minimize such disparity, he periodically reshuffled his Cabinet and reallocated work from one portfolio to

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1 Crisp, Parliamentary Government, pp.213-4; see also Herald, 1 October 1935.
2 See pp.276-81.
3 Heydon, p.128.
4 J.A. Lyons' speech in C.P.D., vol.158, p.1549 (16 November 1938); see also speeches of T. Paterson, ibid., p.1562 (16 November 1938), and T.W. White, ibid., p.1674 (17 November 1938).
another, while in order to give future ministers experience in administration he appointed two Parliamentary Under-Secretaries to assist ministers in routine administration. However, in practice their duties were ill-defined and they were given little work, although G.A. Street did graduate in 1938 from Parliamentary Under-Secretary assisting the Minister for Defence to the Defence portfolio itself. The experiment was not successful, and was abandoned in 1939.¹

Menzies believed that Lyons' main strength was as 'a positively brilliant Parliamentarian. I don't think I ever knew a better' in his understanding of the conduct of debate.² Bruce also considered that Lyons excelled in handling parliament.³ Lyons' personality and his Tasmanian experiences together determined his approach to the handling of parliament, one of the fundamental elements being his sensitivity to insult and criticism. Life would be unbearable, he considered, if parliamentarians could not drop their political differences outside parliament, and he deplored personal attacks on political opponents during election campaigns.⁴ During one

¹ See Argus, 23 September 1938, Herald, 9 November 1938, and S.M.H., 17 March 1939.


³ S.M. Bruce to J.G. Latham, 24 June 1932, Latham Papers, Box 86, Folder j.

parliamentary battle, he told his wife that 'I wish they'd defeat us, and we'd be out of our misery and get a little happiness'. Although the degree of co-operation between the parties achieved in Tasmania was impossible to attain in federal politics, he sought to moderate parliamentary passions and to achieve a measure of agreement on financial, defence and foreign policies. To cool parliamentary tempers, he adopted an affable and conciliatory tone when discussing government policy.

This approach greatly reduced the tensions natural between an ex-Labour member and his former party, and his relations with the Opposition were remarkably good, due to a great extent to his genial personality. However, probably the main reason for the good relations was his actions in 1931, for he had left Labour to uphold a policy that Labour itself soon adopted, and had not, whatever his intentions, brought down the Scullin Government, for which 'Stabber Jack' Beasley was responsible. While he denounced particular Labour policies, he never denounced his former party's principles or regretted his long membership of it, and always insisted that the only reason for his changing parties was Theodore's financial policy. Senior Labour members assisted him to cool parliamentary tempers, and in his

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1 J.A. Lyons to E.M. Lyons, 12 October 1933, Lyons Papers, miscellaneous file.
2 For example, C.P.D., vol.147, p.424-5 (2 October 1935), and vol.151, pp.1203-6 (22 October 1936).
3 J.A. Lyons, quoted in Herald, 20 September 1932.
last speech to parliament he thanked them for helping to make political conflict 'less unpleasant'.¹ Scullin, who often had friendly discussions with him, was 'more than decent' in their personal relations, and he greatly admired Scullin's successor, Curtin, for being 'honest, eloquent, logical, and not too orthodox a Labour thinker'.² In parliament, he commended Curtin's 'ability, dignity, tact and courtesy', and referred to him as a personal friend.³ After 1934, personal hostility to Lyons was largely confined to the Lang group, whom he could not tolerate; he described them as 'larrikins' who were, apart from their leader, Beasley, 'a mob of scoundrels'.⁴ His friendly relations with Labour members was expressed by his practical assistance in finding employment in federal posts for those defeated at elections.⁵

His personality also appealed to the community, which could identify itself with him because of his 'ordinariness', and which believed that he had retained

¹ C.P.D., vol.158, p.2993 (8 December 1938).
³ C.P.D., vol.152, p.2877 (3 December 1936), and vol. 154, p.1147 (15 September 1937).
⁵ For example, E.C. Riley: Sun News-Pictorial, 11 October 1935; A. Blakeley: E.M. Lyons to Mrs A. Blakeley, 19 September 1934, Lyons Papers (C.A.), CP 30 (Series 3) Box 6 Folder B; S.M.H., 14 February 1935; L.L. Hill: S.M.H., 19 July 1936.
the humanitarian beliefs derived from his years in the Tasmanian Labour Party. He had the largest personal following of any federal parliamentarian in the thirties: in Tasmania, many Nationalists had voted for him because of his personal qualities and constructive leadership, and in the early thirties he was supported by former Labour voters because his leadership was 'saner' than that of Scullin or Lang and, despite his change of parties, could still be regarded as in a sense 'Labour'. Dame Mary Gilmore expressed the popular view of him when writing that, although a Labour supporter, 'I would still feel I voted Labour if I voted for him...His heart was with the people, and it neither changed with position nor wavered with circumstance'.

He retained wide public sympathy and approval throughout his Prime Ministership, as testified by the large crowds in Sydney and Devonport for his funeral and burial.

This support for his leadership and his government was stimulated by continual campaigning between elections: taking advantage of the development of air travel, by July 1938 he had travelled 300,000 miles within Australia, being brought closer to the electors of all states than any previous Prime Minister. When difficulties arose in a particular area, such as a depression in the Queensland tobacco industry or Western Australia's attempt to secede, he made a special visit to calm the dispute. Besides giving two press

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1 Dame Mary Gilmore to Dame Enid Lyons, 8 April 1939, Lyons Papers, miscellaneous file.

2 J.A. Lyons, quoted in *Sun News-Pictorial*, 4 July 1938.
conferences daily to ensure that the electorate was well informed about his government, he arranged Cabinet meetings in all state capitals, believing that this 'undoubtedly tends to stimulate the public interest' in Cabinet's policies. He gave a weekly explanation of government policy which was broadcast in four states, and encouraged his ministers to use broadcasting facilities to explain the policies within their jurisdiction. If particularly vocal criticism arose about a specific policy, he arranged for the minister directly responsible for its drafting to counter the criticism, and sometimes also asked his associates in the business community to suppress or at least to moderate protests made by interest groups.

From his Tasmanian experience he had learnt that electors did not want 'to listen to bitter attacks on political opponents. But they will listen with almost rapt attention' to simple explanations of policy, and he therefore made moderately expressed and thereby politically effective speeches. His style of speaking had remained that of his Tasmanian days, which suited

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1 J.A. Lyons to R.L. Butler, 26 May 1934, Lyons Papers (C.A.), CP 103 (Series 19) Bundle 8 Folder B.
2 J.A. Lyons to G.F. Pearce, 6 July 1933, Lyons Papers (C.A.), CP 103 (Series 19) Bundle 7 Folder T.
3 For example, J.A. Lyons to W.A. Holman, 21 September 1933, Lyons Papers (C.A.), CP 30 (Series 3) Box 4 Folder H; G.F. Pearce's speech, reported in S.M.H., 26 September 1933; G. Dalziel Kelly to J.A. Lyons, 7 July 1936, Lyons Papers, file 15.
4 J.A. Lyons to A.C. Davidson, 12 November 1931, Lyons Papers (C.A.), CP 103 (Series 19) Bundle 1 Folder D.
the thirties and government policy; even an exceptional orator would have had difficulty in arousing an audience by an exposition of U.A.P. policy. His speeches conveyed an impression of humility, of trustworthiness, of caution, of an ordinary man working for his country's good, and, on most issues, of an experienced politician with a full understanding of the problems he faced. His homely manner and plain style of speaking reassured his audiences that, unlike the Scullin Government, his government would not be led into 'foolhardy' schemes. While often detailed and factual about past and present conditions and policies, his explanation of future action was usually vague and generalized, as befitted the government's policies. Unable, as in Tasmania, to stimulate his audiences with hints or details of constructive new government initiatives, he could only assure them of his orthodoxy and caution, and suggest that they have faith in the government's competence.

The effect on public thinking of his personality and of his publicity work cannot be scientifically assessed, but the extra-parliamentary supporters of the U.A.P. were satisfied that the 1934 election result was 'very largely a personal triumph' for him, caused by the community's 'regard and respect' for him personally. The National Union was so convinced that he had played a vital role in the 1934 and 1937 elections that,

1 E. Telford Simpson to J.A. Lyons, 17 September 1934; S. Snow to J.A. Lyons, 17 September 1934, Lyons Papers (C.A.), CP 103 (Series 19) Bundle 12 Folder S.
despite his reluctance, it insisted that he must lead the government at the 1940 elections.¹

Lyons' personality and reassuringly moderate leadership ideally suited the political climate of the thirties, for after the continual crises and political furies of the Scullin Government, the community wanted a 'safe', orthodox government that would quietly administer along traditional lines. His cautious, unadventurous leadership was preferred in the early thirties to the more dynamic leadership exemplified by the Bruce-Page Government, as such leadership was popularly believed to have been an important cause of the Depression. The community wanted change restricted to cautious reforms, and distrusted Labour's promises of large-scale readjustments and improvements. Compared with Hughes' erratic and autocratic brilliance or Bruce's aloofness, Lyons' homely personality was a welcome variation on previous non-Labour leadership, and had the 'human' qualities suitable for a country recovering from the Depression. Only by 1938, when Australians began to realize that the danger of war was rapidly increasing, was incisive and dynamic leadership more suitable; Lyons himself realized that as his style of leadership was unsuitable in a pre-war crisis, he should step down for a younger and more forceful leader.²

One of the initially puzzling features of his leadership was that his own state did not support him.

¹ J.A. Lyons to Dame Enid Lyons, n.d. [? October-December 1937], Lyons Papers, miscellaneous file; Lyons, p.274.

² See chapter 7.
From the 1934 federal election, Tasmania returned Labour members for three of the five electorates, and it returned only Labour Senators in 1937. This loss of support in the state he had dominated from 1923 to 1928 stemmed from Ogilvie's victory in the state election in June 1934. Because of Lyons' closer associations with the Tasmanian Labour Party than with the federal party, the sense of outrage at his switch in 1931 was greater in the state party, and as Ogilvie still hated him for being removed from Cabinet in 1927, he exploited this emotion. Also, as most electors recognized, Ogilvie's vigorous Premiership brought considerable benefits for the state, and his success, as with Lyons before him, gave him considerable support for his criticisms of the federal government's assistance to Tasmania. While the continual bickering between Lyons and Ogilvie was always about specific policy issues, underlying the war of words was their mutual dislike. Tasmanian Labour members who remained friends with Lyons were careful that Ogilvie should not know of their defiance of his wishes.

Much of the controversy between Ogilvie and Lyons was pursued on a petty and personal level; Lyons

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1 See Lyons, p.136, and Clive Turnbull, writing in Herald, 8 April 1939.

2 For example, G.G. Becker to J.A. Lyons, 20 March 1938, Lyons Papers, file 17.

3 For example, A.G. Ogilvie to E. Dwyer Gray, 30 April 1935, Ogilvie Papers; draft reply, J.A. Lyons to A.G. Ogilvie, with memorandum, 5 July 1932, Commonwealth, Treasury, 32/2249.
continually replied to Ogilvie's criticisms with a brusqueness he rarely used against other critics, describing one statement by Ogilvie as 'typically ill-informed, ill-advised, anti-Australian, and anti-British'. Ogilvie claimed that Lyons was hindering the state's progress by giving inadequate assistance, to be countered with the reply that Tasmania's advances during his Premiership were solely due to federal assistance and federal financial policies in general. To defeat Lyons in Wilmot in 1934, Ogilvie artificially swelled the number of Labour voters in the electorate, and was prepared to organize support for any candidate opposing Lyons; he even asked a Country Party organizer to stand as a Country Party candidate, guaranteeing full Labour support. However, Lyons learnt of the growing campaign against his re-election, and ensured that, while he was campaigning in other states, his supporters organized a vigorous campaign on his behalf. As always, he was greatly assisted by his friends, one of whom, a former state Nationalist parliamentarian, organized his campaign; in each village and town in the electorate,

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1 Advocate, 1 June 1936; see also J.A. Lyons' reply in C.P.D., vol.138, p.1004 (27 April 1933).

2 S.M.H., 25 August 1934; A.G. Ogilvie to F.M. Forde, 23 July 1934, Ogilvie Papers; Donald Cameron to C.H. Innes, 16 October 1934, Page Papers, file 820.

3 For example, J.B. Hayes to J.A. Lyons, 24 July 1934, Lyons Papers (C.A.), CP 103 (Series 19) Bundle 10 Folder H (part 2).
there were friends who helped. Their efforts succeeded, although his majority fell from 7,036 in 1931 to 3,385.

Ogilvie continued his vendetta, being assisted by a change in the voting character of Wilmot through the growth of industry within its boundaries. Lyons' majority fell to only 1,470 in 1937, and in the by-election after his death the Labour Party defeated J.A. Guy by sixty-nine votes. However, the bitterness between the two antagonists had weakened by 1939, when both were tired, ill, and near death; through the efforts of intermediaries, a reconciliation was finally effected in February of that year. In March, after Ogilvie broadcast in support of federal defence preparations, Lyons publicly expressed his 'personal appreciation' of the statement.

Lyons enjoyed the prestige of his high office, and, especially as Premier and in his earlier years as Prime Minister, found the exercise of power a challenge. In 1934 he admitted that, despite the 'terrific' strain of being Prime Minister, 'politics possesses a certain joy. There is always the glamour of public life...there is the fascination of pitting one's brains against those of the other fellow, there is always the thrill and uncertainty of battle. And beyond all these, there is the knowledge that one is striving to do something, however small, for

1 Listed in J.A. Lyons to A.T. Marshall, 19 July 1934, Lyons Papers (C.A.), CP 30 (Series 3) Box 7 Folder M (part 2).


3 Herald, 13 March 1939.
his country, to leave some mark, however tiny, in history'.\(^1\) However, after the 1934 election leadership became routine and less rewarding because of the poverty of the government's legislative programme. He had enjoyed exercising power in Tasmania because of the opportunity it gave to assist the state's advancement and to improve the conditions of the community, and had sought power in 1931 to 'save Australia' and provide its citizens with a better life. Probably he also saw the Prime Ministership as the crowning point of a long career. But with Menzies' disloyalty in 1938, coupled with the other worries that beset his leadership in that year, his enjoyment of office turned to disillusionment with his post, and he agreed to remain leader in 1938 and 1939 solely because of his strong sense of duty to the public and of service to the party which had made him Prime Minister.\(^2\)

Naturally diffident, he was always a prey to 'self-questioning and self-distrust',\(^3\) and forever worrying about whether he could meet the needs of his office. These self-doubts made him very sensitive to insult, and in his early years as Prime Minister criticism 'upset me and made me miserable...I used to worry dreadfully'.\(^4\) He did not treat his responsibilities

\(^1\) Draft article by J.A. Lyons, 'On Politicians', n.d. [April 1934], Lyons Papers (C.A.), CP 103 (Series 19) Bundle 8 Folder 8.

\(^2\) See chapter 7.

\(^3\) Lyons, p.210 and p.181.

\(^4\) J.A. Lyons to Dame Enid Lyons, n.d. [? 1937], Lyons Papers, miscellaneous file; see also A. Pratt to J.A. Lyons, 18 May 1931, Lyons Papers, miscellaneous file.
casually or deliberately allow difficulties to persist without seeking to overcome them, as critics believed; instead, he tried so earnestly to meet the demands of his office that his political difficulties combined with the responsibility of seeking an answer to complex policy problems sometimes almost overwhelmed him.¹ The increasing ill-health resulting from the pressures of his work was an important cause of his weakening leadership in the late thirties. Never calm in a crisis, and somewhat unsure of the extent to which his authority would be heeded, he was excessively worried and over-strained by late 1938. To his nervous and sensitive temperament was added a permanent limp and a pre-disposition to premature fatigue, the legacy of a serious car accident in 1926. In his seven years as Prime Minister, he never had a relaxed holiday, for his brief snatches of peace at Devonport were always interrupted by urgent work.² In late 1932, the long and often emotional parliamentary sittings combined with the difficulties of devising a satisfactory financial policy so over-strained him that he begged Latham to take over the Prime Ministership.³ In the following year, he again suffered from over-strain,

¹ J.G. Latham, article in series 'Remembrance of Things Past', 5) 'Mainly Political', Meanjin Quarterly, no.1, 1962, p.79.

² Sun News-Pictorial, 29 April 1939.

³ J.G. Latham, article in series 'Remembrance of Things Past', 5) 'Mainly Political', Meanjin Quarterly, no.1, 1962, p.79; see also S.M. Bruce to J.G. Latham, 22 March 1932, Latham Papers, Box 86 Folder j; Edwards, p.244; information given by Dame Enid Lyons.
and by 1934 'his nervous energy was often depleted to the point of utter exhaustion'. ¹ The strains increased after 1934, and by 1937 he felt that he could not continue as Prime Minister; after the election campaign of that year, he had to rest at Devonport for several weeks to recover from complete exhaustion. ² In 1938, his difficulties multiplied, his health deteriorated rapidly, and on 7 April 1939 he died.

The evidence shows, therefore, that he had no significantly different methods of handling the political tasks that are the normal lot of all Australian Prime Ministers. While differing from other Prime Ministers in various ways, there were no features of his leadership peculiar to himself. He did exploit more than most other leaders his 'image' as the ordinary, average Australian, and was therefore the best-liked of all Prime Ministers to that date. He was probably more willing to take advice than other leaders, for he undoubtedly had more humility and a greater awareness of his own weaknesses; he also possessed to an exceptional degree the ability to conciliate and mediate between his colleagues. His main weaknesses can be seen in his consideration of policy issues, but, despite all his failings, his leadership was sufficiently effective for him to be Prime Minister for seven years without being vulnerable

¹ See S. Ricketson to J.A. Lyons, 16 August 1933, Lyons Papers, file 17; Lyons, p.217.
² See J.A. Lyons, quoted in Moffat Diary, p.55 (2 October 1935) and p.140 (17 December 1935); Sir Geoffrey Whiskard, quoted in Moffat Diary, pp.663-4 (17 December 1936); Martyn Threlfall, writing in S.M.H., 11 April 1939; Herald, 17 November 1937.
to attempts to dislodge him from either his own party or the Opposition. None of the alternative leaders could have rivalled his achievement.

In May 1934, in replying to congratulations from a relative on his achieving a silver jubilee in politics, he wrote that 'taking it all round it has been a happy, if sometimes strenuous, experience'. But by 1937, he told his wife that 'I've really reached the point where I could cheerfully leave it all aside', while two weeks before his sudden death in April 1939 he told Tasmanian friends that 'I should never have left Tasmania; I had real mates there, and was happy; this set-up is killing me'.

1 J.A. Lyons to T. Carroll, 15 May 1934, Lyons Papers (C.A.), CP 103 (Series 19) Bundle 9 Folder C (part 3).

2 J.A. Lyons to Dame Enid Lyons, n.d. [circa Christmas 1937], Lyons Papers, miscellaneous file.

3 F.C. Green, writing in Sun-Herald, 24 May 1959; see also Clive Turnbull, writing in Herald, 8 April 1939.
Chapter 6
LYONS AND POLICY

The Lyons Government was an emergency government that outlived the emergency. Elected in 1931 to lead the country out of the Depression, by 1935, when the end of Depression appeared to be in sight, its main objective had become merely to remain in office and provide 'good government'. This ideal it interpreted as being the administration of conservative orthodoxies; not seeking any fundamental changes in Australia's social or economic structure, on particular issues its outlook was usually unimaginative. While recognizing that some reform and change was desirable in specific instances, government action was usually desultory and hesitant; in particular, any widening of Commonwealth responsibilities was essayed only when rural, economic, or social needs could no longer be ignored.

The U.A.P., which did not bother to write a federal platform, had no clearly-defined objectives to fulfil. With its members agreeing on what the party was against rather than on what it was for, it naturally tended to be negative and unwilling to investigate new theories; any attempt to frame general principles would have provoked open factionalism. In general, it considered administration to be more important than legislation, and sought to provide good government that would

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1 Hasluck, p. 109.
maintain the status quo almost unaltered. His party usually attempted to conceal its negative thinking, but in April 1934 Lyons admitted that his policy for the next election would be practically unaltered from that of 1931, apart from some changes to meet new circumstances.¹ To win elections, the government relied on Lyons' popular appeal and the vigorous use of such bogies as Lang and 'extremism'. By 1935, as the Age commented, it had declined into an 'uninspiring Conservative Administration. Few Governments have derived so much self-satisfaction from doing so little.'²

Three stages can be discerned in government policy, roughly coinciding with the period between each election. Entering office in 1932 determined to enforce the Premiers' Plan, the government immediately harried Lang, who had by then repudiated the Plan he had signed, until as an indirect result of Commonwealth legislation he was dismissed from office. The Commonwealth itself then broke the terms of the Plan by further reducing pension rates and by attempting, through the imposition of onerous regulations, to limit the number of pensions granted. However, under political pressure from within and outside the U.A.P., these regulations were soon eased. The further reduction of parliamentary and public service salaries in 1932 also contravened the spirit of the Plan, but met little opposition. After Cabinet in 1933 accepted the fact that the devaluation of the Australian pound was irreversible, tariffs,

¹ S.M.H., 6 April 1934.
² Editorial in Age, 30 July 1935.
already being revised, were reduced still further. A campaign was undertaken to convert all overseas loans to a lower rate of interest. To assist the wheat-growers, a flour tax was imposed, but other taxes were slightly reduced to encourage private enterprise to provide more employment. Although at first economic recovery was slow, with unemployment worsening in 1932, that year saw a budget surplus of £1,300,000, and later surpluses coupled with increased financial stability proved the validity of their 'sound finance' policy to the government and its business supporters, and satisfied Lyons that his change of parties had been justified.

Apart from preparing legislation to reduce the effects of the Depression and to hasten financial recovery, senior ministers studied methods of expanding the weak defence forces as soon as the finances permitted. An important channel for federal assistance to the claimant states was provided by the creation in 1933 of the Commonwealth Grants Commission. Legislation aimed to cripple the minute Communist Party was carried amidst much publicity, but to little effect. Trade Commissioners were appointed to several Asian countries, the first step towards an independent Australian presence in the area. By an Act of 1933, a first step was made towards graduate recruitment to the public service. However, Depression conditions prevented the drafting of other legislation of lasting importance.

The 1934 election was the turning-point in the government's career, for from that date the unity of Cabinet gradually diminished, partly because of the formation of the coalition after the election, some of
the most experienced ministers left politics, and the sense of purpose formerly provided by the Depression had been lost.

While after this date the government was much less pre-occupied with economic recovery, the aftermath of the Depression, notably continued if decreasing unemployment coupled with government fears that 'incautious' financial policies would bring a recurrence of the crisis, long remained to handicap the introduction of more adventurous financial and social welfare policies. Although between 1934 and 1937 Cabinet was concerned mainly with day to day administration, it also discussed more far-reaching policies. On the Country Party's initiative, the marketing of primary produce, notably wool, wheat, and meat, was reorganized in the interests of the producers, while rural debtors received assistance on the lines jointly worked out by both parties before the election. Concern at events overseas increased with developments in China, Abyssinia, Spain, and Europe generally, and defence preparedness therefore became an important political issue for the first time in the thirties. The pension rate was restored to its former level, the cumbersome regulations imposed in 1932 were repealed completely, and Casey and his advisers began the detailed planning of a National Insurance scheme to replace and expand the current pensions system. Most of the remaining legislation was purely administrative, and appeared to be more the result of public service than of ministerial initiative. The government's main objective now was to remain in power, providing 'good government' and meeting problems when
they arose, but not seeking to extend Commonwealth initiative into new fields; the controversy over assistance for rural debtors emphasized that any such extension was unpopular with an important section of the party organization. In general, the legislative record since 1934 was so barren that Pearce and other senior ministers feared defeat in the 1937 election.1

After 1937, Cabinet faced increasing criticism of its defence and social security proposals. The National Insurance bill, brought before parliament in 1938, provoked much dispute, and after making conciliatory attempts to satisfy the contradictory demands of groups affected by the legislation, in March 1939 Cabinet decided not to proceed with the scheme before thoroughly re-examining it. One reason for the scheme's demise was the growing preoccupation with events overseas, events that by late 1938 made a war appear to be probably unavoidable; many government members opposed Cabinet's continued concern with National Insurance when Australia's survival was threatened. Defence preparations were hastened, with the complete approval of the government's parliamentary supporters; however, much disagreement arose over the details of defence planning, especially the possible reintroduction of compulsory military training. The external dangers gave the government a sense of positive purpose for the first time since the Depression; once again the forces of 'good government' were called upon to 'save Australia'.

1 Heydon, p.196.
Many of the government's policies did not have the complete approval of its leader, for Lyons still belonged in outlook more to the Tasmanian Labour Party that he had served for over twenty years than to the party that had made him Prime Minister. His friendly attitude to his former party came partly from his continued support for what to him were Labour's objectives: realizing that few of his new party shared his reformist philosophy, he may have hoped that in the future the Labour Party under Curtin would achieve what he could no longer achieve. The only reason that he had joined the U.A.P., he told it, was because its policy was the sole barrier against wild financial schemes that would have brought 'complete destruction'; he never renounced his 'Labour' principles, despite pressure from conservative Tasmanian Nationalists, and admitted to friends that he was still a Labour man at heart.

Wanting to give practical assistance to the community, he did not share the view held by many of his followers that the government's role was merely to maintain the status quo, leaving private enterprise to take the initiative in planning Australia's economic expansion. In Tasmania, he had encouraged the development of the state by private enterprise in co-operation with, and sometimes with financial assistance from, the government, and he wanted his federal government to make the same positive contribution to Australia's development. When the Depression had

1 J.A. Lyons, quoted in Herald, 20 September 1932; Clive Turnbull, writing in Herald, 8 April 1939.
lifted, he told parliament that if his government did not 'go ahead with a progressive developmental programme', then public support should rightly go to the Labour Party. He also wanted a progressive social welfare policy instituted, believing that society could only be humanized by the provision of equal opportunities for all and the amelioration of poverty and distress. He sought to help to end inequality, hardship, and war, and on all issues 'always consciously avoided what he called "a reactionary position"'.

Claiming that the U.A.P. possessed the humanitarian ideals and democratic outlook of the 'old' Labour Party, he insisted that it must never become 'Tory, sectional, or conservative'. However, by the mid-thirties he began to realize that his new party did not fulfil his expectations, for, apart from minor adjustments to fit altered circumstances, its philosophy remained that of the former Nationalist Party. The 'national' veneer acquired to suit the political climate of 1931 disappeared after the election of that year, and neither Lyons' ex-Labour group nor the 'left-wing' U.A.P. members from New South Wales were able fundamentally to alter the party's basic principles. Chosen as leader in 1931 to be a mere figurehead, when he became Prime Minister he discovered that, contrary to his Tasmanian experience, his position as leader did not give him a predominant voice in the choosing of policy. In this situation he

1 C.P.D., vol.155 p.57 (1 December 1937).
2 Heydon p.118.
3 J.A. Lyons, quoted in S.M.H., 12 September 1934 and Argus, 25 January 1932.
had the choice of attempting to extend his influence in policy-making and insisting upon being accepted as more than a figurehead whose sole use was to win elections, or to leave politics, or to join another party, if it would accept him. To have made either of the latter choices would have been to declare publicly that he was unable significantly to influence his own government. He never contemplated taking either of these steps, for he did in fact have a leading role in the framing of policy, and although many government decisions fell far short of his personal objectives, he hoped that improved finances would eventually permit the adoption of more liberal policies.

His belief that Australia's economic difficulties made policies fundamentally dissimilar to those of the U.A.P. both impractical and dangerous was one of the main reasons for his decision to remain leader despite the incompatibility of some of his beliefs with its philosophy. Another was that he accepted as a political reality the limitations resultant from his leadership of a coalition of conservative parties. A further reason was that he felt that until the Labour Party shed its 'dangerous' financial policies, he must do all that was within his power to prevent its return to office. And, in the first years of his Prime Ministership, he hoped that his leadership would make civil strife engendered by the Depression less likely.

When he became Prime Minister, he had considerable popular prestige for his efforts to overcome the Depression, but after 1934 he dwindled in the public eye to little more than the spokesman for Cabinet. He was unable, or did not
attempt, to replace his government's general complacency after that date with a new sense of purpose. Although his absences overseas in 1935 and 1937 may partly absolve him of responsibility for the government's loss of momentum in the mid-thirties, while in Australia he appears to have given no general directives to Cabinet about the future goals of the government, but to have left his subordinates to plan future policies without any general objective to guide them apart from 'good government'. However, his appearance of being content with Cabinet's lethargy may have masked his true feelings. By late 1937, after winning his third federal election, he was ready to retire, probably in large part because he realized that he could never agree with much of his government's basic philosophy and would continue to be dissatisfied with some of its policies. Although he had adjusted to fit the special circumstances of his office, after his experience of leadership in Tasmania his role in federal decision-making was frustrating and even humiliating, and, once he had enjoyed the prestige of being Prime Minister, he prepared to retire in favour of a more traditional type of conservative leader.

While still possessing his earlier enthusiasm for such broad ideals as international peace and the co-operation of all political parties and interest groups to assist Australia's development, in federal politics as in Tasmania he restricted himself to being a cautious innovator of small-scale and immediately relevant reforms. Also as in Tasmania, his characteristic method of making decisions was to seek information and advice on all aspects of the question from outside the
party and the public service, and then carefully to assess the political difficulties that could stem from the adoption of any of the recommended policies. He considered that his proper role as Prime Minister was to chair Cabinet, not to decide its policies, and to be the spokesman for Cabinet, not for his own opinions; he expected and encouraged his subordinates to suggest new policies, and almost never tried to over-rule Cabinet's decisions.

In the framing of policy, he was greatly assisted by his senior ministers, most of whom had longer experience in federal politics than himself. Their assistance was essential, for he had dealt with only a limited range of issues when in state politics. From 1932 to 1934, his chief assistants were Bruce, Latham, Pearce, Massy Greene, and, to a lesser extent, Casey and Parkhill. After the 1934 election, Page, Parkhill, Menzies, and Casey were his principal assistants, while Pearce replaced Latham as his chief confidant. After the 1937 election, only Casey and Page remained; Menzies by 1938 had ceased to work in harmony with his colleagues, while the more recently appointed ministers did not have the close relationships with Lyons enjoyed by their predecessors. These senior advisers did not compose a formal body, Lyons being reluctant to create an official Inner Cabinet,¹ but they individually discussed important issues with him before the whole Cabinet was consulted. For example, when the conversion of external loans was

¹ J.A. Lyons, quoted in Age, 2 October 1935 and Sun News-Pictorial, 20 October 1938.
being arranged during the early thirties, Bruce's information and advice from London was seen and discussed only by Lyons, Latham, and Pearce, with occasional reference to Massy Greene or Casey, the Assistant Treasurers.¹

One aspect of ministerial work in which Lyons rarely participated was administration, which was not his concern as Prime Minister: he expected his subordinates to carry out agreed policy without close supervision. Although he took the Treasurership himself in 1932 to give the public the impression that 'Honest Joe' was safeguarding their savings, routine administration was left to his capable Assistant Treasurers. Not being in close touch with the Department's views, on all important financial questions he relied on his Assistant Treasurers to inform him of Treasury recommendations.² After considering proposals drafted by the Assistant Treasurer and his officials, Lyons and his senior ministerial advisers made all the important decisions concerning financial policy.³ On 2 October 1935, he gave the Treasurership to Casey, becoming the first Prime Minister since 1910 without a portfolio: he explained that he wanted to devote himself to the making

¹ S.M. Bruce to J.A. Lyons, 8 November 1932; J.A. Lyons to S.M. Bruce, 26 December 1932; S.M. Bruce to J.A. Lyons, 27 January 1933, Lyons Papers, file 5.


³ See W. Massy Greene to H.J. Sheehan, 22 August 1932, Commonwealth, Treasury, 32/3745.
of general policy free from the burden of detailed administration.¹

On occasions, however, administrative questions that were the direct concern of another minister were brought to his attention by his advisers outside parliament, or were referred to him by a minister uncertain of the proper action to take; in this way he took some part in the administration of many departments. For example, in December 1932 Latham transmitted to him a report from the Commonwealth Investigation Branch concerning an army officer who was trying to form a private army on the lines of the New Guard; he ordered immediate disciplinary action against the officer.² Also in 1932, he ordered that an allegedly immoral film should be banned in Australia, and, after receiving a letter from a friend outlining Communist activity amongst Victorian railwaymen, asked the Attorney-General to take immediate action against this 'very serious' situation.³ Again, while in England in 1937 he arranged for more overseas ships to visit Hobart during the tourist season.⁴ In these and many

¹ Herald, 3 October 1935.

² H.E. Jones to J.G. Latham, 22 December 1932; J.A. Lyons' memorandum to J.G. Latham, n.d. [December 1932], Lyons Papers, file 8.

³ J.A. Lyons to J.A. Perkins, 8 July 1932; J.A. Perkins to J.A. Lyons, 12 July 1932; Gerald Breheny to J.A. Lyons, 7 May 1932; V.C. Bagot to A.J. McLachlan, n.d. [May 1932], Lyons Papers (C.A.), CP 103 (Series 19) Bundle 2 Folder B.

other instances, he assisted the carrying out of Cabinet policy.

As his 'left wing' followers regretted, Cabinet policy rarely reflected his more liberal objectives. Compared with other Prime Ministers, he had less competence as a creative maker of policy and less dominance over his government; accordingly, his opinions on policy issues were less influential. His political expertise alone was respected, for his colleagues recognized that he had a clearer understanding than they of what policies the public would or would not tolerate. In all party or Cabinet discussions, he placed particular emphasis on the political implications of policy, and in this way had his greatest influence on most Cabinet decisions.

Although he usually considered that circumstances dictated that he must accept policies about which he had personal reservations, his acquiescence was not automatic, especially when a moral issue appeared to be involved. His refusal to obey the 'immoral' financial decisions made by Caucus in 1930 was not a solitary instance of his refusal to permit the adoption of policies that he considered to be morally wrong. In 1934, for example, when asked by the secretary of the

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1 For example, Albert Lane, quoted in Argus, 31 October 1938.

2 Information given by H.W. Horsfield, for example, beef exports transcript of telephone conversation between J.A. Lyons, H.S. Gullett, and E.C.G. Page, 24 June 1936, Lyons Papers file 15, Ottawa Agreement, Moffat Diary, p.743 (17 February 1937).
New South Wales party to prevent the Electoral Commissioners from so altering electoral boundaries that the party would lose seats, he replied that it would be very difficult to justify interference, and 'I do not think that I could sponsor such a course under any circumstances'. There was no interference.

In the most explicit instance of such intransigence, in the late thirties he condemned the suggested reintroduction of compulsory military training as morally repugnant, and refused to permit the existing voluntary training system to be replaced by compulsion. Universal and compulsory service was a conservative orthodoxy equivalent to 'sound finance', and by 1937 was being advocated by conservatives dissatisfied with the level of Australia's defence preparedness. In fact, as became apparent from investigations made in 1938 and early 1939, a mass army could not at that time be adequately trained and in any case was not the most suitable defence against an attack from Japan, the only immediate threat to Australia. Lyons, however, did not base his opposition on theories about the best use of defence allocations, for to him compulsory training was as morally unacceptable as conscription; when questioned, he emphasized that he had not changed his

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1 H.W. Horsfield to J.A. Lyons, 14 February 1934; J.A. Lyons to H.W. Horsfield, 19 February 1934, Lyons Papers (C.A.), CP 103 (Series 19) Bundle 10 Folder H (part 3).

2 See H.V.C. Thorby, quoted in Age, 27 April 1938; G.A. Street, quoted in S.M.H., 23 February 1939; General E.K. Squire's report, quoted in S.M.H., 15 March 1939 and 16 March 1939; Hasluck, p.162.
stand since he had led Tasmania's anti-conscription campaign.¹

During the 1937 election campaign, the Labour Party alleged that conscription for overseas service would be introduced; without consulting his colleagues, Lyons immediately sent a telegram to all his candidates ordering them to state that the government opposed conscription.² At election meetings, he recalled the horror he had felt in 1935 on seeing the French war graves, and emphasized that 'my Government's policy never has included and never will include conscription. There will be no conscription while my Government is in office. I give you a definite assurance.'³ Argument played less part in his stand than emotion and a sense of moral duty to prevent compulsion, although he did argue that as Australia could 'rely on Australian manhood to defend their country', conscription was unnecessary.⁴ He had the complete support of his wife, who said in an election broadcast that had the government adopted conscription, she would have voted against it and urged all women to do the same.⁵

Lyons did not inform his followers of the reason for his decision, and many government supporters at first

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¹ J.A. Lyons, quoted in S.M.H., 21 October 1937.
³ S.M.H., 19 October 1937.
⁴ S.M.H., 14 October 1937.
⁵ Argus, 20 October 1937.
believed that he was opposed to conscription for overseas service only, and that his opposition was perhaps merely a political device to ensure that the Labour Party did not win the election on a 'no-conscription' slogan. Many were surprised, therefore, when in 1938 he announced that any form of compulsory training would be a breach of his election pledge against conscription, and that, no matter what the crisis, there would be no conscription for home or overseas service.\(^1\) When asked in parliament in November if the Defence Act would be amended so that the voluntary militia could be sent overseas, he replied that 'I do not propose to make such an attempt';\(^2\) in this instance he had departed from his customary practice of being Cabinet's spokesman. Rather to the surprise of his colleagues, who were unused to his making such an unyielding stand, he staked his leadership on his refusal to permit compulsion; in February 1939, the Herald reported that 'contrary to former expectations it now appears certain that Mr Lyons will not, in the event of a Cabinet crisis on this question, agree to abandon his allegiance to the voluntary system'.\(^3\)

Other ministers did not share Lyons' emotional repugnance towards compulsion. For instance, Menzies at the 1937 election had refused to pledge his opposition to compulsion for home defence, while A.G. Cameron was elected on a policy of compulsion; there were rumours in late 1938 that some ministers might resign in protest.

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1. *Age*, 9 June 1938; *Herald*, 3 November 1938.
at his decision. However, when Cabinet first discussed his prohibition at meetings in October and November 1938, he obtained approval for a further trial of the voluntary system by a recruitment drive to raise the militia strength from under forty thousand to seventy thousand. Although many ministers were unhappy about Cabinet's temporary acquiescence in his policy, and the Herald in March 1939 estimated that four out of five U.A.P. parliamentarians wanted compulsion, no minister was prepared to force a party crisis by challenging his decision.

Being well aware that his recruiting drive, the only alternative to conscription, must succeed, he chose Hughes to direct the campaign, hoping no doubt that Hughes' oratory and 'Little Digger' appeal would attract recruits. The campaign, the biggest since the Great War, was opened by Lyons in December 1938; he warned that if all Australia did not respond, 'then let me tell you clearly that we face disaster'. His wife also assisted the campaign, which succeeded beyond expectations: all states except Tasmania exceeded their quotas, and by April 1939 the militia strength had risen

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1 Herald, 9 February 1939; see H.S. Gullett's speech in C.P.D., vol.158, p.2059 (23 November 1938); Argus, 31 October 1938, Herald, 31 October 1938; S.M.H., 1 November 1938.

2 Argus, 31 October 1938 and 2 November 1938.

3 Herald, 3 March 1939.

4 Argus, 20 December 1938.

5 See Argus, 5 December 1938 and 20 December 1938.
to 70,691. Lyons praised the result as 'a vindication of the freedom we enjoy', proving that the Australian democracy did not need compulsion. It was also a vindication of his stand against his colleagues, and his success suggests that a more forceful stand on other issues might have had comparable success. However, caution prevailed in his participation in Cabinet discussions, and there are no other known instances of such an intransigent refusal to compromise.

As the newspapers noted, during the last months of his life he showed 'a disposition to assert himself more', being 'less patient of opposition in Cabinet than he used to be'. His increasingly uncompromising attitude was due in large part to his increasing ill-health and the disillusionment created by the beginning of attempts to displace him as leader. One clear instance of his more positive leadership at this time arose out of Menzies' deliberately exploiting the worsening situation in Europe to parade his 'first-hand' knowledge and to imply that in this time of crisis he would be a more suitable Prime Minister. In January 1939, Lyons forbade his ministers to comment publicly on Hitler's Reichstag speech, and, exercising his prerogative as the sole spokesman for Cabinet, then made the only official statement on the speech. Most unusually, he had not

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1 J.A. Perkins, quoted in *Herald*, 20 February 1939; *Herald*, 31 March 1939; *Age*, 4 April 1939.
2 *Age*, 20 February 1939.
3 *Herald*, 8 February 1939; see Canberra Correspondent, writing in *S.M.H.*, 20 February 1939.
first consulted his ministers about the contents of his remarks, and some criticized them either for being too anti-Hitler or too mild.\(^1\) However, he had succeeded in defeating Menzies' plan to release his own analysis of Hitler's speech, an analysis which Menzies told journalists he expected would have had 'a great effect'.\(^2\)

Also in 1939, there occurred the only clear example of his attempting to repeal legislation that he did not fully endorse and that had created administrative and political complications beyond Cabinet's skill to solve. The legislation was the National Health and Pensions Act of 1938. While he approved of National Insurance as a theory, he had always feared that a good scheme would be hard to produce,\(^3\) and when Casey presented his legislation to parliament he did not agree with all its provisions. However, as he told the House, while making 'no pretence that the bill is perfect or complete', he accepted it as 'merely the first measure', and welcomed suggested improvements.\(^4\) His doubts increased when politicians of all parties criticized the bill, either for its inadequacy or its extravagance, or for its probable effects on primary producers, doctors, and friendly societies. While it was still before the House, he

\(^1\) J.A. Lyons' statement, quoted in S.M.H., 1 February 1939; S.M.H., 2 February 1939; *Herald*, 4 February 1939.

\(^2\) *Sun News-Pictorial*, 1 February 1939.

\(^3\) V.C. Bagot to Mrs H.M. Daly, 26 October 1932, Lyons Papers (C.A.), CP 103 (Series 19) Bundle 2 Folder B.

told Casey and A.J. McLachlan, his Postmaster-General, that the bill should be withdrawn. Casey 'fumed and swore' that he would resign in protest, McLachlan also threatened resignation, and after some weeks of consideration Lyons agreed to continue with the legislation. However, although at special party meetings in June he stood firm against the dissidents in the coalition and insisted that the bill must be carried, he still remained dissatisfied with Casey's scheme, which he left Casey to defend in the public controversies subsequent to its passage through parliament.

In December, five months after the legislation was carried, rumours appeared that he favoured postponing its proclamation. In November, he had learnt that many leading party supporters in Tasmania were 'very bitter' about the Act, which they threatened to boycott, and information from other states agreed that it was misunderstood and widely opposed. The National Union and interest groups may have asked him to abandon the scheme, for it appeared to entail too much expense to please the business community. A serious drought had

1 McLachlan, p.226.
2 Herald, 15 June 1938 and 18 June 1938.
3 S.M.H., 8 December 1938.
4 J.A. Guy to J.A. Lyons, 4 November 1938, Lyons Papers, file 17.
created financial difficulties for the Commonwealth, which by December was seeking extra money for defence needs; with their fears of an imminent war, social security to most ministers became peripheral to Australia's immediate needs. Country Party members insisted that considerable changes must be made in the scheme to safeguard the interests of their constituents, and by early 1939 U.A.P. ministers feared that Country Party dissidents, by voting with Labour in the Senate to defeat National Insurance regulations, would force the government to fight an election over the now apparently unpopular scheme.

Because of the mounting wave of criticism, the proclamation of the Act was postponed in December 1938; by the following February, Lyons had decided that the dispute had reached dangerous proportions. Accordingly, Page, by then his closest friend and adviser, on 21 February publicly suggested, with his 'cognisance', that in the interests of defence expansion National Insurance might have to be postponed. Lyons had helped to prevent Casey's plan being put into operation, and probably thereby avoided the collapse of the coalition.

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3 Sun News-Pictorial, 23 February 1939; S.M.H., 31 March 1939.
but had failed to provide an acceptable alternative scheme; by 1939, however, he was too ill and too overstrained by domestic and external developments to be capable of finding a solution to the impasse.

During the earlier part of his Prime Ministership, he preferred to compromise on policy issues, and even when in disagreement with Cabinet decisions he accepted the majority vote as binding on himself. The reasons for his acceptance varied in each instance, but were usually because the alternatives were not as clearly defined for him as, for example, between compulsory or voluntary military training. He often did not know how best to apply his general objectives, and the unfavourable economic circumstances persisting throughout the thirties appeared to make compromise unavoidable. The Depression and its aftermath of economic caution long made advances in social security appear to be financially injudicious, and such political considerations as appeasing the Country Party and important interest groups were often inescapable. And, apart from compulsory military training, no issue so offended his sense of values that he was prepared to attempt to impose his will on his colleagues.

The clearest example of his compromising over a policy that contradicted his personal philosophy was Cabinet's decision in November 1933 to impose a flour tax. In 1932, in rejecting a Country Party request for this levy, he had described it as a tax on the poor; instead of its imposition, he wanted assistance for

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1 Herald, 15 March 1939; S.M.H., 16 March 1939.
wheatgrowers to be paid by all taxpayers on the basis of their income. 1 In November 1933, when Cabinet was debating the tax, Giblin warned him that it would be 'thoroughly bad in its effects' and was contrary to the general principles on which the government had met the Depression. He agreed with Giblin's analysis of the ultimate effect upon the primary producer, 2 but despite his warnings Cabinet agreed to the levy. While not 'a bit happy' about the decision, his clear opposition to the tax had forced a compromise in Cabinet, and he told his wife that 'I have definitely limited the tax to June [1934], and then it definitely has to go for good - that makes it acceptable to the party, but they are no more happy than I'. 3 The remark about making the tax acceptable to the party suggests that by warning Cabinet of the dangers of party dissension he obtained the time limit on the tax. Using the excuse that the government must be protected from attack at the forthcoming election, he tried to have the tax lifted at the end of April 1934; however, although arrangements were made to carry out his wish, Casey strongly advised him against the early removal, and the tax remained until 31 May. 4 Because of the continuing need to bolster the

1 S.M.H., 21 October 1932.

2 L.F. Giblin to J.A. Lyons, 6 November 1933; J.A. Lyons to L.F. Giblin, 9 November 1933, Lyons Papers (C.A.), CP 30 (Series 3) Box 4 Folder G.

3 J.A. Lyons to E.M. Lyons, 24 November 1933, Lyons Papers, miscellaneous file; see also A.J. McLachlan to J.A. Lyons, 17 November 1933, Lyons Papers, file 8.

4 R.G. Casey to J.A. Lyons, 12 April 1934, Lyons Papers (C.A.), CP 103 (Series 19) Bundle 9 Folder C (part 3).
wheat industry and to satisfy Country Party demands,\(^1\) the tax soon was reimposed and was not lifted while he was Prime Minister; the defeat of the marketing referendum of 1937 prevented its replacement by alternative financial assistance.

Other examples occurred of his compromising on policies that were contrary to his wishes. As the flour tax conflicted with his desire to improve the conditions of the poorer sections of the community, so capital punishment conflicted with his belief in the sanctity of life. He told federal parliament in 1936 that 'I am now, and always have been, opposed to capital punishment',\(^2\) but he had been unable to prevent Cabinet from restoring it for federal territories. In Tasmania, he had reduced taxes on lower incomes while increasing them for the wealthier, but his federal government decreased direct taxes while greatly increasing indirect taxes, thereby placing the burden proportionately more heavily on those least able to meet it.\(^3\) This policy contradicted his desire for equitable taxation, but he appears to have accepted the advice that reductions in direct taxation would lead to increased

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\(^1\) See J.G. Latham to J.A. Lyons, 17 November 1933, Lyons Papers (C.A.) CP 30 (Series 3) Box 5 Folder L.

\(^2\) C.P.D., vol.150, p.1600 (13 May 1936).

employment. A strong protectionist, he had supported all the Scullin Government tariffs, voted for them after leaving the Labour Party, and then, rather than adopt his new party's policy and vote against them, stayed away from the House in the latter part of 1931 when divisions were taken on the tariff schedules. In 1933, he categorically rejected a request from a delegation from industry and commerce for substantial tariff reductions, and in 1934 he publicly warned that large tariff cuts would create more unemployment. However, advice from the public service combined with pressure from interest groups and especially the Country Party brought sharp reductions in most tariffs by 1937.

Acutely aware of the need in all countries to ameliorate the condition of the under-privileged, to raise the general standard of living, and to improve the distribution of food and the necessities of life, he tried to enlist the help of the Pope and of the Imperial Conference of 1937 to this end. This attempt came to nothing, and within Australia also his social

1 J.A. Lyons, quoted in S.M.H., 21 October 1932 and Age, 7 August 1933, and his speech in C.P.D., vol.142, p.4824 (21 November 1933).


3 S.M.H., 12 August 1933; Age, 23 June 1934.

4 S.M.H., 28 June 1935, 1 October 1935, and 29 May 1937; see also J.A. Lyons, quoted in S.M.H., 28 March 1938.
objectives were not realized; the conservatism of his colleagues coupled with the financial stringency caused first by the Depression and later by the defence crisis handicapped the introduction of increased social security. Amongst his efforts to assist social welfare, he helped to publicize a Tasmanian friend's attempts to lower the maternity death-rate, and tried, without success, to initiate a federal slum clearance and housing programme;¹ in general, however, his main role in the making of Cabinet's social security policy was, as in other fields, to prevent the adoption of the more illiberal suggestions of his colleagues. Some ministers questioned the desirability of any social security legislation and wanted to end or to restrict many of the existing pension benefits; for example, in 1932 one minister recommended that to meet increased dole payments the old-age pension should be cut from its already reduced rate of seventeen shillings and sixpence a week to twelve shillings and sixpence.² In the face of such deep-rooted prejudices, Lyons was able to achieve little.

In 1935, Lyons named unemployment as the most serious problem facing the government, and described a government that did nothing to end it as 'recreant to the trust the people have placed in it'.³ In 1932, with the assistance

¹ Mrs E.A. Waterworth to J.A. Lyons, 13 October 1934 and 27 October 1934, Lyons Papers (C.A.), CP 30 (Series 3) Box 8 Folder V; information given by Dame Enid Lyons; J.A. Lyons, quoted in Herald, 24 November 1934.

² W. Massy Greene to H.J. Sheehan, 30 July 1932, Commonwealth, Treasury, 32/3745.

³ Herald, 16 January 1935.
of his wife he had led a campaign urging the public to provide work for the unemployed and to buy goods to increase employment, while in 1934 he had warned Cabinet that serious social unrest would break out unless drastic action was taken to reduce the number of workless. However, as Cabinet accepted Casey's warning that money could be spent on only a limited number of essential public works, for rigorous control of public spending was still 'imperative' to maintain financial stability, he had to accept a policy of only limited amelioration of unemployment. In January 1938, when other ministers were congratulating themselves that the number of union members out of work had fallen to 8.2 per cent, the lowest figure since August 1927, he still insisted that a further reduction was necessary.

Not only did he realistically compromise on policy, but he was also careful not to express his personal opinions in public, instead almost invariably restricting himself to stating Cabinet policy. In this way, he avoided any public indication of his disagreement with government decisions. The only significant exception to this rule was his attitude to war, which he freely expressed. War to him was 'hideousness, tragedy, uselessness, and destruction', a 'barbarous and inconclusive' way to settle differences that could

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1 Examiner, 20 June 1932; article by J.A. Lyons in Daily News (Perth), 30 June 1932; Sun, 30 June 1932.

2 S.M.H., 4 February 1935.

3 S.M.H., 21 January 1938.
lead 'to the total collapse of our civilization'. The war graves that he saw in France in 1935 reinforced his horror at 'the tragedy, destruction, misery, and suffering that war brings', and he wanted the leaders of every country 'to ensure that this great tragedy is never repeated'. While his emotional repugnance to war did not blind him to the need for rearmament, for, as he told the American Consul-General in 1935, he could never forget that Australia one day might find itself in Abyssinia's position, he commented in November 1938 that perhaps 'the only satisfactory or pleasing aspect' of increased defence spending was the employment created.

Foreign and defence policy is the clearest instance of Lyons' most serious handicap as a policy-maker when he became Prime Minister, namely his unfamiliarity with many of the questions that Cabinet had to decide. At the age of fifty, he left the insular Tasmanian environment to be faced with far more intricate issues than those encountered in state politics, and after only two years in federal politics he had, as Prime Minister, to consider questions completely outside his earlier

1 Courier Mail (Brisbane), 6 August 1938; S.M.H., 16 September 1938; Speech by J.A. Lyons in opening the Second Unofficial Conference on British Commonwealth Relations, 3 September 1938, Current Notes on International Affairs, vol.5, no.5 (Canberra, 1 September 1938), p.110.

2 S.M.H., 21 June 1935 and 19 October 1937.

3 Moffat Diary, p.56 (2 October 1935).

experience. Realizing his handicap, he sought to overcome it through what close Tasmanian associates considered to be his best characteristic as a policy-maker, his 'encouraging people to come to you with the best that is in them and help with the job', he being able to 'take the ideas and transform them into something bigger and more comprehensive' than his advisers had suggested.\(^1\) After becoming leader of the U.A.P., he asked his associates outside parliament to send him any information or proposals relevant to federal policy;\(^2\) they readily responded.

During 1932 and 1933, when Cabinet was developing its financial policies, his use of advice from outside Cabinet can be most clearly illustrated. He had no need of advice on the general objectives of financial policy, for he was convinced of the validity of the policy he had adopted in 1930 that combined elements of controlled inflation with deflation tempered by notions of 'equal sacrifice'. However, on the details of policy he did need advice, but the conflicting recommendations he received may have confused him, and not till late 1933 did he and his cabinet finally reach

\(^1\) Fergus Medwin to J.A. Lyons, 17 August 1932, Lyons Papers (C.A.), CP 30 (Series 3) Box 2 Folder M; L. Brainowski to J.A. Lyons, 27 January 1933, Lyons Papers, (C.A.), CP 30 (Series 3) Box 3 Folder B.

\(^2\) For example, J.A. Lyons to J.B. Brigden, 13 May 1931, Lyons Papers (C.A.), CP 103 (Series 19) Bundle 1 Folder B; J.A. Lyons to A.C. Davidson, 6 May 1931 and 26 October 1931, Lyons Papers (C.A.), CP 103 (Series 19) Bundle 1 Folder D; J.A. Lyons to Fergus Medwin, 16 August 1932 and 25 August 1932, Lyons Papers (C.A.), CP 30 (Series 3) Box 2 Folder M.
generally acceptable decisions about all aspects of economic policy. Giblin, still one of his closest financial advisers, remained as Acting Commonwealth Statistician in 1932 as a personal favour to him, and worked closely with Bruce, who had similar policies.¹ Contradicting most of their recommendations was the Group, who doubted the orthodoxy of Bruce and the Treasury, and greatly feared the influence on Lyons of 'the Economists', as they termed them.² Of all the Commonwealth's advisers, the most radical, for those days, were B.S.B. Stevens, U.A.P. Premier of New South Wales from May 1932, and A.C. Davidson, General Manager of the Bank of New South Wales, both of whom were advised by able economists.

While all the economists agreed with the Group and the business community in general that relief from the Depression depended upon a rise in export prices, and Copland, for example, warned against drastic credit expansion or rapid development of the economy,³ Giblin probably had the support of most economists when he urged Lyons to use cautious credit expansion to provide employment.⁴ The Group still disapproved of credit

¹ Sun News-Pictorial, 8 January 1932; L.F. Giblin to Edith Giblin, 8 February 1932, 11 May 1932, and 16 May 1932, Giblin Papers.

² S. Ricketson, Diary, 28 January 1932 and 11 April 1932.

³ S.M.H., 29 November 1933.

expansion, of which the Commonwealth Bank also was wary, but Stevens and Davidson opposed the Bank's deflationary advice, and demanded an immediate expansion of credit.\(^1\)

On the question of devaluation, or, as it was then described, the high exchange rate, Giblin argued that it was the permanent corrective for Australia's deficit balance of trade, the Group and the Commonwealth Bank favoured a return to complete or near parity with sterling, while Stevens and Davidson warned that an end to devaluation would be 'suicidal' and tended to the view that the Australian currency be further devalued.\(^2\)

The growing use of Treasury Bills to provide short-term credit was supported by most economists and, perhaps partly from necessity, the Treasury, but was mistrusted by the Group, who also were at variance with the widespread desire for a further reduction of all interest rates.\(^3\) However, Ricketson considered Theodore's proposal in 1930 to give the Commonwealth Bank all the powers of a central bank to be 'excellent', and in 1934 Henderson advised Lyons, who had consulted him on this question, to give the Bank sufficient powers to be able

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\(^1\) A.C. Davidson to J.A. Lyons, 23 June 1932 and 21 October 1932, Lyons Papers, file 10.


\(^3\) J.B. Were & Son's Weekly Share Market Letter, no.404 (Special Issue), 21 October 1932; S. Ricketson, Diary, 28 January 1932.
to construct a planned monetary policy. In this instance, they had the support of most of the economists, along with Bruce and Davidson.

Apart from this conflicting advice, there were other influences on Cabinet's eventual decisions. Warnings from British financiers coupled with the unpublicized visit early in 1933 of an official of the Overseas Dominions Section of the Bank of England to investigate Australia's finances emphasized that Cabinet must choose policies acceptable to Britain. Within Australia, there were many conflicting pressures, perhaps the most powerful coming from rural interests, which insisted that devaluation coupled with sharply reduced tariff rates must become a permanent feature of the Australian economy. Faced with pressure from primary producers' organizations combined with an often bitter parliamentary campaign by the Country Party to force the adoption of this policy, which was supported by many economists, the government finally capitulated.

1 J.B. Were & Son [i.e., S. Ricketson] to H. Richmond, 14 April 1930, Ricketson Papers; K.A. Henderson to J.A. Lyons, with enclosure, 19 October 1932, Lyons Papers, file 4.

2 S. Ricketson, Diary, 11 April 1932; A.C. Davidson to J.A. Lyons, 21 October 1932, Lyons Papers, file 10.

3 J.G. Latham to G.F. Pearce, 21 April 1932, Pearce Papers, MS 213; Sir Lennon Raws, quoted in S. Ricketson, Diary, 18 February 1933.

While generally sharing the less rigidly orthodox policies of Bruce and Giblin, Lyons, perhaps confused by these conflicting pressures and recommendations, was sometimes inconsistent on particular issues. Although, because of the prevailing opinion in Cabinet, his public statements emphasized deflation and controlled budgets without mentioning the expansionist policies he had supported in late 1930, in early 1932 he still agreed with Giblin and Bruce about the need for controlled credit expansion to provide public works for the unemployed. But by mid-1932, physical exhaustion, the replacement of Bruce by the more orthodox Massy Greene as Assistant Treasurer, and the warnings of the Commonwealth Bank had weakened his stand against the 'hard shell minority' in Cabinet led by Pearce who resisted such an unorthodox concept. However, as Lyons remarked in 1934, Bruce had laid the foundations of U.A.P. financial policy while Assistant Treasurer, and by late 1933 his very moderate reflationary policy had been accepted, despite the protests of Stevens and Davidson at its inadequacy. As Acting Treasurer in 1930, Lyons had made attempts to devalue, or, in the terminology of that time, to raise the exchange rates.

1 L.F. Giblin to Edith Giblin, 9 March 1932, Giblin Papers.
3 S.M.H., 6 April 1934.
4 See B.S.B. Stevens, quoted in S.M.H., 4 July 1932 and 7 October 1936, and also his article in S.M.H., 19 November 1936; J.A. Lyons to S.M. Bruce, 2 November 1932, Lyons Papers, file 5.
Such a rise would give farmers an increased return in Australian currency for their exports, but the Bank of New South Wales, not Lyons, succeeded in raising the rates. On becoming Prime Minister, he was impressed by the recommendations made by Giblin, Copland, Davidson, and other advisers that a further rise in the exchange rate would assist primary producers. However, in August the Tariff Board presented a report which warned that if exchange remained at a high level, then practically all tariffs must be lowered; as a high protectionist already under considerable pressure to cut tariffs, Lyons now changed his opinion about exchange rates, for on the Tariff Board's argument the higher the rate the greater must be the reductions in tariff rates. In November, therefore, he assured Ricketson that he opposed any further exchange rise. Although Cabinet delayed by twelve months its acceptance of the Tariff Board's report, by October 1933 it was unable any longer to ignore economic and political realities, and in that month it legislated that at the current exchange level tariffs would be cut by a quarter.

Despite the varied advice and pressures, the experience gained during seven years as Treasurer of

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Giblin, Central Bank, p.76; J.A. Lyons, quoted in Argus, 16 April 1932; L.F. Giblin to Edith Giblin, 9 March 1932, Giblin Papers.

2 Tariff Board to J.A. Perkins, 5 August 1932 and 11 August 1932, Lyons Papers, file 4.

3 J.A. Lyons, quoted in S. Ricketson, Diary, 21 November 1932.

Tasmania and six months as Scullin's Acting Treasurer greatly assisted Lyons to evaluate the various recommendations, and despite the arguments of the Group he remained in general amongst the less conservative group in Cabinet. His main difficulty was not to make up his own mind but to ensure that Cabinet did not split into factions during the prolonged debates about policy, and also that the eventual decisions were economically adequate, acceptable to the voters, and at least partly satisfied the principal interest groups concerned. However, where he lacked experience of other federal issues he was more reliant on advice to assist him to frame his general objectives.

The main topic by the late thirties was foreign and defence policy, to which whilst in Tasmania he had given little thought, apart from generally supporting the Labour Party's Australian nationalism and especially its opposition to conscription. His inexperience in this field, coupled with the lack of alternative advice to that given by his ministerial colleagues and his officials, due to the fact that almost without exception his friends outside parliament had no relevant knowledge, meant that he had a less creative part in Cabinet discussions of external as compared with internal policy. However, when he began to study external questions, he found that he agreed with his new party's broad concepts, and in general did not contest the validity of the policy that his government had inherited from the Bruce-Page Government. In November 1932, he told Ricketson that as a result of what was disclosed to him of the British Government's attitude to 'all'
world problems, his respect for British statesmen increased daily,¹ and he applauded their efforts to avoid a European war. The Japanese menace to Australia was as obvious to him as to his colleagues, and when warned that Australia was endangered by Britain's defence unpreparedness and concentration on her own defence, he helped to prepare Australia for war.²

As in Tasmania, he was occasionally so impressed by a recommendation from one of his advisers that he tried to have it adopted despite the opposition of less enthusiastic ministers. The clearest illustration in federal politics of this enthusiasm was the proposed Pacific Pact of non-aggression, which briefly concerned Cabinet after the weakness of the League of Nations' collective security provisions was exposed by the failure of sanctions against Italy. This failure, coupled with the lapse of the 1922 Washington Treaty limiting naval armaments and maintaining the status quo in Pacific fortifications and naval bases, made Cabinet afraid that an arms race would begin in the Pacific, and it therefore asked Britain to arrange for the immediate joint consideration of collective security and the League.³ Britain's resultant proposals were supported

¹ J.A. Lyons, quoted in S. Ricketson, Diary, 21 November 1932.

² G.F. Pearce to J.A. Lyons, with memoranda, 28 April 1933, Pearce Papers held by Australian War Memorial Library, Canberra, Folder 47-49; J.G. Latham to J.A. Lyons, 27 July 1933, Lyons Papers (C.A.), CP 30 (Series 3) Box 3 Folder F; G.F. Pearce to J.A. Lyons, 22 December 1936, Lyons Papers, file 17; Edwards, pp.257-8.

³ S.M.H., 19 June 1936.
by a sub-committee of the Australian Cabinet, especially
the suggestion that regional non-aggression pacts
consistent with the League Covenant be formed to
strengthen general security. On 29 September 1936,
details of the suggested pact were outlined in parliament.¹

Such a pact appealed to Lyons' idealism and
abhorrence of war, and he had tried to arouse support
for it a year before its consideration by Cabinet.
Whether he conceived of the plan without the help of
his advisers is not clear, but certainly its details
were devised with the aid of senior ministers, not by
himself alone.² He first discussed its formation when
the Japanese Vice-Minister for Foreign Affairs visited
Australia in May 1935, and then raised it with Roosevelt
when he visited America in July that year.³ In October,
he publicly stated that, even if war broke out in Europe,
Pacific nations must prevent its spreading to their
area.⁴ After working out the details of the plan with
Pearce, at the Imperial Conference of May 1937 he
advocated a non-aggression pact whereby all the nations
bordering the Pacific would accept the status quo in the
area and submit any disputes to 'friendly discussion'.⁵
Once his proposal was endorsed by the Conference, he
discussed the Pact's formation with the London

¹ Hasluck, pp.66-7; C.P.D., vol.151, pp.622-3.
² Heydon, p.131.
³ Hooker, p.128.
⁴ S.M.H., 14 October 1935.
⁵ Heydon, p.131; S.M.H., 28 May 1937.
ambassadors of all the Pacific powers. He hoped that a conference of Pacific nations would be held in Australia to form the Pact, but the countries involved were sceptical of its worth, especially as Japan was at war with China. The American Ambassador, who suspected that the proposal was made solely to gain American protection against Japan, warned him that his government would not sign any agreement binding it 'in any way whatever' to protect Australia.

Having given his impetus, Lyons left Britain to negotiate its formation, as Australia did not have the necessary diplomatic service. However, the British Government made no move to form the Pact, probably because it agreed with the Americans that the proposal was merely a quite impractical 'hobby' of Lyons. Although in September 1937 Cabinet suspended its tentative moves to form the Pact because of the Sino-Japanese War, Lyons' enthusiasm did not diminish; he argued that if earlier moves to form such a pact had been made, the Sino-Japanese War could have been

1 S.M.H., 28 May 1937.


prevented. 1 In 1937 or early 1938, during a discussion with Ricketson he suggested that Pratt during his next business visit to South-East Asia should encourage the governments of the region to adopt the Pact; when approached, Pratt was enthusiastic 2 but unsuccessful, and the Pacific Pact was forgotten in the deepening crisis of 1938.

Another example of Lyons' enthusiasm for a suggestion being defeated by indifference and adverse circumstances was the proposal that ambassadors be exchanged with the United States. He was greatly impressed by Roosevelt when they met in July 1935, and welcomed his suggestion for the exchange of ambassadors, 3 However, as he explained to Roosevelt, since Cabinet was not yet prepared to make similar appointments to other countries, an official Australian representative could not at that time be appointed to Washington; Roosevelt then suggested that if Australia sent a Commissioner, he would receive recognition equal to that of an ambassador. 4 Lyons discussed this proposal with senior ministers, but was met by Pearce's strong opposition;


2 A. Pratt to J.A. Lyons, n.d. [late 1937 or early 1938], Lyons Papers, file 6.

3 Lyons, p.244; Moffat Diary, p.202 (6 February 1936); Estthus, p.16.

he therefore decided to await 'the right time' before bringing it before the full Cabinet. In his attempts to arouse wider support, he discovered that most parliamentarians were also opposed to closer official liaison with America. All that he could achieve, therefore, was the appointment in 1937 of an Australian Counsellor to the British Embassy at Washington; his proposal in 1935 that a goodwill mission be sent to the United States and Canada in the following year was rejected by Cabinet as both too expensive and of doubtful worth.

Any original ideas that he had about policy were usually discussed with his advisers before being referred to Cabinet, as for instance when he sought to reorganize financial assistance to the claimant states. After leaving Tasmania, whose dependence on Commonwealth aid he fully understood, he continued to assist it by his own direct initiative. However, as he explained to a Tasmanian audience in 1931, his main objective was to replace these haphazard personal initiatives and the disorganized bargaining by state governments for assistance with a scheme whereby federal aid was allocated by a permanent

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1 G.F. Pearce, quoted in Moffat Diary, p.60 (3 October 1935); J.A. Lyons, quoted in Moffat Diary, p.69 (5 October 1935); Hooker, p.127.

2 G.F. Pearce, quoted in Moffat Diary, p.400 (1 June 1936).

3 S.M.H., 20 August 1935.

4 For example, shipping: Mercury, 20 May 1933; Advocate, 10 August 1937; J.A. Lyons' speech in C.P.D., vol.154, p.282 (27 August 1937).
committee on the lines of the earlier Inter-State Commission. As in the twenties Giblin had taken a leading part in preparing Tasmania's requests for assistance, Lyons asked for his advice about forming such a body. In 1932, Giblin offered to conduct a full investigation for him, and in December was requested by Cabinet to propose a definite plan. His plan, in line with Lyons' thinking, was accepted, and in 1933 the Commonwealth Grants Commission was formed, with Giblin as one of the three Commissioners.

Lyons' desire to achieve general agreement in Cabinet on policy was usually fulfilled, although often at the expense of delaying a final decision. Similarly, his delegation of considerable authority to subordinates was generally appreciated and in the case of his best ministers was usually completely successful, but it did create occasional disputes that threatened to disrupt his practice of leadership by compromise. In general, he managed to ensure that Cabinet's decisions were thoroughly considered and adequately co-ordinated, but there were occasional instances of inadequate supervision by him and of his loyalty to a colleague making him reluctant to over-rule the colleague's decisions even when these were generally agreed to be mistaken. For an example of the former, much of the political confusion in 1938 and 1939 caused by National Insurance stemmed from

1 Advocate, 24 August 1931.

2 J.A. Lyons' memorandum on grants to the states, 9 December 1932; see also P.E. Coleman to J.H. Scullin, 19 March 1931, Commonwealth, Treasury, 33/1056, part 1.
inadequate consideration by Cabinet and inadequate co-ordination of Country Party and U.A.P. views. To quote an instance of the latter, in 1938 he left Thorby in sole charge of defence expansion despite the great dissatisfaction of many ministers with Thorby's administration, and not till November did he heed their protests by transferring him to another portfolio and replacing him with the more qualified G.A. Street. In defending Thorby, he said that he rather than Thorby was to blame for defence inefficiencies, because Thorby may have been given too much work. But his greatest failure as chairman of Cabinet was the trade diversion policy, for it combined inadequate consideration and co-ordination of Cabinet policy with his understandable but unwise reluctance to act against a friend who had made a mistake.

Gullett, Minister in Charge of Trade Treaties in 1936, originated a policy in that year of diverting trade from certain of Australia's trading partners should he consider that such action was in Australia's interests. The United States and Japan were chosen for the initial application of this policy, for differing reasons. When applied against America, Gullett hoped that it would help to develop an Australian car industry, while Casey, the Treasury, and the Commonwealth Bank expected that it would end Australia's unfavourable balance of trade with the United States and thus avoid

1 *Age*, 12 November 1938.
a possible further devaluation of the Australian currency. In the case of Japan, although this country was Australia's second best customer and an important purchaser of its wool, some ministers wanted to replace Japanese imports with British, fearing that Japan was attempting to displace Britain on the Australian textile market as part of a plan to isolate Australia politically and economically from Britain. Gullett was particularly insistent that Australia must diversify its market to avoid reliance on Japan, for he feared that when Japan purchased half the wool clip Australia would be at its mercy.

In May 1936, Gullett obtained Cabinet acquiescence to the diverting of trade from both these countries. However, not all ministers fully supported the policy, and its full implications had not been studied by Cabinet. In 1934, Lyons had condemned as 'futile' any hope that British trading arrangements would be altered to suit Australia or that Australia's hopes could be

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1 Moffat Diary, p.282 (23-4 May 1936); H.S. Gullett's speeches in C.P.D., vol.151, p.318 (18 September 1936) and p.894 (8 October 1936); and vol.155, pp.299-312 (7 December 1937); Esthus, p.39; R.G. Casey, quoted in Moffat Diary, p.450 (30 June 1936); H.S. Gullett's speech in C.P.D., vol.156, p.1921 (8 June 1938); Commonwealth Bank to R.G. Casey, March 1936 [no exact date], Commonwealth, Treasury, Register, 36/1058.


3 H.S. Gullett, quoted in Moffat Diary, p.601 (3 November 1936).
placed on the expansion of inter-Empire trade; yet both these points were fundamental elements of Gullett's recommendation to Cabinet. The Secretary of the Department of Commerce thought that if Page and Menzies had not been in Britain when the policy was considered, the restrictions on imports from America would have been milder, and Menzies himself told the American Consul-General that he would have prevented the policy's adoption had he been in Australia. Page, consulted only three days before the regulations to divert trade were announced, warned that while he approved action against the United States, the policy must not be applied generally, and especially not to Canada.

Important sections of the public service were either not consulted or their advice was ignored. In direct contradiction to Cabinet's stated procedure, the duties imposed under the new policy were not submitted to the Tariff Board, and White, the Minister for Trade and Customs, was believed to be strongly opposed to Gullett's policy. The opinions of the Department of External Affairs, which was anxious to develop good relations with Japan, were apparently not sought, perhaps because

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1 *Mercury*, 22 June 1934.

2 J.F. Murphy, quoted in Moffat Diary, p.716 (27 January 1937); Esthus, p.25.


4 C.P.D., vol.150, p.2227 (22 May 1936); Moffat Diary, p.487 (31 July 1936).
Pearce, its ministerial head, had already approved the policy. Nor were business interests vitally affected by the policy consulted, although their advice would have been valuable.¹

With this background of inadequate public service and ministerial consideration, in Cabinet discussion the policy's full implications were overlooked. Its immediate effects were the blacklisting by America of Australian imports, and, greatly to Cabinet's surprise,² the banning by Japan of all imports of Australian wool. But the most glaring miscalculation was the failure to hold prior consultation with Britain; the British High Commissioner was informed of the policy only twenty-four hours before it was made public, and Page had to explain its anticipated benefits to the British Government after it had already been put into effect.³ Instead of the scheme pleasing Britain, as Cabinet had expected, it interfered with British plans for a trade rapprochement with America, and the British Government disappointed Cabinet's hopes by refusing to take it into consideration when negotiating a future trade agreement with Australia.⁴

¹ Sir Norman Kater, quoted in Moffat Diary, p.426 (16 June 1936); S.M.H., 10 December 1937.

² Charles Lloyd Jones, quoted in Moffat Diary, p.441 (24 June 1936); Dutch consul, quoted in Moffat Diary, p.442 (25 June 1936).


⁴ Page, p.246; Moffat Diary, p.736 (11-12 February 1937); Esthus, pp.23-4.
Cabinet also overlooked the contradiction in its waging a trade war with Japan, Australia's only possible enemy in the Pacific, while concurrently asking her to join the Pacific Pact of non-aggression; the government had also overlooked the dangers of alienating the United States, the most powerful Pacific nation and a potential ally against Japanese aggression.

Not only did Lyons permit Cabinet to adopt Gullett's policy when he himself doubted that two of its fundamental objectives could be achieved, but he allowed Gullett to continue its application even after its disadvantages were clearly understood. When businessmen suggested alternatives to the restriction of Japanese imports, his only reply was that 'I couldn't do that without chucking poor Henry Gullett', and he supported Gullett against his Cabinet critics to the end, more out of personal affection than agreement with his policy. Politically embarrassed by the policy's failure, he feared to rescind it immediately, as he would thereby be publicly acknowledging that the government had made a major mistake; however, Cabinet managed to negotiate an end to its application against Japan in December 1936, and against the United States in December 1937. The trade diversion episode had been Lyons' greatest failure as

1 Moffat Diary, p.531 (4 September 1936); Hooker, p.144.