THE SCULLIN GOVERNMENT 1929 - 1932

by

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A thesis submitted to the Australian National University in partial fulfilment of the requirements for the degree of Doctor of Philosophy.

April 1971
This thesis is my own work based upon original research undertaken while a Research Scholar in the Political Science Department, Research School of Social Sciences, Australian National University.

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Acknowledgements

My greatest debt is to Don Rawson, Senior Fellow in the Political Science Department, R.S.S.S., Australian National University, who supervised, advised, criticised, assisted and encouraged during the years in which this thesis was being prepared. I am also grateful for the advice and comments of members of the staffs of the Political Science and History Departments of the National, La Trobe and Adelaide universities.

This study would have been impossible without the generous co-operation of officials of the A.L.P. and many trade unions in allowing me to examine and quote from their records. And although their contributions have not been formally recognized in the text, I should like to acknowledge my deep appreciation for the many Party and union members who allowed me to share the memories of their experiences and thoughts and feelings about the Scullin Government: this thesis owes a great deal to their kindness.
I am indebted also to the officers of many State and University libraries throughout Australia. It is possible here to acknowledge only two by name: Miss Gay Howells of the National Library, Canberra, and Helen Thorpe of the A.N.U. Archives.

There are, finally, two special acknowledgements. The first is to Peter Phillips, of the History Department, Adelaide University, who not only suggested that the Scullin Government was a worthwhile and important topic but also first excited and then guided my interest in Australian political history. My other special debt is to Miss Helen Lambert of La Trobe University, who typed this thesis, and ensured that it would be completed.
Summary

The Scullin Government held office for twenty-seven months, October 1929 - January 1932, at a time when Australia was beginning its experience of the worst economic depression in its history. The Government was severely handicapped by the constraints of the depression. It was also crippled by its lack of a majority in the Senate. As a result the Government enacted only a small amount of legislation, other than routine measures, and hardly any which embodied the principles of the Australian Labor Party.

The Scullin Ministry was elected by the Federal Parliamentary Labor Party (Caucus) in October 1929. Later, in March 1931, Caucus declared all Ministerial and other positions vacant and elected a second Ministry. Further changes were made in June 1931. Throughout, the Ministry as a whole was moderate and cautious. A significant number of Ministers were associated with the Australian Workers' Union.
The Government's first months were taken up with budgetary and industrial matters. The latter involved the Government in the N.S.W. coal dispute and the aftermath of disputes on the wharves. It was also caught up in a minor but revealing crisis over preference to unionists. And after several months of negotiation, a mutilated Amendment to the Commonwealth Conciliation and Arbitration Act was accepted by the trade unions, the Caucus and the Opposition in the Senate.

At first the Scullin Government received little attention from the State Branches of the Party or most of the trade unions. But this situation changed, slightly and briefly, after mid-August 1930.

In July-August 1930 the Cabinet reappointed Sir Robert Gibson as Chairman of the Commonwealth Bank Board; this aroused hostility within the Party, and it was a decision which was shortly regretted. At about the same time, the Federal Treasurer, E.G. Theodore, was forced to resign as the result of allegations of past corruption. In August Scullin and Brennan (Attorney-General) left for England. Their absence, with Theodore's, contributed to the Caucus 'rebellion' of late 1930. This was sparked off by the visit of Sir Otto
Niemeyer of the Bank of England, whose advice helped create the deflationary Melbourne Agreement. This policy divided the Federal Ministry and Caucus between August and December 1930. In the end a feeble compromise was agreed upon but the divisions were barely concealed.

Matters came to a head in early January 1931, when Scullin returned to Australia. Within a few weeks turmoil in the Federal Party was again at fever pitch. Although Theodore's name was still not cleared, Scullin secured Caucus approval for his reinstatement as Treasurer. Shortly afterwards six members of Caucus crossed the floor and joined the Opposition. Almost simultaneously, a group of seven N.S.W. Federal members led by J. Beasley (an Assistant Minister) left the F.P.L.P. and established a separate 'party'. Their motives are to be found in the politics of the N.S.W. Branch of the Party and the Lang plan.

In March-April 1931 the Government attempted a policy offensive but its efforts were thwarted, yet again, by the hostile Senate. At this point it seemed that the Government was about to begin a belated attempt to secure a double-dissolution. However, its financial difficulties at last overwhelmed it and,
pressed by the threat of default, in mid-1931 the Government accepted and implemented the deflationary Premiers' Plan.

With the exception of the Premiers' Plan the Government was relatively inactive between mid-April and November 1931. Finally, on 25 November, the Beasley group challenged the Government and brought about its defeat in the House of Representatives. The Government suffered a severe defeat at the subsequent election.

Throughout the Government's term of office it was subject to the scrutiny of the extra-parliamentary organisations of the A.L.P. Although it normally met triennially, the A.L.P. Federal Conference met three times in 1930-1931. The A.L.P. Federal Executive was also very active. For various reasons neither institution had much influence on the Federal Labor Government. With the single exception of N.S.W., the A.L.P. State Branches paid only slight attention to the Scullin Government and had little effective influence on it. This was also the case with a majority of the trade unions in all States. The most notable exception was the Australian Workers' Union. But there was a large number of unions which made demands on the Government of a 'non-political' kind; this was particularly
evident in the Government's tariff policy. The unions, however, played an important though indirect role in the vital Government decision not to seek an early double-dissolution.
INTRODUCTION

Before Australia had fully recovered from the impact of the depression, during the middle and late 1930's, a number of studies were published which were chiefly concerned with the economic policy of Governments between, say, 1929 and 1935. Many of these studies were written by participants and they may now be regarded as primary sources for the period; the best example is the works of D.B. Copland (later Sir Douglas). These works are, however, of limited value because - apart from the natural bias produced by close involvement with events - their economic analysis is rooted in orthodox, pre-Keynesian economic theory.

L.F. Giblin's *Growth of a Central Bank*¹ is a study by another economist who was also closely involved in the events of 1930 and 1931. Giblin, however, benefited from the twenty-year gap between 1930 and publication of his book in 1951, and from the acceptance of Keynesian theory by Australian Governments and economists. Possibly too, Giblin was by far the most competent -

¹ All works referred to in the Introduction are listed in full in the Bibliography.
and most flexible - of the Australian economists of the inter-war period. Recently the work of C.B. Schedvin has provided a thoroughly researched account and more balanced interpretation of the economics of the depression. Together the studies of Giblin and Schedvin provide a sufficient understanding of economic events for those working in Depression studies whose principal interest is political or social.

This study of the Scullin Government relies heavily on the work of Giblin and Schedvin for economic background. Where appropriate their work has been used when discussing the economic policy of the Scullin Government, particularly its banking policy. Such discussion is, however, highly selective. Economic matters are touched on only when they have been germane to the principal themes: for example, the Scullin tariff receives some attention, while the exchange devaluation of '1931 does not; the tariff was a matter of great importance to a large number of trade unions, while the exchange devaluation was, as it were, an event external to the Labor movement.

Reference to the economic history of the depression has been kept to a minimum. There is no reference at all to the
social history of the period. This omission is more serious than might first appear. An account of the politics of the Bruce-Page Government between, say, 1925 and 1927, would require no more than a light sketch of the relevant social history. But times of crisis produce social turmoil which often has pronounced political effects. An adequate account of the A.L.P. conscription split of 1916-1917, or the conscription policy of the Curtin Government in 1942-1943, requires an understanding of the stresses and anxieties in society during those times - similarly, a full understanding of the politics of the Scullin Government demands a knowledge of the social conditions of 1930 and 1931. Startling as they are, unemployment statistics indicate only a part of the misery, shame and desperation experienced by so many. It was a time of tension and anxiety. It followed that, to give but one example, the 'Caucus crisis' of October to December 1930 was in some part caused by the social crisis and the pressures - both personal and institutional - which that crisis exerted on Labor politicians. Much of the social conflict was of a kind which cannot be measured. And until a thorough social history of the time is produced there is little that a political history such as this can do except urge the reader to remember that
political acts often had powerful social locomotors.

This study examines the Government formed by the Australian Labor Party, under the leadership of J.H. Scullin, which held office - but not power - in the Commonwealth of Australia from 22 October 1929 until 6 January 1932. It is an attempt to combine two approaches used in previous studies of the Australian Labor Movement.

In his work on the Federal Labor Party, L.F. Crisp has charted the structure of the Federal Party. Roughly one-third of the book is devoted to two sections of the Party machine - the Federal Conference and Federal Executive - and two sections of the Parliamentary instruments - the Federal Parliamentary Labor Party (F.P.L.P., or Caucus) and the Federal Cabinet. At the purely political level these four organisations are my principal concern. I have used Crisp's study as a framework. However, Crisp's model is static; it describes the evolution of the four organisations separately and only occasionally shows how they intermesh in practice. One of the main pursuits of this study has been to uncover the working relationship between Conference, Executive, Caucus and Cabinet.
In his book *How Labour Governs*, V.G. Childe describes the internal struggles of Labor up to 1921, concentrating on the period after 1910 and the struggles in New South Wales and Queensland. While Childe examines Party structure and its implications at length, the distinguishing feature of his work is his account of the trade unions and their position and influence in the Labor movement. Much of Childe's best work in *How Labour Governs* is in his description of — and incisive comments on — relations between the political and industrial wings of the movement.

In attempted emulation of Childe in this respect, this thesis has sought answers to the following kind of questions; did the unions influence the Scullin Government? Which unions? how was influence exerted, where was it directed, and on what issues and with what degree of success? Conversely, how did the Government react to union pressures?

The writer has not been fortunate enough to enjoy the intimate personal acquaintance with the Labor movement shared by Crisp and Childe; therefore this account of the Scullin Government lacks the warm understanding of Crisp's work, or the pungently critical understanding of Childe's.
Written records from four main sources are relied on: newspapers of the time, Commonwealth Parliamentary Debates; surviving Labor Party records, both State and Federal; and trade union records. Personal interviews with the few surviving members of the Government and those active in the Labor movement were sought. These were uniformly disappointing. Most of those concerned had only feeble memories for detail and many were at time too far from the centres of power to be of much help; many seemed very familiar with J.T. Lang's autobiographical pastiches, and were consequently confused. Published secondary sources were informative on the Labor movement generally but of very slight value for information on the Scullin Government. The same is true of the few works published on Australian trade unions. There is only one relevant published biography of standing, that of Chifley by L.F. Crisp. The published autobiographies of Lang are fascinating, but they are unreliable and inaccurate apologias. Memoirs by other participants are few and scrappy.

This is the first substantial study of the Scullin Government. Nevertheless, there are established interpretations of Scullin as a Prime Minister and the Scullin Labor Government. (In passing, it may be noted that most of the many writers of short 'histories rely excessively on Denning's *Caucus Crisis*;
interesting as the book is, it was surely never intended to provide more than colourful sketches of the main participants).

One interpretation is that purveyed by the Communist Party of Australia. E.W. Campbell in his book *History of the Australian Labour Movement: A Marxist Interpretation*, (1945, pp.138-39), depicts Scullin and his Government as 'reformist puppets' who 'carried out the capitalist offensive on wages and working conditions and savagely attacked the workers when they resisted'; much is made of the coal lock-out of 1929-30 in which 'the Scullin Government cynically discarded its promises to the miners and openly assisted the coal owners'. This view would not be worth much notice if it had not been so influential—partly because the Communist Party has published a large volume of political propaganda of this kind, and partly because of the similar line expounded in Frank Hardy's novel *Power Without Glory*, a work which seems to have been read widely in the Labor Movement and considerably influenced its opinions.

Another view of the Scullin Government comes from Labor Party sympathisers. This interpretation sees Scullin as a tragic figure, and the Government as valiant and idealistic but thwarted by economic fate and the 'Money Power'. It is a view which is buttressed — and with justice — by the knowledge
that Labor's basic economic policy of monetary expansion has since proved to have been the policy most appropriate, in purely economic terms, for the solution to Australia's depression problems.

The most recent examination of the Scullin Government is that written by J.R. Robertson. It is a tantalisingly brief summary of the interpretation developed by Robertson while working on his forthcoming biography of Scullin. Robertson examines seven 'critical decisions' made by Scullin: his handling of the coal lock-out in New South Wales in 1929-30; his invitation to Sir Otto Niemeyer to visit Australia in mid-1930; the decision to go overseas from August 1930 to January 1931; his renewal of Sir Robert Gibson's tenure on the Commonwealth Bank Board; his decision to re-appoint E.G. Theodore as Treasurer in January 1931; his adoption of the Premiers' Plan in June 1931; and the decision not to force a double dissolution. Each of these decisions raises questions with wide implications. They are listed here because, within necessary limits, all seven are discussed in this thesis and somewhat different conclusions are drawn, or implied.
Chapter 1

After the conscription split of 1916 the Australian Labor Party remained out of office in the Commonwealth Parliament for thirteen years. Between the defection of Hughes and his twenty-four followers and the election of the Scullin Government in October 1929 the Party was in a long, deep trough, and at the end of the 1920's it seemed that little had changed in the Party or its place in Australian politics.

Although the Party formed Governments in all six States between 1917 and 1929 its electoral performance at the national level was unimpressive. After the election of 1917 the Federal Parliamentary Labor Party numbered only thirty-two in a Parliament of one hundred and eleven and the number had only risen to thirty-eight during the Eleventh Parliament of 1928-1929. Labor increased its membership in the House of Representatives from twenty-three in 1925 to thirty-one in November 1928, but it still seemed far away from office.
The most encouraging change for Labor was an improvement in the leadership of the Party. After the departure of Hughes - the outstanding leader of the Party's first two decades - the leadership was assumed by Frank Tudor (1916-1922) and then by Matthew Charlton (1922-1928). Both were solid, industrious men with little formal education but much experience of trade union affairs and Labor Party politics.¹ But although respected and admired by many of their colleagues, neither was a leader of the calibre of Watson, Fisher or Hughes and there was consequently dissatisfaction with them in the F.P.L.P. and the State Branches. This led to attempts to bring in outstanding State Labor leaders to replace them. In Tudor's case the candidate for the succession was a former Premier of Queensland, T.J. Ryan.² Ryan entered Federal politics at the invitation of the 1919 Federal A.L.P. Conference;³ he quickly became Deputy-Leader

¹ N. Makin, Federal Labour Leaders, Sydney, 1961, pp.70-82.
of the F.P.L.P., but his sudden death in August 1921 left the Party with no candidate more distinguished than Charlton. Charlton's likely successor was E.G. Theodore, also a former Queensland Premier. Theodore, however, did not secure a seat in the Representatives until February 1927, after being narrowly defeated in a Federal election in 1925. He was not a candidate for the Deputy-Leadership in 1927, but early in 1928 Charlton successfully recommended that the F.P.L.P. Executive be enlarged by one and that Theodore be given the position. A few weeks later he stood for Deputy-Leader but was defeated by A. Blakeley, reportedly by one vote. The set-back to Theodore's ambitions was temporary, for in February 1929 Caucus elected him as Deputy. Theodore's delay in entering Federal politics after


Argus, 18 March 1927.

Caucus, Minutes, 23 March 1928; Argus, 1, 5 May 1928.

Argus, 3, 4 May 1928.

It was reported that he defeated Blakeley by two votes; Argus, 6 February 1929.
1925 and shifting factional alliances in the F.P.L.P. had, however, allowed a less talented rival to fill the leadership vacuum in the F.P.L.P.

In March 1927 Frank Anstey\(^9\) resigned as Deputy-Leader, ostensibly because of ill-health.\(^10\) His place was taken by J. H. Scullin. On Charlton's resignation in February 1928,\(^11\) Scullin was elected Leader by 'a substantial majority'.\(^12\) Scullin held the leadership from 1928 until October 1935. During that time he was for twenty-seven months (22 October 1929 - 6 January 1932) the only Labor Leader to govern Australia between 1916 and 1941. He remained in Parliament until his retirement in 1949, an elderstatesman and adviser to his colleagues and two later Labor Prime Ministers.\(^13\)

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10 *Age*, 14 March 1927.
11 According to Makin, who was a member of the F.P.L.P. at the time, Charlton was much discomfited by Theodore's aggressive ambition; N.Makin, *Op.cit.*, pp.81-2; Anstey tells a similar story (see, Frank Anstey, 'Red Ned', *Overland*, No.32, August 1965, p.22).
12 *Caucus, Minutes*, 5 February 1928.
In 1929 Scullin was fifty-three years old. Born near Ballarat in 1876 of Irish immigrant parents he had a primary education. Before entering politics he conducted a small grocery business in Ballarat and developed a considerable local reputation as a debater and public speaker; eventually, in the opinion of one who knew him, he became the finest orator the Party had ever produced. In 1907 he married Marie McNamara, a member of a family well-known in Victorian Labor politics. Like her husband, Mrs. Scullin was quiet, modest, 'soft of speech, gentle of manner', sensitive and completely lacking in ostentation; she professed an interest in golf and a passion for landscape painting. Scullin was a teetotaler and a non-smoker, and a Catholic who was strongly attached to his religion. He was 'careful, saving and sacrificing by nature'. It is not surprising or evidence of hypocrisy, that the word 'honour' was so

15 G.Brown, My Descent from Soapbox to Senate, Brisbane, 1953, p.209.
16 Australian Worker, 25 December 1929.
frequently on Scullin's lips in 1930 and 1931, for personal, Party and national honour - in ascending order of importance - were deeply important to him. It was evident, too, that he believed that personal struggle and sacrifice were in some way purifying; that Australians would in the future look back on the 'dark time' of 1930 and think that the experience had been 'good' for them.  

Scullin's political life began in 1903, at the age of twenty-seven, when he joined the A.L.P. Three years later he was an unsuccessful candidate for the Federal seat of Ballarat. Before his next attempt to enter Parliament he was employed as an organiser for the Australian Workers' Union in the Western District of Victoria; this was the beginning of a life-long association with the A.W.U. He returned to A.W.U. employment after a term as Labor M.H.R. for Corangamite (1910-1913), when he was for some years editor of the A.W.U. paper the Ballarat Echo; during these years he took an active part in the anti-conscription campaigns of 1916

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18 Advertiser, 23 August 1930.
and 1917 and in the extra-parliamentary organisations of the A.L.P. in Victoria. After an unsuccessful attempt to gain the State seat of Grenville in 1920, Scullin was returned in 1922 for the Federal seat of Yarra, a safe Labor seat which he held until his retirement twenty-seven years later.

Even at the time of his greatest trials and failures during the depression, Scullin never lost the admiration and respect of a majority of the Labor Party. He was, however, overshadowed by two great figures of the time; J.T. Lang, Leader of the A.L.P. in New South Wales, and E.G. Theodore, Scullin's Deputy in the Party and Treasurer in his Government. It is significant that these two dominated to the exclusion of Scullin, who held a higher position than either. Lang and Theodore were more experienced in Labor politics and both consequently were, among other things, masters of intrigue and manoeuvre to a degree which Scullin was not (which is not to imply that Scullin was entirely lacking in such skills). Scullin was the superior orator, but he lacked the physical

presence of his rivals; he was small, almost frail in appearance while Lang and Theodore were tall, robust and commanding. But the essential difference was in Scullin's character: he lacked that quality of cold, driving ruthlessness which was an outstanding characteristic of Lang and Theodore. Against his two great rivals Scullin appeared timid, weak and vacillating.

Like many Labor politicians before and after him, Scullin's early radicalism had moderated with years and experience. As a Victorian delegate to the 1916 A.L.P. Federal Conference Scullin moved the motion demanding the expulsion from the Party of all conscriptionists. He spoke passionately of the sacred nature of Labor Party principles, whether they be written into the Party platform or merely understood as 'the spirit of the Labor movement', and of the penalty of excommunication which must be imposed on all who violated 'fundamental principles'. 20 At the 1921 Conference Scullin was prominent among those supporting the adoption of

the socialisation Objective and Methods, he also, however, supported the Blackburn Declaration (which he may have helped draft, reportedly after consultation with Archbishop Mannix of Melbourne), which severely qualified the socialisation Objective.

The 1921 Federal Conference adopted most of the socialisation proposals put to it by the All-Australian Trade Union Congress of June 1921. (Scullin was also a prominent delegate at the Congress). The Congress had been called at the request of the A.L.P. Federal Executive because:

The movement had lost its momentum; it needed an infusion of industrial energy; somewhere there had to be found the 'genius and statecraft' which would restore its earlier elan.

Evidence of the loss of momentum was to be seen in Federal Labor's poor electoral performance and the dearth of talent

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22 Ibid., pp.35-6.
in the senior ranks of the F.P.L.P. Against this there were stirrings in the industrial base of the Party. Unemployment was high, and the unions were apprehensive at the economic downturn of 1920-21; several major unions were involved in negotiations for amalgamation and schemes for the One Big Union; the Russian Revolution was only four years old, still exciting and full of promise; a Communist Party was established in Australia in October 1920. In these circumstances there arose an inclination to flirt with something politically more radical than the traditional A.L.P. position, as it had been exemplified by Fisher's words:

No [Labour] Party worthy of the name can deny that its objective is socialism, but no socialist with any parliamentary experience can hope to get anywhere for many years to come - other than practical legislation of a socialist nature.

The result was the socialisation Objective and Methods of 1921.

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25 The national percentage average of unemployed trade unionists, 1919-1923, was: 1919 - 6.6%; 1920 - 6.5%; 1921 - 11.2%; 1922 - 9.2%; 1923 - 7.1%; (Commonwealth Year Book, No.17, 1924, p.541).


The flirtation was, however, brief, vague and of little consequence. The 1927 Federal Conference retained the 1921 Objective —'The socialisation of industry, production distribution and exchange' —, but by its emasculation of the Methods section the Conference signified that the Party had returned to its old stance of striving for 'practical legislation of a socialist nature'. Thus by the end of the 1920's Labor was in its traditional position of parochialism, empiricism and gradualism.

Labor's rejection of dogmas and theories totally inapplicable in Australia in the 1920's was sensible. Unfortunately it was not a rejection based on analysis and understanding but, in part at least, an expression of disregard, if not contempt, for economic, political and social analysis. Labor was a reformist Party in a capitalist society but it did not appreciate that there was a rational, informed approach to reformism. The Labor Party was not a thinking or writing Party; its contacts with, for example, the Labour Party in England were negligible and it remained unaffiliated with the Socialist International. With few exceptions this situation was duplicated in the trade unions. Only a few unions were affiliated with institutions such as the Victorian Labor
College (which produced tired versions of crude Marxism), or the Workers' Educational Association.

A lack of ideas was exposed as one of Labor's important weaknesses in 1929-1932. Labor performed badly, worse than it might have done, in part because it was a poorly equipped reformist Party. Perhaps its inadequacies were no more than a reflection of the values of the society in which it functioned; but Labor offered little challenge or leadership.

A dearth of ideas was by no means the only or most important cause of the Scullin Government's dismal performance. The constraints imposed by the economic depression produced difficulties for all Governments. And in Australia these difficulties were made greater still by the Federal structure of the Commonwealth. Under the Constitution the Federal

30 E.M. Higgins, David Stewart and the W.E.A., W.E.A., Sydney, ND., has many useful observations on the relationship - a difficult one - between the unions and the W.E.A; see in particular Chapters 6 and 7; see also the important comments of G.V. Portus in Chapter XVII of his autobiography, Happy Highways, (Melbourne, 1953).
Government shared power with the six State Governments and although the Federal Government was paramount its power and influence were restricted. The six States were widely separated geographically, at different stages of economic development, with populations varying in size and distribution, and under Governments of varying political complexions and competence. Thus there were ever-present tensions between the States and between the Federal Government and the States.

The difficulties, restrictions and tensions of federalism were paralleled in the Australian Labor Party. The Labor Party comprised what were in effect seven parties - the Federal Party and the six State Branches - closely bound by common origins, structure, aims and methods, yet continually in danger of being pulled apart by the centrifugal forces of State autonomy.

The organisation of the A.L.P. was fairly simple. At the Federal level there were three organisations. The Federal Parliamentary Labor Party (F.P.L.P.) comprised all Labor members of both Houses of the Commonwealth Parliament. The F.P.L.P. takes its usual (although unofficial) name, Caucus, from the function it performed: members met in conclave
before and during sessions of Parliament to decide by majority vote what Party policy to political questions should be; once decided, each member was bound by his signed pledge to vote for the policy accepted by the Caucus majority. Guide lines for Caucus decisions were established by the Federal A.L.P. Conference. Consisting of thirty-six delegates - six from each State Branch\(^{31}\) - the Conference normally met triennially to consider proposals from the State Branches for inclusion in the Party's programme. In theory and often in practice the Federal Conference was the supreme governing body in the Labor Party. Between Conferences a Federal Executive of twelve - two delegates from each State Branch - met at least once a year to interpret Conference decisions, administer the Party and resolve the more urgent policy and disciplinary questions. Neither Conference or Executive employed full-time officers.

\(^{31}\) The obvious must be emphasised: equal Branch representation meant that, for example, Tasmania had a voice at the Conference equal to that of New South Wales; whatever the merits of the allocation it is understandable that it was the cause of dissatisfaction. (This does not imply that the Conference divided along State lines).
The chain of organisation - Caucus - Executive - 
Conference - was roughly duplicated in each of the six 
State Branches, although there were many minor variations 
in structure and nomenclature (most notably in Western 
Australia). The important difference was rank-and-file 
participation by the local (i.e. intra-state) branches and 
trade unions. The theory and constitution of Labor 
suggested that the wishes of the ordinary Party member in 
an affiliated trade union or a local branch (or possibly 
both) were made effective by transmission through the union 
or branch delegate to the State Conference and hence to the 
State parliamentary Caucus. Where the impulse concerned 
Federal affairs it went on from the State Conference or 
Executive to their Federal counterparts and then to the 
Federal Caucus. The latter was therefore a long distance 
from the Labor Party member in the States and there was always 
the possibility of requests losing their way before even 
being considered by Federal Caucus.

As Labor placed a high value on rank-and-file 
participation the Federal Party was always susceptible to 
accusations that it was out of touch with the ordinary worker
(and Party member) in the States. And as this was combined with a deep-rooted and powerful instinct for State autonomy, there was a continual temptation in the States to leap across the chain of transmission and directly 'instruct' members of the F.P.L.P. to do the bidding of the State Branch. Such temptation was the greater and the 'instruction' likely to be more powerful because the State organisations were the power bases for Federal Caucus members. Organisations within the State Branches controlled a substantial part of Party finance, the election campaign machine and, more importantly, the process of pre-selection and endorsement for Labor Federal Parliamentary candidature.

Threaded through the A.L.P. was 'the time-serving and place-seeking, the graft and chicanery' which, Turner says, are endemic in Labor movements. Nobler aspirations also prevailed and the only too evident cynicism, corruption, ambition and blind joy in factional intrigue are insufficient as an explanation for the struggles of 1930 and 1931. Several forces were at work in the Party which continually pushed it toward destruction. One such force arose from the strains imposed by Federalism. Another was the reverence for

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rank-and-file participation and control, and the consequent concern to ensure that Labor politicians were responsive to the membership and could be disciplined for breaches of Party principle.

At the time of the 1916 conscription split in the A.L.P. there was much talk among trade union officials of the need to discipline Labor politicians and 're-instate' control over politicians by the industrial wing of the Labor movement. During 1930 and 1931 there was again much talk, and some action, of the same kind. At both times there was justification for the feeling that the Labor Party had failed its creator and mainstay, the trade unions. Yet while at times fierce in their denunciation of the Scullin Government, the union critics played a very soft pedal on their own responsibility for Labor's political failures. In fact their own responsibility was considerable.

The Australian trade union movement was one of the strongest in the world. Its numerical strength rested on the protection offered through the Commonwealth and State arbitration systems. Although at the end of 1928 the unions had
approximately 911,000 members, they were perhaps less powerful than they would have been with smaller numbers. There was considerable apathy in the majority of unions on the part of a majority of members. Voting and attendance figures in union records of the late 1920's indicate that most unionists were indifferent to the day-to-day business and activities of their union (though not of course, to the economic fruit of that activity). One consequence of such indifference was that union officials tended to remain unshakeably fixed in their positions. These two things, together with most unionists apparent indifference to the part played in Labor politics by their union, meant that Labor's theory of democratic participation was too often in practice nothing but a sad farce. It was the case in 1930 and 1931 that economic hardship had an effect the reverse of what might have been expected: participation in union affairs very often diminished rather than increased. Union officials who spoke in Labor Party counsels as though they were the echoing voice of thousands were frequently the voice of only a handful. The handful may have had authority in arbitration legislation and like matters; its concerns, however, extended far beyond such narrow fields.

33 Commonwealth Year Book, No.22, 1929, p.569.
In 1928 there were 379 separate unions in Australia. Of these, 107 operated in two or more States and 43 operated in all six States; the 107 interstate unions contained 81% of all Australian unionists. Some few unions such as the A.W.U. were well integrated, with a strong and dominant Federal organisation. However, these few were the exception. In general, the interstate unions had relatively strong State Branches and a weak Federal organisation: there were a multitude of unions in this position; the A.R.U., W.W.F., the Ironworkers, Carters and Drivers and various building trades unions were typical of most. One consequence was that such unions were much more interested and influential in State Labor politics than they were in the Federal Labor Party. Conversely, those rare unions such as the A.W.U. which were strongly organised federally were interested and influential in Federal Labor politics (though not, in the case of the A.W.U., to the exclusion of influence on Labor in some States).

34 Ibid., pp.569, 571.
Unions were organised on a regional, State and, after 1927, a national basis. Some unions with allied interests were members of councils of the kind later exemplified by the Metal Trades Federation; among such unions at the end of the 1920's were the iron, steel, brass and building trades. Such councils were insignificant politically, (and probably, industrially) during the late 1920's and early 1930's. Each State had a number of Labor Councils, the most important of which were those in the capital cities. Although not as institutions affiliated with the State Branches of the A.L.P. they contained most of the unions which were affiliated with the Party. Thus the principal Councils were bodies to be reckoned with in Labor politics; but, again, their influence was most evident and important at the State Labor Party level.

The unions as a whole expressed their demands through the Australasian Council of Trade Unions (A.C.T.U.). This organisation was established in May 1927 with the general objective of the socialisation of industry, by the methods of the establishment of one union for each industry (i.e., by the elimination of the craft union), 'the consolidation of the
Australasian Labour Movement with the object of unified control, administration and action', and the central control of industrial disputes. Each of the principal State Labor Councils acted as a branch and supplied two representatives to the A.C.T.U. Executive, which also contained four other officials; like the A.L.P. Federal Executive, the A.C.T.U. Executive had no permanent office or full-time officials. For a number of reasons the A.C.T.U. was not at all a significant influence on the Scullin Government. Obviously, in 1930 the A.C.T.U. was still in its infancy, unused to its position, lacking real powers and much subject to interstate and inter-union jealousies. Less important was the fact that the unions in Western Australia had remained outside the A.C.T.U. (There were only 61,498 unionists in W.A. in 1928). Much more important was the refusal of the A.W.U. to participate in the A.C.T.U. and the hostility that existed between the two in 1930 and 1931.

35 Ibid., p.572.
36 Ibid., p.569.
The A.W.U. was Australia's largest and one of its oldest unions. In 1928 it claimed 160,000 members; the next largest was probably the A.R.U., with approximately 60,000 members. The A.W.U. was undoubtedly the richest of Australian unions, and one of the most efficient. Perhaps because it seemed so monolithic, rich and powerful, the A.W.U. was the subject of much criticism from other unions, especially the more militant; even one prominent A.W.U. man acknowledged that the opinion of many was:

That the A.W.U. was becoming a bureaucracy, and that the rank and file had no say in the framing of the rules and constitution of the organisation.

As we have noted, the A.W.U. was one of the very few unions which were strongly organised federally. Its influence with the Scullin Government was strong, much more so than the A.C.T.U., any Labor Council or any other trade union; often its influence was greater than any combination of all three. In part this was because there was a large number of A.W.U.

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38 Railroad, 10 August 1929.
members in the Scullin Ministry and the Caucus of 1929-1932. And in part it was because the A.W.U. was the industrial mirror image of the Federal Labor Party; strongly federalist and moderate in aim and pragmatic in action.

Many of the weaknesses of the union movement were revealed in the three great industrial disputes of 1928-1929. Some 60,000 unionists in the waterside, timber and coal industries were locked in a struggle with the employees, the Arbitration Court and the Commonwealth Government. In each case the unionists were defeated and the unions involved were crippled in the difficult years which followed. The effect on even the militant unions was profound, for the three lost struggles indicated that direct action was now hopelessly ineffective against wage reductions and erosion of working conditions.

Federal politics in 1928 and 1929 was dominated by industrial affairs. Industrial disputes of great bitterness, a major amendment to the Commonwealth Arbitration Act (1928), use of the new Transport Workers' Act and an abortive Industrial Peace Conference contrived to heighten and define attitudes. Many in the Labor movement believed that a 'general
capitalist offensive' was underway, and that the Government was contriving with the employers to facilitate it. The Bruce-Page Government (1923-1929) was convinced that in their attitude to arbitration the unions were irresponsible, inconsistent and insincere.

The Bruce-Page Government announced in May 1929 that if the States would not transfer their industrial powers to the Commonwealth (and they refused to do so) the Commonwealth would relinquish its own industrial powers, except in the maritime industries. In September 1929 a Bill to give effect to this was introduced into the Federal Parliament. On 10 September the Government was defeated in the House of Representatives by one vote, on an amendment moved in Committee by W.M. Hughes. An election, for the House of Representatives only, was held on 12 October and Labor won a sweeping victory.

Five of the nine Ministers standing for re-election were defeated, including the Prime Minister. Non-Labor membership of the Representatives fell from forty-four to twenty-nine (and Nationalist Party membership from twenty-nine to fourteen). Labor numbers rose from thirty-one to forty-seven. A by-election in December 1929 won a further seat
for Labor. As there was no Senate election in 1929 Labor representation in the Senate remained at seven and non-Labor at twenty-nine. Thus at the end of 1929 the Labor Caucus numbered fifty-five.

A careful study of the defeat of the Nationalist Government and the subsequent election has made extremely doubtful the accepted interpretation, which was that the election defeat was due to the Government's blunder over arbitration. As Carboch points out, there is no way of knowing why the three and a half million electors voted as they did. There is some indication - such as the fact that many Labor gains were made in rural and rural-urban seats - that arbitration was but one influence among many. Carboch notes a number of issues put forward by opinion leaders:

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The John Brown case and 'class justice'; the film tax' the New South Wales coal lock-out; the timber workers' strike; the Government's financial policy; the Public Service Bill; the question of mandates; the question of Party discipline and the importance of Party platforms; the rights of the smaller States - and so on.

Little mention was made of the worsening economic situation. Doubtless many in the Labor movement thought that Australia was about to experience a relatively minor economic downturn, of the order of that of the early 1920's. On this issue there was no sense of urgency or alarm from Labor. Scullin's policy speech was typical. He acknowledged the economic decline and laid the blame on the Nationalist Government's mismanagement and extravagance; Labor would correct this by curtailing loans and restricting loan expenditure to 'reproductive works'. He promised to implement several traditional Labor policies, such as higher tariffs, unemployment insurance, banking reform and pool-marketing of primary produce. The principle matter, however,

41 Ibid., p.269.
42 Sydney Morning Herald, (S.M.H.), 20 September 1929.
was arbitration. Scullin, and Labor generally, denounced
the Bruce-Page policy and promised reforms which would remove
the punitive aspects and broaden the conciliative functions
of the arbitration system. In the context of the
industrial strife of 1928 and 1929 and the Bruce-Page
attack, this promise appealed greatly to the trade unions
and they were more than ordinarily active in the Labor
campaign. The Labor movement apparently chose to ignore
Labor's position in the Senate and the predictable
intransigence of the Opposition Senators. Although this
problem was very rarely mentioned during the election
campaign, caution and apprehension were soon evident among
the more thoughtful members of the Party. Before leaving
for Canberra Frank Brennan warned the Party that 'the
economic position would not be righted in a day or a year'
and that 'things will be worse before they are better'; he
concluded that 'the duties lying ahead of the Labor Party
were much too serious to permit any undue exuberance'. 43

43
Argus, 19 October 1929.
Chapter II

Bruce resigned on 21 October and the Governor General sent for Scullin and invited him to form a Government. As is customary, Scullin asked for time before giving a definite reply, meaning that he would first consult the Federal Parliamentary Labor Party. This was of course a formality and the business of the Caucus meeting of 22 October was the election of a Ministry and the nomination of other Parliamentary and Party officers.

Although, with fifty four members,¹ the choice was a wide one, there were several constraints. The first was the tradition that Cabinet should consist of at least one representative from each State; thus Caucus had to choose three members from among the eight representing Queensland, Tasmania and Western Australia. A second limitation, also traditional, was the necessity to have at least one Minister in the Senate, who would have to be chosen from among Labor's seven Senators.

¹ A table setting out the changing strength of the F.P.L.P. will be found in Appendix I.
Choice was further narrowed because the Leader and Deputy-Leader of the Party, though subject to re-election to their positions at the Caucus meeting, would automatically take two of the most senior Ministerial positions. At the other end of the scale were the fifteen members of the House of Representatives who had been elected for the first time a few weeks earlier, and who at the meeting of 22 October had not yet even been sworn in as members of Parliament. Their chances of climbing straight to Cabinet rank were slender indeed. The exception among them was J.A. Lyons, the former Premier and Treasurer of Tasmania who had been invited by Scullin to resign his seat in the State Parliament to contest a seat at the 1929 Federal Election.\(^2\) (Lyons had refused a similar invitation in 1928.)\(^3\) The invitation and his experience made Lyons' election to Cabinet certain,\(^4\) the more

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\(^2\) Dame Enid Lyons, *So We Take Comfort*, London, 1965, p.148; J.Guy, Deputy Leader of the A.L.P. in Tasmania and D.Riordan of Queensland also resigned State Labor seats and were elected to the Federal Parliament in 1929.

\(^3\) Caucus, Minutes, 13 September 1928.

\(^4\) For a brief account of Lyons' twenty years in Tasmanian politics see, P.R. Hart, 'J.A.Lyons, Tasmanian Labour Leader', *Labour History*, No.9, November 1965, pp.33-42.
so because he could also serve as the Tasmanian representative in Cabinet. A few other Caucus members were much handicapped, even had they sought office, by old age or chronic ill-health.\(^5\)

With these limitations and reservations there were approximately thirty members of Caucus who might allow their name to remain on the ballot paper with some hope that they might win a position in the Ministry. But even these thirty had chances which were far from equal. After being out of office for thirteen years the Party was likely to reward those who had given long service in the bad years, and it is not therefore surprising that six of the thirteen Ministers had been members of Parliament at the time of the Fisher Labor Government of 1910-1913.\(^6\) A further influence defining eligibility for Ministerial rank was the moderate attitudes

\(^5\) For example, Dr. W. Maloney was 75 years of age; J. Mathews was 'an extremely sick man' (Australian Worker, 4 December 1929) who attended no more than ten Caucus meetings throughout the Government's term of office.

\(^6\) The six were Scullin, Brennan, Fenton, P.Moloney, Barnes and Anstey. A list of all Federal Labor members, 1929-1932, and their electorates, appears in Appendix II.
of Scullin and Theodore and their closest supporters. Another moderating influence was the Australian Workers' Union, whose General Secretary claimed that more than half of the members of the House of Representatives were members of his union. The A.W.U. was, as we shall see, certainly influential with the Scullin Government and it was generally and properly regarded as moderate in trade union and political affairs.

Just what a Labor member of Parliament's Union affiliation meant is difficult to gauge, and before dealing with the selection and the composition of the first Scullin Cabinet, which will also touch on the matter of union affiliation, it will be convenient here to discuss the connection and its implications.

Most members of the F.P.L.P. were members of at least one Union. 56% of the Labor members of 1929-1931 had held a post of some kind in a union, while 22% of the

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7 E. Grayndler, in the Australian Worker, 16 October 1929.
total had at some time been full-time union secretaries. Among the latter were R.V. Keane, Secretary to the A.R.U., Victorian Branch, at the time of his election in 1929; J.M. Gabb, Secretary of the Federal Gas Employees' Union from 1926 to 1929; and A. Lewis, Secretary of the Victorian Branch of the Carters' and Drivers' Union between 1907 and 1929. Others had union connections no less direct. E.J. Holloway was an ex-official of the Boot Trades Employees' Union and from 1916 to 1929 the Secretary of the Melbourne Trades Hall Council; J.A. Beasley was President of the Electrical Trades Union in New South Wales from 1922 until 1930 and of the New South Wales Labor Council from 1922 until 1928. The A.W.U. had the greatest number of adherents, having fostered Theodore, Scullin, Blakesley, (Federal President of the A.W.U. from 1919 until 1922), Senator Barnes (Federal President, 1924-1938),

Cunningham, Gibbons, Lacey, Martens, McNeill, (Federal President, 1938-1943), Long, Nelson, Riordan and Senators Daly, Hoare, O'Halloran and Dooley. Other close connections were those between the Miners' Union and James and Watkins, Chifley and the A.F.U.L.E., Culley and the Builders Laborers, and Rowe and the Printing Industry Employees' Union. There were a number of members whose background as teachers, journalists, or lawyers made their trade union connections more tenuous.

It is tempting to correlate union experience with degrees of radicalism. The splits of 1931 seem to justify such a correlation: Lyons, the former schoolteacher, and Fenton, the former journalist, led out a 'conservative' section; while the departing 'radical' section was led by Beasley, and contained such union militants as James and Ward. Further, the resignation from Cabinet in June 1931 of the 'industrialists' Holloway and Culley over the Premiers' Plan appears to offer additional proof for this correlation. But the connection does not hold. In every important case between 1929 and 1931 there are significant exceptions. It is not possible to identify
a consistent group of trade-union 'industrialists'; nor
is it meaningful to divide the F.P.L.P. into categories of
miners, clerks and orchardists, and so on. There is first
the problem of identifying the union to which the Labor
Parliamentarian was affiliated. Gabb had strong associations
with the Federal Gas Employees' Union, yet at the time of his
defection to the Opposition in 1931 it was revealed that he
was also a member of the Adelaide Branch of the W.W.F. West
had a lifelong association with the Master Plumbers' Union,
yet he was also a paid-up member of the A.W.U., an affiliation
which had remained unknown to his parliamentary colleague
Senator Barnes, the Federal President of the A.W.U. The
A.W.U. was apparently one of those unions who accepted
parliamentarians as members even though they had little or no
connection with the interests of the union, a practice which was
again illustrated when Chifley became a financial member of that
Union after being expelled from the A.F.U.L.E. in 1931 for his
stand on the Premiers' Plan. Another union which served the

9 W.W.F. - S.A. Branch, Minutes of General Meetings, 23 February,
29 June 1931.
10 Australian Worker, 25 March 1931.
same purpose, was Clerks' Union, which had such members as Eldridge, Lazzarini, E. Riley, Tulley, Theodore and Blakeley (and in N.S.W., Lang and J.J. Graves). The implications of this can be traced in J. Curtin's associations. He was a former Secretary and President of the Timberworkers' Union, and from 1917 to 1928 the editor of the A.W.U. paper the West Australian Worker. During 1929-1931 he was a member of the A.W.U., which on the simple equation of political attitude and union membership should place him among the moderates of the Scullin Government; but as will be related, he proved to be one of the foremost of the 'Caucus Radicals' in 1930 and 1931. This example can be generalised to make the point that a member's political attitudes, even in the narrow field directly affecting union affairs, depended as much on age, parliamentary experience and office, previous occupations, and composition of his electorate, and life experience and environment as it did on union affiliation.

12 Bulletin, 28 August 1929; World, 21 November 1931.
13 An outstanding example will be found in Chapter VI, where the Caucus vote of 26 January 1931 on Theodore's reinstatement as Treasurer is discussed.
Canvassing for positions in Cabinet before the Caucus meeting of 22 October was intense, though disjointed because members had not met in Caucus since 12 September, since when Caucus members had been much enlarged. Lobbying was therefore concentrated in the States and in Canberra during the day or two before the meeting. Both the President (J.J. Graves) and the Organiser (A.J. McPherson) of the N.S.W. Branch of the Party were in Canberra before the meeting to lobby for the Cabinet 'ticket' circulated by the N.S.W. Executive. A further indication of the interest of the extra-parliamentary A.L.P. organisations in the selection of Cabinet was given on the morning of 22 October when an anonymous circular was delivered to each member.\(^{14}\) The circular was an attack on Coleman (M.H.R. for Reid, N.S.W., since 1922), who was regarded as a possible member of Cabinet. Coleman was then thirty-seven, a Protestant, a former member of the Seamans' Union and an ex-official of the Clerks' Union and a self-educated man who was studying for a law-degree. He was, in J.T. Lang's words, 'one of the brightest intellects of the Party'.\(^{15}\) The circular attempted to counter Coleman's advantages by reproducing a

\(^{14}\) *Brisbane Courier*, 23 October 1929.

newspaper article of June 1918 in which Coleman had exhorted young Australians to enlist and 'take up the rifle'. Members were also reminded that Coleman was a volunteer in the Great War who had served in the Pay Corps. These were two accusations which may have been persuasive with the fiercely anti-conscriptionist and generally anti-militarist majority of Caucus. Others would have been influenced by the inference in the circular that Coleman had been responsible for the disclosure of the N.S.W. ballot-box scandal of 1922. It is difficult to fix responsibility for this circular, but it is possible that it originated with the A.W.U. in N.S.W. But whatever its origin, Coleman was not elected to Cabinet. His trip to London in early 1930 was regarded as compensation for this disappointment.

Caucus met at 11.00a.m. on 22 October, with 52 members present. After an enthusiastic reception of cheers and singing for Scullin and a welcome and congratulations for new members, Scullin and Theodore were unanimously re-elected Leader and Deputy-Leader. Caucus then began filling the remaining eleven Cabinet positions. Senators Barnes and Daly, two A.W.U. stalwarts, were elected first (after a motion from
Theodore and Chifley that there be two Ministerial Representatives in the Senate had been carried, and an amendment from Daly and Barnes seeking three Senate representatives had been defeated.\textsuperscript{16} After an adjournment for lunch the balloting continued. All Cabinet positions had been filled by 3.00 p.m., after a surprisingly short deliberation, indicative of the agreement in the F.P.L.P. on the composition of the Cabinet. The meeting adjourned again while Scullin allocated the thirteen portfolios and the chosen members were sworn in. Caucus met again in the evening and sat for several hours while the election for the various Party officials and nomination for Parliamentary positions was held.

The first Scullin Ministry comprised:\textsuperscript{17}

J.H. Scullin: Prime Minister, Minister for External Affairs, Ministry for Industry.

E.G. Theodore: Treasurer

\textsuperscript{16} Caucus, Minutes, 22 October 1929.

\textsuperscript{17} Changes in the Ministry and the Ministers and their various portfolios will be found in Appendix III.
F. Brennan: Attorney-General
J.A. Lyons: Postmaster-General, Minister for Works and Railways
J.E. Fenton: Minister for Trade and Customs
A. Blakeley: Minister for Home Affairs
F. Anstey: Minister for Health
A.E. Green: Minister for Defence
P.J. Moloney: Minister for Markets and Transport
F.M. Forde: Honorary Minister
J.A. Beasley: Honorary Minister
Senator J.J. Daly: Vice-President of the Executive Council
Senator J. Barnes: Honorary Minister

Although he had not chosen its members Scullin had no great reason for dissatisfaction with the Caucus selection of his Ministers either on the grounds of competence or personal compatibility. (Though this does not mean that Caucus selected the best men). Left to make his own selection Scullin may have excluded Anstey or Beasley. Brennan, Moloney, Fenton, Blakeley and Barnes were all old friends; Lyons and Forde he knew and liked. Daly was a newcomer to Parliament, elected to the Senate
in November 1928, but he was competent and malleable. Theodore's great talents would have meant his inclusion in any Labor Ministry of the time; Scullin placed great trust in him and depended heavily on his advice. Some of the later changes in the Ministry were not so closely in line with Scullin's wishes. Those of 1931 introduced McNeill, Chifley, Dooley, Holloway, and Culley. The first three might have been Scullin's own appointments. McNeill, who was Scullin's brother-in-law, was a staunch A.W.U. man, and he was numbered among the moderates of the F.P.L.P. Dooley also was a life-long member of the A.W.U. and a faithful Party man. Chifley, too, was a moderate and his record between 1929 and 1932 was an unrivalled one of complete and, most often, uncritical loyalty to Scullin and the A.L.P. Holloway and Culley were less acceptable to Scullin, but by March 1931 after the defection of the Lyons and Beasley groups, the choice was a narrower one: the F.P.L.P. then numbered forty-one (thirty-five in the Representatives and six in the Senate); Anstey and Daly were in disfavour; McTiernan had gone; Mathews was very ill; Maloney was too old; Cusack was not capable — and the Party was in turmoil. Despite the Premiers' Plan, the Party was less strife-ridden in June 1931 when the third and
and last Cabinet change took place. The appointment of L.L. Cunningham was a Caucus selection with which Scullin could concur; Cunningham had nearly seven years experience in Federal Parliament; he was a Catholic and like Scullin an old member of and former organiser for the A.W.U., and, as the member of the rural electorate of Gwydir, he was numbered among the more conservative members of the F.P.L.P.\textsuperscript{18} Of his eighteen Ministers Scullin might not have chosen four (Anstey, Beasley, Holloway and Culley). Even had he had a free choice Scullin would have observed certain limitations and pressures and it is possible that any one of the four, or all of them, could have been among his own selections. The Caucus, for all its size, did not present a particularly wide range of talent. It is probable that Caucus selection of Cabinet avoided more problems than it created, great as the problems proved to be.

The Cabinet selected by Caucus in October 1929 has been described as 'a victory for the Scullin-Theodore "ticket", which was also an A.W.U. ticket'.\textsuperscript{19} This was not so. Two

\textsuperscript{18} Cunningham had 'a very small interest in manufacturing concerns', (C.P.D., Vol. 128, (15 April 1931), p.826).

tickets were circulated, one produced by the N.S.W. Branch Executive and another by the A.W.U. organisation in N.S.W. Both listed twelve names for Cabinet and one for Speaker.

The two tickets are remarkably similar, as the following lists show:

<table>
<thead>
<tr>
<th>N.S.W.-A.L.P.</th>
<th>A.W.U.-N.S.W.</th>
<th>The Cabinet</th>
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<td>Scullin</td>
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<td>Blakeley</td>
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<td>(Makin)</td>
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<td>(Makin-Speaker)</td>
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</tbody>
</table>

20 Age, 22, 23 October 1929.
This shows that neither ticket could claim a 'victory'. Ten of those selected appeared on both tickets. Curtin was on both but was not elected; while Anstey and Green were elected, though they did not appear on either ticket. Two things became apparent from consideration of these tickets. The first is the surprising degree of agreement between them, which points to the wider degree of unanimity of the issue within Caucus (for the tickets were sponsored by rival and hostile groups within New South Wales). The second is the irrelevance of the tickets.

There were few surprises in the membership of Cabinet. The greatest departure from the expected was the inclusion of Green instead of Curtin. As the only representatives from Western Australia one or the other was certain of selection. Most newspaper reports had included Curtin in their lists of probable Ministers and mentioned him as amongst those rumoured to be certain of elevation. He had also been included in both 'tickets' which circulated before the meeting.
When Curtin is compared with Green the only apparent differences are those of age - Green was sixty and Curtin was forty-four - and experience in the Federal Parliament, where Green had seven years and Curtin only one. In both ways Green was more typical of the full Cabinet, whose members had an average age of fifty and an average of nine years in Federal politics. In addition, Green was a colorful 'character', who rejoiced in the nickname 'Texas' and enjoyed popularity among his colleagues as an old style radical, loyal party man and genial fellow. By contrast Curtin, a relative newcomer, was thoughtful and intense, somewhat withdrawn, and inclined to a sharper, more informed radicalism. These qualities may have prejudiced his chances in a Party noted for its suspicion of critical intellect, and its appreciation of 'mateyness'. Curtin was also a heavy drinker and an ex-Catholic turned free-thinker, two things which are said to have alienated Scullin, who was an ardent Catholic and a teetotaller.

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21 Useful comments on Curtin by those who knew him will be found in John Thompson (Ed.), 'John Curtin', On Lips of Living Men, Melbourne, 1962, pp.57-75.
The other surprise member in Cabinet was
J.A. Beasley, the thirty-three year old member for West
Sydney. His election was regarded as a concession to
the 'industrial wing' in the Party, and to the N.S.W. Branch:
he had appeared on the N.S.W. Labor Party ticket for
Cabinet and had enjoyed the support of Theodore, who later
claimed that he had been chiefly responsible for Beasley's
inclusion in Cabinet. Even so, he was only an Assistant
Minister, though his portfolio was concerned with industrial
affairs which meant that he was under Scullin's scrutiny.
Scullin's sole innovation in the establishment of his Ministry
was to remove the Ministry of Industry from the Attorney-
General and attach it to the Prime-Minister's Department, where,
Scullin considered, it would be removed from its previous
legal atmosphere.

With J.J. Graves and 'Jock' Garden, Beasley had been an
early member of the Communist Party of Australia, (Alastair
Davidson, The Communist Party of Australia: A Short History,
California, 1969, p.29); during 1930 and 1931 he was a member
of the Committee of the International Class War Prisoners' Aid organisation; Senator Rae was President of the Committee
and James, M.H.R., was also a member (as was Garden); in 1930
and 1931 he was, with J.T. Lang, one of the six members of the
Board of Directors of the Labor Daily, (Printer, 10 January
1930, 8 January 1932).

World, 30 November 1931.
The Cabinet was predominantly Catholic, with eight of its thirteen members (61%) of that religion, compared with the 45% Catholic composition of Caucus. It is as difficult to know what to make of this connection as it is with union affiliation, for the intensity of religious belief and the influence of religious teachings must remain unknown, often to the individual himself. Scullin, Beasley, and Lyons were practicing members of their faith and its influence on their values was probably strong; this was also true of Brennan, Daly and Forde. It is tempting to see the Ministry's record of book banning as evidence of moral-religious rigidity, especially its treatment of Norman Lindsay's 'Red Heap' in 1930, which was banned by Forde, with Scullin's support. But this was no more than a part of the general Australian puritanism reflected by all Governments of the time, and intensified by the Depression. So far as policy and action are concerned the Scullin Ministry and Government did nothing that might be interpreted as specifically

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24 Crisp and Bennett, Op.Cit.
25 For the 'Red Heap' episode, see, Peter Coleman, Obscenity, Blasphemy, Sedition: Censorship in Australia, Brisbane, ND. pp.21-23.
Catholic and the record agrees with the comment of the historian Patrick O'Farrell:

The Labor Government, led by Catholic James Scullin, 1929-1931, did as much for Catholic policies as the non-Labor government led by the Catholic Joseph Lyons, 1931-9 - that is, nothing. 26

Catholicism is more properly seen in its influence admittably unmeasurable, on individuals in the Ministry and Parliamentary Party. Thus it probably contributed to the ending of conscription, the several gestures to Australian nationalism, the hesitation over any matter which touched the infant'threat' of internal communism, and in generally reinforcing the Party's inclination to disregard its own Socialist Objective. 27

One of the main channels of Catholic influence was through Dr. Mannix, Archbishop of Melbourne. Niall Brennan, Frank Brennan's son, related that his father would often return from Canberra and exclaim 'I'll go and have a yarn with the Arch', and that Mannix often 'helped a confused or doubtful

27 See the discussion in James G. Murtagh, Australia the Catholic Chapter, Sydney, revised edition 1959, pp.163-66.
public man to sort out his own thoughts: by question, by analysis, by stating his problem for him'.

Mannix was especially close to Scullin and Brennan, who, with other members of the Ministry and the Party, often sought his advice, and Mannix 'occasionally... attended gatherings where views could be exchanged more frankly than was possible with the press present'. As Niall Brennan says, 'how far he influenced these men will never be known, for it cannot be measured; that he did so cannot be denied'. We may, however, suggest that the advice offered was not discordant with the general approach of most Labor parliamentarians at most times, whether they were Catholic or not; that Mannix counselled caution in major political, economic and social affairs.

29 According to Niall Brennan, P. Moloney and Fenton were also friends of Archbishop Mannix, _Ibid_, pp.230-1); a member of the Opposition called out to McGrath in the H. of R., 'Probably if it were a statement by Dr. Mannix, you would view the matter differently. _C.P.D._, Vol. 128, 25 March 1931, p.676).
31 _Ibid._
While the association of Mannix and members of the Scullin Government was fairly open, the influence of the Melbourne financier John Wren was more tenuous and vague, and generally regarded as more sinister. Wren, a staunch Catholic, was known as a friend and confidant of Mannix.\textsuperscript{32} However, there is no suggestion that Wren's association with the members of the Scullin Government was religious in tone. Rather it rested on a direct financial connection, both with the Party and individual Labor Parliamentarians and officers which was held to be closest in the State Labor parties, particularly in Victoria and Queensland.\textsuperscript{33} By its nature, this connection is most difficult to trace. Wren's substantial donation (£1,000) to the timber workers' strike is an indication of his sympathies.\textsuperscript{34} He also

\textsuperscript{32} Ibid., pp.90-3, 179-80.

\textsuperscript{33} The following is one of many allegations made in 1930 and 1931: when the H.of R. was debating the Fiduciary Notes Issue Bill, Gabb - who had left the F.P.L.P. only a few weeks before - moved an amendment:

Treasury notes shall bear the impress of the photographs of John Wren, William Mahoney, Randolph Bedford and "Sugar" Roberts in each corner... and the impress of the photograph of the Treasurer of the Commonwealth in the centre of each note... the printed border of such note shall consist of the impress of Old Court Whiskey bottles.

\textsuperscript{34} (C.P.D., Vol. 128, (26 March 1931), p.665)

Argus, 6 March 1930; Australian Worker, 12 March 1930.
appears to have assisted the Geelong Trades and Labor Council. His name was mentioned several times in Parliament, where members of the Opposition alleged that a company in which Wren had a substantial interest, Federal Distilleries, had been favoured by tariff manipulation, and that a Minister or Ministers had 'leaked' tariff changes to that firm. Apart from these rather vague references no direct connection with the Federal Labor Party has been established.

There can be little doubt that Scullin was acquainted with Wren, most likely through their mutual friendship with Mannix. There is equally little doubt, despite Lang's assertion to the contrary, that Wren's political influence with Scullin was very small, if not totally non-existent. Scullin's whole life and political career, and many witnesses, speak against such an influence, though it is

35 Geelong Trades and Labor Council, Minutes, 27 May 1930, 15 September 1931.
possible that the element of naivety and innocence in Scullin's character would make him susceptible to rumours based on guilt by association. This is not the case with two other Ministers whose names have been linked with Wren, and with these two, Anstey and Theodore, there is some little evidence of a closer association.

Anstey was a veteran radical in the Party, of whom Tom Mann wrote in 1923, 'Frank is a man of moods. Should a real revolutionary movement take place in Australia, and Frank be in a cheerful mood, he will stick at nothing, but will go the whole hog'. Mann spoke of the Anstey of the pre-1914 era. Since then Anstey's fervour had diminished, but he remained a radical, particularly on economic matters. His writings on the Money Power were widely read and quoted; though crude by later standards they are forceful and intelligent, with evidence of wide reading, and they helped give him special standing in the Federal Party (of which he was Deputy-

40 Among the books and pamphlets produced by Anstey are Kingdom of Shylock, Money Power, Democracy and Monopoly, Red Europe, In the Good Old Days and Facts and Theories of Finance.
leader from 1922 to 1927). Anstey was an outstanding orator, in a Party which contained many gifted speakers. He was also, in the testimony of one observer, a man of attractive personality: F.C. Green wrote:

I liked him because he was generous and tolerant. There was nothing petty or devious in his make-up. He was governed by neither fear nor desire, and you could believe what he said. He interested me because he never ceased to fight for the cause in which he believed... .

J.T. Lang makes similar statements in the second volume of his autobiography, where Anstey is one of the few members of the Scullin Government to escape Lang's scathing criticisms, and the only one on whom he bestows his praise and approval, naming Anstey as 'Australia's great commoner'. In short, Anstey was the epitome of the 'good Labor man'. Yet at the time of his elevation to Cabinet in 1929 Anstey was past his best. Like a number of members of the F.P.L.P. his health was poor. He had spent nineteen years in the Federal

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41 F.C.Green,'Frank Anstey - the Man I Knew', Overland, No.32, August 1965, p.17.
43 Australian Worker, 25 December 1929.
Parliament and had grown tired, and disillusioned with the lack of idealism in the Party and the opportunism of some of its members, especially that of Theodore. Nevertheless, Anstey and Theodore were in a sense, through their connections with Wren, business associates. Anstey spent several weeks of December 1930 and January 1931 visiting the goldfields in New Guinea, a strange resort for a Minister of Health and Repatriation, but not for the holder of mining shares. Anstey held 25,000 shares in the Upper Watut Goldmine, while John Wren held 75,000 of the total of 104,000.

Theodore was intellectually Anstey's superior, and his debating equal, though Theodore lacked the popular, emotional appeal of Anstey. Anstey the socialist visionary and Theodore the political pragmatist had little in common, except their apparent inability to live on their income as politicians. Like a great many members of the Labor Party, they had no family endowments, or professional training: if they lost their parliamentary position they might, once again,

44 Argus, 27 January 1930.
45 Smith's Weekly, 5 April 1930.
fall back into the ranks of the workers, a transmission which age and acquired standards and habits might make painful. In Anstey's case those considerations may be part of the explanation for the dubious association with Wren, but it is unlikely that this is so with Theodore, who it seems was by nature an astute, if unscrupulous, businessman; a man who combined talent for accumulating money with the aggressive drive to realise on that talent; a man who in fact was not unlike Wren in his ability to rise from the working class and on an individual basis expropriate some of the wealth of the expropriators: indeed, with a little imagination it is not difficult to see Wren and Theodore in reversed roles.

Theodore began to accumulate his personal fortune during the 1920s. He had shareholdings in Mt.Isa Mines, a company in which Wren also had considerable holdings. Wren appeared as a witness before the Royal Commission which investigated the allegations of bribery surrounding Theodore and Dalley Federal Parliamentary seat. The Commissioners

46 Theodore's career is dealt with in greater detail in Chapter IV.
Report does not say where the money to buy the seat came from, but it is thought that Wren was the benefactor. Although Theodore's affairs came under close, critical scrutiny in 1929 and 1930 no direct relationship between Wren and Theodore was made public, though Theodore's holding of 12,000 shares in various Brisbane companies, his ownership of a small sugar cane plantation in Queensland, and the fact that he had paid £4,850 for a fine house at Kirribilli Point were commented on. But all such snipes were eclipsed by Theodore's involvement in the Mungana scandal. The evidence of the Wren-Theodore connection reappears after Theodore left Parliament when they were associated in gold mining ventures, mainly in the Pacific Islands. The relationship remained strong through the 1930s and 1940s, and it seems that it was no less so during the 1920s.

48 Smith's Weekly, 29 March 1930.
49 Australian Worker, 3 September 1930.
51 See Curtin's story of telephone calls from Wren - 'This Bill hits Mr.Theodore and myself very severely, and I want you to do something about it' - in L.F. Crisp, Op.Cit., p.158, FN.4
However, even if substantial evidence could be produced of close financial connections between Wren and Theodore and Anstey, and the other Federal Parliamentarians, such relationships are essentially the same as those more extensive ones which have existed between non-Labor parliamentarians and diverse business interests; and these connections, though little publicised, have been accepted as not abnormal in Australian politics. The distinction made is twofold. First, Wren was disreputable, suspected of criminality, and distasteful to those who had achieved wealth and respectability. Secondly, there was the feeling that members of the Labor Party were men of principle, reformers who wished to transform society and make Australia a land where liberty, equality and fraternity might flourish. And for such men to pluck the fruits of capitalism while propounding the reed to change that system seemed to show cynicism. Nevertheless, the records suggest that few men in the Labor Party or the trade unions regarded Wren's Labor Party associates with anything other than respect and admiration; and it seems that most in the Australian Labor movement felt no great ill will towards their representatives when they 'made a bit on the side', providing they also did their best to advance the economic interests of the working class.
As we shall see, the trade unions were principally concerned with the economic interests of their own members. A union took some pride and a little reassurance in having one of its members in Federal Parliament and even more, a member in the Ministry. As already described, union affiliation is no easy matter to fix, nor, being fixed, to evaluate. Yet it is necessary to consider the major influence. This was the A.W.U.

At least four members of the first Scullin Ministry were members of the A.W.U. Blakeley and Barnes had the closest connections, and indeed they owed their political career principally to that Union. Senator Daly was also a member of many years standing. Scullin was a former A.W.U. organiser, a former editor of an A.W.U. newspaper (the Ballarat Echo), and was, as Prime Minister, still a member of the Union. (Theodore had had many years association with the A.W.U. and was still, if not a member, sympathetic to A.W.U. views, although he was not at peace with the A.W.U. in New South Wales). The change in the Ministry in March 1931 increased the A.W.U. strength to six, when McNeill and Dooley
were included. And the third Ministry, from June 1931 to until the end, increased the number to seven, after the inclusion of Cunningham, who was, like Dooley and McNeill a Catholic, and a man with many years of activity in the A.W.U. As Encel has noted, this three step increase in A.W.U. strength was concurrent with an increase in the number of Catholics in the Ministry from eight to nine in March 1931 (despite the loss of Lyons) to ten in June 1931.

Thus the Ministry elected in October 1929 was predominantly Catholic, drawn mainly from Victoria and New South Wales, middle-aged, without much formal education, (only Brennan and Daly, as lawyers, had reached tertiary level), and lacking in Ministerial experience. The average length of service in Federal Parliament was nine years. None had held Federal Ministerial office before, though Theodore and Lyons had been State Premiers. There is, however, no reason to believe that this lack of experience was the cause of

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S. Encel, 'The Political Elite in Australia', Readings in Australian Government, edited by Colin A. Hughes, Queensland, 1968, pp.95-6; note that the figures given above do not agree with those given by Encel.
of any significant weakness in Labor's ability to govern. It should be remembered that in the Curtin Ministry elected in October 1941 only four of the nineteen Ministers had previously held Federal Office, yet that Ministry's record was a distinguished one.

Cabinet held its first meeting on 23 October, the first of a series of meetings which continued through October, November and into December 1929, resumed in late January 1930 and continued thereafter on a regular basis. Parliament, on the other hand, between the swearing-in of the Ministry on 22 October and the opening of the first full period on 6 March 1930, met only briefly between 20 November and 13 December 1930. And Caucus, after its meeting of 22 October, did not meet again for three weeks, when on 13 November it began a series of seven weekly meetings, dispersing on 12 December 1929, not to meet again until 5 March, eighty days later. Thus in the first eighteen weeks or so after the Government took office the Cabinet met frequently, perhaps thirty or forty times, while Caucus met seven times, deliberating

together for a total time of about twenty-four hours.

One effect of this was effectively to widen the gap
between the Ministry and the Caucus by impressing Ministers
with the gravity of the practical problems facing the
Government, and hence increasing their sense of responsibility
and group solidarity.

Before the first Cabinet meeting Scullin told press
reporters that 'there were so many urgent problems that they
hardly knew where to begin'. The greatest problem was
national finance, a problem made more dramatic by the Wall
Street collapse of 24 October and the international financial
panic in the following days. The difficulties ahead were
foreshadowing at a meeting of the Commonwealth Loan Council on
11 November, when Theodore explained that as the money market
was tight and interest rates very high the Federal Government
recommended continuation of the economy arrangement of August
1929. The Council resolved:

54 The pressure of business was so great that Brennan had to
tell the Watersiders that '... so far a thorough review of
[the W.W.F.s] position had not been possible, owing to other
equally pressing matters of importance claiming the attention
of Cabinet'. W.W.F., Minutes of Half-yearly [Federal] Committee
of Management, 18 November 1929.
That in the difficult monetary conditions existing in Australia and overseas... it would be quite impracticable to raise sufficient loan moneys to permit any increase in the loan programme of the respective Governments.  

This meant that the Federal Government would not inaugurate any large-scale 'pump priming' public works programme to reduce unemployment. The editorial writer for the *Age* commented:

... the latest meeting of the Council should do much to lay the election bogey that the Federal Labor Government has no sense of financial responsibility...  

This was a comment which must have sung sweetly in the ears of some, and added reassurance to the earlier comments on unnamed Ministers that 'no hasty or drastic changes would be made'.

The Government's immediate programme was put before Caucus on 13 and 14 November. Scullin and Theodore spoke at length on the financial position, and the proposed

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55 *Argus*, 12 November 1929.
56 *Age*, 12 November 1929.
57 *Argus*, 26 October 1929.
revision of the Estimates. Debate on finance continued over the two days. During the ten hours of discussion thirty-six of the forty-three members present spoke.\textsuperscript{58}

The debate took the form which was to be common in Caucus meetings over the next two years: Ministers outlined their proposals and stressed their inability to do more, either for financial, constitutional or political reasons (i.e. Opposition control of the Senate), and held to their analysis under questioning. Later, in 1930 and 1931, there were fiery clashes on financial policy, which sometimes descended into shouting matches. But except for a brief period at the end of 1930, Cabinet retained its ascendancy over Caucus in all major issues.

The first of many disagreements on financial policy was aired on 13 November, when several members pressed the Government to overcome the scarcity of funds by an inflation of the note-issue.\textsuperscript{59} This policy had minority

\textsuperscript{58} Caucus, Minutes, 13, 14 November 1929.
\textsuperscript{59} Age, 14 November 1929.
support in Caucus throughout the Government's term of office; its most vociferous advocate was Yates, and the number of its advocates gradually increased. However, even in the relatively calm days of 1929 and early 1930 it was generally thought of as one of the money fallacies and the suggestion received scant attention from the Ministry and the majority of Caucus. Caucus did, however, make a gesture toward smoothing the disquiet concerning the lack of a specifically Labor financial approach by appointing as a committee Scullin, Theodore and Anstey to investigate 'Australian banking conditions and monetary matters in general, and also to enquire into and recommend regarding the future of the Commonwealth Bank'.

60 Theodore's comments are typical of the prevailing opinion: '... to issue more paper money, as some people suggested, would be an evil infinitely worse than the remedy. Every worker in the land would be robbed. It would be foolish to reduce the purchasing power of money, and that was what inflation would bring about...', (Australian Worker, 5 February 1930); In May 1930 Theodore rejected Yates' scheme as 'not practicable', (Caucus, Minutes, 15 May 1930).

61 Age, 15 November 1929.
A second Caucus committee was elected at the meeting of 12 December when on the motion of Blakeley and West (both N.S.W. representatives) it was decided to establish an Industrial Committee 'to act in conjunction with the Attorney-General and the Minister for Industry'. The fourteen members were, with the exception of McTiernan, drawn from those in the F.P.L.P. with the closest trade-union associations; the A.W.U. had the strongest representation, with the inclusion of four of its staunch members (Riordan, Martens, McNeill and Nelson). The committee departed from the usual F.P.L.P. practice in that State representation was not equal. South Australia had no representative; New South Wales had five and Victoria four (thus reversing the State ratio of Cabinet Ministers): Queensland two; and Tasmania, Western Australia and the Northern Territory one each. Such Caucus committees were not without precedent. When Labor was out of office Caucus was normally divided into a group of committees, to the

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62 Caucus, Minutes, 12 December 1929; Age, 13 December 1929.

63 The full Committee comprised: McTiernan (Chairman), Keane (Secretary), Eldridge, Lazzarini, Chifley, Rae, Holloway, Lewis, McNeill, Riordan, Martens, Curtin, Nelson, Culley.
number of six in 1929,64 to watch over the work of the various Ministries. (There had also been a standing Publicity Committee in 1929 and an F.P.L.P. Executive of twelve).65 A number of temporary ad hoc Caucus committees were elected during 1929-1931 to consult on Bills or consider special problems; an example of the former was the committee of F.P.L.P. lawyers (Brennan, McTiernan and Crouch) established to consider the constitutional Bills of early 1930;66 an example of the latter was the Finance and Unemployment Committee of seven members - comprised of three nominated Ministers (Scullin, Theodore and Anstey) and four elected non-Ministers, (Holloway, Tulley, Yates and Keane).67 An attempt was made in March 1931 to regularise the position of Caucus committees. E.C. Riley and Riordan moved unsuccessfully for the appointment of four permanent Caucus committees. Each was to be of three members, with power to co-opt, and they were to examine all the relevant Bills prepared for submission to Caucus and other related matters.68

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64 Caucus, Minutes, 29 August 1929.
65 Ibid., 7 March, 5 February 1929.
66 Ibid., 13 March 1930.
67 Ibid., 21, 22 May 1930.
68 Ibid., 3 March 1930.
The only permanent Caucus committee was the Industrial Committee established in December 1929. It had its origins in the need for a group in the F.P.L.P. to consult with and deliberate on the proposals of the trade unions for amendments to the Arbitration Act and similar legislation. Its establishment was also a response to the industrial problems on the waterfront and the northern N.S.W. coalfields. The coalfields lockout created considerable difficulty for the Government and some dissatisfaction within Caucus, which devoted two complete meetings to the problem, on 28 November and 3 December. The seven Caucus meetings of November-December 1929 seem to have devoted roughly half as much time to discussing the coal lockout as they did to debating national finance and general Government policy. This is perhaps an indication of the general inability of Caucus to comprehend the larger issues, especially in face of the Ministry's more intimate acquaintance with such issues, and also the more intimate association of the majority of Caucus with the cause of trade unionism, and the engagement of their more immediate sympathies.

Before Parliament met on 20 November the Ministry had already taken some action. The principal and most
controversial change was the suspension of compulsory military training. This had been promised in Scullin's election policy speech of November 1928, though not in that of September 1929. The decision to suspend training was made at a Cabinet meeting in Canberra on 31 October. Earlier, Green, Minister of Defence, had equivocated on the matter, only to be publicly rebuked by McGrath for making an 'ill-advised' statement. McGrath said that abolition was a fundamental plank of the Labor Platform (which it was) and that whatever the Minister might say, compulsory training would vanish before Christmas. The Ministry did not discuss the matter with Caucus, nor did it consult the Defence Department.

Despite the 'complete surprise' of the Argus, the action was not unexpected. The Labor tradition since 1916-17 was one of the utmost hostility to conscription; particularly

69 Argus, 5 October 1928.
70 Argus, 1 November 1929.
71 Argus, 29 October 1929.
73 Argus, 2 November 1929.
it seems, during the period 1929-1931 and especially in the Victorian Branch of the Party. Eleven members of Caucus had been among the anti-conscriptionist Federal Labor members in 1916 (and seven of these were Victorians), while many others had been active in the anti-conscription campaign, among whom were Scullin, Theodore, Rae, Curtin and Holloway. Only a handful of the fifty-four members of the F.P.L.P. were ex-servicemen. The Opposition contained many with extensive experience of war, and the previous Ministry had at least seven ex-officers. By contrast, not one member of the Scullin Ministry had enlisted in 1914-1918. Thus, although the Government made much of the reduction in expenditure which the new system of voluntary training would bring, suspension was, as its timing suggests, primarily a matter of faith. This action created much goodwill for the Government in the trade

75 Anstey, Brennan, Fenton, McGrath, Maloney, Moloney, Mathews and E. Riley, Watkins, West and Yates; H. McQueen, 'Who were the Conscriptionists? Notes on Federal Labor members, Labour History, No. 16, May 1969, p. 46.


77 Probably not more than seven; among them were Crouch, Coleman, Jones, E.C. Riley (son of the anti-conscriptionist E. Riley), 'Digger' Dunn and 'Gunner' Yates.
unions, who showered the Government with resolutions of congratulation. Although the training system had already been curtailed under the Bruce-Page Government in the late 1920s,\textsuperscript{78} the change provoked some savage debate in Parliament, during which insults were freely exchanged.

Parliament met on 20 November and adjourned on 13 December 1929, after both the House of Representatives and the Senate had sat for fourteen days. The Government introduced eleven Bills, all but one of which were concerned with routine matters. The exception was the Commonwealth Bank Bill. This Bill, the Government's only major legislative measure between October 1929 and March 1930, was the child of the Commonwealth Bank Board. It was the result of a letter from Sir Robert Gibson to Theodore in October.\textsuperscript{79} During consultation between Scullin, Theodore and Gibson, Gibson urged that the Government take action to control the export of gold

\textsuperscript{78} K.S. Inglis, \textit{Op.Cit.}, p.46.

\textsuperscript{79} The letter has been published in E. Shann and D. Copland (eds.), \textit{The Crisis in Australian Finance 1929 to 1931}, pp.1-3.
by placing control of all Australian gold movements in the hands of the Commonwealth Bank.\textsuperscript{80} The Government drafted a Bill,\textsuperscript{81} submitted it to the Bank, which recommended some alteration,\textsuperscript{82} and then to Parliament. The measure became law on 17 December.\textsuperscript{83}

Although the Government acted on the advice of the Commonwealth Bank the Bank Bill was much criticised by Australian financial institutions and met spirited criticism from the Opposition in Parliament. The debate on the Bill defined the Opposition's attitude to Labor's economic legislation during the next two years.\textsuperscript{84} It was an attitude of the utmost

\textsuperscript{80} The economic implications of the Act are explained in C.B. Schedvin, Australia and the Great Depression, Sydney, 1970, pp.122-6; its main effect was to remove Australia from the Gold Standard, though this was not generally acknowledged until much later in 1930.

\textsuperscript{81} Theodore's brief explanation of the Bill in Caucus was made during a meeting otherwise devoted entirely to the coal dispute; Caucus, Minutes, 28 November 1929.

\textsuperscript{82} L.F. Giblin, The Growth of a Central Bank, Melbourne, 1951, p.66

\textsuperscript{83} Which was too late to thwart evasive action, involving over two million pounds, taken by two banks; S.J. Butlin, Australia and New Zealand Bank, London, 1961, p.394.

suspicion of Labor's intentions. Despite Labor's impotence in the Senate and the context of the depression there was a general theory of Labor wickedness which held that Labor was bent on the rapid destruction of the existing order by subterfuge, using 'political control of banking' as the chief weapon. Doubtless this was non-labor's reaction to and counterpart of the widespread belief, in the Labor movement, in the Money Power Conspiracy. Both views were deeply embedded, and propounded with sincere conviction, though probably with more justification in the case of the Labor attitude. Despite confessed and apparent ignorance of economics both applied and theoretical, both camps remained convinced and the events of 1929-1931 served only to reinforce both sides in the rightness of their beliefs.

The Opposition criticised the 1929 Bank Bill because the Government had not consulted the Banks and it was not in the least reassured by Theodore's reply that he had discussed the matter at length with A.C. Davidson, Manager of the Bank of New South Wales. The Opposition's remarks, then

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as later, were founded on the conviction that Labor if not utterly malevolent in its intentions, was ignorant and incapable because it had no experience of business and financial matters. There were frequent allegations that the Bill was the first step toward nationalisation of banking, wild inflation of the note issue and the destruction of all normal values. These fears were not assuaged by Theodore's November revision of the Estimates, which budgeted for greater expenditure, using an increase in super tax, income tax and customs and excise duties. During his speech Theodore espoused the Keynesian notion of counter-cyclical spending on public works and expressed the Government's dissatisfaction with the system of credit control in Australia, under which the private trading banks which had:

in recent years almost exclusively arrogated to themselves the power to determine the bank, discount and exchange rates, and the extent to which credit shall be expanded or restricted; and, equally important, the classes of business and industry to which credit facilities shall be extended.

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Theodore said that the Government regarded credit manipulation as a matter for Government control and would therefore shortly 'give consideration to the question of remodelling the Commonwealth Bank and increasing its scope and function'.

A major issue facing the Government was unemployment. One small gesture toward easing the problem was taken when the Government opened negotiations with Ramsay MacDonald's Government in Britain for the cessation of the '£34 million agreement' under which the Bruce-Page Government had agreed to an assisted immigration scheme. Since its inception it had been a thorn in the side of the Australian trade unions and the A.W.U., with its large number of unskilled members, had been particularly vehement in its opposition.

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87 Ibid.
88 See the A.W.U. Central Branch [N.S.W.], Annual Report and Balance Sheet, 1924, p.8; 1925, pp.11-2; 1926, p.9; 1927, p.11; 1928, p.18 ('... we do offer strong objections to the swamping of Australia at a time of industrial depression and with a class that is repugnant to the ideals of a White Australia'); 1929, p.18; 1930, p.18.
Opening negotiations to set aside the Agreement, as with abolition of compulsory military training, was a move which was in accord with the Government's drive to economy in expenditure, its stated policy, and the interests and sentiments of the movement. Issues of this kind were few and quickly exhausted, but they contributed to the brief honeymoon period which existed in these early months between the Government and the Party organisation.

A similar issue of agreement was the 'Scullin tariff'. Labor had long advocated high tariff protection. The main appeal was the stimulation of Australian industry and hence an increased level of employment, with subsidiary benefits in the maintenance of a white Australia and increased revenue. During the 1920's the Nationalist Party, and with some qualifications, the Country Party, had also supported a high level of tariff protection. This, however, had not prepared the Opposition for the extravagance of Labor's tariff policy of 1929-1931.

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Tariffs had been high and rising during the 1920s, to the point in 1928 where 259 items carried duties greater than forty per cent. An index designed to measure tariff changes shows a rise from 108 in 1921-22 to 118 in 1928-29. But under the Scullin Government's tariff policy the index soared in the three financial years from 1929-30 to 1931-32 from 155 to 181 to 194, a rate of increase and a level entirely without precedent. This was a reflection of the strongly protectionist composition of the Federal Labor Party, and the widespread faith in the Labor movement in the capacity of tariff protection to generate employment, a faith which hardened as the Government found itself unable to legislate or initiate other expansionary economic measures. In addition, tariff manipulation was within the canon of economic orthodoxy, while credit expansion was not. Further, the Government could by-pass the Tariff Board and postpone parliamentary sanction for a considerable time. Thus the tariff was the principal Government measure to counter the effects of the depression on industry and employment.  

After some vague discussion of the matter in Caucus the first of sixteen alterations to the tariff was tabled in Parliament on 21 November 1929. The Government was enthusiastic, and so it seems were a host of manufacturers and trade union officials. An extraordinary situation developed as the Government was besieged by deputations from employers and union officials, often acting jointly, seeking tariff protection. One day in early January 1930 Scullin was said to have received a deputation every fifteen minutes. A few days later Forde, as Acting-Minister for Customs, was reported to be overwhelmed with requests to receive deputations on the tariff, and the Argus printed the invitation: 'Anyone desiring to interview Mr. Forde is advised to communicate with his secretary (Central 5551)'. Canberra was flooded with 'tariff touts' and 'wherever two or three people were gathered together in a quiet place, it was an easy wager that one of them was a Labor member, and the others high tariff advocates'. This was doubtless a heady experience for Labor members.

92 By early December there were 1,100 requests for protection; C.P.D., Vol. 122, (11 December 1929), pp.1065-6.
93 Argus, 11 January 1930.
94 Argus, 16 January 1930.
95 W. Denning, Caucus Crisis, Parramatta, 1937, p.62.
The effects of the tariff were strong, though not immediate. Expenditure on imports fell from £146.8 million in 1929-30 to £82.1 million in 1930-31, to a floor of £57.8 million in 1931-32. A major part of this decline was the result of the fall in internal purchasing power, rather than to the increased tariff and prohibition of imports, but the fall had by the end of 1931 corrected the Balance of Payments deficit, for which the Government took the credit. However, any effect the Scullin tariff had in stimulating employment was smothered by the more powerful contractionary pressures of falling export prices, the collapse of the loan market, and the resulting whirlpool of constriction, which was fed by self-generating economic pessimism.

Unemployment continued to increase steeply from 1929 until 1932. One long term effect of the Scullin tariff was its contribution to the expansion of the manufacturing industry section of the economy. Probably this contribution was operating in 1930 and 1931. The snag, from

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the Labor point of view was that even in the industries sheltering under the tariff the Government was unable to ensure that employees derived benefit, for the Government could not make protection conditional on the upholding of a certain level of wages and conditions, or on reduction in prices. This was the old story of Deakin's 'New Protection'. Constitutionally the Scullin Government could do nothing but rely on the goodwill of the protected employers, which in 1929-1931 was indeed a slim hope. Scullin threatened to remove the protective umbrella from any manufacturer who violated the Government's trust.\footnote{Argus, 30 November 1929.} There is no record of his having done so. Sections of the Labor movement voiced their disquiet at the injustice of the internal effects of the tariff. One example of this is seen in a wild resolution of the Labor Council of South Australia:
That in view of the serious unemployment in Australia this Council requests the Federal Government to pass amending legislation to the tariff act whereby those industries at present enjoying full tariff protection shall contribute at least 15% of the extra profits drawn through the operations of the tariff to a national unemployment fund [to be] subsidised by the Federal Government'. 100 [Scullin promised that this suggestion 'will be given the fullest consideration']. 101

Nevertheless, throughout the Government's term of office individual trade unions, especially the smaller craft unions, pressed the Government for protection.

From its beginnings the Government was subject to severe criticism from the press and spokesmen for financial and business institutions. Comment from the Labor movement was biased in the opposite direction. During the first four or five months the Scullin Government was pricked occasionally by the Labor press and the trade unions for its neglect or hesitation in some things, but with the exception of the coal dispute these tended to be minor and of a fairly narrow and sectional interest. In this early period the Labor movement

100 United Trades and Labor Council of South Australia, Minutes, 4 April 1930.
101 Ibid., 16 May 1930.
accepted that the Government had inherited a difficult economic situation; there was undoubtedly some sympathy within the State branches for the great difficulties facing the Federal Government. In part this was a reaction, drawing on the sentiment of solidarity, against non-labor criticism of the Government:

So far the Scullin Government has done fairly well. It has not satisfied everyone; but it has acted honestly, and has not been tempted by a desire for popularity to act impetuously .... Workers should not be ready to accept the accounts of the Government losing its grip on the Party, so prominent in the Vested Interest press.

Such reactions were also conditioned by the manner in which the Australian Labor Party was organised.

The Government elected in October 1929 brought with it no detailed Labor blue-print for action. The Party Platform was a curious hotch-potch of intentions which lacked cohesion and direction, a situation which caused the Federal Executive in 1928 to establish a sub-committee to tidy-up the text, after delegates criticised 'the superfluous wordings and ill-balanced statement of the Federal Platform', which

102

South Australian Worker, 7 March 1930.
they felt led to 'confusion and misconstruction'.

However, no amount of textual tidying-up could make up for the deficiencies of the programme as a guide to action for the specific circumstances of 1929-31. Some of the Platform was plainly redundant. The Government could, for example, enjoy the irony of that section which demanded the 'restriction of public borrowing'. A more important example was the section 'Industrial Regulation'. The Government was pledged to carry through a drastic revision of the Commonwealth Conciliation and Arbitration Act, which as amended in 1928, was a complicated, detailed piece of legislation. The Federal A.L.P. Platform devoted a considerable section to industrial regulation. Over half of this programme was devoted to intended amendments to the Workers' Compensation Act and the establishment of a Board of Trade. There was very

103
A.L.P. Federal Executive, Minutes, 14 February 1928 (in the uncatalogued A.L.P.-W.A. 'Correspondence' held in the State Library of W.A.)

104
See the 'Platform and Objective', Australian Labor Party Official Report... 12th Commonwealth Conference... May 1930..., Melbourne, 1930, pp.3-6.

105
In Scullin's policy speech; S.M.H., 20 September 1929.
little in the remainder of the section on which the new Government might base its proposed amendments to the Act. The trade unions were vitally concerned with the Government's intentions in this matter, and after an interval of time and not without some conflict the unions advised the government of their desires. But the Government had to wait on the recommendations of the movement, which, in this sphere, meant a delay of four months. In matters other than the industrial the delay was longer, the number of advising voices greater, the level of expertise much lower, the conflict of opinion deeper and wider, and gap between the Government's appreciation of what was practicable and the movement's approval of what was needed was very much greater.

The Federal Party was based on its six State Branches. Each State Branch differed in constitutional structure and, more importantly, and more subtly, in outlook. At the extremes were the New South Wales and Tasmanian branches, where the State geographical, population and general economic and social differences were reflected in the character of the Party and trade unions. No two State Branches were exactly alike. The differences were not always great, or important, nor was it a matter of a simple predictable equation between,
for example, the degree of industrialisation and the level of 'militancy'. There was, however, sufficient disparity to make it difficult to distil a specific labor movement attitude to the Scullin Government. It was the task of the Federal Executive and Federal Conference to bring all sections and opinions together for analysis and judgement. But before discussing the deliberations of these two Federal authorities it will be fruitful to examine the attitude of the State Branches to their new Federal Government.

As Rawson says, the Labor movement in Western Australia between 1906 and 1963 was 'the most highly-integrated in the world'.\(^\text{106}\) There was complete organisational fusion between the industrial and political wings of the Party. There was also, more than in any other State, a feeling in the Party no less than in the State generally of separation from Federal affairs. Numerically and financially the W.A. Branch was strongly influenced by the A.W.U., which controlled the only

labor newspaper in the State. These circumstances made it one of the least critical of Party Branches between 1929 and 1931. This quiescence was reinforced by the provision in the Branch constitution for triennial State conferences (as in Queensland). Branches in other States, especially Victoria and South Australia - though not at this time in New South Wales - found Annual and Special Conferences a source of criticism and disruption. The record is an interesting one: during the two years 1930 and 1931, Queensland had no Conference; Western Australia had one (in May 1931 - before the Premiers' Plan); New South Wales and Tasmania held their normal Annual Conference in both years; while Victoria and South Australia, then under State Labor Governments, held four each (or, if the period extends to January 1932, five each), and these conferences, though primarily concerned with State matters, were sources of criticism of the Federal Government. This was particularly so in Victoria. In W.A. criticism was further dampened by the fact that the Party was to face a State election in April 1930. Before this the Party was too concerned with local matters and election campaigning to give more than slight attention to the efforts of the Scullin Government, while after the election (in which the Party was
defeated) the State Party was happy to divert criticism of the Federal Government to the non-Labor State Government, in anticipation of the elections of 1933. This diversionary tactic was also evident in Tasmania, where the State Party was in Opposition from June 1928 until March 1934. It was even more pronounced in Queensland during the Party's period in Opposition between May 1929 and June 1932: a 'Labor back to power' campaign began in mid-1930 and by February 1931 the Queensland Central Executive sought a measure of isolation from Federal Labor members because it considered that Federal speakers 'would greatly hinder' their own attacks on the Queensland non-labor Government.\textsuperscript{107} A striking example of the Branch's attempt to isolate itself from the misdeeds of the Scullin Government was seen in the debate in the Queensland Parliament on the Premiers' Plan in July 1931, when Labor repeatedly disowned the Federal Government, in terms which suggested that there was no connection between the Federal Party and the State Branch.\textsuperscript{108} Although at times swamped by other considerations - notably the coal dispute - this separation

\textsuperscript{107} A.L.P.-QLD., Central Executive Minutes, 27 February 1931.

was also evident in the New South Wales Branch until the Lang Labor Government was established in October 1930.

The South Australian Branch was uncritical to the point of complete lack of interest until April 1930, when the Hill Labor Government took office. Thus there was in five States an initial period of at least five months when Federal Labor was relatively at peace with State Labor because the latter had good reasons of their own for avoiding conflict.

The Party in Western Australia refrained from criticism and asked little of the Scullin Government during the six months November 1929 to April 1930. Control of Party affairs was concentrated in the State Executive of thirty members and the four State Executive Officers. Both groups met separately, the former on eight and the latter on nine occasions during the six months. State affairs dominated these meetings. There was some discussion of the possibility of a double-dissolution, the tariff as a cause of high prices, the coal dispute, a Federal scheme for unemployment insurance, and a bonus on gold production.109 The direction of events, however,

can be seen in the questioning, troubled note of a resolution carried by the State Executive on 22 April 1930:

That as the deflation of credit always acts to the disadvantage of the workers, the Federal Parliamentary Labor Party be asked what steps, if any, they are taking to resist the deflation now in the process throughout the Commonwealth. 110

Queensland Branch was dominated by the A.W.U. That union conducted the affairs of the Branch with a secretiveness and aloof arrogance which mocked the Labor Party's hopes for participatory democracy in Party affairs. The triennial 'Labor-in-Politics' Convention met in 1928, not to gather again until 1932. The management of the Branch was ostensibly in the hand of the State Central Executive. This body met twice during the first six months of the Scullin Government, and only 14 times in all between September 1929 and November 1931. Real power in the Branch was apparently in the hands of the tiny Executive Committee. In these circumstances and given that the State Party was in Opposition and campaigning strongly, even in 1930, for the 1932 elections, it is not surprising that the Queensland Branch and the two

110 Ibid., 22 April 1930.
Labor papers in Queensland, both under A.W.U. control, made none but the faintest criticism of the Federal Government.

The Party in South Australia also had strong links with the A.W.U., which claimed majority representation in the Hill Ministry. This influence was not as powerful as it was in Queensland and Western Australia, mostly because South Australia did not have the extensive pastoral, mining and bush industries of those States but also because, as in New South Wales, the A.W.U. was not affiliated with the principal Trades and Labor Council and because it did not control South Australia's only Labor newspaper. The attitude of the S.A. Branch was much conditioned before April 1930 by the approaching State election. A Special Conference of the Branch met in January 1930 but confined its attentions to unravelling and smoothing over a recent ballot-box scandal. The two other principal authorities in the Branch, the nine-member State Executive and the State Council, of over two-hundred members, met several times between November 1929 and April 1930, the Executive six times and the Council seven times (with an Australian Worker, 30 April 1930.)
average attendance of 130). Federal affairs received scant attention at these meetings. The situation changed after April 1930, but not at first very greatly. The Council passed resolutions against wage reductions, which applied to the State and Federal Government. It also criticised the Government for its handling of the waterside workers' troubles. But dissatisfaction with the State Labor Government eclipsed resentment with the Federal Labor Government. The Scullin Government received side-blows in the process which led to the disintegration of the Party in South Australia in 1931-32 but for various reasons these never attained much significance. This was partly a result of the structure of the Party, which tended to insulate the Federal members. It was also a function of the Federal structure of the Commonwealth and the State Branches' inability to comprehend the geography of Federal-State relationships. Federal affairs seemed remote, complex and obscure, when compared with the proximity of State parliamentarians and the immediacy and seeming simplicity of the demands made upon them.

The Agenda for the S.A. Annual Conference in September 1930 contained 41 items dealing with Branch rules, 30 dealing with State Parliamentary matters and only 12 dealing with Federal matters; Australian Worker, 20 August 1930.
New South Wales was a special case. With its Annual Conferences - Country, Metropolitan and State - and bi-monthly meetings of its State Executive, the N.S.W. Branch seemed well equipped to gather and transmit the wishes of the movement. Notoriously this was not so. In the years since 1927 the democratic institutions of the Branch had become largely irrelevant. Before 1927 and the days of J.T. Lang's ascendancy, internal democracy had been imperfect and often abused: during Lang's reign it was at best perverted and most often just ignored. This has been described elsewhere. Here it is sufficient to say that during the depression period the N.S.W Branch was ruled by Lang and an Inner Group on the N.S.W Executive. There was much animosity between the N.S.W. Branch and the Federal Party, especially between the Branch and the Scullin Government's principal union supporter, the A.W.U. Between Lang and Theodore the animosity was very strong. The initial performances of the Scullin Government on the matter of the coal lock-out were the subject of some extremely

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sharp criticism from the N.S.W. Branch and little restraint was observed by the Branch or the Federal Party. After the dispute ended in June 1930 and with the approach of the October N.S.W. elections these attacks were stopped, and differences papered over. The truce lasted only a few months before it ended with the disastrous split of March 1931.

The Party in Victoria formed a Government in November 1929. It was therefore confronted with the realities of the depression avoided in this early period by the other State Branches. The governing authority in the Branch, the Central Executive, met seven times between November 1929 and April 1930 (though not at all in March). At its meeting of 13 December the Executive decided to summon a Conference to draft 'a scheme of practical measures to meet the unemployment situation'. The Conference proposals were presented to Brennan on 10 February and sent to Price (Secretary of the F.P.L.P.) who replied that they would be discussed at the pre-sessional Federal Caucus meetings beginning on 5 March 1930: at these meetings the proposals were thrown into the

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114 A.L.P.-Vic., Central Executive Minutes, 13 December 1929.
115 Ibid., 14, 21 February 1930.
prolonged discussion on the Ministry's prepared programme, and submerged in the general debate. Two things should be noted about these proposals: first, that like most other proposals coming from within the Party at this time, they said what should be done, but not how things could be done (and this vagueness made it easier for the Federal Ministry to show that these things could not be done); secondly, and also typically, these proposals were overtaken by events; the scheme originated with the State Executive meeting of 13 December 1929 and although direct representations to the Federal Government were made in the interim, the proposals were not officially noticed until they were presented - with other opinions - to the Federal Conference in May 1930.

The attitude of the Ministry to these proposals, and to those emanating from the A.C.T.U. Congress of February 1930 and, presumably, to the plethora of similar advice it was later to receive, was expressed to the Victorian Branch in April 1930.
The Victorian A.L.P. Annual Conference was attended by 230 delegates, of whom 159 were representatives from the trade unions. Scullin, Brennan, Keane, Lewis, Crouch, Barnes, and McNeill were all credentialled delegates. Scullin in particular was active in the debates. Over 50 of the 233 agenda items dealt with Federal matters, but most time was devoted to State affairs. A motion from R.S. Ross called for the replacement of the 1927 Objective by the 1921 Objective. During a spirited debate Scullin opposed the change on the ground that 'it was not desirable to be always tinkering with the objective' and the motion was lost for want of a statutory majority (116), by 98 votes to 84. The principal debate was that on unemployment. Earlier, Scullin had assured the delegates that 'win or lose' the Government would never accept the economically unsound policy of reducing wages; nor would it do anything unconstitutional; when commenting on the Report of the Unemployment Committee established by the Conference, which followed the policy formulated by the A.C.T.U. Congress, Scullin urged the Conference to give the

116 Labor Call, 1 May 1930.
117 Australian Worker, 19 March, 2 April 1930.
118 Labor Call, 1 May 1930.
Ministry 'a chance to do something practical' and continued:

... carry resolutions if you like but you are only fooling the workers outside if you cannot carry them out. We have a responsibility as a Government, and our first responsibility is that nobody should go hungry. We must stand by the recognition of our obligations on the other side of the world. I would refuse to remain in office rather than declare that Australia cannot pay her debts. We have pledged the national honor, and I am going to stand up to it. I am not defying Conference; I am simply giving facts. 119

To an interjector he replied: 'You must change the competitive system under which we live'. The A.W.U. reporter, R.S. Ross, thought Scullin's defence of the Government on this and other issues was masterly, and that it exerted considerable influence on decisions made by the Conference. Nevertheless the Government was subjected to severe criticism. An A.R.U. delegate described Scullin's argument as camouflage.120 W.J.Duggan, a delegate from the Plumbers' Union, and President of the A.C.T.U., was critical of Government policy on unemployment and emphasised that the industrial wing was not, as Scullin and Brennan had suggested, merely a part of the movement but its

119 Australian Worker, 30 April 1930.
120 Labor Call, 8 May 1930.
very foundation and if it were shaken, 'the whole
superstructure would topple like a pack of cards'. 121

In a direct and fundamental attack, Maurice Black
M.L.A. said that Scullin:

had sounded the death warrant for parliamentary
action for Labor. If the Federal Parliament
could do nothing they could not look to the
parliamentary system to relieve the wants of the
people. If the Federal Parliament could do
nothing they might as well realise that the
parliamentary action of Labor was bankrupt. 122

The Conference ignored Scullin's pleas for practical
proposals and endorsed the Committee's unemployment report,
the provisions of which Scullin had already said were
financially impossible. Implicit in this conflict was the
dilemma which confronted the Labor movement. It was
reasonable that Scullin should reject an unemployment
insurance scheme which would cost an estimated £40 million
a year, at a time when his Government was striving to effect
every possible economy; government income was falling and was

121
Australian Worker, 30 April 1930.
122
Ibid.
expected to fall even further; while expenditure, though contracting, lagged behind the fall in income; and both the Government and a majority of the Labor movement adopted the orthodox theory which called for 'good national housekeeping' in the form of balanced budgets. Yet, on the other hand, the movement's call for unemployment insurance was equally reasonable, for such a measure was necessary and to be expected if the Party was to justify itself as a movement of reform. This dilemma was not resolved. An important part of the history of the Scullin Government is a record of the movement's attempts to do so, and the consequence of its inability to find a solution.

The Annual Conference of the Tasmanian Branch of the Party in April was a quiet affair. Less than fifty delegates were present. Twelve of these were State Labor members and four were Federal members (Lyons, Guy, Culley and Frost). The two days of discussion were confined almost exclusively to State issues: the only matter of Federal importance was

123

Mercury, 25 April 1930.
a resolution calling for the Federal Government to institute a sickness, accident and unemployment insurance scheme. It was resolved to send this resolution to the forthcoming Federal Conference.

The A.L.P. Federal Executive met in Sydney on 4 and 5 February 1930. This was its fifth meeting since May 1927. The twelve delegates were drawn two from each State. All were senior Party or trade union officials. Three were members of State parliaments, including the Federal President (1928-1936), J.J. Kenneally, M.L.A. and Federal Secretary (1925-1946), D.L. McNamara, M.L.C. The two S.A. delegates, Price, M.H.R. and Yates, M.H.R. were the only delegates who were members of the Federal Caucus. Duggan (Vic.) was President of the A.C.T.U.; Watts (W.A.) was the State Secretary of the A.W.U.; W.J. Riordan (brother of D. Riordan, M.H.R. for Kennedy, Q.) was A.W.U. Secretary in Queensland, and Lamp was an A.W.U. official in Tasmania. The two main items dealt with were redrafting of the Federal Platform, which was restricted to removing 'duplications and improving grouping and praseology', and the forthcoming

triennial A.L.P. Federal Conference. The Executive decided that the Conference should be held in Canberra, and not Hobart as previously arranged, and that Federal Executive Officers should act as an agenda committee, and that the President of the Executive act as Chairman of the Conference. After some slight amendments, the proposed constitution of the Labor Women's Interstate Executive was approved. The meeting adjudicated on a dispute between the Electrical Trades Union in Western Australia and the A.L.P. Branch, and considered the representations made by a deputation from the Labor Women's Organising Committee. N.S.W. Representatives of the A.F.U.L.E. urged that the Federal Government be requested to implement that part of the A.L.P. Federal Platform which provided for the establishment of a Board to enquire into and make regulations concerning transport accidents. The Executive also passed a resolution reaffirming its supremacy over State Branches in any matter affecting the platform or policy of the party. This arose

125 West Australian Worker, 21 February 1930.
from a dispute with the N.S.W. Executive, at first sight
over the right of members of the A.L.P. to advocate
Communism. The real issue was that of State autonomy within
the Party. This was only a preliminary airing of a
conflict which was the subject of much discussion in several
Branches in 1931, and the justification used by the N.S.W.
Branch for going its own way with the Lang Plan early in 1931.
The Executive concluded its meeting with a public statement
congratulating the Scullin Government on its handling of
Australia's industrial and financial affairs during the previous
three months. 127

The Federal A.L.P. Conference was the supreme
authority within the Party. Its decisions were binding for all
Party organisations and members, including the F.F.L.P., the
Ministry and the Prime Minister. Conferences were held
trienially and consisted of 36 delegates, six from each State,
elected by State Conferences or State Executives.

127
Age, 7 February 1930.
The Twelfth Conference was held in Canberra from 26 to 30 May, 1930. The Agenda - items for which had to be with the Federal Secretary by 1 March, and with State authorities some weeks before that - contained 94 items.128 Eighteen of the delegates - one half of the total - were members of Parliament, and ten of these were members of the Federal Parliament.129 There was, however, no united front of politicians at the 1930 Conference, though the three members of the Federal Ministry who were delegates (Scullin, Daly and Brennan, the latter as a proxy Tasmanian delegate) presented a solid front on all important matters. Nor, on the other hand, was there great cleavage between politicians and trade unionists. The N.S.W. delegation contained no politicians and was the most critical of the Federal Government, yet this was more from factional causes and for reasons of State autonomy than from greater political radicalism. The little radicalism that was exhibited by Conference came primarily from the South Australian delegation (Daly excepted) which contained five Federal members, and from three members of the Victoria delegation (Drakeford, M.L.A., Duggan, and R.S. Ross).

128 Labor Call, 22 May 1930.
129 Scullin, Brennan, Daly, Makin, Yates, Daly, Lacey, O'Halloran, Curtin, Culley.
Conference was quiet and without major disputes. Perhaps the high representation of politicians contributed to this accord, as perhaps did the high ratio — at least one-third — of delegates associated with the A.W.U. Nevertheless the attitude of the Conference was in general, a fair reflection of the attitudes of the Labor movement in Australia at that time.

The Conference lasted for five days. A very wide range of matters was discussed; among them were Imperial honours, the Governor-Generalship, child endowment, disarmament, affiliation with the Socialist International, oil leases, a bonus on gold production, and Royal Commissions. Discussion on motions dealing with the powers of State Branches vis-a-vis those of the Federal Conference and Executive, and on the eligibility of Communists for A.L.P. membership, provided yet another opportunity for N.S.W. to declare its stand for State autonomy. The principal debates were those on constitutional amendment, unemployment and industrial law.\(^\text{130}\)

\(^{130}\) Australian Labor Party Official Report... May 1930..., Melbourne, 1930: Constitution, pp.33-48; unemployment, pp.21-33, 66-8; industrial law, pp.49-50, 70.
In his opening speech to the Conference Scullin announced that the Ministry had decided to withdraw the three constitutional Bills then before the Federal Parliament. Despite this the Conference devoted much time to debating the three measures, as Scullin implied that they would be reintroduced at some future time. It was also evident that the matter was one of fundamental concern to the Party, representing one of its highest hopes. No doubt this interest had been sharpened by the limitations, already apparent, that the Constitution placed on the Scullin Government. The Conference unanimously endorsed proposals for increased Commonwealth powers over industrial questions and over trade and commerce. The proposal to grant full power to the Federal Parliament to amend the Constitution was only approved after lengthy discussion, by 22 votes to 13. The opposition came mainly from Western Australia (5 delegates) and Tasmania (5 delegates), and it was a stand for State rights. This particular difference of opinion meant little in 1930 and 1931, when measured against the Government's other handicaps, but it is one further indication of those difficulties created by federalism which enveloped the A.L.P. before, during and after the depression.
Federal Industrial Law did not delay the
Conference for long. As will be related in the next
Chapter, the matter was a subject of great interest to the
movement. But the role of the Federal Conference was that of
the rubber-stamp. Conference appointed a committee of six,
of one delegate from each State, to report on what was
required. After considering reports from trade union and
A.L.P. conferences and conferring with Brennan the Committee
presented a four-point report, outstanding only in its
vagueness. In fact the Conferences' deliberations were quite
irrelevant. The trade unions had by-passed the Conference
and made their representations directly to the Government.
When the Conference first touched on the subject Curtin and
Culley moved unsuccessfully that all agenda items dealing with
Federal arbitration be discharged, as the matter had already
been settled. And, indeed, the Arbitration Bill was
introduced into the House of Representatives before the
Conference committee on Arbitration had presented its report.131
Nevertheless, the Conference went through the ritual of making
its own recommendations, partly because the ritual appeared
necessary for its own sake, and partly perhaps as a concession
to the A.W.U., which was not affiliated with the A.C.T.U. and had
131
not therefore been represented at the A.C.T.U. Congress of February 1930.

The key issue of the Conference was the formulation of a policy to deal with unemployment. Nothing was more revealing of fundamental attitudes than this debate, and it therefore deserves to be related in some detail.

Twenty delegates spoke in the debate, though the Tasmanian and South Australian delegations took little part. All agreed that Australia faced a great crisis. There was extensive agreement on the causes of this. Among the causes were immigration, excessive overseas borrowing, the fall in export prices, introduction of labor-saving machinery, over-capitalisation, the land monopoly and the machinations of the Money Power. And behind these causes the delegates acknowledged that the root of the trouble was the capitalistic system: 'They all knew', in Forgan-Smith's words 'that unemployment was due to the present economic fabric of society itself, and that economic organisation had to be completely altered before unemployment would be brought to an end'. But on the question of what instructions the Conference should give the Government, unanimity ended. Scullin, Brennan and Daly urged delegates to discard theoretical notions and recognise
the practical difficulties. Scullin painted a vivid picture of the quagmire in which the Government found itself, and the institutional and economic constraints which held it down. He asked delegates not to 'submit impossible propositions to the Government', but to 'tackle the problem by practical and sound methods'. Scullin did not suggest what methods these might be. Daly reiterated Scullin's pleas, stressing the Government's limited powers and its weakness in the Senate. Brennan went over the same ground and asked delegates to consider the consequences of 'routing' the Government, and what would result if 'a new and reactionary Government' were to replace the present administration. Like Scullin, he told the Conference that 'it was not a time to attempt to introduce the new order... they were not dealing with theories, but with practical and pressing difficulties requiring immediate solution'.

It was obvious that the Ministry knew what it did not want from the Conference. It was soon evident that the delegates were confused about what they wanted. An indication of this confusion appeared when Collings (Qld.) suggested that Mr. Frank Locke be invited to address the Conference. His request was supported by Drakeford (Vic.) and Kilburn (N.S.W.) but opposed by Curtin (W.A.) on the grounds that they all knew
about the workings of the Money Power (and if they needed further instruction, Frank Anstey would be a better teacher); they had only to decide what to do. Curtin was over-ruled. Locke, the author of 'Nationalisation of Credit: The Only Cure for Industrial Unrest' (1919), delivered a lengthy address which added nothing to what the delegates already knew and was less relevant than the debates on unemployment which had already taken place within the movement at the A.C.T.U. Congress and the Annual State Conferences in Victoria and New South Wales. The Conference decided to appoint a committee of six to prepare a report on unemployment. The problem was then to decide on its terms of reference: was it to establish a policy for the alleviation of existing unemployment, or a policy for the elimination of unemployment? Forgan-Smith moved for a report on alleviation and Ross for a report on elimination. This suggests a debate which would open up fundamental consideration of the nature of the Party. This was not the case. The Party and the movement could not suddenly change its character and ignore its own history and context. A compromise was accepted from Duggan, asking for a report on 'the immediate relief' and 'future regulation and control' of unemployment.
The Committee's report recommended the adoption of the scheme of unemployment insurance and the other proposals recommended by the Victorian A.L.P. Conference and, before that Conference, by the A.C.T.U. Congress. Such measures would obviously have been blocked by the Senate, but this was ignored by all three conferences. The Report placed great stress on 'the restoration and freeing of credit' and as a first step it said that 'the Federal Government should find £20,000,000' to allocate to the States for works (stipulating that the work should be done under Arbitration Court award rates and conditions). The Report did not say how the Government should find the money. It was assumed that it would be released through the Commonwealth Bank, yet it was obvious by May 1930 that the Bank was independent of the Government and would not implement deliberate expansion of credit. By ignoring this and not also advising the Government to seek a double-dissolution, the Report was rendered sterile. (Of the 36 delegates only Curtin pointed to the necessity of seeking a double dissolution if the Government was to be asked to manipulate credit). The Committee's report concluded that 'owing to the conditions under which [it] has had to work, it has confined its recommendations to the immediate problem of abnormal unemployment'. It agreed that 'the general problem is inherent
in the existing system' and concluded that the final remedy lay in 'the realisation of the policy set out in the objects and platform of the Australian Labor Party'.

The Government had done little to implement Labor policy in its early months. The Parliamentary sitting of November-December 1929 was confined to minor issues and the emergency Bank Bill. Labor's own legislative programme was not introduced until March 1930.
Parliament met again on 12 March and continued sitting until 8 August 1930. During these five months Caucus met thirty-two times, for a total time of approximately eighty hours. Because of sickness, journeys interstate and overseas and election campaigning in Western Australia and South Australia there was never a Caucus meeting at which all fifty-four members were present. On average, nine members were absent from each meeting. As proxy voting was not permitted, Caucus decisions to some extent depended on chance as well as tactics and the merits of issues.

Three pre-sessional meetings of Caucus were held (5, 6, 7 March) to discuss the Party's programme for this vital period. Members of the Ministry presented their proposals in a list of more than thirty Bills and these were discussed at length. Scullin promised to have certain matters raised again in Cabinet.¹

¹ Caucus, Minutes, 5, 6, 7 March 1930.
When Parliament met Scullin made a Ministerial Statement of Policy. The situation he outlined was a grim one and he concluded with a suggestion that 'the Parliament might fittingly become an economic conference of representatives of the people meeting to discuss the general position'.

Some parts of the programme mentioned in Scullin's address were never presented to Parliament by the Scullin Government, notably repeal of the Transport Workers' Act and an amendment to the Crimes Act; but fifty-five Bills passed through both Houses between March and August 1930. Seventeen were concerned with sales tax and another nine with customs, tariffs, bounties and the export of primary products. Most of the remaining Bills were machinery measures or matters of no great significance, with the important exception of the Arbitration Bill. Twelve Bills were not enacted. Some were withdrawn or were still being dealt with at the end of the period, on 8 August. Six, however, were defeated in the Senate. Two of the rejected Bills dealt with bounties (one for hops and the other for serving-machines). The remaining four were among the Government's most important measures: a wheat subsidy Bill and three Bills to amend the Commonwealth Constitution.

The three Bills to amend the Constitution were the first to be rejected. Scullin submitted two draft Bills to Caucus on 5 March, one to give the Federal Government full power in industrial matters (by altering Section 51, XXII) and the other to enable the Federal Parliament to amend the Constitution (by altering Section 128). On 6 March Caucus adopted these proposals and carried a motion from Coleman and Rae that they be submitted to a referendum as quickly as possible. An amendment from Curtin and Keane asking that the power of amendment provision be dropped was defeated. The two Bills were introduced into the Representatives on 13 March and passed the Third Reading on 10 April. In the meantime, on 4 April, the Government had introduced a third constitutional Bill to extend Federal powers over trade and commerce (by altering Section 51, I).

Scullin explained to a special Caucus meeting on 2 April that

3 Caucus, Minutes, 5 March 1930.
4 Ibid., 6 March 1930.
5 C.P.D., Vol. 123, pp. 100, 1157, 1159.
6 Ibid., p. 896.
a number of Caucus members had asked for this Bill and that Cabinet had given its approval. He asked Caucus for permission to proceed with the Bill. Permission was granted next day and the Bill was introduced that afternoon. All three Bills were rejected by the Senate during the Second Reading debate, by 7 votes to 22, on 28 May.

The Government had expected that the Senate would reject the Bills. It planned to resubmit them and, assuming that they would again be defeated in the Senate, then put them to a referendum, as provided for under Section 128 of the Constitution which states that there must be 'an interval of three months' between rejection by one House and resubmission to the other House. Scullin said that the three months would begin from 11 April, when the Bills left the Representatives. Therefore they could be reintroduced on 11 July. In the Government's timetable, a month was allowed for their second consideration in Parliament to the point where they were again rejected by the Senate, followed by a short campaign of three weeks, ending with a referendum a day or two before Scullin

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7 Caucus, Minutes, 3 April 1930.
9 Argus, 29 April 1930.
left for Great Britain at the end of August. A dispute arose whether this plan rested on a correct interpretation of Section 128, principally on whether the three months was to begin from the time when the Bill left the Representatives (11 April) or from its rejection by the Senate (28 May): if it were the latter the referendum probably could not be held before October or November 1930. The Crown Law officers supported the Government's interpretations. But because of the controversy Brennan consulted legal authorities, who advised that there was a serious doubt which could only be resolved by a High Court decision (after the proposals had been approved at the referendum). Because of this doubt the Ministry (but not the Caucus) decided to postpone the matter until 1931. Scullin announced the decision at the first day of the A.L.P. Federal Conference on 26 May, and to Caucus on 29 May. Despite endorsement of the three proposals by the Federal Conference they were not revived by the Government.

10 Ibid.
11 Argus, 1, 3 May 1930.
12 S.M.H., 27 May 1930.
14 Caucus, Minutes, 29 May 1930.
The Government faced many difficulties. The difference in the interpretation of Section 128 was one problem, though this was only acute if the Government was determined to hold the referendum before the end of August. But there was a strong probability that, in any case, the proposals would be defeated at a referendum whenever it was held, given the poor record of success of referenda,\textsuperscript{15} especially as there was no doubt that the Opposition would campaign for a 'no' vote. And the humiliation of a defeat would have been accentuated by conflicts within the Labor movement. Of the sixteen proposals presented in seven constitutional referenda between 1906 and 1928, Labor had been responsible for eight.\textsuperscript{16} These had met with some resistance within the Labor movement, especially in New South Wales.\textsuperscript{17} The two proposals of the Bruce-Page

\begin{itemize}
\item \textsuperscript{16} Ibid.
\item \textsuperscript{17} H.V. Evatt, Australian Labour Leader..., Sydney, abridged edition 1954 (1st edn. 1940), pp.192-8, 223-5; V.G. Childe, How Labour Governs..., Melbourne, 1964 (1st edn. 1923), pp.35-38.
\end{itemize}
Government in 1926 had produced sharp divisions within the movement which had severely shaken unity. The N.S.W. Branch of the Party had opposed the stand of the Federal leaders, and a 'split' was threatened. The A.W.U. had also been opposed. In 1930 the A.W.U. supported the Scullin Government's constitutional proposals. But the State Branches of the Party showed few signs of enthusiasm, and the N.S.W. Branch seems to have been completely opposed. As in the past, resistance within the movement to enlarged Federal powers was often passive rather than active and public. A Wheat Marketing Bill was introduced in the Representatives on 8 April and rejected by the Senate on 4 July 1930. This was the first of six measures to assist the wheat industry during 1930 and 1931. Only two were enacted. One of these (the Wheat Advances Act of December 1930) was rendered useless when the banks refused to co-operate. The second (the Wheat Bounty Act of October 1931) fixed a bounty of 4½ pence on all wheat marketed; it did not satisfy

19 Australian Worker, 1, 8, 15 January 1930.
the Government or the producers.

Among the most important measures introduced by the Government in 1930 were two banking Bills. Like the constitutional Bills, these represented the Party's desire to make changes in the economic system, as distinct from the many measures necessary to administer and assist; but the banking Bills also came to nothing.

The Central Reserve Bank Bill was read for the first time in the Representatives on 2 April\(^2\) and the Commonwealth Bank Bill on 23 May.\(^2\) In introducing the second Bill Theodore explained that 'it was not intended to go on with the Bill until the fate of the Central Reserve Bank Bill is determined'.\(^3\) No more was heard of this second Bill in 1930.

The Reserve Bank Bill was not a radical measure. It proposed a reserve bank endowed with central banking powers as understood by orthodox banking opinion in the 1920s. This meant that the central bank was to serve the private banks,

\(^{21}\) C.P.D., Vol. 123, p.759.  
\(^{22}\) Ibid., p.2119.  
\(^{23}\) Ibid.
not direct or control them. The Bill, says Giblin, was 'accepted by the Opposition [in the Representatives] as a genuine attempt to strengthen central banking in Australia on moderate and even conservative lines'. In 1928 the Bruce-Page Government drafted a Bill to increase central banking powers; the measure was ready for submission in early 1929 but was shelved by the Government. Schedvin believes that the Scullin Government's Bill 'was probably similar in principal to the 1928 Bill'. The 1930 Bill was drawn up in consultation with officials of the Commonwealth Bank and amended by the Bank Board; Giblin concludes that the Board was in favour of the Bill. Moreover, the Government sought advice on the Bill from Sir Ernest Harvey of the Bank of England; though it ignored the request of that Bank to defer the introduction of the Bill until after their adviser, Sir Otto Niemeyer, had arrived in Australia. Nevertheless, the Opposition in the Senate opposed the Bill. And Schedvin shows how this opposition was organised.

28 According to Theodore, reported in the World, 18 December 1931.
On 12 May, well before the Bill had even reached the Senate, Davidson wrote: "We [the Sydney Banks] arranged several weeks ago now with the Leader of the Opposition and several other Senators that the Bill would be referred to a select committee if possible in order to have the whole question examined in an endeavour to educate public opinion".

The Bill had its first reading in the Senate on 18 June. Daly made his second reading speech on 27 June, and when the Bill was next considered on 10 July the Senate majority referred it to a Select Committee of eight members, which included three Government members. These three were replaced with Opposition members on the next day, when they resigned because of the Government's antagonism to the establishment of the Committee. The Government refused to co-operate with the Committee, by, for example, refusing to pay its expenses. Three days before Parliament adjourned

29 Schedvin, Op.cit., p.175, Fn.23, 'Davidson to Russell, 12 May 1930, BNSWA [Bank of N.S.W. Archives]; A.C. Davidson was the General Manager of the Bank of N.S.W. and E.R. Russell was the Bank's Chief Inspector for Victoria.
32 Ibid., pp.3943-66.
33 Ibid., pp.4063-4.
34 Caucus, Minutes, 16 July 1930; C.P.D., Vol.126 (Senate, 23 July 1930), pp.4491-4.
on 8 August the Committee presented a progress report, which was hostile to the establishment of a reserve bank, and reiterated this opinion in its final report on 2 December 1930. But the Committee's real achievement lay in the victory it represented of the Senate Opposition over the Government, for it was a striking example of the helplessness of the Government.

The Bill had been greeted with great enthusiasm by the Labor press. But in Parliament those members of the Party interested in banking and finance were not enthusiastic. Anstey did not speak. Curtin approved but had no praise, while Lazzarini, West, James and Yates expressed disappointment; Yates, for instance, said 'This Bill leaves me stone-cold'.

When conflict with the banks was at its height in early 1931 Theodore told Party members that 'he had staked a lot on the passing of the Central Reserve Bank Bill, which

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37 C.P.D., Vol.124; Curtin, pp.2591-600; Lazzarini, pp.2565-9; West, pp.2644-6; James, pp.2656-7; Yates, pp.2528-35.
38 Ibid., p.2529.
would have altered the whole financial position, ... They had not been able to force an issue because the Bill had so far not failed to pass, but was merely held up'.

Thus Theodore suggested that the Bill would have given the Government control over the private banks, which was not so; and he hinted that in 1930 the Government had intended seeking a double dissolution on the Bill, and this too was not correct. The progress of the Bill in 1930 had been slow. Parliament met on 12 March. The Bill had its first reading on 2 April; Theodore made his second reading speech on 1 May and the second reading debate in the Representatives began on 3 June. It is difficult to believe that this is the record of the Bill which was the key to the Government's strategy in a battle with the Senate. In fact, in 1929 and 1930 the Government had no intention of challenging the Senate.

In March-April 1931 the Government began a belated attempt to bring about a double dissolution which, Scullin anticipated, would lead to an election in September.

40 Ibid.
But the talk of 1931 was never more than half-hearted, and it was that of a demoralized Party which had had the necessity for a double dissolution thrust upon it; whereas a decision on the matter in 1929 involved taking an initiative.

In 1929 and early 1930 members of the Party made many brave statements about confronting the Senate. In November-December 1929 Scullin, Brennan, Daly, Dunn and Rae and others made challenging noises. Green told the Western Australian Metropolitan Executive in January 1930 that the Government would not submit to Senate dictation. Curtin said that any obstruction would provoke Government action. But by January 1930 the decision not to challenge the Senate was already known in the Party. On 14 January the Queensland Central Executive decided that because of changes in the Federal situation the closing date for Senate nominations could safely be extended to June 1930.

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41 Theodore said that any trouble would 'of course' lead to a double dissolution, Australian Worker, 23 October 1929.
43 A.L.P.-W.A., Metropolitan Executive Minutes, 7 January 1930.
44 A.L.P.-Q., Central Executive Minutes, 14 January 1930.
The decision not to seek a double dissolution has been regarded as a major mistake of the Scullin Government. It has been seen as a failure of nerve, an indication of the Government's timidity and a measure of the general self-serving nature of Labor politicians. Although these accusations may be justified the issue was more complicated than it appears to those commentators, such as Whittington, who write with the advantage of hindsight. 46

The constitutional provision (Section 57) for securing a double dissolution had been used only once before. 47

In 1913 the Cook non-labor Government had assumed office without gaining control of the Senate, where, like the Scullin Government, it was opposed by twenty-nine members to seven.

The Cook Government deliberately brought on a double dissolution. It introduced a Bill on 31 October 1913 which was rejected by the Senate on 11 December. In 1914 Parliament met on 15 April:

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D. Whitington, The House Will Divide, Melbourne, 1954, pp.30-31; Chapter IV, on the Scullin Government, is a precis of Denning's Caucus Crisis.

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For a summary of the double-dissolution of 1914 see J.R. Odgers, Australian Senate Practice, Canberra, 1967 (1st edn. 1953), pp.18-22; the section on the double dissolution of 1951 (and in particular, the discussion of 'failed to pass'), pp.22-30, is also relevant.
the Bill was reintroduced in the Representatives on 6 May and again rejected by the Senate, on 28 May. Cook advised the Governor-General on 5 June that he should dissolve both Houses and this was done on 30 July. An election followed on 5 September. (It may have weighed with members of the Scullin Government that Cook was soundly defeated at this election.)

In 1913-1914 the process of contriving a double dissolution took about ten months. Had the Scullin Government wished to pursue a similar course in 1929 the time could perhaps have been shortened: there was, for example, no constitutional or statutory obligation to adjourn Parliament for the long recess between 13 December 1929 and 12 March 1930. Nor would the question of suitable issues have been insurmountable: presumably some controversial legislation - the arbitration, constitutional, banking or wheat Bills, or a collection of them - could have been introduced in some form by December 1929. No doubt the Opposition would have resisted any attempt to provoke an early election before, say, at least April 1930. In a letter read to the post-election meeting of the Nationalist Party in Canberra Bruce warned the Nationalists against pessimism, suggested that 'there will soon be a
tremendous revulsion of feeling' against Labor and warned that 'it is imperative that the Senate should not by precipitate action' allow the new Government to blame it for its inability to govern. The President of the National Federation gave similar advice. The Senate, however, had only three options. It was most unlikely that it would have passed the controversial Bills. It could have rejected them, in which case the Government would have succeeded. Or it could have contrived to delay them. However, this, the most likely tactic, could not have continued indefinitely, and some delaying tactics might have been subject to challenge; for example, that referral by the Senate to a Select Committee constituted 'failure to pass' under Section 57 of the Constitution. (Daly referred to possible Government action on these lines in November 1930.) The difficulties were considerable, but it seems likely that had it wished, the Government could have had an election for both Houses at some time in 1930.

49 Argus, 21 December 1930.
Tactics with the Senate were not the only consideration, and they were perhaps not the most important. Although there were no precedents for this kind of decision in the A.L.P. it can be assumed that the matter was one on which a Caucus majority would rule. And members of Caucus had many reasons for resisting a strategy aimed at a double dissolution and an early election.

The Party had not been in office for thirteen years, and there was an understandable reluctance to risk the situation in an early election, before the Government had enacted any legislation. Another appeal to the electors might be interpreted as an admission of ineffectiveness, especially as there had been scarcely any mention of the position in the Senate during Labor's election campaign. And perhaps Caucus reflected the optimism of its very large majority in the Representatives where, the Government being so firmly in control, it seemed less likely that the Senate would prove too intransigent. (A majority of Labor Senators appear to have been in favour of an early double dissolution.) Some members may have been influenced by their new status as members of Parliament, the Government or the Cabinet, or by the travel, social 'duchessing' - without as well as within the Labor
movement - and feelings of power and position. A number of members had won seats in October 1929 which they would have had great difficulty in holding at any subsequent election. To these considerations must be added yet another, that of finance. Members of the Representatives had had the expense of an election in October 1929. Most of them had faced another election less than twelve months before, in November 1928. Their personal resources would have been much strained by yet a third election in 1930. And with State elections in Victoria in November 1929, in Western Australia and South Australia in April 1930 and in New South Wales in October 1930, the Party Branches - never well endowed - had reason to conserve their slender funds (the New South Wales Branch, for example, was overdrawn by £12,000 after the 1929 Federal Election). The condition of union finances was also a deterrent to another election. In 1929 and 1930 the A.W.U. in Queensland, Victoria, New South Wales and South Australia paid approximately £11,725 to State A.L.P. Branches in election donations and affiliation fees. In Western

52 Calculated from Annual Reports for 1929, 1930 and 1931 for the four States.
Australia, the A.W.U. paid £300 to Federal Election funds in 1928, £400 in 1929, a further £600 towards the 1930 State election, and £779 in A.L.P. affiliation fees in 1929-30. Yet A.W.U. membership had been declining since 1927, when it reached its inter-war peak, and the decline had become precipitous in 1929-30. Falling income in the A.W.U., and in most other unions, meant union financial support in a 1930 Federal election would have been meagre. There were other reasons why union officials were against a 1930 election. Some thought they might get personal preferment: they could not expect to do as well as they might with a Lang Government, which appointed men to the Legislative Council ("... the gold pass would be an advantage in minimising organising expenses")\(^54\); but in the Federal sphere there were other havens for 'sincere friends of the Ministry' - as was recognised by the Union Federal Secretary who aspired to become Manager of the Commonwealth Clothing Factory.\(^55\) Some union officials derived a sense of importance and reflected glory from their visits to Canberra and their association

\(^{54}\) A.R.U.-N.S.W. Branch, State Council Minutes, 16 October 1930. 
\(^{55}\) Amalgamated Clothing and Allied Trades Union, Federal Office, General Correspondence, Carter (Fed.Sec.) to A.S. Drakeford ("...please see Chifley about my claims..."), 16 April 1931; Carter to Holloway M.H.R. ("...it is not too much to ask..."), 14 May 1931.
with Ministers and members of Caucus. Much more important were unions' expectations of what a sympathetic government would do for them. The obvious examples concerned the industrial troubles of the coal-miners and the waterside workers. Less obvious but more important was Labor's high tariff policy. Scores of unions lost no time in approaching the new Government for tariff protection to cover the occupations of their members: much time and money were expended; the Government was known to be highly favourable to very high protection but it was realised by the unions that protection, once granted - and it seems that it was rarely refused - would not be effective for some time, and that a non-Labor Government could not be expected to be so favourable. The vital point in the connection between the unions, the tariff and union attitudes to a double dissolution was that tariffs could be imposed without Parliamentary sanctions,\(^{56}\) so in this matter the hostile Senate was not important. Tariffs eventually

\(^{56}\) 'The Government was in a strong position on this matter [i.e. tariffs], notwithstanding the Senate obstacle because under the Customs Acts alterations in the tariff rates took effect from the time of tabling a proposal in the Representatives, while import embargoes could be imposed by executive proclamation not subject to Senate veto;' G. Sawer, Australian Federal Politics and Law 1929-1949, Melbourne, 1963, pp.28-9.
had to be approved by Parliament, but the Government could delay: the Senate debate on the tariff did not begin until 29 October 1931. Thus the Scullin tariff was a powerful influence in setting the unions against risking a double dissolution. There were other influences acting in the same direction. Among them were the expected amendments to the Arbitration Act, the Transport Workers' Act and the Crimes Act. All made a strong contribution to the sentiment voiced frequently in 1930 and 1931 that 'the worst Labor government is better than the best non-Labor government'.

Anstey was the leader of a small group which in 1929 and early 1930 urged the Ministry and Caucus to seek an immediate double dissolution. Anstey was sure that the Government would be returned with a majority in both Houses. It could then implement Labor's policy, particularly bank nationalisation. 57 Anstey subsequently saw the Government's

57 C. Edwards, Op.cit., p.197. pp.196-9, 191-3, contains two sections from Anstey's private papers; other sections are published in Overland, No.31, March 1965, pp.31-7 (edited and introduced by David Potts, pp.29-31); and No.32, August 1965, pp.20-22 (with an introduction by F.C. Green, pp.17-19). The originals are held in the National Library of Australia.
sorry performance as the result of its failure to challenge the Senate. It is useless to speculate on what might have happened, for the chain of imponderables and the list of hypothetical situations and consequences is very long indeed. It must be remembered, however, that with or without control of the Senate, Labor faced a worldwide economic collapse of unprecedented severity, and that Australia was one of the first to feel its impact and one of the most severely affected countries. In this great crisis all Governments, whatever their political colour, fared badly. Thus, as far as its record in combating the depression is concerned, the Scullin Government's position in the Senate made only a marginal difference to the degree of its failure. The most important long-term effect, for the Labor movement, of the Government's failure to challenge the Senate was the crippling effect on morale and the steady erosion of faith in the efficacy of the Labor government: it was with this in mind that Anstey remarked, 'the past should only be remembered for whatever lesson it may contain for the future'.

58 Labor Call, 14 May 1931.
59 Ibid.
Despite their acknowledgement of its
difficulties in the Senate the trade unions expected much
of the Scullin Government. The Brisbane Trades and Labor
Council, for example, sent congratulations to Scullin and
asked that a letter-box be erected outside the Trades Hall.  

The Carpenters' Union in W.A. wanted the new Commonwealth
Bank Building in Perth to have wooden rather than bronze
doors. The Seamen's Union wanted an extensive revision of
the Navigation Act. Members of the Musicians' Union - the
classical victims of that time of technological change -
wanted the Government to ban the import of canned music.

Union requests poured into the Government. Some of these
extended beyond the interests of one union, or a small group of

60 Brisbane Trades and Labor Council, Executive Minutes,
10 October 1929.

61 A.L.P.-W.A., Metropolitan Executive Minutes, 7 January 1930.

62 Argus, 30 April 1930.

63 Though not affiliated in 1929, with the A.L.P., the N.S.W.
district of the Musicians' Union donated £50 to the A.L.P. and
urged its Federal office to give £100 (Musicians' Union of
Australia: N.S.W. district, Minutes of Special General Meeting,
23 September 1929). The Union besieged Canberra with
petitions and deputations; several conferences were held with
Ministers (including Scullin, Daly and Forde) and others but
the Government could do nothing; by August 1930 the Union was
reduced to seeking permission from the Chief Secretary in N.S.W.
'for bands to play in the city streets and collect, such bands
to be under the jurisdiction of the union'. (Ibid., Minutes
of Quarterly General Meeting, 4 August 1930.)
unions. One such matter was the promised change in Commonwealth Arbitration law. Another concerned preference to unionists. The industrial problems of the New South Wales coal-miners and the waterside workers were those of industrial unions but these groups had aroused much sympathy among unionists as the first sufferers in the 'capitalist onslaught' launched in 1928-29. In addition, both groups had received particularly harsh treatment from the Nationalist Government. It was expected that the new Labor Government would soon show its mettle by making things right for those victims of industrial and political injustice.

At the time of Labor's victory in October 1929 the coal-miners in northern New South Wales had been locked out for seven months.

The dispute had greater than ordinary claim for sympathetic action from a Labor government. The mine-owners were clearly acting illegally: without reference to the Coal Tribunal and in defiance of the award governing the industry they had, in mid-February 1929, told the miners that they must accept a reduction in contract wages of 12 1/2% and a shilling a day in day wages. The miners refused to accept
these demands, and at the beginning of March the owners
closed about thirty mines on the northern fields, throwing
more than 10,000 miners out of work.64

Throughout the 1920s the Nationalist Government
had taken a strong line in dealing with industrial disputes
whenever the trade unions had attempted to by-pass or defy
the established system of arbitration. The Government had
acted immediately and with severity, particularly in the
Seamen's (1925), Waterside Workers' (1928), and Timberworkers'
(1929) disputes. Unions had been fined and union officials
prosecuted. Thus the illegal action of the mine-owners was a
test of the Nationalist Government's impartiality; if it was
sincere in its defence of arbitration, it now had to get tough
with mine-owners. On 22 March the Attorney-General told
Parliament that a prosecution for a lock-out was to be
undertaken against John Brown. Brown, 'the coal Baron', was
one of the richest men in Australia, and one of the most
intransigent of employers in industrial disputes. The unions
were delighted with the prospect of Brown's impending

64 For a summary of events in the coal dispute during 1928 and
1929 see: Labour Report, 1929, No.20, pp.94-6; Round Table,
humiliation. Two weeks later, however, while Parliament was in recess, it was announced that the prosecution had been withdrawn on the grounds that a prosecution would only prolong the dispute, as the owners would not confer while one of their number was before the court. As Professor Sawer has said, the withdrawal was justified on legal grounds, though it may have shown a kind of unconscious class bias on the part of the Government, 'but it showed even more how the organisation of industry, the structure of the law and even chance favoured the militant capitalist and handicapped the militant unionists'.

That there was 'one law for the rich and another for the poor' was knowledge with which the Labor members of Federal Parliament considered themselves well acquainted. While in Opposition during 1929 they made frequent and caustic reference to the Nationalist Government's 'softness' on the matter of prosecuting Brown and to the built-in bias of the capitalist system. But they were not explicit on how

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66 For example, see Theodore's Censure Motion, *C.P.D.*, Vol.121 (15-22 August 1929), pp.7-187.
a Labor Government would circumvent the restrictions they so happily denounced. Nevertheless, they made skilful use of the issue during the election campaign of September-October 1929; and many Labor candidates spoke with force — though in vague terms — of getting the miners back to work. Most were content with generalities. Unfortunately E.G. Theodore, deputy leader of the Party since 1923, was not. At Balmain on 23 September he told his audience that 'one of the first actions of a Labor Government would be to re-open the mines... [the owners] would either have to re-open their mines or Labor would work them in the name of the people'. At a later meeting he spoke of Labor taking 'drastic action'. Finally, a week before the election, he assured his listeners at a meeting on the coal-fields that the Federal Government had sufficient power to deal with the coal dispute, that a Labor Government would not hesitate to use such powers, and that if there was a victory on October 12 the mines 'would be re-opened within a fortnight'. 67 This was a promise which was to plague the Scullin Ministry, alienate some industrial support, discredit Theodore and provide a weapon for the new Government's critics — both the Nationalist opposition and those within the N.S.W. Labor movement.

67 S.M.H., 24, 27 September, 7 October 1929.
In his role as election campaign director in N.S.W. Theodore had appealed to the Miners' Federation for financial support. In reply to one of his circulars the Central Council of the Federation had invited him to address a meeting of the Council, which he did on 24 September, telling the Council that the first action of a Labor Government would be to open the mines at pre-lock-out rates. The Council voted to donate £1,000 to Labor Party funds. Expecting a dividend from their investment and mindful of Theodore's promises, their representatives appeared in Canberra on the first Monday after the election, to demand that the new Government honour its pledge.

Theodore's first move was something of a squib, for he did no more than had already been done several times by the Nationalist Government: he called a conference of the miners and the owners. The conference was a failure, like the score or more of its kind which followed in succeeding months: the four parties involved in the dispute - the miners, the mine-owners, and the N.S.W. and Federal Governments - could not reach agreement. Months of attrition had made a simple

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negotiated settlement impossible. Although he continued to attend some conferences Theodore gradually dropped into the background. As Treasurer he became deeply involved in the economic problems facing the Government, which within eight weeks required the preparation of a supplementary Budget and legislation to control the export of gold. Besides, as the hollowness of his pre-election promises became apparent, Theodore's presence as a negotiator rankled with the miners, and provided a contrast between promise and performance which the Government wished to avoid. Scullin, Brennan, Beasley and several of the Federal members from N.S.W. continued the Government's efforts to end the lock-out.

Cabinet considered the dispute several times. Acting on a request from the miners it decided to summon a compulsory conference, under the provisions of the Industrial Peace Acts of 1920, with Mr. C. Hibble as Chairman. Hibble had been Chairman of the Coal Tribunal since 1920. The miners pressed for the appointment of someone more sympathetic to their cause, such as Matthew Charlton or A.C. Willis. When Premier of New South Wales in 1925 J.T. Lang had apparently

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69 Argus, 7 December 1929, 7 February 1930.
permitted the miners to nominate the Judge who was to head a Commission on the coal industry; but in 1929 the Scullin Government refused to allow itself to be thought guilty of partiality. Apparently, however, the miners were allowed to assume that Hibble 'would do the right thing' by ordering a return to work at pre-lock-out rates before making a settlement. The conference met in Sydney on 13 November. It was a failure – doubly so for the miners because Hibble did not make an interim order for the mines to open at the old rates, and he publicly counselled the miners to accept the owners' terms.

Amid mounting criticism from the trade unions in N.S.W. the Government continued with its series of conferences. Scullin adopted the plan first put forward, twelve months earlier, by Bavin, the Nationalist Premier of New South Wales (1927-1930): the price of coal had to come down by four shillings a ton; to secure this reduction the N.S.W. Government would reduce government charges by one shilling a ton; the Federal Government would grant a subsidy of one shilling a ton; the owners would lower their profits by one shilling a ton, and

the miners would accept a cut of a shilling a ton in wages. With some minor variations this was the proposal which the Scullin Government urged the miners to accept, from mid-November 1929 until the end of the lock-out in June 1930. There was a brief period of optimism after a meeting of miners and owners on 29 November, when the miners' representatives agreed to accept wage reductions and, if the rank and file accepted the settlement, to return to work on 9 December. By this time some officials of the mining unions had accepted that the Federal Government could do nothing for the miners, and that the N.S.W. Government was determined to end the lock-out on the mine-owners' terms. But the miners on the coal fields were not yet prepared to concede defeat: being the first in Australia to have their standard of living ravaged by the Depression, they did not realise the futility of resistance; at several mass meetings they angrily repudiated the terms accepted by their union leaders on 29 November. The lock-out continued.

On Christmas Eve 1929 Scullin announced that the Government would make a relief grant of £7,000 to the miners. Apart from this the Government felt it could do nothing. It continued to negotiate for a settlement but the story of its
endeavours after December 1929 becomes little more than 'one long recital of futile conferences, whispered conversations over the telephone, this mystery man and that mystery man...'\textsuperscript{71}

The Nationalist Government in New South Wales also wished to end the dispute. Its action was of a direct and dramatic kind. After the failure of the Hibble conference the Bavin Government announced, on 15 November, that it would take over and work certain of the mines - with union labour if it was available, at the cut level of wages, but with non-union labour if it was not. Unions reacted with predictable anger to the threat of 'scab' labour: the miners were promised full moral and financial support by individual unions, State Labor Councils, and the A.C.T.U. There were calls for a general strike in the mining industry and demands for the Federal Government to 'take control' in N.S.W. Despite its good intentions, the Federal Government appeared timid and ineffective in comparison with the strong action - and even stronger words - of the N.S.W. Government. In a desperate situation a reasonable explanation of the limits of the

\textsuperscript{71} Report of All-Australian Trade Union Congress, Melbourne, February 1930, p.44.
Federal Government's power seemed like pettifogging nicety. Rowley James, M.H.R. for the coal-mining electorate of Hunter, was the first to break the externally solid front of the Government: on 3 December he announced in Caucus his intention to attack the Government in the House. He ignored threats of disciplinary action and, on moving the Adjournment motion, launched his attack on Scullin's handling of the dispute. In this he was supported by three members of the Opposition and two members of the Labor Party (Lazzarini and Watkins).

Violence erupted on the coal fields on 16 December at Rothbury when the introduction of non-union labour led to a clash between police and several thousand miners. One miner was killed and scores were injured. For many weeks a tense situation existed as armed police patrolled the mining towns and miners enrolled in the Labor Defence Army.

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72 Caucus, Minutes, 3 December 1929.
Under the direction of 'Jock' Garden the militants of the New South Wales Labor Council - fresh from their unsuccessful leadership of the Timberworkers' strike in New South Wales - rushed their organisers to the trouble centres to urge the miners to create a general strike in the industry. The Federal Government also acted. On the day after the Rothbury shootings, Judge Beeby summoned the disputants in the coal lock-out to a compulsory conference. Finding that they still refused to compromise he ordered the dispute into the Arbitration Court where on 19 December he made an interim award, under which the mines were to open at pre-stoppage rates. This settlement was immediately suspended and later overturned when the mine-owners and the N.S.W. Government challenged the validity of the award before the High Court, on the grounds that as the dispute was not genuinely an inter-state one (under Section 51, XXXV, of the Commonwealth Constitution), Beeby had no jurisdiction. The Federal Government was powerless

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75 N.S.W. Labour Council, Minutes, 19 December 1929.
in the matter, except that it was able to intervene before the Court to defend the validity of Beeby's award. The Government also intervened before the High Court when the process of interim award and challenge was repeated a few weeks later.\textsuperscript{78} Again, however, the Court decided that Beeby had no power to make an award. There was some small compensation for the Federal Government in these legal proceedings; it was able to make a display of loyalty to the miners by joining them in defending Beeby's interim awards; and the lengthy proceedings (19 December 1929 - 3 March 1930) in the Courts provided many opportunities for the Government to point out that it was the mine-owners and the New South Wales Government who were actively resisting a reasonable settlement. But these were only minor tactical victories. The Federal Government had been frustrated at every turn. It had tried, and it had been thwarted by the Constitution. It could only say that its experiences had further demonstrated the necessity for hurrying on its plans for legislation to remove the worst restrictions of the Constitution.\textsuperscript{79}

\textsuperscript{78} Ibid., pp.558-81.
\textsuperscript{79} Argus, 23 January 1930.
A section of the Labor movement was not satisfied with the Government's efforts to end the dispute. After the Rothbury incident a meeting of New South Wales Labor members of the Federal Parliament established a committee of five (James, Lazzarini, Rae, Chifley, and McTiernan) to consult with New South Wales Labor M.P.s on the dispute. The committee asked Scullin and members of the Cabinet to attend a conference in Sydney on 21 December. Five Cabinet members attended, with representatives from the Labor members of the State and Federal Parliaments, the New South Wales A.L.P. Executive, the Labor Council, the A.C.T.U., and the mining unions. At the request of the miners, and against Scullin's wishes, J.T. Lang was also invited: in his typical style Lang made his entrance, with his close associate Harold McCauley, at ten in the evening, after the conference had been sitting for many long, harrowing hours.

The demands of the militants were simple and straightforward, with the kind of dramatic simplicity which more than twelve months later was to characterise the appeal of the Lang Plan. They urged Scullin to use the military to

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Australian Worker, 25 December 1930.
disarm and disperse the State police; seize control of the coal mines and work them with union labour at award rates; issue a Proclamation under the Commonwealth Crimes Act and use it to prosecute the mine-owners, the Premier of N.S.W. and the N.S.W. Minister for Mines. 81

Lang agreed. His advice was delivered with the compelling force and complete disregard for consequences which were to make him both hero and villain in 1931 and 1932:

Seize the mines...The owners have been defying the law for ten months. Your Government was elected to govern....Seize the mines and work them .... I do not ask lawyers whether I am right or wrong. I tell them I want to do something.... If I were the Prime Minister, with a mandate to open the mines in a fortnight, I would seize [the mines] and work them... Too much time has been wasted in lawyers' arguments ... Seize your mines and, if necessary, pass your law later. 82

Throughout its term of office the Scullin Government refused to do anything which it considered unconstitutional. During the coal lock-out Scullin and

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81 S.M.H., 23 December 1930.
Brennan stressed that unconstitutional action would lead
to civil war; the Labor Party must govern democratically
or not govern at all. The Government must accept the rules:

The Labor Ministry has come into power determined
to exact obedience from every person in this
Commonwealth to the laws passed constitutionally
by Parliament. It will require respect for, and
obedience to, these laws. Remembering the history
of the Labor Party, it would be utterly inexcusible
and indefensible if we who depend on parliamentary
action should advocate any transgression of the
parliamentary limits to which we require other
people to subscribe absolutely. 83

The sanctity of the Constitution was the Government's main
answer to the militants' demands of December 1929. There were,
however, secondary defences; Scullin pointed out that the
miners' representatives did not want the mine-owners
prosecuted: they considered that a conviction would merely
delay a settlement of the dispute. 84 He also appealed to the
A.L.P. Federal Platform which forbade the '...employment of or
interference by soldiers in industrial disputes'. It was also

83 Australian Worker 22 January 1930.
84 Ibid.; see also a statement by the miners' representatives to
the S.A. Labor Council (United Trades and Labor Council of
South Australia, Minutes, 13 December 1929).
likely, he added, that a future non-Labor Government would find a convenient and excusing precedent should the military be used by a Labor Government. (Whether the Scullin Government could command complete loyalty from the army was not discussed, at least not publicly.) Even if the Federal Government did take control of the mines, it would be unable to market the coal unless it had the co-operation of the N.S.W. Government.

Scullin's position on the coal dispute had some supporters in the Labor movement. A meeting of the A.L.P. Federal Executive in early February issued a statement commending the Government's wise handling of its current industrial troubles. In January a meeting of the New South Wales State Council of the Federated Engine-drivers' and Firemen's Association deprecated disloyal criticism of the Government. The Australian Workers' Union also spoke up.

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85 In February 1931 an A.C.T.U. Conference sent a deputation to Canberra to demand a 'Declaration of National Emergency'; one delegate (W.J.Duggan, President of the A.C.T.U. and, in February 1930, Secretary of the Melbourne Trades Hall) 'reported that Brennan had expressed doubts as to whether the armed forces could be depended in the event of a State of emergency arising' (Pan-Pacific Worker, 1 March 1931).

86 S.M.H., 6 February 1930.

87 Australian Worker, 29 January 1930.
in Scullin's defence. On the fourth day of its Annual
Convention (29 January 1930) the A.W.U. expressed its
confidence in Scullin's handling of the dispute, pledged its
support to the Government, and criticised those whom it
accused of disloyalty. 88 A few days later Scullin appeared
at the Convention to express his gratitude.

The general attitude of the Labor movement was
critical, though there gradually arose some sympathetic
understanding of the Government's difficulties. This was not
so with the movement in New South Wales, which remained almost
uniformly hostile for many months.

In December James criticised the Government in
Parliament in a way which 'may be the cause of my leaving this
party'. 89 His attack was supported by Lazzarini ('Had Jack
Lang been Premier... the mines would have opened long ago'). 90
Eldridge, telegraphed Scullin, urging him in 'this time of
impending civil war' to take control of the dispute in N.S.W.,
and hinting that he and others could not remain loyal if the

90 Ibid., p.583.
Government did not act. During one of his many attacks on the Government James revealed that he had been approached to form a break-away Labor Party. Even more scathing was Mr. E.J. Ward. Ward was still more than twelve months away from his election to Federal Parliament but while a trade union and political activist in 1929 and 1930 he was an ardent critic of the Scullin Government. These four men, with Senators Dunn and Rae— all from New South Wales—became the Lang splinter group in Federal Parliament in 1931. J.A. Beasley, leader of the Lang rebels in 1931, was Assistant-Minister for Industry from 1929 until March 1931. He was intimately involved in the negotiations to end the dispute; as a former President of the New South Wales Labor Council he was valuable to Scullin in negotiations with the trade unions in that State. While he remained a Minister Beasley continued to defend the Government. When compared with the statements of other members of Cabinet, however, Beasley's defence is sour; for example, in February 1930 he said:

91 Argus, 17 January 1930.
92 Argus, 7 February 1930.
After all was said and done, whether it was a Labor Government or any other form of government, under the present form of society they were called upon to administer the present system and were confined within the Constitution.

The militant programme put to the conference of 22 December 1929 came from the Labor movement in N.S.W. Its rejection by Scullin and his Ministers did not deter its sponsors. On 17 January 1930 the A.L.P. Executive in New South Wales called for a special conference of Federal and State A.L.P. politicians, N.S.W. members of the Federal Executive, the N.S.W. Executive and union officials. The conference was held on 22 January in the Trades Hall, Sydney. Beasley was the only member of Cabinet to attend; he cautioned the gathering that a strong line against Scullin would hinder the accomplishment of their great task, the return of J.T. Lang to the Premiership. A number of Federal members supported Beasley, but these were outnumbered by the critical Federal rebels, James, Lazzarini, Eldridge, Dunn and Rae. The mood of the conference is reflected in Lang's speech:

There was a lot of talk about the Constitution... If the Constitution conflicted with the will of the people it should be cut out... What was wanted was action and not words.

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Resolutions were passed demanding vigorous action from the Federal Government. A further resolution instructed all Federal members of the A.L.P. from New South Wales to obey the decisions of the conference. On the following day Scullin expressed his contempt for these decisions.  

The next move was then with the N.S.W. Executive. At the end of January it endorsed the conference's recommendations and decided to call another conference of all N.S.W. members of Federal Parliament to discuss ways of forcing the militant programme on the Government. However, before that meeting, the Annual New South Wales Metropolitan Conference of the A.L.P. gave another opportunity for an airing of the conflict. Two Ministers, Theodore and Blakeley, attended to defend the Government. A committee of six which included Theodore brought in a report which blamed the Bavin Government for the continuation of the coal dispute, and appealed for unity in the Labor movement. The Conference repudiated this report. The militants' programme was adopted and a few more demands were added to the list. 

95 Australian Worker, 29 January 1930.  
96 Argus, 24 January 1930.  
97 S.M.H., 8, 10 February 1930.
The Metropolitan Conference was still in session when the special conference called by the N.S.W. Executive met in Sydney, on 14 February. Four members of Cabinet attended. Theodore spoke for the Government. He was emphatic that the Government would not consider any demands which required unconstitutional action, and he denied the right of any Labor organisation in N.S.W. to instruct Federal Labor members:

As to the course of policy to be followed by the Government in such matters [as the lock-out], the Government must act on its own judgement and upon its own responsibility, subject, of course, to the control of Parliament and the ultimate control of the Labor movement as a whole. While the Government remains in office it will not submit to non-parliamentary dictation nor allow its authority to be usurped by anybody.

The meeting continued until four in the morning.

In the end the decision went to Theodore and the Federal Party: a committee was appointed to co-operate with the Government in its attempts to end the lock-out.

This decision was then put to the N.S.W. Metropolitan Conference. As we have seen, the Conference had earlier repudiated the compromise suggested by its own

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98 Australian Worker, 19 February 1930.
committee of six. In the intervening days no move had been made in the Conference to reverse the endorsement of the militant programme. Yet two days after Theodore's victory the Conference swung about: two members of the N.S.W. Executive, Falkingham and Kilburn, asked the Conference to endorse a policy of co-operation with the Federal Government over the coal dispute. Despite a renewed attack from E.J. Ward and others - and amid talk of 'traitors' and 'a sell-out' - the Conference approved the appointment of a committee of ten to achieve Federal-State co-operation. If the original decision to recommend the establishment of the committee was a victory for Theodore, its endorsement by the Metropolitan Conference was a triumph. Mr. E. Grayndler, M.L.C. (N.S.W.) and Federal Secretary of the A.W.U., had no doubts in the matter:

... the attempt to stampede the Federal Government into a hopeless and unconstitutional position... was not made with any idea of really helping the coal-miners, but to embarrass the Government and elevate certain alleged Labor leaders to positions of prominence as militant industrialists... The victory of Mr. Theodore is refreshing. It proves what we have been saying for a long time - if the Reds are courageously faced in New South Wales they will wilt and wither away.

99

Ibid.
The coal lock-out was the major industrial dispute inherited by the Government in October 1929. The timber workers' strike was settled in Melbourne in July 1929 and in Sydney on the Monday after the Federal election (reportedly, after consultations between Scullin and Garden).\footnote{S.M.H., 17 October 1929.}

Trouble on the waterfront, however, continued throughout the Government's term of office. These troubles created friction within the Labor movement in Victoria and South Australia in 1930 and 1931 when State Labor Governments had to deal with violence between union members and volunteers on the wharves. At the Federal level the Government was able to assist the union. As a result the Waterside Workers' Federation was one of the few unions to campaign vigorously for the Government in December 1931 (though not in N.S.W.). But relations between the Government and the Union in 1929 and 1930 were often hostile, and the whole business illustrates some of the difficulties facing the Government in its dealings with the unions. It also provides an example of the conflicts within Caucus in 1930.
The Unions' troubles began with a strike against an Arbitration Court decision in August 1928. The strike ended in October. Five things marked the dispute: first, the Central Committee of Management of the W.W.F. made several mistakes which resulted in it losing control of the dispute (like many other unions, the W.W.F. was organised on a Federal basis, but State Branch autonomy remained very strong); secondly, the men in Sydney and Hobart returned to work almost immediately, while those in other parts held out; thirdly, the other maritime unions and the A.C.T.U. were divided in their attitude to the strike; fourthly, while the men were on strike volunteers had been recruited to fill their jobs (though not in Sydney and Hobart); fifthly, Bruce had invoked the provisions of the Transport Workers' Act (1928) and ordered all waterside workers to register by taking out licences to work – striking members of the W.W.F. refused, but the volunteers did not. Thus by October 1929 the W.W.F. Branches in most parts were threatened with extinction.

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The existing licences – held by volunteers – were not due to expire until 30 June 1930, and the shipping companies would only employ licence-holders. The W.W.F. wanted the Scullin Government to restore the union to its old position in all the affected ports.

While some members of the Party were engaged in 1929 and early 1930 in frequent conferences to end the coal dispute, other members (and sometimes the same members) were similarly engaged on the watersiders' problems. The first result was seen on 9 November 1929 when, after consideration of the matter in Cabinet, Scullin announced that no more licences would be issued. The next move followed on 11 December, when the Union made an application to Judge Beeby in the Arbitration Court for a union preference clause to be inserted in its award. Resort to the High Court was made at the insistence of the Government and against the wishes of the Union, after Brennan had told a conference attended by himself, Holloway, C. Crofts (Secretary of the A.C.T.U.) and representatives of the W.W.F., on 7 November, that 'there is no alternate proposal at present; the Government expects you

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S.M.H. 10 November 1930.
to make this application'.

Like the applications made by the coal-miners at this time (also made at the Government's insistence), the move was not successful and Beeby rejected the application on 5 May 1930. The Government had been in office for six months. In this time it had stopped the issue of new licences (9 November), removed Fremantle from the list of ports to which the licensing system applied (19 December), and proclaimed new pick-up regulations in the Port of Melbourne (10 April 1930). After intensive lobbying the union persuaded the Cabinet to refund to the union that part already paid of the £1,000 fine imposed in September 1928. These moves, however, did not help the union greatly. And the vital question was still undecided: what would the Government do at the end of June 1930, when the existing licences expired? After taking advice from the W.W.F., the A.C.T.U. Congress of February 1930 asked the Government to repeal the Transport Workers' Act. Given

103 W.W.F., General Correspondence, roneod circular, A. Turley (Gen. sec.) to Federal Labor members of Parliament, 19 May 1930, p.2.

104 Ibid., letters between Turley and Scullin, Brennan and others, 21 November, 11 December, 23, 27, 30 January, 7 February, 5, 24 March 1930.

105 Report... Trade Union Congress, May 1930, p.78(d).
the attitude of the Opposition majority in the Senate, it was most unlikely that this could be done. Recognising this, the Congress gave a general direction: that 'the Government, by regulation or otherwise, shall exercise all its powers to restore complete preference of employment' to members of the W.W.F. 106

From October 1929 until April 1930 negotiations on the watersiders' problems were conducted between officials of the union, representatives of the ship-owners, officials of the A.C.T.U., members of the Cabinet and a few interested members of Caucus (notably, Holloway and Makin). Caucus had shown little interest in the subject. 107 But on 1 May 1930 Scullin and Brennan discussed the waterfront position with Caucus 108; thereafter, Caucus decisions ruled the Government's policy on the matter. At the Caucus meeting of 8 May Scullin reported that Cabinet had again discussed the situation but had made no decisions. He asked Caucus to make a recommendation. 109 The

106 Ibid.
107
108 Caucus, Minutes, 1 May 1930.
109 Caucus, Minutes, 8 May 1930.
Union wanted a regulation under the Act which would give priority in work to its members and Holloway, who had been in close contact with W.W.F. officials, moved that this be the Government's policy. Two amendments were moved. Two N.S.W. members, McTiernan and Chifley, moved that no regulations be issued but at the end of June new licences be given only to 'approved' workers. Curtin and Riley moved that the licensing system be discarded after 30 June. After discussion the matter was adjourned for a week. In the interval members of the Union's Committee of Management consulted with Holloway, Daly and Brennan. The President and Secretary of the Union then went to Canberra, where they spoke to an informal meeting of Caucus and discussed their demands with members of the Cabinet. They asked for a regulation granting preference to their members until 30 June; after which all licences should be restricted to members of the W.W.F. The Cabinet would not agree to the last request. Ministers said that the Party (i.e. the Caucus) was opposed because such a move might allow the Senate Opposition a chance to challenge the Government. In the opinion of the W.W.F. officials, it

110 Ibid.
112 Ibid.
Was the members representing rural electorates who were particularly anxious to avoid a clash with the Senate.\textsuperscript{113} On the Union's first request Scullin said that the best the Government could do was issue a regulation giving first preference to returned soldiers who held licences and second preference to members of the union.\textsuperscript{114} As this was 'better than nothing', the union representatives reluctantly agreed. The matter was then debated at two lengthy meetings of Caucus (14, 15 May). The three proposals put to Caucus on 8 May were still to be considered. Holloway and McTiernan withdrew their motions after Scullin reported the agreement reached with the Union. Curtin's proposal, to cancel all licences after 30 June, was defeated by 28 votes to 19. Lewis and Makin then moved the adoption of the Cabinet-Union proposal and this was carried by a large majority.\textsuperscript{115}

\textsuperscript{113} Ibid., 13 May 1930.  
\textsuperscript{114} Ibid., 16 May 1930.  
\textsuperscript{115} Caucus, Minutes, 14, 15 May 1930.
The Union could expect some benefit from the limited preference to be granted by the proposed regulation. But the effectiveness of the regulation would depend on manipulation of the existing licence system, which was due to end on 30 June. It seemed that after Caucus' decision of 15 May to give first preference to returned soldiers and second preference to Union members, it would naturally decide to continue the licence system, and issue licences on the first and second preference basis. With the licensing system, Government employees would supervise employment on the wharves and ensure that the preference stipulation was observed. Without the licensing system the ship-owners would supervise employment.

At a Caucus meeting on 22 May the licensing system was discussed and Scullin asked for a decision. Lacey and Chifley moved that licensing be continued after 30 June and that new licences be issued on the first and second preference basis. A vote was taken on 29 May. The motion was defeated

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116 Ibid., 22 May 1930.
117 Ibid.
15 votes to 25; and the Party was once again without a policy on the issue. Brennan explained to the next Caucus meeting (5 June) that Cabinet had considered the position in light of the Caucus decision of 29 May and now recommended 'that a Proclamation be issued forthwith declaring the Transport Workers' Act inoperative and that a bill be brought down to repeal the Act at the first opportunity'. He concluded by saying that the Cabinet was seriously divided on the issue and after a number of motions and amendments the debate was adjourned. When it was resumed on 19 June a motion to recommit the defeated motion (15 votes to 25) of 29 May was rejected by 15 votes to 24. The Cabinet recommendation was then adopted. A Proclamation was issued at the end of June suspending the operation of the Act in all ports from 1 July.

The Union was bitterly disappointed. In July the Federal Secretary sent an abusive letter - by registered post - to every member of Caucus. It contained a blistering

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118 Ibid., 29 May 1930.
119 Ibid., 5 June 1930.
120 Ibid., 19 June 1930.
121 Fourteen members of Caucus sent replies to the Secretary. W.W.F., Correspondence, 22-24 July 1930.
attack on the Party. Scullin told Caucus that he resented the attack and Caucus took the unusual course of formally repudiating the contents of the letter (it did so unanimously, but divided 20 votes to 17 on a motion to send the resolution to the union). The Union's resentment was undiminished, but it began a campaign to have the Caucus decision reversed.

The Union's requests had seemed reasonable, especially after they had been amended (and approved) by Cabinet. The Caucus decision, however, was based on the Party's opposition to the Transport Workers' Act. This had been stated frequently in 1928 and 1929. Repeal of the Act had been promised by many members of the Party during the election campaign and was expected by many sections of the Labor movement. Because of the position in the Senate repeal of the Act was unlikely. The next best thing was to render it inoperative. In justifying the Government's policy the Secretary of the F.P.L.P. said that 'the Party found itself bound to give effect... to its pre-election pledges, and the action taken... was inevitable'. Gabb admitted that the

122 Caucus, Minutes, 23 July 1930.
123 A.L.P.-S.A., Council Minutes, 10 July 1930.
policy would be detrimental to the interests of the W.W.F.
but that he was nevertheless in favour of it; he, like
other members, had promised his electors to vote for repeal,
'or anything that leads in that direction'.\textsuperscript{124} It was
unfortunate for the W.W.F. that it was a victim of one of the
few displays of determination made by Caucus. But the union
was also a victim of division in its own ranks. The
governing body of the Federation appealed to its forty-six
Branches to leave all negotiations in its hands.\textsuperscript{125} This
appeal was ignored and as a result individual members of
Caucus received requests which often conflicted. It seems
that there was a wide range of opinion within the Union, and
even within the worst affected Branch (Melbourne). Conflict
within and between union branches was not unusual: in all
cases the Government appears to have accepted the advice of
the highest union authority, usually a Federal executive.

\textsuperscript{124} W.W.F., \textit{Correspondence}, J.M. Gabb to A. Turley, 20 July
1930; Gabb goes on - 'In regard to what I will do in Caucus,
or how I vote, I am not allowed to divulge, I would answer
more plainly, but as I am not altogether a white haired boy
here, I do not want to put my neck in a loop, to enable
somebody to pull the knot'.

\textsuperscript{125} W.W.F., \textit{Circulars to Branches}, Gen. Sec. to all Branches,
29 November 1929.
But the W.W.F. had a special difficulty. The N.S.W. potts had not been subject to the regulations under the Act in 1928 and 1929. Anstey was referring to the influence of the N.S.W. Branches of the Union when he asked the Federal Secretary, 'Further - are you satisfied that your local organisations - in those ports unaffected by the licence... - did their best to enthuse their Federal Labor MsP. your way?... I would like to see some evidence of it'.

Crouch stated bluntly that the Union's requests were defeated through the influences of watersiders from the unaffected ports. There was not a bloc vote in Caucus of members from New South Wales and Tasmania on the issue, but they were decisive in the votes rejecting the Union's proposals. A group of members from Victoria and South Australia had been unswerving in their advocacy of the Union's requests (Holloway, Keane, Lewis, Crouch, Makin, Lacy, O'Halloran). After mid-1930 these members continued to press for a reversal of the Caucus decision of 19 June.

126 W.W.F., Correspondence, F. Anstey to A. Turley, 21 July 1930.
127 Ibid., R.A. Crouch to F. Turley, 21 July 1930.
On 26 June the A.L.P. Council in South Australia condemned the Government for acting against the wishes of the W.W.F. In August the Melbourne Trades Hall Council, and in October the New South Wales Trades and Labor Council, asked the Government to do something to assist the W.W.F. A Special A.C.T.U. Congress in September castigated the Government and called upon it to 'immediately exercise all its powers to restore preference...'. The W.W.F. sent a deputation to a meeting of the A.L.P. Federal Executive in October. The Executive decided that the F.P.L.P. should again consult with the W.W.F. and find the best method of assisting the Union. By this time Daly had already told

129 Melbourne Trades Hall Council, Minutes, 21 August 1930.
130 N.S.W. Trades and Labor Council, Minutes, 30 October 1930. The motion was moved by Garden, and appears to have originated from the Newcastle Trades Hall Council.
131 The W.W.F. also lobbied the three State Labor Premiers: Hogan (Vic.) promised to consider the matter; Hill (S.A.) supported the W.W.F. and wrote to the Acting Prime Minister; Lang apparently did nothing. (W.W.F., Correspondence, Gen.Sec. to Hill, Hogan and Lang, 28 October; Hogan to Gen.Sec., 31 October; Hill to Gen.Sec., 4 November 1930).
132 A.C.T.U., Minutes of Conference of Key Unions... Melbourne ... 9-15 September 1930, p.3
133 Age
134 The Federal Executive sent the following resolution to the Secretary of the F.P.L.P.: 'Pending a favourable opportunity to repeal the Transport Workers' Act, this Executive recommends
officers of the A.C.T.U. that the matter would be reconsidered by Caucus. Cabinet, said Daly, was still sympathetic to the Union's request but could do nothing until the Caucus decision of 19 June had been rescinded. Unfortunately for the W.W.F., Caucus did not meet between 6 August and 27 October 1930. At a Caucus meeting on 13 November a sub-committee was appointed to consult with the union and, on a motion from Curtin and Nelson, the matter was adjourned until the last Caucus meeting for 1930.

It was apparent that Caucus was now inclined to rescind its earlier decision. There were several reasons the Federal Party to utilise such power as exists to reinstate members of the Waterside Workers' Federation in their former employment and that for this purpose we suggest the Party should confer with the representatives of the Waterside Workers' Federation. (W.W.F., Correspondence, D.L. McNamara, to A. Turley, 20 October 1930).


Earlier, Nelson had written to Turley, 'You know my attitude on the matter and anything I can do in Caucus for your organisation I will do as a duty to my class' (W.W.F., Correspondence, 28 July 1930).

Caucus, Minutes, 13 November 1930. Of the meeting, Holloway said, 'We had a real good debate upon your question yesterday. All members sympathetically and seriously examined the whole situation from every angle and after hours of debate referred the whole matter to the Attorney-General and Cabinet to decide how and when...' (W.W.F., Correspondence, E.J. Holloway to A. Turley, 14 November 1930).
for this change. In part it was a result of the campaign conducted by the W.W.F. through the unions, the A.C.T.U., the A.L.P. State Branches and the A.L.P. Federal Executive. Conflict between unionists and volunteers had intensified after June. And the Caucus majority had become more radical as the depression worsened, especially after the Melbourne Agreement (August) and the visit of Sir Otto Niemeyer (July-September). This was reinforced by the Labor victory at the N.S.W. elections on 25 October. Frustrated in many larger issues, Caucus at the end of 1930 was inclined to be defiant and aggressive in smaller ones, and one such small issue was the requests of the W.W.F.

The last Caucus meeting for 1930 was held on 11 December, by which time the Caucus sub-committee's report had been considered by Cabinet. Daly, as Acting Attorney-General, presented the Cabinet's recommendation: that the operation of the Transport Workers' Act be restored by proclamation, licences be issued and first preference be given to returned soldiers and second preference to members of the W.W.F. Caucus adopted this recommendation. 138

138 Caucus, Minutes, 11 December 1930.
Regulation giving effect to the new policy was issued on 19 December, the day after Parliament adjourned.

The Acts Interpretation Act required that the Regulation should be tabled in Parliament within fourteen days. When Parliament reassembled in March 1931 the Government waited the full fourteen days before tabling the Regulation. The Senate then disallowed it. The Government replied, on the same day, by re-enacting the Regulation. The process of disallowment and re-enactment was repeated some twenty times during 1931. The provisions of the Regulations were progressively more favourable to the W.W.F. The W.W.F. continued to confer with members of the Cabinet and Caucus, representatives of the A.C.T.U. and delegates to the A.L.P. Federal Executive (in June 1931). Though it was unable to persuade the Government to meet its further demands, the Union by mid-1931 was satisfied that the Government was doing its best to protect the interests of W.W.F. members. The continued hostility of the Senate served to enhance the Government's reputation in the eyes of the Union.

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139 W.W.F., Minutes ... Committee of Management, 11 May-26 June 1931.

140 The Regulations were also the subject of four separate challenges in the High Court in 1931.
A Regulation was disallowed by the Senate on the day after Parliament was dissolved (26 November 1931). The Government immediately gazetted a new Regulation. The non-labor Ministry which replaced the Scullin Government cancelled the regulation on 8 January 1932, two days after it was sworn in, and subsequently amended the Acts Interpretation Act. The W.W.F. again fell back, losing the strength it had gathered while under the partial protection of the Scullin Government throughout 1931.

During negotiations with the W.W.F. Brennan continually stressed, as he had in negotiations with the coal-miners, that the Government would not do anything which the Ministry and its advisers in the Attorney-General's Department considered illegal. A second point emphasised in discussions with the W.W.F. by Scullin and Brennan - and endorsed by a majority of Caucus - was that the Government would not interfere with preference to returned soldiers. Scullin said that 'he would not be a party to displacing one of these soldier volunteers'; a sentiment which was

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141 W.W.F., 'Minutes...', 25 June 1931.
most unpalatable to the W.W.F., which insisted that preference to unionists was a fundamental principle of the A.L.P.

The first Federal Labor Ministry (April-August 1904) resigned over a conflict involving preference to unionists. The Minister for Home Affairs in the Fisher Labor Ministry of 1910-1913 introduced preference to unionists in government employment. The anti-Labor Ministry which followed (1913-1914) chose this preference clause as the measure on which to provoke a double dissolution. The second Fisher Ministry (1914-1915) issued a regulation which reinstated preference to unionists. In July 1915 this was amended to give first preference to returned servicemen (there were, of course, relatively few of these in 1915, 1916 and 1917). From that time onward ex-servicemen were given preference over trade unionists in government employment.

143 Ibid., p.101.
144 Ibid., pp.116-7.
145 E. Scott, Australia During the War, Sydney, 1936, pp.16-17.
146 Ibid., p.296.
The depression sharpened union demands for preference to unionists. For some unions it became a matter vital to their continued existence. In November 1929 a deputation from the United Labourers' Union told Beasley that 55% of members of the union were unemployed.\footnote{Australian Worker, 13 November 1929.}

By January 1930 the Victorian Branch of the Federated Moulders' Union was financially 'down and out'.\footnote{Federated Moulders' (Metal) Union of Australia, Victorian District, Executive Minutes, 21 January, 1930.} In mid-1930 the Secretary (J.J. Graves) of the N.S.W. Branch of the Stovemakers' Union reported that union funds were 'almost depleted', the Union's unemployment allowances had been suspended and the Union staff had gone on short time, working two weeks in every three.\footnote{Stovemakers' Union of Australia, N.S.W Branch, Executive Minutes, 5 May 1930.}

Other unions faced similar difficulties: one in South Australia decided that besides reducing staff wages it would also cancel its affiliation with the State Branch of the A.L.P.\footnote{Australian Boot Trade Employees' Federation, S.A.Branch, Minutes of Meetings, 24 November 1930.} There was no doubt that compulsory union preferences would have meant much for the unions. This
was illustrated at the end of 1931 in N.S.W. when the Lang Government announced its intention to legislate for union preference: for the A.R.U. in N.S.W. this 'altered the position of this organisation entirely' from a situation where the amount of arrears of dues was 'colossal' and the union faced 'a terrific struggle' to one where 'inundated by applications the Union increased its office staff and had them' work overtime.\(^{151}\) A similar situation prevailed in many other unions.

Generally, preference was a matter for State and Commonwealth Arbitration authorities. The Arbitration Bill introduced by the Scullin Government in mid-1930 provided for changes to the preference clause in the Act. There was, however, one area where the Government had the power to grant preference on its own initiative. This was in the regulations governing employment under contracts let by the Department of Works and Railways. There was agitation in the Labor movement to induce the Government to demand

\(^{151}\) A.R.U., N.S.W. Branch; State Secretary's Quarterly Report, 4 April 1932.
that preference to unionists must be observed by contractors. 152

The A.W.U. Convention of January 1930 discussed the matter. 153 A resolution was passed, 'That the Prime Minister be requested to make a public pronouncement that the policy of the Government is strict preference to Unionists'. This was agreed to by 12 votes to 11. The split vote did not indicate opposition within the A.W.U. to union preference but doubts about the wisdom of making the request public. Both the President (Senator Barnes) and the General-Secretary spoke against the motion on the grounds that it would lead to 'the stirring up of sleeping dogs'. The A.C.T.U. Conference of February 1930 resolved that the promised amendment to the Arbitration Act should provide for absolute preference, that all Federal bounties should be conditional on the grant of union

152 Australian Worker, 4 December 1929; Brisbane Trades and Labor Council, Council Minutes, 19 March 1930; Melbourne Trades Hall Council, Council Minutes, 16 April 1930; Victorian Operative Bricklayers' Society, Minutes of Mass Meeting, 17 February 1930.

preference by employers in the favoured industry, and that all employers holding government contracts must give preference to unionists.\textsuperscript{154}

Individual unions had already approached the Government directly. The Painters' Union in South Australia had arranged through Daly and Barnes to have certain Commonwealth buildings repainted.\textsuperscript{155} Preference to unionists was granted and the union acted as the hiring centre for the necessary labor.\textsuperscript{156} (In Barnes' wards, he had 'arranged that in the engagement of Labor the Works Director will select from list supplied by the Unions and in consultation with them'.)\textsuperscript{157} This was general policy, for on 28 March notices had been sent to all Departments of Works with instructions that a policy of absolute preference to unionists must be observed in all contracts.\textsuperscript{158} Later

\textsuperscript{154} Report...Trade Union Congress, May 1930, pp.78(b), (c).
\textsuperscript{155} Operative Painters' and Decorators' Union of Australia, South Australia, Minutes of Meetings, 18 November, 2, 4, 16 December 1929.
\textsuperscript{156} Ibid., 16 December 1929, 28 January, 22 April 1930.
\textsuperscript{157} Barnes to Howard (State Sec.), 11 April 1930 (Ibid., pasted in the Minute Book, at 22 April 1930).
\textsuperscript{158} C.P.D., Vol. 123 (2 May 1930), p.1400.
there was some dispute about who was responsible for
this direction: it seems indisputable that the initiative
was taken by Barnes (Assistant Minister for Works and
Railways), and highly probable that he did so without
advising his fellow Ministers.

The 'sleeping dogs' did not lie undisturbed for long.

In the Senate on 30 April Pearce asked if it was true that
a change had been made.  

Barnes temporised, asking
that he be given notice of the question. A meeting of the
Cabinet was hastily convened for the next morning. It was
decided to compromise by deleting straight-out preference,
as ordered by Barnes, and substituting an instruction that
preference should be given, other things being equal, first
to returned servicemen who were also trade-unionists, and
secondly to members of trade unions.  

On the next day
the Opposition moved formal adjournment motions on the
matter.  

In the Senate the motion was moved by Major-

Ibid., p.1200.  

Argus, 2 May 1930.  

C.P.D., Vol.123, (2 May 1930), Senate, pp.1375, H. of R.,
pp.1410-18.
and in the Representatives by Lt. Colonel Sir Charles Cameron, D.S.O., V.D. The Government replied from its meagre stock of ex-soldiers. As in the discussions on the suspension of compulsory military training in 1929, the debates were particularly vehement. The Government stuck to its guns. But its determination was short-lived.

Five days after the debate in Parliament, Caucus sanctioned a further and final retreat. On 7 May a special Caucus meeting was announced to consider what Scullin called 'the political storm' over preference. Scullin told the forty-two members present that 'the question was not big enough to fight the Senate and go to the country, and he now suggested that we make a graceful retreat, and endeavour still to affirm the principle of preference to unionists'.  

He then submitted for approval a statement he intended to read in Parliament that day. The statement was endorsed by Caucus, after the defeat of an amendment from Crouch and Rae calling for the Party to stand firm for union preference.  

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162 Caucus, Minutes, 7 May 1930.
163 Ibid.
The Opposition expressed great satisfaction at this climb-down. 164 The unions regarded it as a betrayal. The Ballarat Trades and Labor Council congratulated Barnes and expressed disgust for the Government's somersault. 165

The N.S.W. Trades and Labor Council condemned the Government for 'its scabby action in granting preference to returned soldiers, and dividing the working classes'; 166 an attempt to recommend that all unions connected with the Council cancel their affiliation with the A.L.P. unless the Government reconsidered the matter was defeated by a narrow margin, 36 votes to 40. 167

Five months after the change on preference the Melbourne Trades and Labor Council resolved 'that this Council condemns the Federal Parliamentary Party [for] their recent somersault in connection with preference to unionists'. 168

The five months lag points to one of

165 Ballarat Trades and Labor Council, Minutes, 15 May 1930. See also A.R.U. - N.S.W. Branch ('...distinctly anti-working class, and a surrender to Jingoism'), State Council Minutes, 20 June 1930.
166 N.S.W. Trades and Labor Council, Minutes, 5 June 1930.
167 Ibid.
168 Melbourne Trades Hall Council, Minutes, 9 October 1930.
the weaknesses of the unions when they attempted to exert pressure on the Government. On this issue there was a union policy, but, as with other union demands, it went by default partly because of lack of representation at the crucial time. The A.C.T.U. had no full-time officials and its meetings were held infrequently. Individual unions were at a severe disadvantage. By contrast, officials of the returned soldiers’ organisations mounted a campaign in April and May which has been described as 'something of a classic' in the field of pressure-group activities.  

The Caucus decision of 7 May is surprising. There were several reasons for the decision. One was the lack of countervailing pressure from the trade unions, which apart from their disadvantages as lobbyists, were looking for other favours from the Government. Another reason was that Caucus was presented with a Cabinet recommendation and such recommendations always carried good weight in Caucus.

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In addition, there were many members of Caucus who were most unwilling in mid-1930 to provoke a conflict with the Senate: as in the debate on the watersider problem it seems likely that, on this issue, Caucus members from rural electorates were the more loathe to be defiant. Finally, there is the diffidence shown by some members of the F.P.L.P., in Parliament and Caucus, to the mystique associated with the 'Digger legend'. This diffidence is surprising in a Party regarded in the 1920s and 1930s (at least) as isolationist, anti-conscriptionist and generally anti-military. It is even more surprising if Serle is correct in saying that 'in the period between the wars the digger legend was largely taken over by the conservative classes'.  

During the dispute over preference the Government was preparing to introduce its Bill to amend the Arbitration Act. The last amendments had been made by the Bruce-Page Government in 1928. The Labor movement had

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shown great hostility to the changes.

In his election policy speech, Scullin had promised to make extensive revisions to the Act. When in office the Government found that 'the time and circumstances, and the limitations imposed by the Constitution' precluded any sweeping changes to the Arbitration Act. On this issue, as on so many others, the trade unions were divided, and the Government did not meet their demands.

In October 1929 the trade unions had no joint proposal to present to the Government. Their demands were formulated by the A.C.T.U. Congress of February 1930. In the intervening months the A.C.T.U. Executive arranged for individual unions to submit their proposals to local Trades and Labor Councils which, after adding their own schemes, sent the proposals on to the Congress. A committee of seven was appointed from the Congress delegates to draft proposals for discussion and after consulting with M. Blackburn, M.L.A., S.M.H., 20 September 1929. C.P.D., Vol. 125 (Brennan, 1 July 1930), p.3486. N.S.W. Trades and Labor Council, Minutes, 5 December 1929.
a lengthy report was brought in. Some minor amendments were made before the comprehensive and radical plan was accepted and a committee established to negotiate with the Government. This committee presented the A.C.T.U. programme to Brennan on 14 April and continued its representations at frequent meetings during the following months with members of the Ministry and the Caucus Industrial Committee. It seemed that negotiations would be simple and straightforward, concerned, for example, with what provisions would be accepted by the Senate. The matter was not so easy. When the A.C.T.U. presented its programme in April the Government had already drafted its own Bill to amend the Act, and it was unwilling to make revisions to this Bill. Further, the A.C.T.U. was not alone in trying to influence the Government. Representatives of employers' organisations were consulted.

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174 Report... Trade Union Congress, May 1930, pp.78-78(d).
175 Argus, 15 April 1930.
177 Ibid. (Brennan, 1 July 1930), p.3469.
also approached the Government. First in importance among these was the A.W.U., which was not affiliated with the A.C.T.U. The A.W.U. established its own arbitration committee (which included Senator Barnes) in November 1929. This committee presented its set of proposals to Brennan on 15 April and also continued to make representations to the Government, side by side with those of the A.C.T.U.

The Arbitration Bill was introduced into the Representatives on 29 May and passed by the Senate on 8 August 1930. The Bill as introduced was primarily that drafted by the Government (and approved by Cabinet and Caucus). Such outside influences as can be detected seem to owe more to A.W.U. than A.C.T.U. suggestions. The unions were not pleased with the Bill. The A.C.T.U. organised a campaign to get the Bill revised. At the request of M. Duffy (Acting Sec., A.C.T.U.), interested union organisations sent telegrams to Brennan (for example, 'United Trades and Labor Council Adelaide desires your Government that Arbitration and Conciliation be exercised entirely by Conciliation Committees in line with A.C.T.U. decision. Judges be confined to Legal work'; United Trades and Labor Council of South Australia, Minutes, 13 June 1930).
secretaries in N.S.W. held meetings on the matter and sent deputations to Canberra. As a result of this dissatisfaction the Government withdrew the bill on 3 July, while it was in Committee.

At a Caucus meeting on the morning of 3 July Scullin explained what had happened:

... after all the Industrial Committee and the Government had done it was disconcerting to find that many of the Trade Unions were not in favour of the Bill, and some had gone so far as to request that consideration should be given to the matter of dropping the Bill, and bringing in a fresh one.

In the circumstances there was only one course open, which Caucus agreed to follow on a motion from Curtin and Makin:

That we concur in the principle of a new draft for the Arbitration Bill, outlined by the Leader, and that a sub-committee comprising representatives from the original Industrial Committee, and one Senate Minister be deputed to act in conjunction with the Attorney-General in the formation of the amendments to be made to the Bill.

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182 The move was very abrupt: Scullin told a special Caucus meeting on the previous day that 'he proposed to ask the House to complete the Bill by tomorrow night' (i.e. 3 July), Caucus Minutes, 2 July 1930.
184 Caucus, Minutes, 3 July 1930.
185 Ibid.
When re-introduced on 8 July, some further A.C.T.u. suggestions had been incorporated in the Bill. Brennan had resisted drastic changes, and warned that the Bill would be 'severely mauled' in the Senate.\textsuperscript{186} One Union Secretary was so disillusioned with the negotiations and the Government's intentions that he reported to his Executive that 'it would be a blessing' if the Bill were rejected by the Senate.\textsuperscript{187}

The Bill was before the Senate from 16 July until 8 August. When it passed the Third Reading, on 5 August,\textsuperscript{188} the Bill contained thirty amendments inserted by the Senate Opposition.\textsuperscript{189} Among the changes made were several matters of importance to the unions: the sections dealing with suspension or cancellation of awards, secret ballots, legal representation before the Court, and preference to unionists, were drastically altered. The Caucus meeting of 6 August resolved to reject all of the Senate amendments.\textsuperscript{190} Some

\textsuperscript{187} Amalgamated Clothing and Allied Trades Union, N.S.W.Branch, Executive Minutes, 21 July 1930.
\textsuperscript{188} C.P.D., Vol. 126, p.5222.
\textsuperscript{189} Some amendments made by the Senate while in Committee had already been accepted by Caucus, by 27 votes to 13; Caucus, Minutes, 30 July 1930.
\textsuperscript{190} Caucus, Minutes, 6 August 1930.
members, including Chifley and Beasley, were in favour of using the issue to provoke a double dissolution. On the afternoon of 6 August the Government majority in the Representatives rejected all the amendments and returned the Bill to the Senate - which insisted on its amendments and sent the Bill back to the Representatives on 7 August. A deadlock had been reached. Canberra at this time was swarming with Union officials. After representatives of the A.C.T.U., the A.W.U. and other unions had conferred they advised the Government to accept the amendments. The Government then arranged a conference of Managers of eight members, five members of the Government and three Opposition Senators. The result was that of the thirty amendments made by the Senate, four were dropped, seven were amended and nineteen accepted. The Bill then passed through both Houses in the early morning hours of 8 August, with five Labor members voting against.

The new Act was an improvement. Many of the penal provisions inserted in 1928 were repealed or amended. It also placed a much greater emphasis on conciliation. It was this feature which induced the unions to accept the Bill in its mutilated form.\textsuperscript{195} It was obvious in mid-1930 that the Arbitration Court was favourable to wage reductions: after hearing an application from the Graziers' Association the Court had, on 14 July, granted reductions under the Award of approximately 20%; in early August the Railway Commissioners in N.S.W. and Victoria lodged applications to have variations made in the relevant awards. The new Act had established a system of Conciliation Commissioners and Conciliation Committees which in effect largely took over the Court's powers to make and vary awards. The Act was proclaimed and the first Commissioner appointed on 21 August (it was understood that the Commissioner was a 'suitable appointment').\textsuperscript{196} There was a flood of union applications for the appointment of Conciliation Committees.\textsuperscript{197} It seemed

\textsuperscript{195} Labor Daily, 13 August 1930.
\textsuperscript{196} A.F.U.L.E., "Federal Secretary's Personal Correspondence", Galvin to Chifley, 27 August 1930.
\textsuperscript{197} Labor Daily, 20 August 1930; S.M.H., 20, 22, 28 August 1930.
that the Union tactic of accepting the compromise on the Arbitration Bill would be effective in at least delaying wage reductions. The unions, however, miscalculated. The constitutional validity of Section 34 (dealing with the powers of Conciliation Committees) of the Arbitration Act was challenged in the High Court. The main provisions of Section 34 were held to be invalid, and it was made clear that power to vary awards remained with the Arbitration Court. There was little that could be done by the unions to save the situation. A campaign was launched to get the Government to remove certain Judges from the Arbitration Court. The A.C.T.U. and other unions urged the Government to introduce another Bill – which was drafted for them by Blackburn – to re-establish the Conciliation Committee in conformity with the High Court’s decision. Beasley was granted leave in the Representatives on 10 December 1930 to bring in a second Arbitration Bill, but nothing more was heard of this for many months. Eventually another Bill was introduced, in July 1931. This was of course too late to do

In April 1930 the Government transferred Judge Lukin – a hated figure in the Labor Movement, particularly in N.S.W. – from the Arbitration Court to the Federal Bankruptcy Court; Brennan denied that the move had any political significance (Australian Worker, 7 May 1930); the Argus, however, thought otherwise and devoted an editorial to the matter, under the heading 'Labour pays its debts' (Argus, 1 May 1930).
much to protect the unions; the Bill still did not meet the demands made by the A.C.T.U. The Bill was rejected by the Senate. A third Arbitration Bill was considered but the Government was defeated before anything could be done.

The Government was blamed for being dilatory: nearly ten months had gone before the first Bill passed through Parliament. (Senator Barnes reminded the critics that the unions bore some of the responsibility for the delay.)\(^{199}\) The main attack expressed union disappointment at the Government's failure to enact the full A.C.T.U. programme. Yet this had not been possible while the Government lacked control of the Senate, and the unions had agreed with - and helped make - the decision not to seek a double dissolution. By doing so they helped prevent the Government from carrying out union policy on the coal fields, on the waterfront, in the matter of preference for unionists and in Arbitration legislation.

The unions were not inclined to acknowledge that they were also partly responsible for the Government's lack-lustre performance. They saw that in industrial affairs the Government was, at best, only partially effective. Consequently, August 1930 marks a decisive stage in the disenchantment of the unions with 'their' Labor Government. This was made even sharper by a series of events in July and August 1930. In those two months Theodore resigned from the Ministry, Sir Otto Niemeyer, a representative of the Bank of England, arrived in Australia to assess Australia's economic position, Sir Robert Gibson was re-appointed to the Commonwealth Bank Board, and Scullin left Australia to go to London. Each of these was to have profound effects on the Government and in the Labor movement.
Chapter IV

By early 1930 Scullin's hair had turned white; this, he said, was the result of continual worry about the unemployment problem. The strain of office had eroded Scullin's health and strength. His physical and emotional reserves had not been great and his unrelenting activity had taken a heavy toll. Apart from the usual duties of Parliament, Cabinet, Caucus, Party Conferences, Deputations, Press interviews and innumerable public meetings, Scullin had been affected by the tension within the Labor movement. There was also the unremitting hostility of the press - to which, it seems, Scullin was more than ordinarily sensitive - and the Parliamentary Opposition; his deep sense of the extraordinary difficulties facing Australia and the Labor Party made Scullin more susceptible to such hostility and the attacks which implied that he was inadequate for the task. By early 1930 there were rumours that Scullin would step down in favour of Theodore.  

1 Australian Worker, 8 January 1930.
2 South Australian Worker, 3 January 1930; West Australian Worker, 31 January, 1930.
In his difficulties Scullin lacked the support of one member of his Cabinet. J. Fenton left Australia in January 1930 to attend a Naval Disarmament Conference in London and arrived back in late June. While in London he attended the Conference, and, more importantly, was at hand to give emphatic denials to suggestions that the Scullin Government might depart from the straight and narrow road of 'sane finance', or in any way fail to honour its international obligations. It is possible that he was also engaged in the financial negotiations with the Bank of England which led eventually to Sir Otto Niemeyer's visit to Australia.

The Labor movement was not enthusiastic about Australian politicians going overseas. When the politicians were of the Labor Party the reaction was hostile. There was a suspicion that the high life of London made politicians of humble origins even more susceptible to the 'duchessing' than had their elevation to the Parliament in remote Canberra. There existed a sharp memory of the treachery of W.M. Hughes when as Labor Prime Minister in 1916 he had returned from London a fervent advocate of conscription. As a result it was suggested at the 1918 Federal Conference that no Labor Prime Minister
be permitted to leave Australia during his term of office; on a motion from Scullin the suggestion was quickly dismissed.\(^3\)

The movement's hostility to Labor politicians leaving Australia was evident in 1930 and 1931.\(^4\) Nevertheless, Scullin was not deterred. In late August 1930 he left for London to attend an Imperial Conference. He returned to Australia early in January 1931. At the time of his departure Scullin was seriously ill: as he journeyed by train to Fremantle he had less and less to say to the waiting crowds. Doctors were brought to the stops to examine him and in Fremantle an ambulance waited to take him from the train to the ship.\(^5\)

Scullin's decision to leave Australia for four months was not the result of physical exhaustion and the need for rest; within weeks of assuming office in 1929 Scullin announced that he would attend the Imperial Conference in mid-1930.\(^6\) Scullin said that 'he was going away with great reluctance... [but] it

\(^3\) Report... Conference of the Australian Labor Party, 1918, p.15.
\(^4\) Labor Call, 8 May 1930; South Australian Worker, 15 August 1930.
\(^5\) West Australian, 26 August 1930.
\(^6\) Argus, 5 November 1930.
was more than ever necessary to tell people on the other side of the world the true position regarding Australia. I firmly believe that there never was a time when it was more important that Australia's financial and economic position should be properly interpreted in Great Britain. He continued that he would be dealing with trade relations and agreements, shipping freight charges and preferential tariffs. It is apparent that Scullin believed that the authority of the Prime Minister was needed in the task of restoring overseas confidence in Australia's financial position. It was an added advantage that the Prime Minister was also a strong and capable advocate of the Government's high tariff policy.

The reasons given for Scullin's absence are not entirely satisfying. The need for leadership in Australia and within the Labor party was great - and evident by mid-1930. It is doubtful whether the men of power and influence in London were much swayed by Scullin's speeches and reassurances; Advertiser, 23 August 1930.

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Ibid., 24 August 1930.

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Ibid.
it is most probable that they were swayed by the reports which followed Scullin to London of the rancour and division within the Government, Labor party and trade unions.

Divisions within the Government were aggravated by the absence of two of Scullin's most loyal Cabinet Ministers. Parker Moloney, Minister for Markets and for Transport, left Australia with Scullin; he was to advise on matters such as trade, tariffs and freight charges. Frank Brennan, the Attorney-General, left a few weeks earlier, to attend a League of Nations Conference in Geneva and then join Scullin and his party in London. Like Scullin, Brennan was in a state of physical and mental exhaustion by the time he left Australia.  

Although not a Minister, P.C. Coleman, M.H.R. for Reid, N.S.W., was loyal to Scullin, politically moderate and deeply attached to the principles of the Party; Coleman, too, was in Europe in mid-1930, as a delegate to a League of Nations Conference.

It is possible that other members of Caucus might have left Australia in 1930 or 1931 if there had not been an outcry in the Labor movement against the exodus of mid-1930.  

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R.R. Garran, _Prosper the Commonwealth_, Sydney, 1958, pp.159-60.
In Caucus Scullin defended the intention to send three Ministers overseas. 12 A motion from two South Australians (Gabb and Hoare) at another Caucus meeting to allow only Scullin to leave was defeated. 13 A comment typical of many came from one Union Secretary:

... We expected from the Federal Party that they would within six months of taking office have sent to the Senate measures in the interest of the general community, that they would be able to secure a double dissolution and have gone back to the electors, when I feel sure they would have been returned with the Senate majority in favour of Labor. But our Ministry decided on a joy ride trip to the Continent... 14

The benefits from the journeys of Scullin and the others were small. The only advantage for the Government came from securing King George V's reluctant consent to the appointment of an Australian, Sir Isaac Isaacs, as Governor-

11 Apparently the Speaker of the H.of R., N. Makin, thought it wise to cancel a planned trip to the U.S.A. (South Australian Worker, 12 September 1930). See also the critical remarks of Riordan and Lazzarini, C.P.D., Vol. 127 (9 December 1930), p.1180.
12 Caucus, Minutes, 3 July 1930.
13 Ibid., 8 July 1930.
Such an appointment had been mooted in Caucus since late 1929 and was greeted, in the Labor movement, with 'hearty congratulations' as a 'step in the right direction'. It was, however, principally a sop to Australian nationalism, which was strong in the Labor movement. However by December 1930, when the appointment was announced, the majority of Australians could find but small and passing comfort in the change; the economic depression seemed to deepen inexorably and the Government's gesture to national spirit had a ring of irony and irrelevance.


16 Age, 14 November 1929; Eldridge was reported to be the most enthusiastic advocate and lobbyist in Caucus on the matter (Argus, 14 November 1929, 2 January 1930).

17 Geelong Trades and Labor Council, Minutes, 9 December 1929.

18 Other such gestures included the Speaker's decision to discard wig and gown and to keep the mace under the table; Scullin's decision not to live in the Lodge in Canberra; the first promotion of two Australians - Chauvel and Monash - to the full rank of General; and the usual Labor refusal to recommend Imperial Honours.
While away from Australia Scullin was frequently in contact by telephone and cable with senior members of his Cabinet. By these means he managed to exert some influence over the F.P.L.P. during the 'Caucus revolt' of October-December 1930. His four-month absence undoubtedly exacerbated the divisions in the Party - those divisions provoked by the experience of Government and those latent in the Labor party. In the Party crisis of 1930-31 the job of 'holding the Party together' was a task beyond the powers of any leader. But in his choice of Acting Prime Minister Scullin selected the man best qualified and most likely to minimise the damage. Six weeks before his departure Scullin announced that E.J. Theodore would be Acting Prime Minister as well as Treasurer. Four days later Theodore was forced to offer his resignation from the Ministry and concentrate his attention on defending his name against the smirchings of a mighty scandal.

Theodore entered politics in Queensland in 1909 at the age of 28. By 1915 he was State Treasurer and from 1919 until 1925 he was State Premier. His early life had been hard - he had been a miner and later a union organiser - and by the

19 S.M.H., 2 July 1930.
late 1920s he was politically seasoned, mentally outstanding, and personally tough. His rise had also been accompanied by a large increase in personal riches. Although there was no doubt about his political talents there was some suspicion about the source of his wealth. This was reinforced, in a section of the Labor movement, by the feeling that a political representative of the working class lost sympathy for their cause as his wealth increased and, among the political Opposition, by the hope that in Theodore's financial dealings might be found the weakness which they could use to bring him down.

Theodore was vulnerable. He resigned as Premier in 1925 but was defeated for the Federal seat of Herbert (Queensland) in the same year. At a by-election in February 1927 he gained the safe New South Wales Labor seat of Dalley.

Smiths Weekly (14 May 1930) had this to say of Theodore's and McCormack's (one of Theodore's Ministers, later State Premier) rule in Queensland; 'They ruled Labor after the manner of a bartender in an old-time Bowery saloon, keeping under the counter a short, thick, serviceable club; if politics went to the head of anybody in the rank and file, that head was promptly battered'.

At his death in 1951 he left an estate of £528,018 (information supplied by Dr. J. Playford, Monash University, Melbourne).
Shortly afterwards he was elected Deputy Leader of the Party. Rumours began to circulate that Theodore's seat in Dalley had been 'bought'; among those said to have been approached were Lambert, Coleman, Anstey and Mahoney.

In May 1928 the Nationalist Government appointed a Royal Commission to investigate. After examining witnesses, among whom was John Wren, the Commissioner reported that Mahoney had received a sum of money, probably £5,000, to resign in favour of Theodore, and that Theodore had contributed £200 of the total.

There were other dubious incidents in Theodore's past. In 1924 Mt. Isa Mines was launched with an issue of 80,000 five shilling shares. The bulk of these went to John Wren and his friends but 500 were given by the promoter of the company to Theodore, who was then Premier, and 250 to

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22 M.H.R. for West Sydney, 1921-1928.
23 M.H.R. for Reid (N.S.W.), 1922-1931.
William McCormack, one of Theodore's Ministers. Although this transaction may have been innocent it was certainly unwise, for at the time the company was seeking favours from the State Government; it was not, however, sufficient to discredit Theodore in 1930.

For some years there had been rumours linking Theodore with allegations of corruption in the Queensland Government in 1921. It was said that Theodore and others, McCormack among them, had sold the Mungana Mine to the Government - Theodore's Government - at the grossly inflated price of £40,000. This was done through intermediaries, so the financial interests of members of the State Government remained secret. After the Labor defeat in the Queensland election of May 1929 the new Government appointed a Royal Commission to investigate the allegations, though only after a considerable delay.


28 Smith's Weekly, 26 April 1930.
The Mungana Royal Commission began in Brisbane on 30 April 1930. The Commissioner was Mr. J.L. Campbell, a retired Judge of the Supreme Court of New South Wales. Evidence was heard through May and June, and the Report was released on 4 July.

Early in the proceedings Theodore's name was mentioned; then his bank books and other personal documents were called for. In mid-May Theodore wrote to the Queensland Crown Solicitor offering to give evidence on the 29 or 30 May. This was unacceptable because the Commission was to go North at that time to hear evidence. Another date was suggested but Theodore refused it on the grounds that he was busy preparing the Budget, which was to be presented in the first week in July. The Queensland authorities replied that the Commission could not possibly sit after 24 June. In the frequent exchange of letters and telegrams which followed, the closing date was finally extended to 28 June. In the end Theodore did not give evidence. Bearing in mind the time

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29 The following account of Theodore's negotiations with the Commission is taken from reports in S.M.H., 1-3, 8-10, 12-16, 20, 22-24, 31 May, 2, 4, 10, 12, 18-21 June 1930.
the Queensland Government had taken to establish the
Commission, the speed with which it was closed down seems,
at best, unreasonable; such haste buttressed the widely held
opinion that the enquiry was a deliberate political attempt
to destroy Theodore. Given the currency of this opinion and
considering the evidence which was being reported daily in
the newspapers it was unwise of Theodore to have stayed
away.\(^{30}\) However, his reason for not doing so was a persuasive
one and would probably have had the support of a majority of
Cabinet and Caucus had they been consulted. He had been
Treasurer for nine months and was the Government's outstanding
financial expert;\(^ {31}\) he was preparing an extremely difficult,
complex budget to be presented in a few weeks; to appear before
the Commission would take not less than four or five days of
his time.

\(^{30}\) Though perhaps not if he were guilty; it is the writer's
impression that he was.

\(^{31}\) Of Theodore's abilities as Treasurer, Schedvin says,
'... it is probable that he was the most able holder of
the Treasury portfolio in Commonwealth history... . His
imprint is everywhere evident in Treasury policy papers...
Theodore examined every clause in detail and commented
extensively...' (C.B. Schedvin, Australia and the Great
Depression, Sydney, 1970, p.119.)
On Friday 4 July the Commissioner's Report was made public and the hopes of Theodore's many enemies were realised. With the others involved, Theodore was reported guilty of misrepresentation, fraud and dishonesty. He was singled out with a charge of 'the grossest impropriety'. The severity of the report created a sensation.

On Saturday 5 July Theodore telephoned Scullin from Sydney and was granted his request to be relieved of his Ministerial position. A meeting of the Cabinet on 7 July accepted his resignation and Scullin took over Theodore's portfolio until he left for London, when Lyons became Acting Treasurer. Theodore retained his seat in Parliament and the Deputy-Leadership of the Party.

At a special Caucus meeting on the morning of 8 July Scullin discussed 'the unfortunate circumstances which had arisen'; Theodore made a statement and expressed his determination to seek a judicial investigation of the charges.

S.M.H., 5 July 1930.
Ibid., 7 July 1930.
Ibid., 8 July 1930.
made against him; and it was resolved to leave parliamentary tactics on the matter in Scullin's hands.\(^{35}\) Later in the Representatives Scullin announced the changes in the Ministry and Theodore made a dramatic speech in his own defence.\(^{36}\)

In general, the Labor movement supported Theodore; he was seen as the victim of a plot - and it was often implicit in what was said that his guilt or innocence was a matter of no great consequence.\(^{37}\) After conferring with Theodore the President of the New South Wales Branch of the A.L.P., J.J. Graves, supported Theodore and promised the support of Labor in New South Wales.\(^{38}\) Garden made similar statements.\(^{39}\) Lang remained silent.

\(^{35}\) Caucus, Minutes, 8 July 1930.


\(^{37}\) South Australian Worker, 11 July, 8, 22, 29 August 1930.

\(^{38}\) Labor Daily, 8 July 1930.

\(^{39}\) Ibid., 10 July 1930.
When leaving his Sydney offices Theodore
farewelled his Private Secretary with the words, 'Good-bye'
it will only be for two months'. His estimate was
conservative for it was six months before he returned to
Cabinet (and then amid strife which paralleled that
surrounding his departure). After its burst of attacking
speed in early 1930 the Queensland Government lapsed into
torpor. Theodore made several visits to Brisbane to hurry
things on. Eventually a Bill was passed to enable the
Government to take civil proceedings for £30,000 against
Theodore and others. On 24 August 1931 a special jury
of four found the group not guilty on all charges. The
Government did not appeal against the verdict.

So great were Theodore's talents, both as Treasurer
and political leader, that it is tempting to see his eclipse
as an 'accident' which did much to bring the Government to

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40 Argus, 8 July 1930.
41 In August or early September 1930 Latham, Leader of the
Nationalists, volunteered the opinion to the Queensland
Premier that although there was no hope of a criminal
prosecution, there was a chance of civil action (C.P.D.,
Vol. 128, p.29).
its eventual sorry state. This was unlikely. It is necessary to remember the imposed by the international economic depression, the Government's position in the Senate, the always delicate fabric of unity in the Labor movement, and the ever present distrust of the competence and intentions of Labor among those in positions of power and influence. There were also institutional inheritances from the past which restricted Labor, such as the Arbitration Court and the Commonwealth Bank.

The Commonwealth Bank was under the direction of the eight members of the Bank Board: in 1930 the majority were not bankers but men of business and commerce and the Bank's policy was conservative, politically and economically. The Board was dominated by the Chairman, One member was the Secretary to the Commonwealth Treasury. The attitude of the Board was indicated by R.S. Drummond, Board member and Riverina wheat grower, in late 1930 when he told Cabinet that he was opposed to Labor policy and would always fight it. (Beasley, C.P.D., Vol. 130 (19 June 1931), p.2842; confirmed by Fenton - 'I threatened to put him out of the room' - ) Ibid., p.2843.
Sir Robert Gibson. The great significance of Gibson to the Scullin Government is most ably summed up by Schedvin in his comment, 'more than any other individual, Gibson determined the course of economic policy during the depression and early recovery period'.

Gibson arrived in Australia from Scotland in 1891. He quickly established himself in Melbourne commerce and industry. By the early 1920s he was a distinguished man of affairs, with wealth, position and Imperial honours. In 1924 he was appointed to the Commonwealth Bank Board and two years later he was elected Chairman of the Board. His appointment to the Board was to expire on 10 October 1930.

Like his fellow Board members Gibson was not versed in the theory of economics, nor did he

possess a very deep understanding of banking: he was essentially a businessman, and consequently he was extremely orthodox in economics and extremely suspicious of the Scullin Government. Furthermore, he regarded himself and the Bank as being completely independent of Government direction. This became obvious in late 1930, and starkly so in 1931. But the Government had been in office less than a week when a public exchange between Gibson and Scullin - during which Gibson asserted the Bank's freedom from 'political control' - established the tone of business relations between Gibson and the Government. Gibson, however, was not impartial: at the time of the Government's attempts to legislate for the Theodore Plan of early 1931 Gibson remarked to Pearce, Leader of the Opposition in the

47 In 1930 Gibson was connected with the following establishments: Robert Harper & Co.; National Mutual Life Assn.; Chamber of Manufacturers' Insurance Ltd. (he was Chairman of the Board for the previous three companies); Union Trustee Company; Commonwealth Oil Refineries Ltd. (A.Jobson & A. Pooley, The 'Digest' Year Book of Public Companies of Australia and New Zealand, Sydney, N.D., p.247). He also had a controlling interest in the Austral Manufacturing Co. and the Lux Foundry (Serle, Op.cit., p.339). Between 1922 and 1925 he was President of the Victorian Chamber of Manufacturers (E.Knox, Who's Who in Australia, Melbourne 1933, p.139), and President 'for a time' of the Associated Chambers of Manufacturers of Australia (Serle, Op.cit., p.339).

48 *Argus*, 28, 29 October 1929.
Senate, that 'They... will do this only over my dead body'. In May 1931 Gibson was called before the Bar of the Senate by the Opposition to give evidence relevant to a crucial Government Bill (later rejected by the Senate); on this event one writer has noted that 'there would appear to be prima facie grounds for suspecting collusion between Opposition Senate Leaders and Sir Robert Gibson...'.

Nor did Gibson give great allegiance to constitutional forms: in 1931 he told the Leader of the New Guard, an extremist organisation with dubious aims, that it was 'high time the New Guard did something' as 'Lang has got to be stopped...'.

To many in the Labor movement Gibson was scarcely distinguishable from the representatives of the Money Power who controlled the private banks. They looked to the approaching day when Labor could depose him and put a 'Labor man' in his place. There was a double opportunity

49 Sir George Foster Pearce, Carpenter to Cabinet, London, 1951, p.188.


in 1930 for Sir Samuel Horden had retired from the Board in late 1929. The way was open in mid-1930 for Labor to make two appointments to the Board.

The Cabinet appointed M.B. Duffy to replace Sir Samuel Horden. Duffy had served on two Royal Commissions - one on taxation, the other on the Constitution - during the 1920s. He was a Victorian, with extensive trade union experience; at the time of his appointment he was Secretary of the Melbourne Trades Hall Council. On economic matters Duffy was regarded as a radical, principally because he advocated credit expansion and reduced bank interest rates as measures to fight the depression. The favourable impression created in the Labor movement was, however, virtually obliterated when it became known that the Cabinet had also re-appointed Sir Robert Gibson.

Sometime in late July Scullin approached Theodore - who was no longer a Minister - and asked what should be done about Gibson's position. Scullin was in favour of renewing his tenure. Theodore was doubtful but agreed that the financial circumstances, international and domestic, made it difficult to do otherwise; he suggested that Gibson only be re-appointed for
one year, but this was not possible as the Act provided for a minimum appointment of seven years.\footnote{C.P.D., Vol. 129 (24 April 1931), p.1369.}

Gibson's tenure was to expire on 10 October. Scullin was to leave for London on 21 August. On 4 August a meeting of Cabinet in Canberra considered Scullin's recommendation that Gibson be re-appointed for a further seven year term.\footnote{Ibid. (5 May 1931), p.1612.} The nine Ministers present gave their unanimous approval.\footnote{Theodore was no longer in the Ministry; Brennan left for London on 22 July; Beasley and Daly were absent in Sydney.} The decision was confirmed at the next Cabinet meeting, on 8 August; at this meeting Beasley made an informal protest.\footnote{C.P.D., Vol. 129, pp.1609, 1611.} Gibson was advised on 11 August, although the decision was not sanctioned by the Executive Council until 3 September.\footnote{Ibid., p.1610.} At a further Cabinet meeting a few weeks later - after Scullin's departure - on 6 September, the matter was raised again. Beasley repeated his objection and Anstey handed a note of dissent - 'I protest against this appointment' - to

\footnote{C.P.D., Vol. 129 (24 April 1931), p.1369.}
the Secretary to the Cabinet. Nothing, however, could be done; the majority of the Cabinet were firm for Scullin's advice, and the two appointments were made public on 8 September 1930.

The matter was discussed at a meeting in Sydney of Federal Caucus members from New South Wales, on 8 September. Beasley declared that he was unable to help with information as he was 'in the dark' on the matter. It was reported that members:

complained that Sir Robert Gibson had only given passive assistance to the Federal Government in carrying out its financial policy. They declared that he had 'sabotaged' them over the Wheat Pool Bill... Members made it clear that they would bring the matter up at the first meeting of Federal Caucus, and would call for an explanation from Ministers.

Gibson's reappointment was regarded as a betrayal. It particularly irked some members of Caucus that Scullin had not honoured a promise to bring the issue to Caucus before any decision was made. Cabinet made its decision on 4 August,

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57 Ibid., pp.1609-11.
58 S.M.H., 9 September 1930.
59 Ibid. Caucus Minutes do not show when this promise was given; it is possible that it was made during discussion on the Central Reserve Bank Bill, such as that which occurred on 26 March 1930, (Caucus, Minutes, 26 March 1930).
yet no mention of it was made at the Caucus meetings of 5 and 6 August. The latter, it should be noted, was the last in the March-August series and had Scullin's plan for the adjournment of Parliament been adhered to there would have been no further Caucus meetings until his return in January 1931. It is clear that with the approval of a majority of the Cabinet, Scullin deliberately broke his promise and kept the issue from Caucus.

The matter was raised in Caucus on 30 October. Eldridge gave notice of motion that at the first Caucus meeting at which Scullin was present he would move a motion of disapproval of the reappointment of Sir Robert Gibson. The motion was moved by Eldridge and Rae nearly four months later, at the third Caucus meeting after Scullin's return. After Scullin spoke in defence of his actions, Frost and Riordan moved as an amendment, 'That we accept the explanation of the Prime Minister'. The amendment was carried unanimously. This may give a false

60 Caucus, Minutes, 30 October 1930.
61 Ibid., 19 February 1931. Those absent were Beasley, James, Dunn, Daly, Mathews and Gabb.
impression of the attitude of Caucus. In mid-February the F.P.L.P. was being shaken by divisions which produced resignations from Cabinet and Caucus (and a 'spill' of all positions was imminent); the Party had been defeated in the Parkes by-election; the Lang plan had appeared; the Party was advancing a comprehensive policy of its own: in short, it was a time when many in the F.P.L.P. were inclined to sink past differences and disappointments for the sake of unity and future prospects. Earlier, in late 1930, there was considerable hostility to Scullin's action. The reappointment was an influence in the 'Caucus crisis' of October-December 1930; in particular it was significant in the action taken by Caucus - and against Scullin's wishes - to secure two appointments to the High Court.

Scullin's explanation of his action was simple enough. Gibson, he said, had been in the middle of very important negotiations for the Government and as he was held in 'very high esteem here and by people on the other side of the water'62

it was thought best not to keep Gibson 'in the dark' until October. Scullin expected that the reappointment would help him with his own negotiations when he arrived in London. No doubt Scullin genuinely believed this might be so but it is doubtful whether it was more than a minor and passing asset in negotiation. There were other influences which Scullin does not mention. Sir Otto Niemeyer arrived in Melbourne on 19 July and spent many days in conferences with representatives of the private banks, and Gibson and Scullin; the long and delicate negotiations with the banks to establish an exchange mobilization pool were not completed until 5 August; the Loan Council was to meet, with Niemeyer in attendance, on 5 and 6 August; and the Reserve Bank Bill was still before the Senate Select Committee: the immediate circumstances seemed to Scullin to make it unwise to change horses in mid-stream. At this time too, Scullin was acting as Treasurer, a position for which he was not suited. He was also seriously ill.

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63 Ibid.
Scullin ignored Caucus because he thought that the circumstances left him no alternative. However, had the circumstances offered greater freedom it is still probable that Scullin would have recommended the same action. It was suggested in December 1929 that it was unlikely that Gibson would be replaced because he was 'held in high esteem by leaders of the Labor Party' \(^{64}\). One of these leaders was Scullin.

Before leaving Australia Scullin told Fenton that 'in regard to banking there was no man in Australia in whom he had greater confidence than he had in Sir Robert Gibson'. \(^{65}\) A few years later, after Gibson's death, Scullin said that he had 'held him in the highest respect, and had the greatest admiration for him'. \(^{66}\) It has been said that Gibson exercised a curious kind of domination over Scullin. \(^{67}\) Certainly the two were opposites in temperament and Gibson was by far the stronger in character. Though perhaps apocryphal, two stories

\(^{64}\) Argus, 4 December 1929.
\(^{67}\) W. Denning, Caucus Crisis, Parramatta, 1937, pp.75-6.
provide accurate pointers to the two men; Scullin is reported to have telephoned Gibson, 'and in a voice broken with emotion [said], "For God's sake, Sir Robert, give me money for the unemployed of this country''; when approached in August 1930 by Scullin with a request for credit expansion Gibson is said to have replied, 'Mister Prime Minister and members of the Cabinet, I bloody well won't'.

The consequences of Gibson's reappointment were great and as they grew and became more obvious the reasons for the decision became harder to accept. W.M. Hughes felt that he could neither endorse nor complain of the decision; but he was perplexed:

Who reappointed Sir Robert Gibson...? The Government knew very well that finance is the root of the present trouble, and that along financial lines alone can a remedy be found. Yet, holding those views, the Government appointed a man who, Ministers must have known, would defeat their every endeavour to rectify the position by the aid of the Commonwealth Bank.

69 Smith's Weekly, 4 October 1930.
Scullin said that Gibson was only one member of the Board, 'and no advantage could have been gained by getting rid of only one'. But 1930 presented the opportunity of getting rid of two. And it was known that 1931 could provide an opportunity of getting rid of a third, for C.H. Reading's tenure on the Board was to expire on 9 October 1931.

One member was the Secretary to the Treasury and as a public servant he was surely amenable to Government instruction. And it was possible that further vacancies might have arisen from deaths or retirements. Yet Scullin and his Ministers were attached to the short-term view and thus the opportunity to adopt an aggressive policy was neglected.

The episode also showed the gap between the Cabinet and Caucus.

Part of the hostility to Gibson stemmed from the fact that he was a conservative - and an arrogant one - who was blocking Labor policy. It was doubly frustrating that

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71 S.M.H., 14 December 1931.

72 The Government fell before the vacancy was filled; George Crowley, the General Manager of City Mutual Life Co., was rumoured to be the likely nomination (Age, 29 October 1931; C.P.D., Vol. 132 (3 October 1931), p.1372).
he controlled the Commonwealth Bank, which Labor regarded as its own child and an instrument to be used in reforming society. But behind much of Labor's attitude to Gibson was an interpretation of society which saw banks and bankers as sinister manipulators: for many in the Labor movement Gibson was a representative of the Money Power.

For a long period after the 1890s an important strand of Labor's analysis of Australian society was drawn from the writings of the American populists and their Australian imitators and adapters.73 In Australia the conspiracy theory remained vague. Among its effects was, as Gollan has said, a general feeling that the existing banks operated against the interests of the workers and that their operations should be controlled by state action. In its most extreme form the private banks were seen as a conspiracy of a minority against the welfare of the majority. 74

In 1930 and 1931 the 'most extreme form' of the conspiracy theory had a great many adherents in the Labor movement.

74 Ibid., pp.44.
Yates, Lazzarini, Eldridge and West were among the principal exponents of the Money Power conspiracy between 1929 and 1931, though it is possible to detect considerable elements of the theory in the speeches of almost every member of the F.P.L.P. The most ardent expositor, however, was Frank Anstey. His best known publication, *Money Power* (1921), had exerted considerable influence in the Labor movement. Anstey's views had been adopted by his protegé John Curtin, and Curtin's writings and speeches on financial matters in 1930 and 1931 are very close to those of Anstey. Views similar to much material appearing in the Labor press were expressed by Curtin in early 1930:

> To the advocates of various reforms - note issue inflators, opponents of the gold standard and others - I now say that whether under a different currency system the resources of credit would be greater or less is comparatively immaterial if

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75 Another of Anstey's books, *The Kingdom of Shylock* was still being sold in 1928; it was recommended as 'brilliant on the inside of finance' (*Union Voice*, 21 January 1928). Anstey's *Red Europe* was banned in New Zealand in the 1920s but was nevertheless most influential among socialists in that country (*S.W. Scott, Rebel in a Wrong Cause*, N.Z., N.D., p.35).

they continued to be controlled by a small group. The great monopoly in this country is the money monopoly. A few men, linked by their power to dominate the banking policy of a country, are enabled to exercise an influence on the nation greater than that of its elected representatives in the Legislature. Money Power pulls the strings. The tentacles of the Money Power are so widely cast that they are all embracing. The financial rulers of the world are superior to all interests, national or international; they make wars and gain much profit and when peace comes they keep the people in subjection with their demands. And they seek, unceasingly, to control all Governments.

There was one strand of such thinking which did not directly involve a 'financial ruler' such as Sir Robert Gibson. This was the all-pervasive power of international finance; international meaning mainly Europe, Europe mainly England, and England mainly the Bank of England. Labor might hope for a time when it would crush the domestic Money Power, but it had little hope of escaping the grip of Europe's bankers. Consequently, a special hostility was reserved for the international Money Power and its representatives.

77 West Australian Worker, 21 February 1930.
78 Ibid., 14 February 1930.
79 Ibid., 21 February 1930.
On 19 June 1930 Scullin announced in the House of Representatives that Sir Otto Niemeyer of the Bank of England was coming to Australia at the Government's invitation to advise on financial matters. 80

Later in 1930 Fenton, then Acting Prime Minister, explained how Niemeyer's visit had come about. 81 Since February the Government had been negotiating for finance with the Bank of England. 82 At the end of May the Bank said that 'whilst anxious to assist' it must first have a wider understanding of Australia's position, perhaps best gained by sending a representative to report on the situation. The Bank asked

...Whether such a visitor would be welcome, and whether the Government would be ready to give him its full confidence and allow him full opportunity for enquiry and freedom to confer with the Commonwealth Bank Board and such other sources as might seem wise. 83

82 Ibid. The Australian financier W.S. Robinson, who was a personal friend of Theodore's, was asked 'to ascertain secretly... the attitude and advice of the Bank of England' (G. Blainey, [Ed.] If I Remember Rightly: The Memoirs of W.S. Robinson 1876-1963, Melbourne, 1967, p.147.
Within a week Scullin had accepted the proposal, which, says Schedvin, 'must have surprised' both Gibson and the Bank of England. By the time Scullin announced the impending visit the Niemeyer mission was on its way.

Niemeyer's background was of a kind to send a chill of apprehension through those Australians opposed to deflation. He had spent twenty-one years with the British Treasury. In 1927 he transferred from that pillar of fiscal orthodoxy to its twin in monetary policy, the Bank of England. He joined the Bank as an Executive Director at the invitation of Montague Norman, the aloof, inflexible Governor of the Bank. The two men had long been close associates and 'they liked and understood each other remarkably well'. Both were rigid believers in the canons of economic orthodoxy: balanced budgets were part of the natural order of things, international financial obligations were inviolable, the gold standard was sacrosanct and, in a depression, wages must be reduced.

Schedvin, Op.cit., p.135. It is not clear from Schedvin's account (pp.132-6) whether an alternative suggestion from the Bank of England was sent to Gibson or Scullin, or if to the former - as seems likely - it was made known to Scullin; the alternative was '(b) We could confer with a special intermediary sent here privately by [the] Commonwealth Government with complete information on all aspects and a considered picture of the future'.
It seems probable that at least some members of the Cabinet recognised that Niemeyer would recommend deflation. During his time in London in the first half of 1930, Fenton had talked with Niemeyer and Fenton believed the Niemeyer mission would do good for the Government and Australia. The Chief Secretary of the Labor Government in South Australia said that Niemeyer's recommendations were expected by the State Government and were welcome. Bavin, Premier of New South Wales (until October), said the same thing. In September Lyons said that Niemeyer had told the Government nothing it did not already know and recommended nothing it had not already contemplated. Archbishop Mannix, confidant of Scullin, Brennan and others in the F.P.L.P., thought that the Government had been aware of the need to follow a strictly orthodox economic policy but it had realised that this might be more acceptable if it were urged by a visiting expert, whose opinions would carry great weight.

86 Argus, 23 June 1930.
88 Advertiser, 11 September 1930.
Niemeyer and his party arrived in Fremantle on 14 July and in Sydney on 20 July. On their journey across Australia they were accompanied by senior Commonwealth public servants. In Adelaide Niemeyer consulted with the Premier - who was most impressed - and lunched at the Adelaide Club with financiers and an economist, Professor Melville; in Melbourne he was met by the economists Giblin and Copland; the train journey from Sydney to Melbourne was made with representatives of the Melbourne Associated Banks; in Sydney Niemeyer immediately began discussions with Gibson, after a brief meeting with Scullin. From their arrival in Sydney on 20 July until the release of Niemeyer's statement to the Melbourne Conference on 22 August very little was heard of the visitors.

89 Age, 15 September 1930.
90 Advertiser, 9 September 1930; Whitford (Op.cit., p.753) says, 'Their report did not reveal anything the [S.A.] Cabinet had not known before, but... reference to the opinions of such highly respected and capable people was of considerable help...'.
91 Niemeyer was accompanied by T.E. Gregory, Professor of Banking at London University, and R.N. Kershaw of the Bank of England.
92 Advertiser, 21 July 1930.
93 Ibid., 19 July 1930.
94 Argus, 21 July 1930.
95 Ibid.
The non-Labor press was delighted with the Niemeyer mission, anticipating correctly that the voice of 'sane finance' and responsible 'national housekeeping' was about to be heard. One paper was so optimistic that it burst out:

We've got an Otto
Always merry and bright
Look around, and you will find
All of our loans a year behind
The sun will shine,
Though Bailiffs murmur, 'What-oh!'
But we always say to ourselves, we do,
Cheer up Australia, you'll soon pull through,
For we've got
Otto! 96

The Labor press was suspicious. 97 The South Australian Worker said that although there were many rumours, nobody yet seemed to know the real reason for Niemeyer's visit; its own interpretation was wildly astray for it concluded that he was in Australia:

to discuss under what conditions Australia will permit the Bank of England to conduct its business in future [and] those who have feared that Sir Otto was an emissary of Nemesis

96 Smith's Weekly, 2 August 1930.

97 Western Australian Worker, 27 June, 18 July 1930.
are therefore mistaken. He is, in fact, the advance agent of Midas, and carries with him a map of the way to the Golden sands of Pactolus.

The same paper deplored the secrecy surrounding the purpose of the Niemeyer mission, and it was not many weeks before it joined the Labor chorus of vilification of Niemeyer.

The three principal decisions of the Melbourne Conference of Commonwealth and State Ministers made for a policy for deflation: budgets were to be balanced in 1930-31 and in future years; the Loan Council was to raise no more loans until the short term debt was dealt with; any future loan expenditure from money raised internally must be confined to reproductive works. Niemeyer's address to the conference urged Australian Governments 'to face the realities of the situation':

98 South Australian Worker, 25 July 1930.
99 Ibid., 8 August 1930.
100 E. Shann and D. Copland (Eds.), The Crisis in Australian Finance 1929 to 1931, Sydney, 1931, pp.29-30.
...In short, Australia is off budget equilibrium, off exchange equilibrium, and faced by considerable unfunded and maturing debts both internally and externally; in addition to which she has on her hands a very large programme of loan works for which no financial provision has been made... There is also evidence to show that the standard of living in Australia has reached a point which is economically beyond the capacity of the country to bear without a considerable reduction of costs... Australia cannot wish to remain forever under a regime of emergency tariffs.... Costs must come down. There may be room for increased efficiency, but there seems to me little escape from the conclusion that in recent years Australian standards have been pushed too high relatively to Australian productivity and to general world conditions and tendencies. 101

On 4 September Niemeyer accepted an invitation from the New Zealand Government to investigate the country's banking and currency system. He advised the Government to establish a Central Reserve Bank; and 'he rather deprecated the tendency toward a pessimistic outlook'. 102

101 Ibid., pp. 18-29. Of Niemeyer's address Schedvin (Op. cit., p. 182) says, 'It was a highly articulate and sophisticated review, but, as is hardly surprising, contained nothing new and could have been prepared by any one of a number of Australian economists.'

He returned to Australia, at the invitation of Sir Robert Gibson, and left at the end of October. He later went to South America and later still to India to advise Governments on rehabilitation of national finance.

Despite his presence in Australia after August 1930, Niemeyer was little regarded. His recommendations of August, however, were a centre of attention for several months.

At the most superficial level the Niemeyer mission produced temporary additions to the national vocabulary of abuse: a 'Niemeyerite' advocated 'Niemeyerism' and hoped Australia would be 'Niemeyered'. Memories of Niemeyer lived long in the Labor movement, partly because the immediate effect of the Niemeyer mission in 1930 was to create a furore in the Labor party and trade unions. Obviously, this was

103 Advertiser, 4 September 1930.

104 L. Haylen, Twenty Years' Hard Labor, Melbourne, 1969, p.46. It has been the writer's experience that present day Labor party members are familiar with three names associated with the years 1929-1931: Scullin, Theodore and Niemeyer.
because Niemeyer advocated reducing 'costs', which was a euphemism for wages: those in the Labor movement who were confused by talk of the gold standard, exchange devaluation and credit expansion knew exactly what was meant by wage cutting, and what were the likely consequences; wage cuts would threaten the very raison d'etre of Australian unions - at a time when they were otherwise under stress - and shake faith in the value of Labor as a protector of the working class. Niemeyer became synonymous with wage cutting and because this was so the Scullin Government's association with him brought it further discredit.

The decision to invite Niemeyer had not been known in the Party until Scullin's statement of 19 June, though rumours had circulated that 'somebody was coming out from England to take charge of Australia on behalf of the banks'. Denning states that some Ministers were not aware of the impending visit. Certainly the Caucus had not been told.

106 Ibid.
The secrecy surrounding the visit gradually excited apprehension which turned to suspicion as the weeks passed; eventually Fenton felt compelled to explain to the Parliament the circumstances surrounding the visit.

Labor's theory of the Money Power was especially antagonistic to the foreign banker. Gollan has noted further elements in the theory, in its American setting:

The high emotional charge carried by the populist ideology was due to the fact that the conspiracy in which the populists believed brought together a number of elements each of which separately was the object of suspicion, fear and hostility. The conspiracy was English, Jewish and foreign... the populists could see themselves... also as defenders of their country against an external aggressor... The Money Power was made more dangerous by its Jewish overtones... its image of the financier was a caricature of the Jew.

108 Reflected for example, in the following Labor Council resolution: 'That a letter be forwarded to the Secretary, Federal Labor Party, requesting that information be forwarded regarding statements made by Sir Otto Niemeyer' (Ballarat Trades and Labor Council, Minutes, 7 August 1930).

109 Perhaps as a result of the following kind of pressures: 'That Federal Member D.C. McGrath ask in the House for an official statement as to [the] invitation to Sir Otto's visit to Australia' (Ibid., 30 October 1930); Fenton's explanation was made on 14 November (C.P.D., Vol.127, pp.387-8).


111 Ibid., p.52.
These elements were apparent in Australia during the campaign against 'Niemeyerism'. Much was made of 'the good old Briddish name of Otto Niemeyer', \(^{112}\) 'Sir Otto de Moses'\(^ {113}\) and the 'receiver for Shylock'.\(^ {114}\) The mission was also the target for anti-German and anti-British feeling. Thus, Niemeyer's opponents in the Labor movement had a rich store of prejudice and a strong tradition - the Money Power theory - to draw upon. (Lang drew constantly on this store during the New South Wales election campaign of October 1930.)

Circumstances made the Niemeyer mission a turning point in the history of the Scullin Government. Scullin and the others were now out of Australia, Theodore was gone from the Treasury and Sir Robert Gibson's control of the Commonwealth Bank was ended. The Government's major legislation during March - August 1930 had come to nothing and had ended with the disappointing compromise Arbitration Act,\(^ {112}\)

\(^ {112}\) West Australian Worker, 27 June 1930.
\(^ {113}\) Railroad, 10 October 1930.
\(^ {114}\) Ibid., 10 August 1930.
the benefits of which were shortly to be nullified or eclipsed. The policy vacuum was filled by the Melbourne Agreement, but its proposals were not likely to be easily accepted by the Labor movement. The Niemeyer mission had forced the issue on policy, crystallized opinion and thereby helped produce the struggle in the Labor movement which was to preoccupy the F.P.L.P. through the last months of 1930.
Chapter V

Scullin left Australia at the end of August 1930 and, with Brennan and Parker Moloney, returned over four months later. Theodore resigned from the Cabinet on 17 July and was not re-instated until 29 January 1931. Thus for four months the Party was without the control and guidance of four senior Ministers, including the Prime-Minister, Treasurer and Attorney-General, and without its elected Leader and Deputy-Leader. It is reported that Scullin was asked by Party members to stay in Australia,¹ and that when he refused to do so Beasley commented 'Scullin is leaving his Government behind him; he may not find it here when he returns'.² In a sense, this prediction came true. There were, however, reasons other than Scullin's absence which brought about the 'Caucus Crisis' of October-December 1930, and the subsequent splintering of the Party in early 1931, and it is to the development of this crisis we now turn.

¹ Warren Denning, Caucus Crisis, N.S.W., 1937, p.37.
² Ibid., p.38.
The Commonwealth Government and the six State Governments were faced with the task of carrying out the Melbourne Agreement of August 1930, which required that all seven budgets be balanced for the financial year 1930-31 and in future years. It was recognised that balanced budgets were an ambitious objective and the Agreement ended with an exhortation and a warning: the conference 'confidently expected the full co-operation of all classes' in making the 'substantial sacrifices' expected of 'all sections of the community'; for if the Agreement failed and Australia's overseas obligations were not met, there would follow 'infinitely greater and more prolonged sacrifices... immediate financial disaster ... [and] unemployment on an unprecedented scale'.

Each Government was to decide how its budget would be balanced but it was agreed that there should be no further loans raised overseas and no further Government expenditure on 'unreproductive' works. The Conference appointed a

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3 Shann and Copland, *The Crisis in Australian Finance 1929 to 1931*, Sydney, p.31.
4 Ibid.
5 Reproductive works were those which would produce at least enough revenue to cover the interest charges on the cost of their construction.
committee to advise the seven governments and co-ordinate their efforts. The committee, comprising Lyons, Stevens (Treasurer in N.S.W.), Hogan and Hill, met frequently in September and October with Niemeyer, Gibson and other experts. The State Governments introduced various economy programmes into their Parliaments. In Victoria and South Australia these measures met with opposition and hostility within Labor caucuses and Labor's extra-parliamentary organisations, but Hogan and Hill defied majorities of their respective A.L.P. State Conferences and went on with policies of reduced expenditure, increased taxation and wage reduction. Both Premiers made threats hinting at resignation, and the State Conference delegates, aware of the ruthlessness with which non-Labor Governments were pursuing economy, were unwilling to force a Labor Government to resign with the certain consequence of opening the way for a Government whose financial measures would be far less palatable to Labor supporters'. This unwillingness

6 For a summary of the six programmes, see the West Australian, 21 October 1930.
7 Labor Call, 25 September 1930; Australian Worker, 24 September, 1 October 1930.
8 The outstanding example was the Moore Government in Queensland: see C. Lack, Three Decades of Queensland Political History, Brisbane, N.D., pp.63-125.
9 Round Table, March 1931, p.433.
remained a potent force through 1930 and much of 1931.

As the Federal Parliament and the F.P.L.P. were not meeting the establishment of economy plans in the Federal sphere rested with the nine remaining members of the Scullin Ministry. The Ministry met on 2, 5 and 6 September and Fenton, now Acting-Prime-Minister, announced that its members were unanimous in their determination to balance the Federal budget for 1930-31 and honour all Australia's obligations. A Cabinet sub-committee (of Fenton, Lyons, Forde and Daly) was appointed to consult with industrial, commercial and banking leaders. The sub-committee also sought the advice of the economists Copland, Giblin and Dyason, an ominous move in view of their known advocacy of measures which were on balance deflationary. Their advice to the Ministry, in 'A Plan for Economic Re-adjustment' (18 September)\(^{10}\) included reductions in all public service salaries and 'such action as is possible for government and parliament to bring about a rapid reduction in real wages...\(^{11}\).

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\(^{11}\) C.P.D., Vol. 128, p.311.
The report brought to Cabinet at the beginning of October by the sub-committee followed the general line of deflation. The Ministry was deeply divided on this policy. Lyons, Fenton and Forde were in favour, Anstey and Beasley opposed; while Blakeley, Greene, Barnes and Daly supported some proposals and opposed others. Cabinet decided to submit the sub-committee's scheme to Caucus as a Cabinet recommendation - reportedly by a majority of 1.\(^\text{12}\)

The scheme called for reductions in public service salaries, including those of parliamentarians, general reduction in expenditure of £4,000,000 for the remainder of 1930-31 and the promotion of such public works as would prove productive.\(^\text{13}\) No provision was made for the taxation of interest. There was much support in the Labor movement for some kind of imposition on interest.\(^\text{14}\) It was attractive as a potential source of revenue, it seemed undeniably necessary on the grounds of 'equality of sacrifice', and it appealed to Labor's hostility to receivers of unearned income. Even Ministers who feared the effects on business confidence of

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\(^{12}\) Argus, 3 October 1930.

\(^{13}\) S.M.H., 2, 3, 4 October 1930.

\(^{14}\) See, for example, Union Voice, 15 March 1930; Labor Call, 27 March 1930; West Australian Worker, 2, 5 May 1930.
an interest tax recognised that salary and pension cuts without penalties for interest-takers would shake the Party: on these grounds Daly, 'one of the most level-headed men in the Ministry', advocated an interest tax and was responsible for adoption of the proposal by the A.L.P. Conference in South Australia in September 1930. The proposal excited much fear among investors and it caused an abrupt fall in the market prices of Government securities in August and September. After the announcement that interest would remain untaxed and the loan contract sacrosanct, the market revived. The sub-committee's report also included provisions for reduction of pensions. This was anathema to all but the most conservative members of the F.P.L.P. and attempts to reduce pensions would have severely strained party unity. Anstey, for example, said in September, that 'pensions are as sacred to me as are our debts to bondholders abroad' and added a very strong hint that he would resign from the Ministry if they were interfered with. The

15 Advertiser, 6 September 1930.
16 Australian Worker, 24 September 1930.
18 S.M.H., 29 September 1930.
proposed interference was not endorsed by the Ministry, after Scullin gave his approval to all the measures in the sub-committee's report except pension cuts.  

Fenton, Lyons, Forde and Green wished to summon Parliament to immediately enact the economy programme but a majority of the Ministry succeeded in deferring the special session to the end of October. Their reason for the postponement was the N.S.W. State election, which was to be held on 25 October. Several Ministers and a large number of members of the F.P.L.P. were taking part in the A.L.P. campaign. Federal members would have been an embarrassment to the N.S.W. Branch if they attempted to support Lang while legislating for deflationary measures in the Federal Parliament. Indeed, the contrast between the policy of the Federal Labor Government and Lang's extravagant promises would have provided much ammunition for non-Labor at the election. In this regard it is relevant that Anstey and Beasley were supported on the postponement  

20 Beasley claimed 35 members of the F.P.L.P., including six Ministers; Australian Worker, 22 October 1930.
vote by Daly, Blakeley and Barnes: these were the
Ministers with very strong A.W.U. connections - and the
A.W.U. had recently re-affiliated with the A.L.P. in
New South Wales and was now campaigning vigorously for
a Lang victory. These tactics, however, were not only
designed to benefit the N.S.W. Branch. Ministers opposed
to deflation had taken their opposition beyond the
Cabinet room and campaigned to have pressure exerted on
wavering members of the F.P.L.P. They hoped that a Lang
victory would influence those members who had been swayed
by the arguments of the deflationists; that Lang's success
would, in Daly's words, 'stiffen their backs'. No doubt
Lang's resounding win on 25 October contributed significantly
to the strength of the Opposition during the series of
dramatic Caucus meetings which began on 27 October. But
other influences were also at work.

21 In August 1930, S.M.H., 16 August 1930.
22 Labor Daily, 22, 23 October 1930; Australian Worker, 1, 8, 15, 22 October 1930.
23 Australian Worker, 23 October 1930.
The visit of Sir Otto Niemeyer (July-September), the Melbourne Agreement (August) and the steadily decreasing economic situation combined to awaken the Labor movement to the dangers threatening it. The period August-December 1930 saw attempts to develop policies within the movement as alternatives to the orthodox deflationary policy. Two important alternatives were developed. One was based on proposals made by the N.S.W. Trades and Labor Council in August. This can scarcely be called a policy proposal; it was rather an emotional protest, drawing on traditional Labor hostility to the Money Power and using that tradition in a crude way. Nevertheless it contained several specific proposals for Government action and these were influential in 1930. The second alternative - credit expansion - was that developed by E.G. Theodore. Thus at the end of October Labor had three sets of proposals to consider: the orthodox, conservative and deflationary policy supported by the majority of the Federal Ministry; the inchoate and incoherent suggestions which originated from the N.S.W. Trades and Labor Council; and Theodore's moderate and logical proposals for credit expansion. We shall trace the history of the last two proposals, observe their fate in the Caucus struggle of
October-December 1930 and, in the next Chapter, observe the course of their near relatives, the Lang Plan of February 1931 and Theodore's Fiduciary Notes Issue Bill of March 1931. A later Chapter will relate the triumph of an amended form of the deflationist policy in the Premiers' Plan of June 1931.

On 14 August 1930 the N.S.W. Labor Council resolved to hold a special conference to deal with 'the relief work issue'. Before the conference met the Melbourne Agreement had been formulated and the Ministry had agreed to balance the Federal Budget, principally through reduction in expenditure. At about this time Anstey had a long conversation with Garden during which he urged that some action must be taken against Niemeyer's proposals, as the majority of the Ministry was prepared to accept his advice. These events were responsible for a change in the purpose of the Sydney Conference which, meeting on 21 August, discussed 'Unemployment and the Economic Crisis'. Garden read a long statement drafted by the Labor Council.

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24 N.S.W. Trades and Labor Council, Minutes, 14 August 1930.
26 S.M.H., 4 September 1930.
Executive, which was then adopted by the Conference. The statement dealt with the crisis of over-production, the fundamental contradictions of the capitalist system, 'Imperial Financial Magnates', the 'Shylocks of London' and 'correct working class tactics'. Among the latter were exertion of pressure on the Federal Labor Government and threats of penalties on Labor members who refused to fall in with conference recommendations. The recommendations were.

(1) Declare a five year moratorium on the interest payable on overseas Government loans.
(2) Repudiate [sic] all war debts.
(3) Mobilize the credit of the community for the purpose of providing work or sustenance for the unemployed and for the revival of industry. 27

A committee of twelve was appointed from the Labor Council and N.S.W. Labor Party Executives 'to mobilize the forces of the whole of the movement for the purpose of forcing action...'. 28 The committee decided to send the conference resolution to the A.C.T.U., Trades Halls, all

27 N.S.W. Trades and Labor Council, Minutes, 21 August 1930; S.M.H., 22 August 1930.
28 Ibid.
affiliated unions and A.L.P. local leagues in N.S.W. and also to the State Executive of the A.L.P. The demand for repudiation provoked outcries of horror in Australia and overseas. The N.S.W. Executive, with an election approaching, refused to endorse repudiation of war debts. It contented itself with a resolution asking Scullin to negotiate an adjustment to war debt payments, demanding the abolition of the Loan Council (as an instrument of 'the loan-mongers and capitalists generally'), and the rejection of the Melbourne Agreement. The resolution was sent to every member of the F.P.L.P. and all N.S.W. members were instructed to vote for it at the next meeting of Caucus.

The N.S.W. Executive's proposals were milder than those of the Labor Council but neither included all the major proposals - such as reduction of interest rates - then being discussed in the Labor movement. The fusion of the two

29 Labor Daily, 27 August 1930.
30 Ibid.
31 Ibid.
N.S.W. recommendations and the inclusion of other Labor ideas on depression policy was achieved at an A.C.T.U. conference.

A special A.C.T.U. 'Key Industries' conference was held in Melbourne from 9 to 15 September. The conference comprised about forty delegates from fifteen major unions, among which for the first time was the A.W.U. (with Senator Barnes and J. Bailey as delegates). Unions in Western Australia not being affiliated with the A.C.T.U. were not represented, while Queensland, South Australia and Tasmania were represented by one delegate each from the capital city Labor Councils; otherwise the representation was exclusively from New South Wales and Victoria.

The Conference was convened by the A.C.T.U. Executive at the request of the Federal Council of the Miners' Federation, who wished the Conference to discuss the 'serious position' and the plight of the unions and find some way 'to stem the rot'. The agenda was confined to five matters:

32 That is, concurrently with the A.L.P.-Vic. Special Conference of 13-14 September 1930.
33 A.C.T.U., Minutes of Conference of key Unions...Melbourne... 9-15 September 1930, p.3.
the position of the W.W.F.; unemployment; wage reduction; the Niemeyer report and the Melbourne Agreement; and overseas debts and interest. The discussion on all these was critical of the Government, and when Fenton appeared before Conference he was subjected to some searching questions. His answers were not considered satisfactory by the President (Duggan), who complained that no answer had been given to 'the central question', namely:

Why the Government had not given effect to the decisions of the Movement, and if these decisions had been considered impracticable, who had been responsible for brushing them aside. 34

This pointed to one of the problems confronting the conference - what could the unions do to ensure that their recommendations would at the least be given serious consideration by the Government? Behind them was the Government's neglect of the recommendations of the February 1930 A.C.T.U. Conference. The proposals of that conference had, in large part, been accepted by the May A.L.P. Federal Conference, while those of the September Conference would have to rest solely on the authority of the A.C.T.U. and the union

34 Ibid, p.18.
movement. Doubtless they would influence some members of the F.F.L.P., though Fenton had made a disheartening comment regarding resolutions passed by the Victorian A.L.P. Special Conference, which were very similar to those being debated by the A.C.T.U. He said:

Resolutions may be pious aspirations but are not within the realm of practical politics. There have been numerous resolutions passed at Labor Conferences which have never been given effect to.

Delegates discussed a resolution from the Brisbane Trades and Labor Council, which, inter alia, stated that if any Labor parliamentarian failed to resist deflationary measures 'the Trades Union Movement will require the Australian Labor Party Executive to summarily expel such Parliamentarians'. One delegate pointed out that there was little likelihood of such drastic action being taken when it was considered that

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Australian Worker, 17 September, 1930. This and similar remarks provoked the following union resolution, 'This State Council of the A.R.U. views with disgust..., and contrasts his extraordinary attitude with the facility with which he agreed to the demands of the Representative of Foreign Bondholders [i.e., Sir Otto Niemeyer]..., and calls upon the bodies concerned to take immediate and decisive action to bring this alleged Labor man and his ilk into line...'. (A.R.U.-N.S.W. Branch, 'State Council Minutes, 18 September 1930.

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Scullin's repeated promise to honour overseas obligations would lead to his exploitation. Eventually it was decided to leave the matter of enforcement of A.C.T.U. recommendations with State A.L.P. Executives, who were requested to 'deal with' parliamentarians who approved of wage reductions.

It was apparent that delegates were not hopeful that their resolutions would have much effect on the Federal Government. The comments of the delegates were generally pessimistic: the President, for example, felt that, 'the movement did not appear to be fighting but had apparently become despondent and seemed to be accepting the position'; others lamented the lack of unity among the trade unions; and others deplored the apathy of unionists and their indifference to the working class cause. It was obvious from such remarks that there was little immediate sense in suggestions that 'the Conference should and could create a psychology in the interest of the working class'.

Likewise, talk of a general strike obviously showed little appreciation of the realities of 1930. The delegates were

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37 Ibid., p.19
38 Ibid., p.3
39 Ibid., p.39.
left with political action, the method they had espoused so ardently in better times - but their belief in its efficacy had evaporated with economic prosperity. Nevertheless, the delegates had to establish a union policy - yet again - in the hope that their resolutions would however indirectly have some influence on the Federal Government.

Union policy on unemployment in 1929 and 1930 was incoherent. Unemployment insurance had been the central measure but this was dropped after it became apparent that the Government could not proceed because of constitutional and financial problems. Tariff protection was regarded as vital but while it remained extremely important to individual unions it was obvious by mid-1930 that the Government was doing its best in this field and that protection was not the answer to halting the down-turn. Similarly, though gratifying to the unions (particularly the A.W.U.), cessation of immigration had not noticeably affected the economic situation. As with some other measures urged by the unions, proposals for increased wages and reduced hours were (as we now understand) expansionary - but wages and hours were not within the control of the Federal Government. Another principal union demand was a programme of public works and
this too, like the union call for reduced interest rates, was a crude anticipation of Keynes' analysis in the "General Theory..." of 1936. Union demands for expansionary government action were rooted in self-interest, not economic theory or understanding: but what the unions saw intuitively was in the best interests of their members, and a capitalist Australia.

As a policy for governments there were three major difficulties with union suggestions. The first was only vaguely understood at the time, though it was perhaps the most insurmountable of all Labor's problems. Labor found itself in a contest of ideas in 1930 and 1931. It lost the contest because it had so few ideas with which it could fight; and those it did pick up at the last moment were no match for the long-established, carefully nurtured and strongly held beliefs of its opponents. So pervasive had been the influence of orthodox opinion and so neglectful and work-orientated the Labor movement, that a substantial proportion - probably a majority - of unionists and their parliamentary representatives subscribed to the basic ideas behind orthodox economic opinion; so Labor had to struggle against prevailing orthodox opinions both without and within
its own ranks. The second difficulty with union recommendations was that they sometimes involved matters over which the Federal Government had no direct control, such as wages and hours of work. The third difficulty was finance. Government revenue from all sources continued to decline rapidly and the gap between income and expenditure gradually widened. The Government pleaded financial stringency to all suggestions for, for example, a large-scale public works programme.

Thus to the union movement the many problems facing the Government narrowed down to those of finance. This concentration was the logical outcome of the situation. The political arm of the unions was hamstrung by Australia's position as a dependent economy, by the institutions and ideas of Australian society and the way in which the Labor Party had moulded itself into that society. These things could not be changed but it seemed that the problem of finance could be solved. This led the unions to concentrate on monetary solutions - changes in interest rates and manipulation of credit - and the struggle with the Money Power.
The A.C.T.U. 'Key Industries' conference endorsed a lengthy, six-point programme.\textsuperscript{40} The first point endorsed the recommendations of the A.L.P. Federal Conference of May 1930, which called for 'the freeing of the credit resources of the country' to which 'as a first contribution... the Federal Government should find £20,000,000'. The second recommended the establishment of an Economic Council to determine the allocation of credit. The third called for all Labor governments to repudiate that section of the Melbourne Agreement which demanded wage reductions and to support moves to abolish the Loan Council. Another recommendation requested State A.L.P. Executives to 'deal with' Labor politicians who did not oppose wage reductions. The fifth recommendation called for re-negotiation of Australia's war debts, and the last asked Governments to legislate to control company dividends and share issues.

\textsuperscript{40} Labor Daily, 16 September 1930; Australian Worker, 17 September 1930.
The A.L.P. Federal Executive, which began a three day meeting on 13 October, agreed with some of the A.C.T.U. proposals, though its statement was couched in even more imprecise terms. After hearing the opinions of Fenton and Lyons, the Executive released a statement which said it was 'emphatically opposed' to the Melbourne Agreement, which was 'an attempt to ensure those drawing interest on increase in purchasing power... at the expense and sacrifice of the workers'. The Executive made no mention of the Loan Council or penalties for recalcitrant Labor politicians but suggested a five point programme to revive the economy. One of these was the renegotiation of war debt and another, not mentioned in the A.C.T.U. programme, a reduction of interest rates on bank advances. Two important suggestions were concerned with credit manipulation: one asked that maturing internal loans should be met by bank credit, the other than 'industry should be stimulated by making credits immediately available'. The first part of the Executive's statement was the fatuous suggestion 'that there should be immediately instituted a 'back to work' campaign.' One copy of the Executive's resolutions was sent

42 Argus, 16 October 1930.
by cable to Scullin and another to Fenton, who said that he would read it while making the train journey to Canberra.  

The Federal Executive did not specify the amount of credit required. There was discussion of this at the Executive meeting and the figure of £20,000,000 was mentioned by several delegates.  

This was the figure mentioned by one delegate (N. Roberts, of the A.E.U.) during the debate on credit expansion at the A.C.T.U. Congress in February 1930, and adopted in the resolution on unemployment policy carried by the A.L.P. Federal Conference in May.  

It continued to appear in Labor proposals but it was not until September that £20,000,000 became the magic number in discussions on credit expansion: in mid-September it was adopted by the A.C.T.U. conference and A.L.P. conferences in Victoria and South Australia.  

The earliest advocate of the £20,000,000 proposal was Anstey, in November 1929, during the course of one of  

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43 Ibid.  
44 Ibid., 14 October 1930.  
his frequent attacks on the banking system. He urged
the banks to adopt a more liberal policy in making
advances and suggested that an expansion of the note issue
could be used to finance public works and ease conditions
for industry. He concluded that 'there is a wide margin
to be covered before you could claim inflation of a note
issue that is already so thoroughly deflated. The practical
fact remains that a further note issue of, say, £20,000,000
would not in the circumstances operate to destroy our
reserves...'.

At first there was only slight support for the
proposal within the Labor movement. The credit expansion
clause in the A.C.T.U. employment policy statement of
February 1930 was added as an amendment (moved by Crofts) to
the Unemployment Committee's Report, and carried against
spirited opposition. A month earlier the Annual Convention
of the A.W.U. had considered similar proposals. Delegates
voted 14 to 9 in favour of financing a section of railway

47 Australian Worker, 20 June, 11 July; 26 September 1930.
48 Labor Call, 18 September 1930; Australian Worker, 17, 24
September 1930.
49 Australian Worker, 27 November 1929.
pp.118-21(a), 128-35.
construction in South Australia 'by an expansion of the Federal Note issue; \(^{51}\) and 17 to 14 in favour of the proposal 'that the Australian Note Issue be extended to meet Australia's financial requirements, and to provide work for the unemployed of a developmental and productive character'. \(^{52}\) The relative closeness - for an A.W.U. Convention - of the voting is indicative of the doubts held about the wisdom of inflation; and it must be stressed that the proposal, with its emphasis on public works, was in one respect more likely to win support from the A.W.U. than most other unions, whose members would receive no direct benefit. This point is borne out in the records of two unions. Yates, M.H.R., was the most persistent and outspoken advocate of expansion in late 1929 and early 1930. \(^{53}\) His propaganda efforts included canvassing the unions for support: the Victorian Branch of the Amalgamated Postal Workers' Union received his circular on expansion of the note issue with indifference, allowing it to lie on the table; \(^{54}\) the South Australian Branch of the Australian

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\(^{51}\) A.W.U., Annual Convention, Official Report, January 1930, pp.82-83.

\(^{52}\) Ibid., pp.93-94.


Government Workers' Association, whose members were employed on public works, devoted several hours to his proposals in 'a general and interesting discussion'.

Nevertheless, the A.G.W.A. made no effort to support or commend Yates. In early 1930, in pre-Niemeyer times, the depression and the Scullin Government were still in their infancies and the unions still expected something of orthodox political and economic approaches. This wait-and-see attitude was also evident in the F.P.L.P. when credit expansion was debated.

Though the issue was doubtless raised earlier, the first formal move in Caucus was made on 13 March 1930 when Yates proposed as an addendum to the Ministerial Financial Statement, that the Government should arrange with the Commonwealth Bank to issue credit for 'stimulating Government activities and to improve the economic position'. His suggestion was ruled out of order by the Caucus chairman (Scullin) and the ruling was not challenged. Several weeks later Yates, supported by another economic radical, E. Riley, moved in Caucus 'that the Government arrange to make £20,000,000

55 A.G.W.A.- S.A., Minutes, 30 April 1930.
56 Caucus, Minutes, 13 March 1930.
available through the Commonwealth Bank... for public works'. At a subsequent meeting the motion was defeated by 14 votes to 28. This vote was taken a few days before the £20,000,000 proposal was endorsed by the May A.L.P. Federal Conference but this endorsement was not sufficient to get a Caucus majority for the proposal when it was raised again in June and July. At the meeting at which Yates' proposal was defeated a compromise motion for the appointment of a special (and temporary) Caucus Committee on finance was approved. The Committee of seven (Scullin, Theodore, Anstey and Holloway, Tulley, Keane and Yates) was to investigate the financial position and possible measures to restore prosperity and report back to Caucus after two weeks. Scullin reported to Caucus that the committee had been unable to reach agreement (which was not surprising, in view of its composition). On hearing this Lazzarini, another of the economic radicals, and E. Riley gave notice of a motion calling for legislation to enact the A.L.P. Federal Conference's recommendation for credit expansion of £20,000,000. When the motion was considered

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57 Ibid., 14 May 1930.
58 Ibid., 21 May 1930.
59 Ibid., 21, 22 May 1930. It appears that there was a deliberate effort to keep Curtin off the Committee.
seven Caucus meetings later, on 16 July, it was defeated by 18 votes to 24.\textsuperscript{61} With this vote the £20,000,000 credit proposal seemed to have been finally rejected. Yet it reappeared during Scullin's absence and, in a refined and elaborated form, was accepted by Caucus. And its sponsor at this later time was E.G. Theodore, who had earlier been one of its principal opponents.

Theodore was regarded as the financial brains of the Party. There is no doubt that he had an acute intelligence, was well read in the literature of economics and had an excellent understanding of the problems of government finance. Nevertheless, as McFarlane has pointed out he was before September 1930 no less orthodox in his economic opinions than Scullin and the majority of the F.P.L.P.\textsuperscript{62} And on the matter of credit expansion his opposition to the earlier proposals of Anstey, Yates, Curtin, Lazzarini, West, E. Riley and others did much, because of the high regard for his understanding of finance, to discredit and defeat them.

\textsuperscript{60} Ibid., 12 June 1930.
\textsuperscript{61} Ibid., 16 July 1930. Because of absences (7 in May and 10 in July) it cannot be said that the votes cast (14:28 and 18:24) indicate growing support for the policy in the F.P.L.P.
The most obvious reason for Theodore's change of front was his position in the faction politics of the Labor movement. As will be related, he was seeking support for his bid to regain his post as Treasurer in the Ministry, and he was still involved in manoeuvres to establish a personal power base within the New South Wales Branch of the Party. To gain new supporters and to hold old ones Theodore had to discern the mood of the Labor movement, appreciate the direction in which the Party was heading and then place himself at the head of the vanguard and help it to victory.

After mid-1930 the mood of the Labor movement became angry and radical. Earlier there had been hopes that the depression might prove to be a down-turn of the order of that experienced in 1921. Such hopes had disappeared by late 1930. Niemeyer and the Melbourne Agreement had produced a sharpened awareness which had crystallised in the policy recommendations in September and October of the A.C.T.U., A.L.P. Branches in New South Wales, Victoria and South Australia, and the A.L.P. Federal Executive. Behind these formal resolutions was a ferment of ideas and dogmatic assertions which began sweeping through the Labor movement after mid-1930. But although the debate was intense the
level of understanding was low and the confusion very high. In March 1930 a letter to the Labor Call summed up the situation:

After reading the 'Call' for a number of years, I am getting a bit mixed over the damned economic question. First we had the Henry George scheme, then the Socialists' doctrine, then Labor came along with its comprehensive platform, and from that grew such nostrums as Comrades Harry Langridge's 'Free Bread', J. McKellan's prolific note issue, Paulus Brandt's 'mentality stunt', and now J.E. Thomas' co-operation scheme is the topic, to say nothing of Comrades Duffy's and Mendell's taxation, stunts, also not forgetting Communist Bodsworth's cure-all economic proposals, and others too numerous to mention...

Although the confusion persisted there were by September 1930 several themes which might prove acceptable to the Federal Labor Party: exchange rates should be freed; internal interest rates should be reduced; something should be done about overseas interest commitments, particularly on the war debt; and, most important, there should be an expansion of credit. The difficulty was that there were so many voices calling for expansion, each of them emphasising different remedies. There was one theme on which there was a fair

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63 Labor Call, 20 March 1930.
degree of unity, the need for credit expansion, but unlike some other measures (such as freeing exchange rates and reducing interest rates) opposition to this was uniformly vehement among upholders of economic orthodoxy.\footnote{See for example D.B. Copland's two very simple studies The Australian Economy: Simple Economic Studies (Sydney, 1931), and What Have the Banks Done: An Essay in Banking Policy, (Sydney 1931).}

Not only was credit expansion anathema to the orthodox (and these included many in the Labor movement and the F.P.L.P.), it also suffered from the reputations and styles of its leading parliamentary exponents. Anstey, Yates and the rest knew what was required but were unable to make their pleas effective, and this was in part due to their reputations as radicals and in part to the emotional nature of their advocacy. What was needed was a group or person who could understand the arguments involved, expound them with authority - and without more than a dash of radical emotion - and generally give the proposals the stamp of respectability within the Labor movement. This would not sway those who were die-hard conservatives, but it would unite the hesitant, bewildered but well-meaning centre with the economic radicals. The latter, however, much as they
may dislike the expositor, would be compelled to join forces with him, and his supporters. In these circumstances there was a role ready made for a politician of the stature, ability and astuteness of Theodore. He was in every way except inclination suited to adopt the part of leader of an A.L.P. 'forward policy'; and inclination was provided in late 1930 from his political struggles within the Party.

Early in September 1930 R.F. Irvine, a former Professor of Economics at Sydney University, contacted Theodore and discussed with him the theory and application of economic policies needed to combat those of Niemeyer and the orthodox economists. At this time Irvine was expounding the need for credit expansion (to a limit of £20,000,000), public works financed by borrowing and adjustment of exchange rates: he opposed all deflationary measures and called for a policy of expansion through mild, controlled inflation.

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McFarlane notes that Theodore's subsequent espousal of expansionary measures showed an 'obvious academic inspiration' and suggests that Irvine was responsible for Theodore's conversion. It is undoubtedly correct that Theodore's understanding of the theory behind expansionary policy was due to Irvine. The extent of Theodore's own contribution cannot be determined but it must be noted that in March 1931 he quoted with understanding the expansionary views of Cassel, Hobson and Keynes, and said of Keynes that he was 'one of the best guides upon economic doctrine, economic necessities and the consequences of economic policies'. He also quoted the views of C.H. Wickens, the Commonwealth Statistician, who made several reports to the Ministry between October 1930 and January 1931 on the need for a thoroughly expansionary policy. At Fenton's request Wickens prepared a confidential report for the Cabinet on price stabilisation through a measure of inflation, to be achieved by the issue of fiduciary notes.

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The report was submitted on 24 October and quoted publicly by Anstey on 19 November and so close were the views of Wickens and Theodore that it was believed that Wickens was the source of the Theodore plans of October 1930 and February 1931. Wickens also gave evidence before the Basic Wage Enquiry of October 1930 - January 1931, during which he quoted Keynes and Cassel in support of his arguments.

Many of the 'experts' called by unions as witnesses (principally engineers and accountants) advocated inflation of the currency, credit expansion, free exchange rates and so on. All were opposed to deflation, and wage reductions in particular. Among these witnesses in the Arbitration Court were G.V. Portus, Assistant-Director of the W.E.A. in New South Wales; and C.A. Alison and J.A.L. Gunn, respectively an engineer and an accountant, authors of 'Is this Depression Necessary?'. Others were H.E.Langridge,

69 Age, 20 November 1930.
70 S.M.H., 11 February 1930.
71 Ibid., 11 December 1930; G.V. Portus, Happy Highways, Melbourne 1953, pp.184-185.
an accountant and author of 'Free Bread' (mid-1930?) and H.W. Parkinson, an engineer and author of the pamphlet 'Unemployment - its cause and cure',74 (and in 1924, of the book 'From Capitalism to Freedom: Containing a Study in Marxian Economics').75 All these witnesses were active in 1930 in spreading propaganda for expansionist policies. And at the same time some members of the F.P.L.P. were spreading similar ideas in publications which were being distributed throughout the Labor movement. At the end of September Anstey produced his pamphlet Facts and Theories of Finance76 and at the beginning of October Curtin his booklet Australia's Economic Crisis and the £55,000,000 Interest Bill.77 Thus, toward the end of 1930 expansionary economic policy had many advocates in the unions and the A.L.P. Branches, among a group of informed persons sympathetic to Labor, and in a small but outspoken group in the F.P.L.P. But this advocacy lacked theoretical backing, was most often

73 S.M.H., 17 December 1930.
74 Labor Daily, 12 December 1930.
75 Worker Press, Sydney, 1924
76 F. Anstey, Facts and Theories of Finance, Melbourne, N.D. [September 1930].
77 J. Curtin, Australia's Economic Crisis and the £55,000,000 Interest Bill, Perth, N.D. [October 1930].
piecemeal, sometimes contradictory and permeated with crude emotional appeals (for example, Anstey's pamphlet is prefaced with the slogan 'Financiers are the Dictators of Policies - the Unseen Power in Democracies'; Curtin's has the sub-title, 'How the Years of Money Power Extortion Have Brought Misery to the Nation' and is prefaced with a quotation which begins, 'The Money lords have spoken, And forth goes their decree,...'). In the circumstances of 1930 these efforts at propaganda, powerful as they were, helped stimulate the great interest in economic problems which the depression had produced. But while helping to create an essential background of information and a mood within the Labor movement, they were not sufficient to sway the F.P.L.P. Theodore, with the assistance of Irvine, employing his great talents, looking to his own interests, and using the now receptive - but still cautious and apprehensive - mood of the Party, was able to bring cohesion and force to the disparate ideas of the economic radicals and give the F.P.L.P. a semblance of an economic policy.

At the New South Wales State elections on 25 October the A.L.P. increased its percentage of votes from 43% to 55% and its seats in the Legislative Assembly from 40 to 55.79 Lang formed his third Ministry a few days later amid the elation provided by a great Labor victory. This carried into the F.P.L.P., where the first motion carried at the meeting of 27 October was a congratulatory message to Lang. It was soon apparent that the New South Wales election result had, as Daly and others had hoped, wrought some changes in the F.P.L.P. When Parliament met on 30 October the Ministry found itself in the embarrassing position of being unable to present any business for debate. The Parliament was adjourned after a few hours and the Ministry returned to redrafting its policy, as directed by Caucus in the series of meetings 27-30 October.

After sending its message to Lang Caucus passed a resolution (moved by Beasley) which denounced Niemeyer's August address, on the grounds that 'the tariff and industrial policy of Australia are domestic matters to be determined by

the people of Australia'. After these preliminaries, Caucus began to debate the Ministries financial proposals. These had already been amended; pension cuts had been discarded and the provision for direct salary cuts in the Commonwealth public service had been replaced with a special graduated salary tax. Scullin cabled his support for the Ministry's policy. The policy presented to Caucus had six main points: economies in Government departments; adjusted payments to the National Debt Sinking Fund (giving a saving of £1.95 million for 1930-31); a further increase in revenue duties (£2 million); a super-tax of 7½% on all property income and a reduction in the level of exemption from £300 to £100 (saving £1.5 million); a further increase on income tax from the 10% level of July 1930 to 15% on all income over £500 (an estimated saving of £160,000); and, lastly, a special tax on all Commonwealth salaries, including those of Federal Parliamentarians.

The Ministry's policy was subject to strong criticism in Caucus from Theodore, Beasley, Anstey, Yates, Lazzarini and others, in a fiery debate which continued.

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80. Caucus, Minutes, 27 October 1930.
81. Age, 27 October 1930.
83. Argus, Age, 28 October 1930.
over three days. Three measures provoked particularly bitter opposition. One of the increases in duties was the imposition of 1d per gallon on kerosene: eventually this was approved by Caucus but was shortly afterwards discarded, apparently as a result of opposition from the Party Branches. 84 A second and similar measure was a proposed customs tax of 3d per lb. on tea, expected to yield the substantial amount, in the total policy, of £625,000. This was a regressive tax whose incidence would fall most heavily on middle and low income families. It was approved by a Caucus majority of 24 to 17 after angry debate. 85 The greatest vehemence was displayed on Lyons’ proposal for a special tax on public service salaries. The motion for the adoption of the tax was defeated, 17 votes to 18, 86 (i.e., 35 votes: there is no indication of the attitude of the other 20 members of Caucus: the division

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See the telegram, dated 7 November, from the A.L.P. Federal Secretary to the S.A. State Secretary; 'Queensland Executive wired following decision... 'That the Q.C.E. vigorously protests against the imposition of taxes on tea and kerosene as such taxes are a violation of Labor's principles of equity... and amounts to a reduction of wages.... any additional revenue... should be levied by direct taxation on incomes able to bear it. And ... a tax... on all interest at present free from State income tax and on all interest or dividends payable in excess of five per cent....' What action do you suggest Federal Executive should take? McNamara', (A.L.P.-S.A., Executive Minutes, 13 November 1930).
85
Caucus, Minutes, 28, 29 October 1930.
before that on the salaries tax mustered 41 voters, that which followed, 45). The debate on the issue continued over two days). Four compromise proposals varying the gradation and allowing various exemptions, were all defeated. The deadlock was broken by conciliatory speeches pleading for unity from a Minister, Daly, and one of the economic radicals, Curtin. A diversion of those opposed to the tax was achieved when the debate was interrupted to take a vote on the Theodore plan, which was adopted, and this 'victory' assisted in reaching the final compromise. A motion from Crouch and Chifley that Ministerial salaries be taxed 15% and Members salaries 10% from 1 November was carried by 27 votes to 14. This was then extended, in a successful motion from Chifley and Holloway, to all public servants in receipt of £750 a year.

Unity had been preserved, but the Ministry's policy had been severely mauled for the special tax would raise only a pitiable amount of revenue, estimated at £60,000.

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86 Ibid., 27 October 1930.
87 Ibid., 29, 30 October 1930.
88 Age, 30 October 1930.
89 Caucus, Minutes, 30 October 1930.
90 Ibid.
Nevertheless, the Ministry had the basis of its deflationary policy intact and was able to present to Parliament a programme which moved toward the balancing of the Federal Budget for 1930-31. This was only made possible because the Caucus majority had accepted the emergency measures while also accepting a larger policy which when implemented would reverse the special economy measures of October –December 1930.

The debate on the Ministry's deflationary policies was held at the same time as the debate on expansionary plans for late 1930 and early 1931. On the second day of the Caucus meetings (28 October) three long-term financial proposals were put to Caucus. The first came from Lazzarini and Maloney and asked that the Government demand of the Commonwealth Bank that it underwrite either by expansion of credit or the issue of notes the £28 million internal loan falling due in mid-December.  

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Caucus, Minutes, 28 October 1930.
proposal for re-inflation came from two Ministers, Lyons and Barnes: they proposed that the Government's policy should be free exchange rates, stabilisation of prices by monetary control, reduction of interest rates, 'provision of credits for industry', and pressure on the Commonwealth Bank to carry out this policy. The third proposal did not differ in its essentials from that moved by Lyons. It was, however, more detailed, comprehensive and authoritative and had the advantage of being sponsored by Theodore. Gibbons and Theodore moved as an amendment to the Lyons proposal a four point plan:

1. That the Commonwealth Bank be required to create sufficient credit, as and when required, for the following purposes:
   (a) Finance the requirements of the Commonwealth Government in connection with all services covered by Parliamentary appropriation.
   (b) Meet that portion of the internal loans maturing during the financial year 1930-31 which has not been otherwise provided for.
   (c) Provide for financing State and Commonwealth loan works up to a limit of £20,000,000.
   (d) Provide financial accommodation through the Commonwealth Bank, trading banks, State financial institutions and, if necessary, through insurance companies to be used for productive purposes in primary and secondary industries. The ultimate amount of credit to be issued under this head to be determined by the effect upon the commodity price levels.

93 Ibid.
94 Ibid.
2. Credit under the various heads to be made available at an interest rate not exceeding 5% per annum.

3. An effective exchange pool to be continued to provide Australian Governments with first claim on Australian funds in London. The external exchange rates to be fixed at such rates as will give primary producers the full benefit of the exchange premium on their exports to compensate for the diminished market prices.

4. Wages and salaries to be stabilised for a definite period at the 1929 level.

After discussion the last clause was withdrawn by Gibbons. Then Lazzarini was granted leave to withdraw his motion, which was covered by Section 1(b) of the Theodore-Gibbons plan. A vote was taken on the two plans on the following day, 30 October, in the midst of the debate on the Ministry's deflationary policy. The Lyons-Barnes plan was defeated and the Theodore plan accepted by 26 votes to 14.

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95 Ibid. Although usually referred to as the Gibbons Plan, it is more properly the Theodore, or Theodore-Gibbons Plan. As will be related, Theodore had special reasons at this time for concealing his authorship of the scheme; the evidence leaves no doubt that the Plan was his; for assertions that this was so, see Smith's Weekly, 24 January 1931; Labor Daily, 28 January 1931; Advertiser, 30 January 1931; C.P.D., Vol. 128, p.63, Vol.130, pp.3453, 3464.

96 Ibid., 30 October 1930.
A motion was then carried that the plan be submitted to the Ministry for consideration. The future of the plan rested on the Ministry's negotiations with the Commonwealth Bank. The expectation of a successful outcome was low, and the acceptance of the Theodore plan is the first indication that the F.P.L.P. was now inclined to contrive a double-dissolution. This inclination was greatly reinforced by Lang's great victory of 25 October, but as the inclination gathered strength the likelihood of the Government being able to complete the manoeuvre, let alone win the ensuing election, diminished.

The first series of Caucus meetings (27-30 October) concluded with a unanimous resolution expressing the Party's appreciation of the services of Lyons, Fenton and the rest of the Ministry.  

Caucus met again on 6 November. Fenton opened the meeting by reading a cable from Scullin in which he supported the Caucus minority in its opposition to the Theodore plan of 28 October. In view of what happened later in the meeting  

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97 Ibid.
98 Ibid., 6 November 1930.
the themes of the cable are important: Scullin concentrated on two things; first, that 'all this talk about creating credit and inflation is most damaging' to Australia's standing in the London money market and, second, that the Government had no power over the banks - the 'Government cannot deliberately coerce the administration of the banks'. The cable, and others which followed it, illustrates Scullin's conservatism in economic matters and how greatly this had been reinforced by his absence from Australia and his daily contacts with London financiers. To Scullin it seemed that Australia's national honour must be upheld at any price. But, like Hughes in 1916, Scullin had lost contact with the mood of his own Party, which was now less nervous of the international effects of its actions and more concerned to find its own solutions within Australia. And this was exemplified by the Caucus meeting of 6 November. After Scullin's cable was read Lyons opened discussion on the £28 million internal conversion loan and proposed that it be converted by public subscription in the normal way. Caucus had already declared its attitude to the loan in the Theodore

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S.M.H., 16 March 1931.
plan, which stated that the Commonwealth Bank should 'meet that portion of internal loans maturing during the financial year 1930-31 which has not otherwise been provided for'. The Bank, however, had not yet given its decision on the plan (and did not do so until 16 December).  

The loan was due on 15 December and Lyons suggested that the whole Ministry interview the Bank Board on the plan and in the meantime the loan should be converted in the normal way. This was put formally in a motion from Crouch and Maloney. Curtin and Yates countered with an amendment insisting that the Bank meet the loan, on the 'collateral' of Government securities. Anstey moved a further amendment calling on the Government to prepare a Bill which would compulsorily renew the loan for another twelve months. After a short dinner adjournment Curtin was given leave to incorporate his amendment with Anstey's. The joint amendment then said that the full Cabinet should meet the Bank Board, before the next Loan Council meeting (11 November), and require the Bank to meet the loan, failing which the Government should legislate to extend the term of the loan for a further twelve months. This was a plain threat to the Bank that it must co-operate or else. It was in fact an empty threat for the probability  

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of such legislation passing the Senate was nil, and there was little likelihood that Sir Robert Gibson, knowing this, would bend to the Party's challenge to his power. His attitude in this game of bluff would have been strengthened by the knowledge that a majority of the Ministry was against the proposal.

The Anstey-Curtin amendment was carried by 22 votes to 16, with two Ministers (Anstey and Beasley) voting for it and five Ministers against (Fenton, Lyons, Forde, Green and Blakeley). With one exception (McGrath), the vote showed a predictable division between the known economic radicals and economic conservatives. The large number of absences (16) renders any analysis on State lines of doubtful value except perhaps for Victoria and New South Wales. The eight Victorian voters divided four on each side, while the sixteen members from New South Wales voted twelve in favour and four against (the four were Blakeley, McTiernan, Chifley and Theodore). In the voting there is an observable tendency for Senators, members from city or industrial

101 Caucus, Minutes, 6 November 1930.
102 Argus, 8 November 1930. (Barnes and Daly were absent).
electorates and members with strong union connections (other than with the A.W.U. and the small craft unions) to support the motion. Interlaced with these influences was that of personality, for there were many in the F.P.L.P. who were genuinely appalled at the prospect of besmirching Australia's national honour. The Anstey-Curtin resolution could be construed as 'Repudiation' and this was unthinkable to those who equated national with personal honour and held both above considerations of Party or class. Fenton and Lyons were among these.

In her memoirs Dame Enid Lyons describes the emotional scene at the end of the Caucus meeting of 6 November:

When the vote was taken in the Party room, the bells were already ringing for the evening session..., and members, in a state of high excitement, began to leave the room. But as they did so, Joe [Lyons] sprang to the table, and raising his voice above the clamour of the bells and the babel of confused shouting, he instantly stilled the hubbub. 'I will not do it... you have done this thing, but I tell you I will not be a party to it. I will go out of public life first. I will cable the Prime Minister and if he wants it done then he must get someone else to do it'. And he hurried from the room, white-faced and trembling with anger.

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Caucus records state that Fenton protested at the insignificance of the vote when so many members were absent and that Lyons and Fenton said 'that in view of the vote they would have to consider their position'. It had been widely known for several months that Lyons and, to a lesser extent, Fenton were at odds with Anstey and Beasley in the Ministry and with many members in the F.P.L.P. This discord had been aggravated by the Caucus squabbles between 27 October and 6 November - all widely and, on this level, accurately reported in the press. After the emotional scene of 6 November (repeated later on the Canberra railway station as Lyons left for Melbourne) there was good cause for the public speculation about Lyons' intentions.

Lyons cabled Scullin that he would not carry out the Caucus decision, which he called 'absolute repudiation'; if Scullin approved of the decision he must appoint a replacement for Lyons; in the meantime, while he waited for Scullin's reply, Lyons said he would carry on with normal procedure to convert the loan. This brought Lyons

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104 Caucus, Minutes, 6 November 1931.
105 S.M.H., 16 March 1931.
and those who supported him into open defiance of the principle of majority rule in Caucus, one of the Party's most cherished principles. When Lyons proceeded to convert the loan in the usual way it was starkly obvious that a crisis of unity, with the possibility of a 'split', threatened the Party.

The resolution was passed on 6 November and the next Caucus meeting was scheduled for 12 November. In the interim Scullin advised Lyons to proceed with the conversion as he, Scullin, was opposed utterly to the resolution: 'I do not approve and will not support resolution of the party, which I agree is repudiation, which is dishonest and disastrous. Brennan and Moloney concur...'.

Representatives of the N.S.W. Labor Party Executive, the A.W.U. in N.S.W. and the A.C.T.U. flocked to Canberra to give their advice. Efforts were made to convene another meeting of the A.L.P. Federal Executive.

106 Ibid.
107 Ibid., 10,11 November 1930.
Lyons and Fenton went to the Loan Council and on 11 November the Council agreed to launch a conversion loan in the usual way, thus presenting the Party with a fait accompli. Equally as powerful was the influence of the Australian and overseas press, which accused the Government of the great sin of repudiation which was with 'inflation' one of the great bogey words of the day, and with the Theodore plan and the Anstey-Curtin resolution there was plenty of ammunition to hand. Both accusations - of 'inflation' and 'repudiation' - were unreasonable and inaccurate but together their influence was substantial, the moreso because the majority of Labor politicians and unionists, lacking any other conditioning, were extremely susceptible to such propaganda.

The first motion passed at the Caucus meeting of 12 November was a statement for release to the press emphatically denying that the Party was repudiationist and insisting that all lawful commitments would be honoured. Fenton then reported on the Loan Council meeting, advised that the full Cabinet would shortly meet the Commonwealth

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S.M.H., 13 November 1930.
Bank Board to place the Theodore plan before it, and said that Scullin would be back on 14 January. All three things had a bearing on the Anstey-Curtin resolution. He concluded, 'the Cabinet had met and were unanimous in their opinions that the Party should not participate in a crisis while the Prime Minister and his two Ministers were absent'. Yates and Lazzarini at least were not inclined to heed this pathetic appeal, for they moved that Caucus reaffirm the resolutions of 6 November. In the debate which followed Lyons was much criticised, presumably for seeking Loan Council sanction for the loan conversion after Caucus had decided against such action. Theodore, Chifley, Keane and Maloney restated their opposition to the 6 November decision but affirmed their determination to abide by the majority ruling of Caucus. Fenton read a long cable from Scullin in which he appealed to the Party to reconsider the 'appalling' and 'disastrous' resolution, which, he said, was repudiation and therefore against personal and Party honour; the resolution had crippled his efforts to restore confidence in Australia; to 'default on this loan would weaken the value of their

110 Caucus, Minutes, 12 November 1930.
111 Ibid.
[i.e., small investors] investments, would destroy public confidence, and would delay for years the restoration of economic prosperity. After further discussion, in which Anstey spoke in favour of shelving the issue until Scullin's return, Curtin suggested that Yates withdraw his motion, and Yates agreed to do so. After two hours the meeting closed with a resolution, agreed to on the voices, 'That the matter stand adjourned until Mr. J.H. Scullin's return'.

Scullin was expected on 14 January 1931, and as the loan was to open on 15 December 1930 it was clear that, without saying so directly, Caucus had decided to ignore its decision of 6 November. The reasons for this reversal are clear: the Loan Council endorsement; Lyons' determination; the scare campaign against repudiation; the authority of the arguments advanced by Scullin (and the appeal of his plea - 'I know and share members' feelings regarding the suffering of the unemployed but the extinction of our credit will spread that suffering greatly'); the knowledge that the Theodore

112 S.M.H., 16 March 1931.
113 Caucus, Minutes, 12 November 1930.
114 Ibid.
plan remained as Party policy. But the over-riding consideration was the fear of provoking a split in the F.P.L.P. A split had been avoided temporarily. A small price, however, was demanded by the Caucus majority as payment for its capitulation.

Lyons and Fenton were anxious to adjourn Parliament as soon as the economy measures were enacted. It was reported that Scullin asked that no further legislation be introduced before his return. Caucus decided against these wishes on 20 November when a motion (from Keane and Holloway) was passed saying that the Parliamentary session must continue until effective assistance or relief had been offered to the unemployed. Three weeks of Caucus rule followed. During this time the Caucus majority succeeded in bringing forward some measures which had been rejected by the Ministry while Scullin, Brennan and Moloney were in Australia (the Port Augusta railway, a bonus on gold production, and filling vacancies in the High Court).

115 S.M.H., 14 November 1930.
116 A move recommended by the A.L.P.-Vic. Central Executive; Executive Minutes, 23 November 1930.
117 Caucus, Minutes, 19, 20 November 1930.
or in forcing the Ministry to amend its recommendations 
(the wheat assistance Bill and the export duty on 
sheepskins).

Several unions wanted the Government to impose 
an export duty, or a complete export embargo, on sheepskins. The unions - the wool and basil-workers and the tanners - were small but their campaign was a strong one. They managed to get their claims incorporated as one of the eight 
clauses of the report of the Unemployment Committee of the A.C.T.U. Congress in February 1930, so that amid the requests for unemployment insurance, bank nationalisation and public works appeared: '3. Export provision against goods going out of Australia that can be treated here such as sheepskins etc.' Garden argued that 4,000 men would be brought into employment by the measure. Garden's advocacy was surprising, and the fact that he and J. Graves went to Canberra to press the matter to Forde suggests that it was possible, as the Parliamentary Opposition alleged, that interests other than the trade unions were involved. The

119 Ibid., p.121(a). 
120 Argus, 2 April 1930.
matter was raised several times in Caucus by E. Riley (N.S.W.) and Lewis (Vic.): Lewis acted on behalf of the Geelong Trades and Labor Council, which had a strong interest in the matter, while Riley was acting under pressure from his local Electorate Council. The Tariff Board reported on the industry in June 1930 and advised against an export duty but for a bounty. Against the wishes of Riley and Lewis, Caucus by 22 votes to 15, referred the matter back to the Tariff Board for another report. The matter seemed to have been shelved, but the prospects brightened in November when Caucus insisted on measures to assist the unemployed. Fenton announced that the Ministry was prepared to grant assistance to the industry and recommended that this be in the form of a bounty. Caucus refused to accept the Ministry's recommendation (moved by Blakeley and O'Halloran) and instead accepted a motion from Riley and Lang that an export duty of $d lb. be imposed. It was most unlikely that the Senate would pass legislation giving effect to this resolution, as Caucus

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121 Geelong Trades and Labor Council, Minutes, 4, 18 February, 1 April, 8 July, 9 December 1930.
122 Caucus, Minutes, 1 May 1930.
123 Ibid., 30, 31 July, 5 August 1930.
124 Ibid., 20 November 1930.
125 Ibid., 27 November 1930.
recognised when it rejected, by 18 votes to 23, Riley's request for immediate legislation on the duty. But after discussion in Caucus, Fenton proclaimed the duty in the Representatives on 18 December, the last day of sitting. His announcement was greeted by an outburst from the Opposition, with interjections which spoke of 'bare-faced bribery', 'absolute robbery' and 'a bare-faced swindle'. One Labor member (Crouch) rose to dissociate himself entirely from the Government's action.

The duty was a complete failure: the export market collapsed and the collection of the duty was challenged in the High Court. On 3 March 1931 Caucus voted 24 to 12 to remove the duty and when Parliament met on 18 March Forde announced that the duty had lapsed and all collections would be refunded.

126 Ibid., 20, 27 November 1930.
127 Ibid., 4 December 1930.
128 Ibid., 17 December 1930.
129 C.P.D., Vol. 127, p.1642
130 Ibid., p.1647.
Caucus again over-ruled the Ministry when the most vital clause in the Wheat Bill of December 1930 was decided. The wheat industry was in great need of assistance and throughout November members of the Ministry conferred with growers, merchants and the Commonwealth Bank Board. Eventually the Board agreed to assist with the 1930-31 crop to the extent of guaranteeing 2/- per bushel F.O.B. Under pressure from the Ministry the Board later raised this offer to 2/6. Given the intransigence of the Board, the Ministry had cause to congratulate itself; but a majority of Caucus was still dissatisfied with the dictatorial and unsympathetic attitude of the Board, and Sir Robert Gibson in particular, and it decided to confront the Board with a fait accompli or, as Daly put it, make an 'attempt to use moral suasion' on the Board. On 11 December Caucus debated the wheat Bill recommended by the Ministry. Two Ministers (Forde and Blakeley) moved the vital clause that would allow a guarantee of 2/6 per bushel.

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135 Caucus, Minutes, 11 December 1930.
This was defeated in favour of an amendment from two N.S.W. members (Gibbons and Dunn) which called for a guarantee of 3/-.

Caucus minutes do not record voting figures on this issue but it is likely that the amendment was supported by those members representing rural electorates and that large section of Caucus which saw the Bank Board as an instrument which was deliberately frustrating the Government for political reasons. The fate of the Wheat Bill served to fortify such opinion. The Bill passed through both Houses in a few days and received Royal Assent on 23 December. The Act did nothing to assist the wheatgrowers, for the Commonwealth Bank's legal advisers told the Board that the Government had no constitutional power to guarantee the Bank against losses. Thus the Act was rendered inoperative.

The Red Hill - Port Augusta railway was another of the measures recommended by the Ministry after the Party's decision not to adjourn Parliament until something had been done to relieve unemployment. A motion to adopt the


Caucus, Minutes, 20, 27 November 1930.
Ministry's recommendation on the railway was moved by two Ministers (Forde and Daley) at the Caucus meeting of 9 December and approved without much debate. 138 A Bill to authorise calling tenders for the work passed through both Houses in the following week; during the debate it was said that construction of the eighty-four miles of line would provide employment for 1,000 men in South Australia; 139 but as it was estimated that only £20,000 would be spent in the remainder of the financial year 1930-31 140 there was little prospect of the work giving much immediate relief to the unemployed. In the end it gave no relief at all.

Scullin had not been in favour of the project and one of his last acts before leaving in August was to inform the Secretary of the A.W.U. in South Australia that the Government had decided against the project. 141

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138 Ibid., 9 December 1930.
140 Ibid., p.1352.
141 Australian Worker, 20 August 1930.
had lobbyed hard for the line, for it anticipated that 1,000 men, all of them A.W.U. members, would find employment on the work. Though disappointed with Scullin's decision the A.W.U. resolved to continue its campaign in Scullin's absence, through pressure on the eight South Australian members of the F.P.L.P. These members, the general rebelliousness of Caucus at the time and the influence of the mighty A.W.U. combined to make the campaign successful. The success, however, was short-lived for the project was dropped from the Government's programme after Scullin's return to Australia.

Before his departure Scullin had rejected overtures to introduce a bonus on gold production. As with the Red Hill - Port Augusta line, the A.W.U. was the principal union involved, though in this case the Western Australian and Victoria-Riverina Branches were the lobbyists. The A.W.U. was an influential part of a much larger movement campaigning for a gold bonus, through conferences, deputations and publications. Scullin, Theodore and a majority of

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142 Ibid.
143 Argus, 9 April, 17 May, 12, 26 June 1930.
the Ministry remained unimpressed and in August Scullin informed the Premier of Western Australia that his Government was not prepared to provide for a bonus, on any basis. 144 The blow as softened by Parker Moloney when he said that the matter had not been finally rejected and that it would be considered again when Scullin returned from London. 145 Campaigners for the bonus did not accept either statement as final. The A.L.P. Federal Conference of May 1930 had already approved of a bonus when it endorsed (by 20 votes to 8) a proposal from the Western Australian State Executive of the A.L.P. for a bonus of £1 per ounce. 146 The Federal Executive meeting of October 1930 also recommended a bonus and asked 'that immediate effect be given to the proposal'. 147 Fenton and Lyons told the Executive that the Ministry would consider its recommendation. Fenton told Caucus on 27 November that the Ministry had decided for the bonus and the proposal was adopted by Caucus. 148

144 Australasian Insurance and Banking Record, 22 September 1930, p. 758.
145 Australian Worker, 29 August 1930.
147 Argus, 16 October 1930.
148 Caucus, Minutes, 27 November 1930.
A Bill to provide for a bonus of £1 per ounce was rushed through Parliament.

At the last Caucus meeting in 1930 Fenton said that although he had not consulted the Ministry on the matter he recommended that Caucus approve a Christmas grant to the unemployed of £250,000. At a time when Ministers were paring Governmental expenses in every conceivable way this probably seemed to Fenton to be a generous gesture. But Caucus was not satisfied. Keane and Riordan moved that the grant be increased to £1,000,000. This, however, was too daring for a majority of Caucus, which accepted instead an amendment from McGrath and Frost to double Fenton's suggested grant, to £500,000. This was Caucus' final gesture of defiance against the majority of the Ministry, and the sacred doctrine of balanced budgets.

Scullin's attitude to the Caucus crisis remains largely unknown. Fenton and Lyons were in daily contact with him during the crucial days when Caucus was meeting in

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149 Caucus, Minutes, 17 December 1930.
150 Ibid.
October, November and December. An indication of Scullin's attitude to Caucus rule was provided in his cables dealing with credit expansion and 'repudiation'. A further illustration of Scullin's attitude is provided by the events surrounding the party's decision in December 1930 to fill the two vacant positions on the High Court Bench. The decision was a part of the Caucus rebellion of the period but the issue is more important as the exemplar of Scullin's caution, his conservative leadership and his fear of the Caucus.

The High Court bench ordinarily numbered seven. Justice Powers retired in July 1929 and Chief Justice Knox in April 1930. Members of the Ministry announced in January, April and August that the Ministry had decided not to fill the vacancies: it was said that five Judges were adequate for the volume of work before the Court and that the absence of two Judges would mean a saving of £12,000 per year; the position would be regularised by an amendment to the Judiciary Act to reduce the required number of Judges from seven to five.\footnote{S.M.H., 17 January, 21 April, 21 August 1930. \textit{Age}, 9, 14 April 1930.} In the rush of legislation...
in the March-August sitting this amendment was neglected, but the Ministry's position on the matter was clear.

There was considerable dissatisfaction with the Government's decision within the Labor movement, particularly in New South Wales. The Government had unwittingly contributed to this dissatisfaction during the early part of 1930 with its campaign for a referendum on constitutional amendments, when members stressed the restrictions imposed by the Constitution and, by implication, the conservative nature of the High Court interpretations. The importance of the Court was also highlighted by its decision in the coal miners' and A.R.U. cases in 1930. These decisions, both adverse to union interests, pointed to the need for some 'good Labor men' on the Bench. More force was added to the agitation by the circumstances of Chief Justice Knox's retirement, for he stepped down after becoming the principal beneficiary of the estate of 'Baron' John Brown, the coal millionaire and great villain of the 1929-30 coal lock-out. In the Labor movement this offered further confirmation that Judges were conservative, anti-Labor and appointed with their
political bias in mind. There seemed no good reason why Labor should not redress the balance by 'packing' the Court while it had the opportunity. As Attorney-General in the Fisher Labor Government, Hughes had not hesitated to fill three vacancies on the High Court Bench. The Bruce-Page Government had appointed one of its own Senators, Senator Drake-Brockman, to the Arbitration Court. By contrast, the only appointment of political importance yet made by the Scullin Government was to extend the tenure of Sir Robert Gibson.

On 4 December Fenton announced that Scullin had secured the appointment of Sir Isaac Isaacs as Governor-General. This caused much rejoicing in the Labor movement, and equal dissatisfaction outside it. There were, however, some drawbacks for Labor. Isaacs had been Labor's favourite on the High Court Bench: he had offered the only dissenting opinion in the coal case and the A.R.U. case; it was felt,

with reason, that he was considerably more radical and generally more sympathetic to Labor ideals than his fellow Judges. With his departure in early 1931 the Court would be reduced to four. It seemed that this was an excellent opportunity to appoint new Judges who were at least as sympathetic to Labor as Isaacs had been. Moreover, the Court was shortly to deal with an important case involving the W.W.F., and it was likely that there would be an appeal before the Court over Lang's attempt to abolish the N.S.W. Legislative Council: to some it appeared that Labor's appointees would enhance the chances of getting favourable decisions.  

When questioned about the possibility of new appointments both Daly and Fenton had little to say, but neither referred to the earlier statements of Ministerial policy on the matter. Rumours continued that the vacancies

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In mid-1931 Lazzarini said that the trouble on the waterfront continued 'because one man, who was put there [i.e. the High Court] for a certain purpose did not do his job properly'. (C.P.D., Vol. 130, p.3441).

156 S.M.H., 22 November 1930.

would be filled, though it was thought unlikely that this would be done before Scullin's return. At the Caucus meeting of 30 October, Keane and Watkins moved a motion asking for two appointments but after discussion the motion was withdrawn. Agitation within Caucus for the appointments continued, and was reinforced by a request (originating from the Bendigo Trades and Labor Council) from the A.L.P. Central Executive in Victoria to all members of the F.P.L.P. to proceed with the appointments. On 11 December Caucus resolved that the vacancies would be filled, though - according to Scullin - Caucus did not discuss or recommend particular persons. From a cable which Scullin sent to Lyons it appears that Caucus rejected a unanimous recommendation from the Ministry that the matter be deferred until Scullin's return, but after the Caucus resolution the Ministry reconsidered the

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158 S.M.H., 4 December 1930.
159 Ibid., 8 December 1930.
160 Caucus, Minutes, 30 October 1930.
161 S.M.H., 21 November 1930; Argus, 21 November, 6 December 1930.
162 A.L.P.-Vic., Central Executive Minutes, 17 November 1930.
163 S.M.H., 16 March 1931.
matter and the eight Ministers (Lyons was in Tasmania) decided unanimously to accept the Caucus resolution and go ahead. Telegrams were sent to Scullin asking him to nominate his choices but due to delays in transmission his reply (utterly hostile to making any appointments) was received after the Ministry had approved two persons (presumably recommended by Daly, the Acting Attorney-General). As the Argus had predicted in January 1930, the two new Judges were H.V. Evatt and E. McTiernan. The appointments were made public on 19 December, the day after Parliament adjourned.

Scullin had made strong protests against making the appointments. One cable to Lyons contained the extraordinary statement: 'I would go out of office if under the circumstances appointments were rushed through during our absence.' Considering the impositions and the frustrations

164 Ibid.
166 S.M.H., 16 March 1931.
he had accepted in the previous twelve months there is nothing more indicative of Scullin's attitudes than these words. There is no record, and there was little likelihood, of his ever threatening to resign on any other issue.

Scullin's argument was that the Ministry had already decided against making new appointments (but as we have seen this also applied to other measures which were accepted during October - December 1930) and it was a violation of a 'grave principle' for Caucus to be involved in the appointments, amounting to 'political direction' in a matter which should be 'solely for Cabinet decision'. In this Scullin was correct, but the breach of principle was a minor one - Caucus said only that the vacancies must be filled -, and it was a breach sanctioned by the Labor Party's myth of rule from below. Moreover, Scullin's appeal to strict principle had a hollow ring: there is no doubt that many Caucus members were smarting under and influenced by Scullin's broken promise to consult Caucus when Sir Robert Gibson's tenure expired; at the time of the High Court appointments Sir Robert's reappointment and his seemingly absolute power over the

167 Ibid.
Government crept into many Caucus debates and helped goad Caucus into compensating acts of defiance. In this sense Scullin made his own positive contribution to the appointment of Evatt and McTiernan.

In January 1931 Scullin returned to a Party which was taut with expectancy and tension. The internecine struggle in Caucus in late 1930 had produced fractures which would not easily be healed. The Caucus resolution to, in effect, call a truce until Scullin and the others came back did not mean that internal Party manoeuvres ceased. Theodore continued his intrigues: Lyons intensified his flirtation with powerful anti-Labor interests in Melbourne; in his usual blunt manner Anstey added further fuel to an already considerable pile by predicting a split in the Party, and urging the party to 'default and be damned'. As 1931 began the future of the Federal Government seemed shaky indeed. But even the most pessimistic could not have predicted the series of momentous events of January to March 1931. At the end of those three turbulent months the Federal A.L.P. had split and two 'wings' of the F.P.L.P. had deserted, one to join the Opposition, the other to sit as an 'independent' group in Parliament.

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168 Australian Worker, 7 January 1931.
Chapter VI

The Labor split of January-March 1931 has a history which begins well before the immediate causes and events of early 1931. To understand the forces operating in 1931 it is therefore necessary to reach back and sketch events and influences which often preceded the formation of the Scullin Government.

Before the mid-1920s the A.W.U. had for many years been the dominant influence in the A.L.P. in New South Wales. By 1927 this influence had been broken. The story of the A.W.U.'s eclipse in N.S.W. is a long and complicated one, the details of which need not concern us here. Some of the consequences, however, are important to an explanation of 1931.

The Federal Labor Conference and Executive became involved in the N.S.W. conflict and their decisions had at various times managed to alienate both the winning and losing

factions. On the other hand the theoretical powers of the Federal Executive had been strengthened and given clearer definition, though the Executive's efforts to heal the breach in N.S.W. were singularly unsuccessful.

The lines of future conflict - and a fundamental basis of the 1931 split - were clearly set out by the N.S.W. Executive in 1928, in a letter to the Federal Executive:

The Executive elected by the rank and file of the Australian Labor Party, State of New South Wales, desires to make clear the constitutional position in regard to any ruling or dictum concerning the domestic affairs of the Party issued by the Federal Conference, the Federal Executive, or any other grouping of Federal officials -

(1) The [N.S.W.] Executive ... is the creation of the rank and file in conference, and in all domestic matters recognises only the authority of the rank and file of the A.L.P., State of New South Wales as expressed in conference or by plebiscite.

(2) It is contrary to the democratic principles of the Australian Trade Union and Labor Movement, and to the Working Class Movement in all civilised countries, that a small group of officials such as is comprised by the Federal Executive and Conference, should have the extraordinary power to over-ride the expressed will of the rank and file to whom they owe their existence and sustenance.

(3) Therefore, the [N.S.W.] Executive ... will maintain the right of autonomy in all domestic matters, which the rank and file of the Party in New South Wales, in conjunction with the Parties in all other States, have enjoyed since the inception of the Australian Labor Parties, and this Executive, consequently, will
repudiate any ruling or dictum of Federal officials on any domestic matter which has not first received approval of the rank and file of the Party in New South Wales. 2

The upheaval in N.S.W. was partly the cause and partly the consequence of the extraordinary rise of J.T. Lang.

Lang had been Treasurer in the State Labor Government in 1920 and 1921. He was elected to the leadership of the Party in N.S.W. in 1923 and was State Premier between 1925 and 1927. During his time as Premier the Government introduced a number of controversial, progressive social and industrial reforms which won him great admiration and support in the Labor movement. So great was loyalty to Lang that in 1926 a Labor conference agreed to a motion which read:

This conference has confidence in John T. Lang,... and hereby confirms him in the leadership of the Parliamentary Labor Party for the period of the present parliament; and recognising that unity is essential to the carrying out of the platform and policy of the Labor Party, the Premier is authorised, in the event of circumstances arising which in his opinion imperil that unity, to do all things and exercise such powers as he deems necessary in the interests of the movement. 3


Such a vote of confidence is remarkable in the A.L.P. But the way in which Lang dominated his Caucus and Cabinet was entirely without precedent; in April 1932 the Chief Secretary explained that:

When he announces [Government policy] we follow, and as soon as he announces it we know where we stand. We do not seek to know what he is doing, and are prepared to surrender our judgement, if necessary, in advance.' 4

By 1930 Lang and his close personal supporters and advisers - the Inner Group - ruled the Labor Party in N.S.W. And Lang's power over the Party machine had been achieved and was sustained by corrupt methods. As L.F. Crisp notes:

What distinguished the State Executive dominated by Lang over the decade from 1926, was the consistent ruthlessness with which it organised or contrived the defeat in selection ballots of opponents and critics, withheld ballots in favour of Executive selection, or simply refused endorsement to those whose 'reliability' was as much as suspect. 5

Nevertheless, the majority of the Labor rank and file in N.S.W. were loyal to Lang, believing him to be a militant 'champion of the people'. And through 1930 this loyalty increased to levels which reached the hysterical in 1931 and 1932.

4 S.M.H., 29 April 1932; quoted in R. Cooksey, Lang and Socialism, Canberra, 1971, p.3.
The situation in N.S.W. was unsatisfactory to the Federal Party. Obviously the Lang autocracy was repugnant to all who believed in Labor's hallowed principles of democratic control. It was true that these were frequently ignored by all sections of the Party, not least by the A.W.U. during its pre-Lang domination in N.S.W. But the history of the Labor Party had seen nothing to compare with the perversion of Labor principles which occurred under the Lang regime.

Another reason for concern about the N.S.W. Branch was simply the absence of A.W.U. influence in the Labor politics of the State. The A.W.U. interest was dominant in A.L.P. affairs in Queensland and Western Australia, strong in the other three States and very important in the Federal Labor Party, Executive and Conference. But in 1928 and 1929 and for most of 1930 the A.W.U. was not affiliated with the A.L.P. in New South Wales. Nor was it affiliated with the New South Wales Trades and Labor Council. The Council was important in political and industrial affairs in N.S.W.; 'Jock' Garden and other members of the Inner Group were prominent in the Council, which was also one of the five State branches of the A.C.T.U.
The N.S.W. Branch was out of step with the other State branches and the Federal Party. Had it been the case that the dissident was not N.S.W. but, for example, Tasmania or Western Australia, Federal Labor would not have been so greatly disturbed. But as the most populous and industrial State it was natural that N.S.W. provided the key State Branch of the A.L.P.: when the Scullin Government was formed in October 1929 fully twenty of the forty-seven Labor members of the House of Representatives were drawn from N.S.W. Given the N.S.W. attitude to Branch autonomy the implications of this strength for Federal Labor were, in one respect, ominous. While N.S.W. remained under Lang's domination the precious unity of the Australian Labor Party - and the F.P.L.P. - was in jeopardy.

While maintaining its own position and integrity, Federal Labor made formal attempts in the late 1920s to restore harmony between itself and the N.S.W. Branch. These efforts were ineffective. But by 1929-30 another less public attempt was making some progress.

E.G. Theodore entered Federal politics through the safe N.S.W. Labor seat of Dalley. Remembering Crisp's remarks on the N.S.W. Executive and political 'reliability' it is easy to understand why Theodore should be concerned to establish a personal
power base within the N.S.W. Branch. That he should do so and possibly go on to supplant Lang as the dominant figure in the Branch was also in the interests of the Federal Labor Party. It was also in the interests of the A.W.U. There was a difficulty, stemming from the hostility felt by Jack Bailey of the A.W.U. in N.S.W. toward Theodore, but this was softened by the greater hostility existing between Bailey and Lang, and the superimposed interests of the mighty A.W.U. organisation.

Theodore was a formidable challenger. His parliamentary record in Queensland was a distinguished one. In intellect he was Lang's superior - and he was at least Lang's equal in his mastery of the craft of political intrigue and manoeuvre. This latter talent Theodore had brought to bear, by at least early 1930, against Lang. We have Lang's word that Theodore was trying to depose him. But by its very nature, acceptable evidence of the behind the scenes intrigue is scarce. However, a few scraps are available.

6 Ibid., p. 73.
A.J. McPherson was an A.P.W.U. official. He was also in 1929 and 1930 the Organising Secretary for the N.S.W. Branch of the Party - and he doubled as Theodore's unofficial chief lieutenant in N.S.W. between 1929 and 1932. McPherson and J.B. ('Plugger') Martin of the Inner Group and N.S.W. Branch Executive had, in 1930, produced rival 'tickets' at the election of delegates from the land transport union group to the Easter A.L.P. Conference; it is probable that these rival faction organisers were active in the interests of their respective patrons in other group meetings. On 17 April 1930 the N.S.W. Executive recommended that McPherson be dismissed as Organising Secretary:

On the grounds that he had made disloyal remarks regarding State Labor leader Lang, and had plotted to bring about his downfall from the position of leader of the Party.

The Easter Conference in N.S.W. was a faction battleground, complete with 'basher gangs' and organising and procedural irregularities. Garden claimed that 'there was no split between Mr. Lang and Mr. Theodore' and that 'talk in that direction had been

8 A.R.U.-N.S.W., State Council Minutes, 13 March 1930.
9 Australian Worker, 23 April 1930.
10 Amalgamated Clothing and Allied Trades Union, N.S.W. Branch, Executive Minutes, 26 May 1930.
manufactured by Mr. McPherson'. Yet when the Executive's recommendation on McPherson was put to the conference, he was dismissed from his position, by 74 votes to 47.

McPherson's removal was a set-back for Theodore, but it did not halt the efforts of those struggling against Lang. According to the *Australian Worker*, at the N.S.W. conference:

> ...considerable hostility towards the A.W.U. was shown by delegates supporting the Graves-Garden faction... the impression was gained that they desired the money of the A.W.U. more than they did the reaffiliation of the union.

Negotiations between the A.W.U. and the A.L.P. in N.S.W. had been underway since the formation of the Scullin Government. In early 1930 the N.S.W. Labor Party Country and Metropolitan conferences carried resolutions in favour of readmitting the A.W.U. It is apparent that the union hoped to have its reaffiliation accepted before the N.S.W. annual (Easter) conference in April 1930. But the N.S.W. Executive 'for some unaccountable reason' - to use Bailey's ironic words - failed to act in time. The annual conference elected a committee to discuss the matter with the A.W.U. The negotiations were stormy. At one time Scullin agreed to act as arbitrator between

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11 *Australian Worker*, 23 April 1930.
12 Ibid.
13 Ibid.
the two organisations but he withdrew his offer after it was alleged (by the N.S.W. Executive) that he was treating privately with the A.W.U. Soon after, the negotiations came to a standstill. Eventually the A.W.U. made direct representation to the N.S.W. Executive and the deadlock was broken. In mid-August it was announced that, after payment of £650 in 'arrears' to the A.L.P., the A.W.U. reaffiliation had been accepted. And on 29 August the three A.W.U. delegates took their seats in the N.S.W. Executive. This was potentially at least an opening in the armour of the Lang machine. At the time it seemed of even greater significance for negotiations were proceeding for an amalgamation between the A.W.U. and the miners' union in N.S.W.; in the end nothing came of the proposal but in 1930 the negotiations seemed promising enough and doubtless the implications of such an amalgamation were not lost on Lang and the Inner Group.

15 Ibid.
16 Labor Daily, 16 August 1930.
17 Ibid, 30 August 1930.
18 Ibid., 16, 14, 18, 19, 20, 22 August, 26, 27 November 1930.
Elections for the N.S.W. Executive were held during November-December 1930. According to the Sydney Morning Herald the McPherson faction ran practically a full 'ticket' for the various groups electing the Executive.\(^\text{19}\) However, little progress was made in dislodging the 'Garden-Graves' faction.\(^\text{20}\) This was probably the result of Lang's great electoral victory in October. Perhaps also it was influenced by Theodore's disappointing performance over the coal dispute, and his temporary eclipse in the Federal political sphere.

The Mungana affair had forced Theodore's resignation from the Ministry in July 1930. He was not idle in the months which followed. At first he spent much time in Brisbane, but he soon turned his attention elsewhere. Later it was said that during the latter part of 1930 the strings were being pulled\(^\text{21}\) and that the period August 1930 to early January 1931 was, on Theodore's part, a time of 'persistent and unrelenting intrigue'.\(^\text{22}\) The intrigue was designed to secure Theodore's reinstatement as

\(^{19}\) S.M.H., 4 December 1930.

\(^{20}\) Ibid., 4, 6, 11 December 1930.

\(^{21}\) Labor Daily, 28 January 1931.

\(^{22}\) S.M.H., 29 January 1931.
Treasurer and it was conducted principally in N.S.W. And Theodore's battle for support in N.S.W. threatened the position and standing of Lang.

In August 1930 the President of the N.S.W. Branch issued a statement asking the Party in N.S.W. to:

immediately call upon Mr. E.G. Theodore to take up his previous position... the Movement here states that drastic times require drastic action; therefore in the interests of the whole Movement Mr. Theodore should be immediately recalled into action.

Several weeks later, on 18 October, the President (Graves) wrote privately to Theodore and ended his letter:

If I can judge the feelings of the Executive I feel sure you will succeed in your action in again taking your place in the Federal House. With best wishes for your ultimate success.

According to Rowe (N.S.W.) and Chifley (N.S.W.) J. Beasley was 'the ringleader' in canvassing for support for Theodore in N.S.W.;

23 Writing in January 1931, Warren Denning said, 'Much of the unwritten history of the last six months centres around efforts to have the former Treasurer reinstated in his old position, and his domination of the situation in this State [N.S.W.] makes further moves in this direction beyond doubt'. (Argus, 19 January 1931).

24 Australian Worker, 27 August 1930.

25 Ibid., 8 April 1931.
and Beasley later admitted that while Theodore was out of the Ministry 'he had some very good friends within it, who were pleading his cause'. Senator Dunn (N.S.W.), an acquaintance of Theodore's for twenty years and an ardent Lang man, was also said to be active on Theodore's behalf. By the end of October there were many rumours that Theodore had secured the support necessary to his return.

Theodore's prospects brightened as a result of the Niemeyer mission, the Melbourne Agreement and the ensuing dissatisfaction with the leadership of Fenton and Lyons. As we have seen, he placed himself at the head of those in the F.P.L.P. who rebelled at the deflationary policies of Fenton and Lyons but were apprehensive of 'repudiation' and the other policies expounded by Anstey, Curtin, Yates and the other Caucus radicals.

26 Printer, 19 February 1932; Australian Worker, 6 May 1931; see also McPherson's remarks in the Australian Worker, 8 April 1931.
29 Ibid., (27 November 1929) p.299.
31 Labor Daily, 20, 30 October 1930; South Australian Worker, 31 October 1930; Register News Pictorial, 25, 28 October 1930.
Theodore gathered support around his policy as set out in the 'Gibbons' plan. And however much Lang may have disliked and feared its originator and chief expositor, such a policy of economic expansion in the Federal sphere was necessary to Lang if his State Government was to survive. In this sense, Lang's reputation and future depended on Theodore's success. His position was thus an extremely delicate one (and we may assume that it was also extremely irritating). It was made more so by the events of January 1931.

In early December 1930 plans were made for Scullin's return. The Queensland Central Executive initiated a proposal to call together the Federal Executive, the Leaders and Deputy Leaders from each State Branch and the senior members of the F.P.L.P. 'to consider co-ordinating action and policy in the State and Federal spheres'. The organising of this conference was painfully slow and it did not meet until 11 February. In the meantime the N.S.W. Branch had planned, launched and carried through its own confrontation with Scullin.

In mid-December 1930 the N.S.W. Executive voiced its determination to secure a 'definite understanding' from Scullin on 'the interpretation and application of the wishes of the Labor movement'; as a first step it resolved to summon a

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32 A.L.P.-Qld., Central Executive Minutes, 27 February 1931.
33 Australian Worker, 24 December 1930.
meeting of all N.S.W. Federal members and the N.S.W. Executive. The meeting was held in Sydney on 12 January (two days after Scullin arrived in Melbourne) with sixteen Federal members, the two N.S.W. members of the Federal Executive and twenty members of the State Executive. Graves made a long speech in which he recited the Scullin Government's sorry record, emphasised the urgent need for a positive policy (especially as a Parkes by-election was near: it would, Graves said, provide a test for the prospects of a double-dissolution), and stressed that although:

We are anxious to avoid a split in the Party... we are determined on a changed policy, and when Caucus meets we expect every man to stand behind those who may be leading the fight on this matter.  

Theodore was, of course, expected to be 'leading the fight'. He outlined his financial proposals - the 'Gibbons' scheme - in a fighting speech. Beasley and other Federal members also spoke; Chifley was among those who were dubious about credit expansion but, he said, 'notwithstanding his personal views,
he would be guided by the majority decision'. The meeting then formally adopted the 'Gibbons' scheme; if Chifley's words are a guide, it appears that the twenty Federal members present had pledged themselves to support the 'Gibbons' scheme in Caucus. But the 'Gibbons' scheme was, at the time, regarded as 'inflationary' and Scullin had emphatically rejected any measure of that kind. The Sydney meeting elected a committee of five to interview Scullin when he came to Sydney on 14 January to open the Parkes by-election campaign. At the end of the meeting Graves concluded:

The committee would make no demands on Mr. Scullin... [he] knew the will of the movement, and had always been loyal in carrying it out. If he could not do so, he would get out of it. 36

Scullin arrived in Fremantle on 6 January. During an interview he said that:

He was prepared to play his part either as Prime-Minister or, if it be so willed, as the humblest citizen of Australia... he had never been filled with an overwhelming personal ambition. He would make way at any time for a better man... . 37

In Adelaide he added that he 'was not worried about his personal position... and if the people [sic] did not see eye to eye with

35 Chifley continued that 'he would prefer to have a settled policy and go to the country, even though it might mean defeat'; (Australian Worker, 14 January 1931).
36 Ibid.
37 Advertiser, 7 January 1931.
him, he would be prepared to stand behind somebody else'. 38

And after his arrival in Melbourne he claimed that he was 'at any moment ready to retire onto the back benches, or go out of Parliament altogether'. 39 It seems that Scullin was well aware that 'the great wire pullers in the Caucus' had spoken of deposing him from the Party leadership. 40 No doubt this was one influence upon him during January 1931. But bound up with this vague threat 41 were other matters of great importance: Scullin now had to align himself with either Lyons and Fenton and the policies of the Melbourne Agreement or Theodore and a policy of credit expansion; in 1930 he had supported Lyons and Fenton, but it was doubtful that he could continue to do so.

Fenton and Lyons boarded Scullin's train at Ballarat and conferred with him during the journey to Melbourne. 42 Fenton's attitude - which was to be short-lived - was summed up by his

38 Ibid., 10 January 1931.
39 Age, 13 January 1931.
40 Ibid., 5 January 1931.
41 Around this time there were several 'vague' comments made, such as the following by Yates: 'I know of no specific move in the way of replacing Mr. Scullin as Prime Minister. Of course, if he were to remain adamant against the wishes of the majority of Caucus, it is obvious he would have to be deposed...the responsibility for it would be on his own shoulders, as he quite realises'; (Register News Pictorial, 31 December 1930).
42 Age, 12 January 1931.
remark, 'Thank God, Scullin has come back'.

Lyons stepped down as Acting Treasurer, asked Scullin to take the portfolio and offered his assistance if Scullin would do so. Scullin refused on the grounds that the task would be too onerous.

In Melbourne Scullin conferred with a few Ministers and with Sir Robert Gibson, attended meetings of the Loan Council and addressed several gatherings. From 14 to 16 January he was in Sydney.

Before leaving for Sydney Scullin telephoned Graves and received an assurance that the N.S.W. committee had no intention of 'dictating' policy to him. After meeting the committee Scullin issued a statement in which he stressed that no attempt had been made to dictate terms to him. The meeting discussed the outlines of the policy speech with which Scullin was to open the Parkes campaign on 15 January. Presumably the 'Gibbons' scheme was part of the discussion. But if Scullin's speech at Ashfield on 15 January is taken as a measure of his acceptance of credit expansion, it appears that the committee's

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43 Age, 14 January 1931.
44 Argus, 30 January 1931.
45 Age, 14 January 1931.
46 Age, 16 January 1931.
representations had very little immediate effect on him. No policy was enunciated. Instead, Scullin reviewed the difficulties of the past year and the problems of the present and the future. There were ample references to exchange rates, customs revenue, loans and gold but little of what might be expected in a Labor policy - except that the answer to Australia's economic problems was 'neither inflation nor deflation, but restoration and stability.' There was nothing to indicate where Scullin stood on the policy conflict within the Labor Party.

Scullin's indecisiveness on this point may have been the result of his awareness of the need to have the matter settled first in Caucus. Arrangements had been made before Ashfield to gather the F.P.L.P. together.

On Friday 16 January, J. Price, Secretary of the F.P.L.P., received instructions from Scullin to call Caucus together on 27 January. It seems probable that Scullin's decision to ask Caucus to reinstate Theodore was made between his arrival in Melbourne on 10 January and his decision to convene Caucus on  

47 Argus, 16 January 1931.
48 Age, 17 January 1931.
16 January, and most likely that the final decision was made while in Sydney, 14-16 January. In any case, a delegation from the N.S.W. Branch (Graves, Bird and Martin) went to Canberra on 19 January to urge Theodore's reinstatement. Possibly, too, they complained of calling Caucus together before the Parkes by-election on 30 January. Graves was angry that the Cabinet meeting on 23 January and the Caucus meeting on 27 January would draw off Federal campaigners from N.S.W. Telegrams were sent to several Ministers (but not Lyons and Fenton) and letters to all N.S.W. Federal members reminding them of their campaign obligations and that the N.S.W. members were not free until after the by-election. Because, Scullin said, a number of members wanted more than one day for the Caucus meeting, the date was set back one day, to 26 January. But Scullin remained adamant that the meeting was to be held before Parkes and that all members of the F.P.L.P. must attend.

Eight members were absent when Caucus met in Canberra at 11.00 a.m. on Monday 26 January. The meeting continued, with two short (but busy) adjournments until late in the evening.

50  S.M.H., 21 January 1931.
51  Age, 21 January 1931.
52  S.M.H., 22 January 1931.
Toward the end there was some discussion of the basic wage case, the W.W.F. case and the position of the wheat industry.\textsuperscript{53} Earlier, Caucus accepted Scullin's recommendation that the Party meet again in three weeks time, after the Ministry had reviewed the financial position and drafted proposals to put to Caucus.\textsuperscript{54} However, the real business of the meeting was Theodore's future. And given that Theodore was regarded by many in the Party as the financial wizard of Caucus, Scullin had prepared the ground for his reinstatement with a two hour address on the Government's problems in finance and economics.\textsuperscript{55}

Shortly after the meeting began, Lyons moved, 'That all Cabinet positions be declared vacant, and the Party proceed to elect a new Ministry.'\textsuperscript{56} The motion was debated at length. It was probably a move intended to fracture the alliance between Theodore and Beasley and his friends. But with the Parkes by-election only a few days away the Party could not afford a full-scale display of its divisions. Eventually Lyons was granted permission to withdraw the motion.\textsuperscript{57}

\textsuperscript{53} Caucus, Minutes, 26 January 1931.
\textsuperscript{54} Ibid., Argus, 27 January 1931.
\textsuperscript{55} Age, 27 January 1931.
\textsuperscript{56} Caucus, Op.cit.
\textsuperscript{57} Ibid.
Shortly afterward, Scullin introduced the vital issue for which most had been waiting. A few weeks later he explained to a Richmond audience how he approached the matter:

He did not go into the party room to judge which side the big battalions were on, nor did he put his ear to the ground to listen to the rumblings among the Party. He went into the Party room and declared which side he was on and left it to the members there to decide... he told them that he felt Mr. Theodore was not getting a fair deal from the National Government of Queensland... that from the outset he had believed he was not guilty of the charges... he returned from abroad and said, 'This has gone far enough. Let him come back into Cabinet. Australia needs the best brains that Australia has got'.

Scullin, of course, made no reference to his own dilemma or to any pressures which may have been put upon him.

The debate centred around a short motion put by Senators O'Halloran (S.A.) and Dunn (N.S.W.), 'That the recommendation of the Prime Minister "That Mr. Theodore be reinstated as Treasurer", be adopted'.

Although he had no reason to be pleased with the outcome, Fenton believed it was the most 'orderly' and 'dignified' Caucus debate he had ever heard; everybody, he claimed, was 'very

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58 Age, 12 February 1931.
earnest and candid... and a very high tone prevailed throughout the meeting'. But although the meeting did not approach the rowdiness of those of October-December 1930, while Scullin was away, the atmosphere was tense, harsh things were said and the anticipated closeness of the vote produced some last minute lobbying.

Some members later explained their vote. Green said:

I voted for Mr. Theodore because I believe in him as a man of wonderful ability who has been kept in a cleft stick. He stands alone in Australia today, and there never was his equal in ability.  

After the meeting Curtin issued a statement explaining his attitude:

I have felt that the proceedings in connection with the report of the Royal Commission in regard to Mungana have been unduly protracted, and, in the present desperate circumstances of the country, it appears to me to be wrong that the Labor Party and the people should be deprived of the services of a man who is regarded by the leader of the party as being incomparably capable of dealing with a portfolio which is most perplexing and most important at the present time....

60 Age, 29 January 1931.
61 Argus, 30 January 1931.
62 Argus, 28 January 1931.
This was of course a statement for public consumption. Sometime later, after he had become disillusioned with Theodore, Curtin touched on the subject again—and was more explicit:

I voted for his reinstatement... because he fought... the process of deflation and the ... drastic economies which some were endeavouring to force upon the Labor Party... the programme then enunciated by [Theodore] won my vote for his reinstatement ... I said to myself, 'At last, this Government will do something'.

There can be no doubt that Theodore's sponsorship of credit expansion, as epitomised by the 'Gibbons' plan, swayed some to speak and vote in his favour on 26 January. Indeed, it was alleged that he had earlier pledged himself, if reinstated, to implement the 'Gibbons' plan and that his pledge had won the support of a group of nine members.

Theodore's opponents in Caucus put their point of view with great force and moral fervour. Makin (S.A.) was of the opinion that:

No suspicion should surround the public life of any person entrusted with the high responsibilities of a Minister of the Crown. On ethical grounds alone Mr. Theodore should not return to office until he had been freed from suspicion.

64 S.M.H., 30 January 1931.
65 Argus, 30 January 1931.
Senator Hoare was an A.W.U. man who, he claimed, was a part of 'the moderate section of the Labour movement'. Apparently he was not among those who were privy to the 'unrelenting intrigue' which preceded Scullin's recommendation to Caucus for, to Hoare, Scullin's words 'fell like a bombshell'. Hoare felt that Theodore must first clear his name, otherwise his reappointment was 'rash', 'unwarranted' and 'hasty'; he concluded that, 'Mr. Scullin will soon discover that Mr. Theodore has only one goal'.

Price, McNeill, Jones, McGrath, Frost and Lacey adopted attitudes similar to those of Makin and Hoare. Moses Gabb was so incensed during the meeting that he threatened to leave the Party. And on the next day he wrote a long letter to Scullin:

Sir,

Having slept upon my statement in Caucus yesterday that in the event of a want of confidence motion being moved in the House against your Government because of the inclusion of Mr. Theodore therein as Treasurer, I would support same, I feel the only logical course to take is to withdraw my support from the Scullin Government, as a Government. This I do. I think the Minister of the Crown should be if possible, above suspicion. Certainly he should not have the findings of a Royal Commission

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67 S.M.H., 29 January 1931.
68 Australian Worker, 4 February 1931.
69 Ibid.
hanging over him as in the case under notice. May I also state that I have lost faith in your judgement as a leader, and in your possession of gratitude, when I noticed how the advice and appeal of Mr. Fenton and Mr. Lyons were received by you.

In the light of my experience in the Caucus during the dark days of the last few months, I am sure you have chosen wrongly, and 'A friend in need is a friend indeed'.

I intend handing a copy of this letter to the press as an explanation of my attitude.

Yours, & etc.

J. Moses Gabb.

Fenton and Lyons were still smarting from the rough handling they had received from Caucus, and some Ministers, during Scullin's absence. Theodore had been among their more savage Caucus critics, and doubtless his great ability had made his attacks much more wounding. Both Ministers professed to be appalled at the lack of ethics involved in Theodore's reinstatement. And both, with their supporters, deeply resented Scullin's 'betrayal' in recommending the return of the 'inflationist' Theodore.

Anstey, Lazzarini and Yates were also critical; the last-named told Caucus that he would not have Theodore 'at any price' (and he said later that as a result of the whole business he found

Argus, 28 January 1931.
Scullin 'a most mystifying enigma').  

The Caucus debate lasted for several hours and nearly forty members spoke. According to the Age, which was usually extremely well informed on Caucus matters, the issue was in the balance until half an hour or so before the vote was taken. The report suggests that Theodore's supporters filibustered after the dinner adjournment while others canvassed for more affirmative votes. Several members were said to have approached Theodore and asked him, as the vote was going to be so close, to consider withdrawing; the report says that 'Mr. Theodore sat silent and took no part in the debate'. But the numbers gradually increased. Rowe is reported to have changed sides at the last moment, and finally Senator Barnes was persuaded by Scullin to support Theodore.

When the vote was taken at 9.45p.m. there was a majority of five for Theodore. With two members (Theodore and E. Riley) abstaining, the division was 24 votes in favour and 19 against:

71 Australian Worker, 4 February 1931.
72 Age, 27, 28 January 1931.
73 Age, 27 January 1931.
74 The following list was compiled from reports in the S.M.H., Age, Argus, Labor Daily and Australian Worker; there is a discrepancy in the 'yes' list which as given here numbers 25 although Caucus Minutes and other sources clearly record 24. There were eight absentees (P. Moloney, Dr. Maloney, Mathews, West, James, Daly, Rae, Crouch). McTiernan had resigned.
For Against

(Ministers' names underlined)

Scullin x x Anstey
Brennan x x Lazzarini
Barnes x x Long
Beasley x x Nelson
Blakeley x x Yates
Forde x Lyons
Green x x Fenton
Chifley x McGrath
Coleman Guy
Cunningham x Price
Culley x x Gabb
Cusack x Frost
Curtin x x x Lacey
Dooley x Hoare
Dunn x Jones
Eldridge x Lewis
Gibbons x x x Makin
Holloway x McNeill
Keane x Watkins
Martens x x
O'Halloran
Riordan
Riley, E.C.
Rowe
Tulley

Note: x Indicates a Caucus vote **for** the Anstey-Curtin motion on 6 November 1930.

x Indicates a Caucus vote **against** the Anstey-Curtin motion.

x Indicates a vote in the H. of R. in June 1931 **against** the Premiers' Plan

In each case absence and abstention has not been marked.
There are several things of interest in the division. Members of the Senate voted 4 to 1 and of the Representatives 20 to 19 for Theodore. Ministers divided 7 for and 3 against. The State division is most revealing. Western Australia and Queensland voted their full strength of 5 in favour of reinstatement. Tasmania was split 1 for and 7 against. Victoria had only a minority for Theodore, 5 in favour and 6 opposed. Thus, with the one N.T. representative, five States were divided 12 for Theodore and 19 against. The fifteen representatives from New South Wales split 13 in favour and only 2 against. It is obvious that support from N.S.W. was the crucial factor in Theodore's return to the Ministry. Theodore's activities in the weeks and months before 26 January show he had been aware of this. And the fact that he had gained great support from that quarter could not have escaped the notice of Mr. J.T. Lang.

The list of No voters is revealing for it contains some names not usually found together.

The group Anstey, Lazzarini, Yates, Long and Nelson was sometimes called the 'extreme radicals' or 'militants'. They were certainly to the left of Theodore on economic matters, as is

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A few days later Senator Daly said that he would have voted for Theodore, had he been able to attend; (Advertiser, 28 January 1931).
indicated by their solid record in voting for the Anstey-Curtin motion - and, later, against the Premiers' Plan and other radical proposals. It is true there were others - notably, Eldridge and Curtin - who were usually associated with them but were on the Theodore issue on the other side. The distinctive mark of the Anstey group on the Theodore vote was their inability to accept Theodore, as Yates put it, 'at any price'; they disliked and distrusted him as the arch fixer and opportunist; there was also a certain feeling of pique for the group had labored in early 1930 - and labored against Theodore's opposition - for a policy similar to that which Theodore now propounded with such mastery. In passing, it should be noted that the 'militant' section was by no means made up of those in Caucus with the longest or closest associations with the trade unions and that they did not comprise the section of Caucus sometimes labelled 'the industrialists'.

Lyons, Fenton, Guy, Frost, McNeill, Jones, Price and Gabb and possibly a few others made up a section of Caucus which, at this time, was conservative on economic and political matters. Within two months five of the above were to desert the Labor Party and join the Opposition.

Nelson did not have a vote in the H. of R. on the Premiers' Plan but was opposed to it in Caucus.
Among those rejecting Theodore on 26 January were five who had voted for the Anstey-Curtin motion of 6 November 1930. (And two of these, Lacey and Makin, were later to vote against the Premiers' Plan). Given their 6 November vote and other similar indications of their attitude it is surprising to find these five voting against Theodore. It seems that these men were opposed for personal rather than political reasons: that they found it genuinely shocking to contemplate Theodore's reinstatement while he was still about to be prosecuted; this may have been the case with Makin, a non-smoking, non-drinking, Methodist lay-preacher of righteous mien and behaviour.

Some voted for Theodore because he promised a radical policy. Others voted against him because he was too radical and others because he was not radical enough. Some, such as Chifley, voted for him while not supporting his policy while some, such as Makin, supported his policy yet voted against him. Staunch union men were to be found in reasonable numbers on both sides. There was no significant relationship between voting and the type (e.g., rural or urban) of seat held. Ministers were divided. Some States voted heavily for Theodore, some heavily against and one was fairly evenly divided. Of the many influences contributing to the decision of 26 January there are three, however, which because
of their consequences, are worth restating: first, the hope or fear that Theodore was the strong man who would fight the banks and sponsor a Government policy based on credit expansion; secondly, faction intrigue; and thirdly, the accretion of Theodore's strength in N.S.W.

The consequences of Theodore's return were immediate and dramatic. Gabb resigned from the Party on 27 January and Fenton and Lyons resigned from the Ministry on 29 January. Rumours were rife that preparations were being made to form a splinter party around Lyons and loyal emissaries pursued those thought to be shaky and attempted to soothe them with assurances and inducements. But despite the tensions and the uncertainties of the future the Ministry proceeded with its negotiations with the banks and the preparation of a policy to be put to the Caucus meeting of 18 February. Before then, however, the Party had been dealt yet another staggering blow.

The Parkes by-election on 31 January resulted in a defeat for Labor. The ructions attending Theodore's return brought the Government further discredit. And the 10% cut in the basic wage announced on 22 January revealed Federal Labor's inability to make good its promise to protect the wage-earner. Then on 3 February
J. West, the Labor M.H.R. for East Sydney, died and a further by-election was set for 7 March; the policy and politicians which had failed in Parkes might, it seemed, also fail again. This prospect may have affected Lang and the Inner Group. It is likely that they were also much affected by the recent demonstration of the support which Theodore and his policy had gained in N.S.W. Possibly Lang felt threatened or jealous. Possibly too, Lang and some of the Inner Group believed that, Theodore or not, the Federal Party was at the point of breaking up and that consequently it was time to dissociate the N.S.W. Branch from the impending failure. Or it may have been that, in the worst Party traditions of State autonomy, Lang and his circle really believed that Lang was right, and greater than Scullin. But for whatever reasons, Lang proceeded to deliver a crippling blow to the Scullin Government.

A Premiers' Conference began in Canberra on Friday 6 February. On the second day Theodore put forward a proposal for a three year plan. The details were to be worked out later but its principles were the same as those which Theodore had been advancing since Caucus had adopted them as the 'Gibbons' plan.

The Conference adjourned late on Saturday and resumed on Monday morning. To the dismay and consternation of the others,
Lang immediately presented his own plan, 'The Lang Plan':

(1) That the Governments of Australia decide to pay no further interest to British bond-holders until Britain has dealt with the Australian overseas debt as Britain settled her own foreign debt with America.

(2) That, in Australia, interest on all Government borrowing be reduced to 3 per cent.

(3) That immediate steps be taken by the Commonwealth Government to abandon the gold standard of currency, and set up in its place a currency based upon the wealth of Australia, to be termed 'the Goods Standard'. 77

As Schedvin remarks, the origins of the Lang plan may never be satisfactorily explained. Schedvin is correct in pointing out that the usual reference to Lang's comment at the Conference on Saturday 7 February - 'Mr. Theodore's suggestion appeals to me' - is a far from adequate sample of Lang's initial reactions to Theodore's three year plan; Lang made many comments which can be construed, as Schedvin says, as indicating 'that the bare bones of the scheme [i.e., the Lang plan] had already occured to him'. 78

77 C.B. Schedvin, Australia and the Great Depression, Sydney, 1970, p.228; for comments on the Lang plan, see Schedvin, Op.cit and W.R. Maclaurin, Economic Planning in Australia 1929-1936, London, 1937, pp.70-3; Cooksey sums up the appeals of the Lang plan as follows - the suspension of overseas interest 'was designed to appeal to those demanding repudiation'; the reduction of internal interest, 'to those demanding equality of hardship'; and the replacement of the gold standard, 'to those monetary enthusiasts who were demanding credit expansion'; (R. Cooksey, Review of J.T. Lang's The Great Bust, Labour History, No.6, May 1964, p.66).

There is a theory that Lang had the plan thrust upon him on Sunday 8 February by members of the Inner Group. Several members of Lang's entourage have been suggested as the 'true' authors of the Lang plan. According to Cooksey, Harold McCauley, Lang's secretary and 'the political tactician for Lang, the Inner Group and the N.S.W. Labor Party', was the man responsible for the Lang plan. Young nominates A.C. Paddison. Theodore also had a candidate from among Lang's men; he said that 'the plan was prepared by Mr. John Sleeman... the best evidence that Mr. Lang was not the author of the plan was that [on Monday 9 February] he could not pronounce many of the words'.

Schedvin departs from the Inner Group and, basing his speculation on remarks in the Sydney Morning Herald of 27 February 1931, concludes that Frank Anstey may have collaborated with Lang in drafting the plan on Sunday 8 February. It seems highly likely that Anstey was at least one of those involved in the creation of the Lang plan; indeed, only a few days after it was made public the plan was referred to as 'the Lang-Anstey panacea'.

81 World, 14 December 1931.
83 Argus, 17 February 1931.
As his autobiography reveals, Lang had great admiration for Anstey. And Anstey had since at least mid-1930 been in close contact with Labor developments in N.S.W.; in August 1930, as we have seen, he had engaged in behind the scenes counselling of Garden on the Labor Council's policy towards deflation. Certainly the Lang plan has terms, a style and themes which are very similar to those found in Anstey's own writings and speeches. And between Friday 6 and Monday 9 February, during the Premiers' Conference, Anstey was in Canberra and 'at frequent intervals' he was in 'close collaboration with Mr. Lang'. Moreover, there is evidence that although Lang may not have had the details worked out, he did have a plan before Sunday 8 February: as the Premiers left the Conference on Saturday they were each questioned on their attitude to the Theodore plan; Lang's reply was 'The plan does not impress. I have a better one'.

The Lang plan was quickly taken up by the N.S.W. Branch of the Party and accepted by the N.S.W. Cabinet, Caucus and Executive. Then, on 13 February, the N.S.W. Executive selected E.J. Ward as the candidate for East Sydney and enjoined him to advocate the Lang plan during his campaign.

85 Age, 10 February 1931. On the following Saturday Lang attended a Sydney meeting of the Federal Executive at which the Lang and Theodore plans were to be discussed; before going to the meeting Lang again conferred with Anstey, (Argus, 16 February 1931).
86 Age, Monday, 9 February 1931. (Report headed, 'Canberra, Sunday'.)
87 Age, 14 February 1931.
Before the appearance of the Lang plan the Federal Executive had arranged to meet in Melbourne on 11 and 12 February. With the Executive over the two days were Scullin and Brennan (Theodore was negotiating with the bankers in Sydney) and the Labor Leaders and (or) Deputy-Leaders from each State, except N.S.W. The discussion was a general one on divisions in the Party and the merits of the rival plans. The debate, however, was hampered by Lang's absence and therefore the conference adjourned to Sydney, to meet again on Sunday 15 February.

The Sydney conference heard Theodore and Scullin on the Federal Government's plan. At this point Theodore's scheme was still afloat, although the Commonwealth Bank had just rejected requests to finance the proposal. Lang also explained his plan. After discussion of the rival plans a sub-committee of five (Theodore, Lang, Kenneally, McNamara and Forgan-Smith) was appointed to draft a report for the conference. According to the W.A. delegates on the Federal Executive, the sub-committee, -

88 It would be tedious, and it would need a great deal of space, to correct at every point Lang's distorted account of this period: one small example must suffice; it is quite clear that Scullin did not call the Federal Executive together as 'a bold last minute effort to avert the split', as Lang asserts, (Lang, Op.cit., p.376).

meaning, in effect, Theodore and Lang - reached agreement, but when the report was discussed at the conference 'Mr. Lang backed down and said he was going right on with is own proposal'. The conference closed late on Sunday evening after the following resolution had been agreed to (presumably with Lang as a dissenter, or after he had withdrawn):

That it be a recommendation to the Federal Executive that the Conference approves of the Commonwealth Government continuing negotiations with the banks on the lines laid down [by Scullin and Theodore]. In the event of these negotiations failing, the Government immediately proceed to secure legislative power to give effect to the party's platform on banking and currency.

The Sydney conference of 15 February may be taken as the point at which the lines of division became fixed beyond alteration and the subsequent split became inevitable.

The concluding resolution of the Sydney conference was accepted by the Federal Executive on 16 February, put to Federal Caucus by Theodore and Brennan on 18 February and accepted by Caucus next day by 29 votes to 17.

90 A.L.P.-W.A., State Executive Minutes, 2 March 1931.
91 'Federal Executive Decisions', A.L.P., Special Federal Conference ... Sydney, March 27, 1931..., p.15
92 Caucus, Minutes, 18, 19 February 1931.
The Federal Executive meeting of 16 February bestowed its approval on Theodore's reinstatement and deplored and called for a halt to the publication of criticism by Labor members of Caucus decisions (meaning the decision of 26 January). The President then ruled, and the ruling was endorsed unanimously by the Executive, that any member of Caucus 'voting against a Labor Government or deliberately abstaining from voting for a Labor Government on a censure motion' would automatically cease to be a member of the A.L.P. Finally, the Executive made a formal statement of its position on East Sydney:

That the East Sydney by-election being a Federal fight, the campaign shall be opened by the Leader [of the F.P.L.P.], and the policy announced by all speakers must be that laid down by the Federal Conference and interpreted by the Federal Executive. This decision was sent to the N.S.W. Executive, which after discussing the matter at an Executive meeting sent representatives to meet the Federal Executive on the evening of 17 February. Neither side would shift from their previously prepared positions, and the meeting closed after two hours without result.

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94 Ibid.
95 Ibid.
96 Ibid., pp.15-16.
The Federal Executive ended its marathon series of meetings on 18 February. Obviously, all hope of a settlement by negotiation had vanished and the final resolution from the Federal Executive recognised this:

In the event of Alderman Ward, in his campaign for the East Sydney by-election, advocating a policy contrary to that of the Australian Labor Party, as announced by the Federal Executive, this Executive declares that he is not a candidate of the Australian Labor Party, and does not represent its aims or policy.

The N.S.W. Executive replied with a resolution demanding that all the N.S.W. Federal members campaign for East Sydney as advocates of the Lang plan.  

The crisis was discussed at length by Cabinet on 17 February. Next day Scullin told Caucus that 'he was not going to take dictation from any one section of the movement' and he threatened expulsion for any member who campaigned on the Lang plan in East Sydney, to which Eldridge's reported reply was, 'Here's one who is going to do it... put me out now'. The N.S.W. members met separately several times during the day-long Caucus meeting of 19 February. They decided by 15 votes to nil (with

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97 Ibid.
98 S.M.H., 21 February 1931.
99 Age, 18 February 1931.
100 Caucus, Minutes, 18 February 1931.
three abstentions: Rae, Eldridge and Lazzarini) to advocate only Federal Labor policy in East Sydney, but they rejected a motion requesting the Federal Executive to endorse a candidate for the by-election. Further conferences in the following days between the N.S.W. Federal members and the N.S.W. Executive were utterly fruitless.

All the strength, pressure and authority of the Federal Labor Party and Executive had been insufficient to shift the N.S.W. Branch. Meeting after meeting had served only to deepen already entrenched positions. Now, even if Ward was defeated in East Sydney it seemed certain that expulsions from the F.P.L.P. would have to be considered, for Beasley (who opened the East Sydney campaign), Lazzarini, Eldridge, Dunn and Raw were all actively supporting Ward and the Lang plan. Whatever happened it was plain that at the very least Beasley's career as a Minister would have to end. And the two portfolios vacated by Fenton and Lyons had yet to be filled by Caucus election. With Lyons and his supporters drifting inexorably toward the Opposition and Beasley and his associates catapulting themselves out of the Party it appeared that the time had arrived for a Caucus 'spill'. On 20

101 *Age*, 19 February 1931.
February a short Caucus meeting decided that the next meeting should consider the re-election of all Ministerial and Caucus positions.  

A special Caucus meeting was held on 2 March. Scullin reported on the Premiers' Conference and recent negotiations with the Commonwealth Bank. Theodore elaborated on these reports and moved:

That as a first step to give effect to the Government's financial proposals, a bill be introduced for the purpose of creating a Fiduciary Note Issue of £18,000,000 and this Bill be brought before the Party at an early date.

After Crouch and Rowe had withdrawn an amendment that, instead, 'The Gold Reserve to Australian Notes be abolished', a motion was accepted from Nelson and Moloney that Theodore's motion be decided by secret ballot. The Fiduciary Note scheme was approved by 32 votes to 12.

It was reported that members showed little interest in Theodore's explanation or the vote, as the majority of members 'frankly admitted that they were unable to understand just what Mr. Theodore's proposal meant'. Doubtless, too, the majority

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103 Caucus, Minutes, 20 February 1931.
104 Ibid., 2 March 1931.
105 With one informal vote; those recorded as absent were Lyons, Gabb, Guy, Daly, Mathews and James; Ibid.
106 Age, 3 March 1931.
was distracted by its anticipation of the real purpose of the meeting. There was not long to wait. Martens and Dooley moved for a 'spill': 'That all positions in this Party be submitted to election by secret ballot'.\footnote{Caucus, Op.cit.} The motion was carried, 32 votes to 10.\footnote{Ibid.} This meant that all positions - not just Ministerial portfolios - were declared vacant and then filled by exhaustive ballot.

Scullin and Brennan were elected first; Beasley nominated against Scullin but received only five votes.\footnote{Argus, 3 March 1931.} Then Barnes, Dooley - in place of Daly in the Senate - Blakeley, Brennan, Forde and Moloney were elected. Nobody was returned on the second ballot. At this point there were still nine candidates for the remaining five Ministerial positions: Anstey, Beasley, Green, Culley, Curtin, Chifley, McNeill, Holloway and Yates.\footnote{Age, 3 March 1931.} The third ballot secured positions for Holloway and McNeill and the fourth brought elevation for Culley and Chifley.\footnote{Caucus, Op.cit.} Three candidates (Green, Yates and Curtin) remained for the last position.
However, because Anstey had been eliminated Curtin felt that he no longer wished to serve in the Ministry and although he did not formally withdraw, he advised those friends seated near him not to vote for him. Nevertheless, Curtin secured 9 votes in the fifth ballot, which was tied when Green and Yates secured 23 votes each. A final ballot returned Green, by 24 to 22.

During the evening session of Caucus further balloting re-elected Makin as Speaker, E.C. Riley as Whip in the Representatives and Price as Secretary to the F.P.L.P. But in a move which was to have some startling consequences, McGrath was replaced as Chairman of Committees by L. Cunningham. Then Lacey, Tulley, Long and Lazzarini were elected to the Public Works Committee and Coleman, Rowe, Riordan and Yates to the Public Accounts Committee. The Senate members decided to leave

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112 Argus, 11 March 1931.
113 Caucus, op. cit.; Age, 5 March 1931. In view of Curtin's 9 votes and the fact that Yates' vote was probably much inflated by support from Anstey and Curtin (and Beasley?) and their friends, it seems likely that had he wished it Curtin could have secured the last position in the Ministry.
114 Ibid.; Yates' near victory may have been one of the reasons for his remarkable docility between 2 March and June 1931 (when the Premiers' Plan was introduced); his sweet reasonableness during that period is in vivid contrast to his otherwise unbroken record of fierce criticism of the Ministry.
115 Caucus, op. cit.
election of Senate positions until after Daly had returned. When they met later, however, Daly and Dooley declined to stand; the result was that Dunn remained as Senate Whip and Raw was still Senate representative on the Public Works Committee. Both of course were Lang men and had by that time left the F.P.L.P. so a further meeting was necessary to replace them with Senators Hoare and Daly.

Caucus had voted on twenty-five positions. Three Ministers had been defeated. Beasley's elimination was entirely predictable; he had opposed and embarrassed Scullin while the latter was in England and had since virtually resigned his Ministerial position by taking a leading part in the East Sydney campaign on the Lang platform. That Anstey should go also was not unexpected, and for much the same reasons; Anstey had been the prickle in the Ministerial bed ever since October 1929 and although his association with Lang had not been as public as Beasley's it was known and resented; besides, he had voted against Theodore on 26 January.

At first glance Daly's exclusion is surprising. It is generally believed that his eclipse was Scullin's revenge for the part he had played in securing the appoint of Evatt and McTiernan in December 1930. It is probably true that revenge played a

116 Argus, 12 March 1931.
117 Australian Worker, 25 March 1931.
part. It was said that Daly received no support from Scullin and Theodore and their close friends. But Daly's chances had been diminished by his almost continuous absence from the Federal scene since the beginning of January; he had been ill for much of January and for several weeks before the Caucus 'spill' he had been absent in W.A. on departmental business. Also, of course, he was not present during the vital Caucus meeting. And besides, he had not voted for Theodore on 26 January.

It is certain that McGrath's loss of the position of Chairman of Committees was largely an act of revenge. McGrath had once been an ardent Theodore man. In May 1928 for example he had been extremely angry when Theodore was narrowly defeated for the deputy leadership of the F.P.L.P. Yet he had voted against Theodore on 26 January 1931. His vote had produced what the Age called 'a story of political intrigue almost without precedent in the history of Federal Parliament'. In short, Theodore had marshalled his supporters and on 2 March sponsored

119 Argus, 3 March 1931.
120 It is curious that although Daly was too ill to attend the Caucus meeting on 26 January, he recovered with such rapidity that he was able to go from Melbourne to Sydney on 27 January and hence to Canberra. (Age, 28 January 1931).
121 Argus, 1-5 May 1928.
Cunningham against McGrath. Even so, the margin of victory was a narrow one and it was questionable whether McGrath could in fact be deposed: his position was decided by a vote in the House of Representatives; should the Government attempt to remove him it was certain that the Opposition would support him and very likely that some in the F.P.L.P. would also - McGrath claimed that ten Labor men would cross the floor for him.\footnote{123}{Age, 6 March 1931.}

It seems that the Ministry also thought it likely. The matter was raised in Caucus on 25 March and Anstey and Jones stated that they would support McGrath in the House if a vote were taken on the issue.\footnote{124}{Age, 26 March 1931.} It was decided that the matter would best be left to the discretion of the Prime Minister.\footnote{125}{Caucus, Minutes, 23 March 1931.} Caucus later jogged Scullin's memory, but nothing was done. In June Cunningham was elected an Assistant Minister, and McGrath remained Chairman of Committees. Yet the damage had been done, for on 16 March McGrath announced that he had left the Labor Party and was joining the other Labor defectors.
The group of Labor defectors was growing. Gabb had been the first to go. Lyons, Fenton and Guy had formally severed connections with the Party on 13 March when they voted against the Government on a no-confidence motion. They were joined in the House by J.L. Price. Price had been re-elected Secretary of the F.P.L.P. on 2 March. Martens claimed that Price's subsequent sudden disillusionment with the Labor Party was the result of disappointment - he had canvassed for a position in the Ministry, and asked Forde to advance his claims - and outside pressures. For whatever reason, Price resigned his Caucus position nine days after his re-election. Thus by mid-March there was a group of six ex-Labor men voting with the Opposition. And by that time another group from the F.P.L.P. had also deserted the Labor Party.

E.J. Ward won the East Sydney by-election on 7 March. As we have seen, the Federal Executive had declared that Ward, as an advocate of the Lang plan, was not an A.L.P. candidate. A meeting of the Ministry on 11 March agreed that Ward could not be accepted as a member of the F.P.L.P.

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127 Caucus, Minutes, 12 March 1931; Age, 12 March 1931.
128 Australian Worker, 18 March 1931.
Ward's position was debated at length at a Caucus meeting on 12 March, a few hours before the no-confidence motion was to be debated in the House. In Caucus Scullin ruled:


Beasley objected to this ruling. His reasons for doing so were, of course, not based on an appeal against the correctness, within the Party rules, of the ruling for such grounds did not exist. The appeal - or threat - was to the consequences, for Beasley 'maintained that if Mr. Ward was to be excluded... other N.S.W. members who supported Mr. Ward's candidature must be similarly dealt with'. Rae and Lazzarini moved dissent from Scullin's ruling and Theodore occupied the chair. He refused to accept a motion from Dr. Maloney that the dissent motion be adjourned until after the forthcoming (27 March) Federal Conference had reached a decision on the matter. A motion that the entire debate be adjourned was put, and lost.

130 Ibid.
Even though he was questioned directly by Scullin, Ward remained silent throughout the Caucus meeting. Beasley, Dunn, Rae, Lazzarini and Eldridge all spoke for his admittance. Holloway, Martens and Dr. Maloney also spoke in Ward's favour. Curtin defended the Federal Executive's interpretation and stressed the need for unity around a single policy, but he nevertheless appealed to Scullin to withdraw his ruling and allow the matter to be settled by Federal Conference. Nelson made a strong plea for Ward and attacked Scullin, pointing out that the Prime-Minister had himself chosen to ignore the decisions of Conference and Executive in 1930, when both had accepted the proposal for a £20,000,000 credit expansion.

There was never any doubt about how the matter would end. In a sense, the decision to be made in Caucus had been formed for it in the days when the Lang plan had been announced and then adopted by the N.S.W. Branch. And in another sense, the decision was only the culmination of several years of struggle between the

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131 Ibid.
132 Argus, 13 March 1931.
133 Ibid.
Federal A.L.P. and the N.S.W. Branch. It was a decision which the Federal organisation had long striven to avoid; now, however, it was inescapable.

The motion of dissent was defeated by 3 votes to 34. The motion of dissent was defeated by 3 votes to 34. The Beasley group - five M.H.R.s and two Senators - supported the Government on all major issues. And with the Government and Opposition each able to muster thirty-five effective

Beasley, Eldridge, Lazzarini, Ward, Dunn and Rae immediately walked out of the Caucus room. The 'Beasley group' had come into existence.

By mid-March 1931 the Scullin Government had lost twelve of the fifty-four Caucus members of October 1929. The Lyons group voted against the Government on most issues from March 1931. In May Lyons became Leader of the Opposition (and at the same time the Nationalist Party changed its name to the United Australian Party). The Beasley group - five M.H.R.s and two Senators - supported the Government on all major issues. And with the Government and Opposition each able to muster thirty-five effective

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135 They were joined by R. James, who was absent from the Caucus meeting of 12 March.
136 Including Ward, there were thirteen Labor members now outside the Government. W.M. Hughes was the only other former A.L.P. member in the H.of R. but there were six - perhaps seven - Opposition Senators who had at some time been members of the Labor Party (though not necessarily while members of Parliament).
137 For an excellent account of the Lyons defection see P.R. Hart, 'Lyons: Labor Minister - Leader of the U.A.P.', Labour History, No.17. November 1970, pp.37-51; for a brief account of the
votes in the House of Representatives, the Beasley group now held the balance of power.

Lyons and the five who crossed the floor with him could never hope to rejoin the Labor Party. But with the N.S.W. Branch behind them, members of the Beasley group were in a different position. Eventually, after several years, the split between the N.S.W. Branch and the Federal Labor was healed.  

The first of many conferences dealing with the 1931 split was held in Sydney, 27-29 March, 1931. This Special Federal Labor Conference, however, was concerned to make the split 'official' and establish a rival Branch in N.S.W.

Scullin was the only Minister among the six members of the Federal Caucus who were delegates to the Conference. Nine other delegates were State Labor members of Parliament. Thus, thirteen of the thirty delegates were Labor politicians. This was Nationalist -U.A.P. Opposition see, J.R. Williams, John Latham and the Conservative Recovery from Defeat 1929-1931, A.P.S.A. Monograph, No.10, Sydney, 1969.


139 The six were Daly, Makin, O'Halloran and Yates, Curtin and Scullin; the last three were delegates to all three Federal Conferences, 1930-31.
a lower proportion than that of the May 1930 Conference, where there were eighteen politicians among the thirty-six delegates (and lower still than the twenty of the thirty-six at the August 1931 Conference). At the March 1931 Conference (as at the May 1930 and August 1931 conferences) the A.W.U. seems to have been the dominant union influence.

New South Wales did not send delegates to the Conference. Graves explained that Labor in N.S.W. saw the Federal Conference as 'inconsistent and insincere'; and in any case the Conference was certain to be stacked against N.S.W. Nevertheless, some delegates wanted Lang and representatives of the N.S.W. Executive to attend. A motion to give effect to their wishes opened the debate on one of the principal issues of the Conference.

Those in favour of yet another attempt at conciliation had a double argument; first, exclusion would set the seal on a split which would have momentous and long-felt consequences and it was therefore imperative to first exhaust every possible way to patch up the trouble; secondly, it was argued that Federal Labor's record of adherence to Conference and Executive decisions since October

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1929 was not so pure that it could adopt a highly principled stand about the breaches of proper practice on the part of Lang and the N.S.W. Branch. Behind these arguments was the feeling expressed by one delegate where he said that while he 'believed in discipline', he believed also that at least 'New South Wales had done wrong in the course of humanity' and that therefore the N.S.W. Branch 'should be given another opportunity'.

A majority of the delegates were firmly against further consultation with N.S.W. It is clear that most saw the breach as the inevitable culmination of the long internecine struggle between the Branch and the Federal organisation; delegates emphasised repeatedly that, in Curtin's words, 'the story of previous efforts at conciliation in the past was the story of continued humiliation for those endeavouring to maintain the solidarity of the Movement'; Curtin concluded that 'he was not prepared to waste any further time about it'. The prevailing mood of the Conference was expressed by a Tasmanian delegate (T. Jude) when he said that 'New South Wales had been trying for the past 12 years to wreck the Labor Movement throughout Australia', and now 'the time had arrived for a show-down'.

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141 D. Higgon, W.A. (Give elsewhere as D. Higgins), A.L.P., Special Federal Conference... Sydney, March 27, 1931... , p.3.
142 Ibid, p.4
143 Ibid.
The motion for further consultation with N.S.W. was defeated by 9 votes to 18. Then Curtin moved:

That the Executive [sic] of the A.L.P., New South Wales Branch, having refused to acknowledge and accept the Federal Platform, Constitution and Rules of the Australian Labor Party, is hereby declared to have automatically placed itself outside the Australian Labor Party.

After the rejection of amendments designed to secure tactical or propaganda advantages in N.S.W. the motion was passed, 25 votes to 4. The matter was never in doubt. The Federal President made a succinct statement of the vital principle involved when he said:

The issue to be determined is whether the Australian Labor Party shall continue on a Commonwealth basis, or become divided into different units, each limited in its operations by the various State boundaries.

As a strong Federal union, the A.W.U. understood the danger of giving in to the N.S.W. encroachment; in July 1933 C.G. Fallon, President of the Queensland Branch of the A.W.U. between 1929

144 Ibid.
145 Ibid.
146 Ibid.; those voting against were Considine (Vic.), Lamp (Tas.), Dawes (S.A.), and Higgon (W.A.); (Australian Worker, 1 April 1931).
and 1933, cited spelled out the consequences of bowing to State Branch autonomy:

It would have meant that each State would have been entitled to pledge its Federal Labor candidates to a purely State policy. The various States would have been in conflict with each other, and in the event of a majority of Labor men being elected to the Federal Parliament the position would have been that a number of Labor men pledged to different policies would have congregated at Canberra with each State group bidding for the support of other groups, which would have resulted in chaos and rendering impossible anything of a constructive character in the interests of the Commonwealth as a whole.

The decision to expel the ruling N.S.W. Executive was reached at the end of the first day of the Conference. The remaining two days were spent establishing a framework for a new 'Federally loyal' Branch in N.S.W. and in defining a policy for the Federal Government.

Judging from the frequency of his appearances at the Conference, Theodore was an unofficial delegate for the new N.S.W. Branch. He was co-opted to the committee which was to establish, yet again, Federal Labor's policy on financial and economic matters. As we shall see, all of the Bills embodying Labor's financial

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148 Later Federal Secretary of the A.W.U., and from 1938 to 1945 Federal President of the A.L.P.
policy had been introduced into the House of Representatives well before the Federal Conference met. On policy the Conference was making no more than a gesture. And according to one member (Yates) when the policy committee met it was merely asked to rubber stamp an already prepared scheme. After the propaganda appeals and the denunciations have been removed the report of the committee, as accepted by the Conference, was Theodore's Fiduciary Note Issue scheme and concomitant proposals.

The Conference had about it an air of irrelevance and failure. It was necessary to expel formally the N.S.W. Executive. But the N.S.W. Branch had long before seized the initiative and throughout March it retained its advantage. It was necessary to establish a new Branch in N.S.W., but its future looked grim indeed. And the report of the Conferences' Finance and Economic Committee was little more than a belated endorsement of a policy created by Theodore and already endorsed by Caucus.

A few trade union officials attended the Conference at various times as observers. Representations of the Railway Officers, Clerks, Miners and Postal Workers unions listened to the Conference debates. But these observers did not represent

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150 S.M.H., 15 June 1931.
the interest of the trade unions generally, which was in early 1931 concentrated elsewhere.

The 10% basic wage cut produced a spate of union resolutions which angrily condemned the Federal Government for 'allowing' the Arbitration Court to inflict such a penalty; one such resolution said:

... we hold the Scullin Government responsible for the Court's conduct, and demand -

(1) That the decision shall not be proclaimed or gazetted.
(2) That these Judges who in such a brazen-faced manner robbed our wives and children and presented the result of the theft to the employers shall be removed from the Arbitration Court forthwith.

We are also firmly convinced that it is about time that the Federal Government commenced to govern and ceased to hide behind the excuse that the Courts and Banks have usurped the powers which the Federal Labor Party prior to the last Federal Election claimed to possess.

The Government, through Brennan, made an unsuccessful attempt to have the Court's decision set aside. The unions were left to combat the reduction by non-parliamentary means.

The New South Wales Trades and Labor Council voted 64 to 13 for a general strike. After considering this resolution the A.C.A.T.U.- N.S.W. Branch, Minutes of General Meetings, 2 February 1931.

N.S.W. Trades and Labor Council, Minutes, 22 January 1931.
A.C.T.U. Executive, meeting in Sydney, 29-31 January, decided to summon an A.C.T.U. Congress for 16 February to decide the matter. In the interim the A.C.T.U. sent a deputation to the 1931 A.W.U. Federal Convention with a request that the A.W.U. affiliate with A.C.T.U. and attend the February Congress. As the Congress voting was to be one vote for 1,000 union members and an extra vote for every additional 2,500 members the A.W.U. decision could have had a substantial effect at the Congress. It seems that an important section of the A.C.T.U. was anxious to ensure that the general strike proposal was defeated. Crofts urged one union to affiliate in order to ensure the defeat of the Sydney 'red element' at the Congress - and so enthusiastic were some of his listeners that 'failing eyesight' and a 'dark corner' led to some tampering with a ballot box when the Congress delegates were being elected. Such manoeuvrings were unnecessary. Union after union resolved that support for the Sydney proposal would, in the circumstances of early 1931, be madness.

The A.C.T.U. Conference met for seven days in Sydney, from 16-22 February. Some eleven major proposals were debated, and the motion for a general strike was easily defeated, by 41 votes to 104.  

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The A.C.T.U. Executive wanted the Congress to urge the Government to declare a State of National Emergency, suspend the Constitution and govern by decree. This proposal had often been put to the Government while it had been seeking a solution to the N.S.W. coal lock-out. It was revived again after the Niemeyer mission and the Melbourne Agreement, and adopted by the A.C.T.U. Key Industries Conference of September 1930. The A.C.T.U. Executive met the A.L.P. Federal Executive on 17 February 1931 and urged it to 'use its influence' with the Federal Government to persuade it to accept the State of Emergency proposal. There is no record of such influence being exerted. The proposal, however, was considered by Caucus on 18 February when Rae and Eldridge moved:

That the Government by proclamation declare the existence of a State of National Emergency, and proceed to govern Australia by means of regulations on the lines of the War Precaution Act.

The motion was quickly dismissed by Caucus on the following day, by 5 votes to 41. Later that day a delegation from the A.C.T.U. Congress arrived in Canberra to urge the policy on the Government.

155 A.C.T.U., Minutes... September, 1930, pp.32-3.
156 Caucus, Minutes, 18 February 1931.
157 Ibid., 19 February 1931; those absent were Beasley, James, Dunn, Daly, Mathews and Gabb.
The delegation interviewed Scullin, Theodore and Brennan. The delegation's request met with very little sympathy and was rejected as vague and without legal or constitutional significance; it was pointed out that regulations to give effect to the policy would first have to be approved by Parliament. Brennan stressed the Government's firm intention to 'preserve order and uphold the law' at all costs.\footnote{158} And the Ministers reminded the delegation of the dangers of establishing a precedent which might be used in the future by a non-Labor Government. Their arguments were reminiscent of those used in the Government's early days, during its attempts to settle the coal dispute. A departure on this occasion - reflecting the changed circumstances of twelve months - was their argument that it was possible that should the Scullin Government suspend the Constitution, 'any twelve men with sufficient force behind could set themselves up as a power in control of the Commonwealth'.\footnote{159} The delegates reported to the Congress (and said that Brennan 'had admitted that the Government was such in name only');\footnote{160} but their report seems to have passed almost without notice.

\footnote{158}{Railroad, 10 March 1931.}\footnote{159}{A.C.T.U., Minutes of Special Congress, February 1931, p.30.}\footnote{160}{Ibid.}
Eventually the Congress decided to organise mass meetings of unionists 'on the question of taking action to combat the onslaughts of the employing class'.

Nothing much came of this proposal. A few meetings were held but the programme petered out quietly and quickly; it seemed that most unionists were not interested.

The Congress was a disappointment in its lack of industrial or political effects. And the conclusion cannot be avoided that such a result was not unexpected on the part of the A.C.T.U. Executive and a majority of the union officials present at the Congress.

The A.C.T.U. did not hold another Congress until September 1932. It continued to make representations to the Scullin Government throughout 1931, principally on industrial matters. But some concern with political Labor remained. Attempts were made to heal the breach in the Labor Party. The following letter, over the signatures of the President and Secretary of the A.C.T.U., was sent to all members of the F.P.L.P., (and to members of the Beasley group):

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161 Ibid, p.40
163 Brisbane Trades and Labour Council, Council Minutes, 4 March 1931.
164 For Beasley's reply see the Argus, 26, 27 March 1931.
At a special meeting of the emergency committee of the A.C.T.U., held at the Trades Hall, Melbourne, [17 March] very grave concern was felt in connection with the recent developments in the Parliamentary parties, both State and Federal, and the probable effect of these developments upon our industrial movement.

Differences of opinion on vital issues will always arise when an economic crisis confronts our party.

Upon those who remain loyal to the movement falls the responsibility of preserving the solidarity of Labor.

This aspect seems for the moment to be overshadowed by the earnestness with which individual members of the party are pursuing their own troubles. As responsible officers of the industrial movement we consider the present crisis warrants internal and personal differences being laid aside, and the interests of Labor placed in the forefront.

It is felt that the interests of the industrial movement have been submerged, or have not been protected as they might have been, in view of the efforts at all times put forward by the trade union movement, and particularly immediately prior to and during the election campaign, which resulted in the return of the party in October, 1929, to the House of Representatives with an overwhelming majority.

The industrial movement, being vitally interested, is fearful of the ultimate outcome of the present disintegration in the Parliamentary party, and it must of necessity express itself in condemnation of individuals who in any way obstruct or fail to render assistance in furthering the interests of our movement, which has taken years of sacrifice and struggle to build.

We therefore urge upon every member of the party, in the interests of all sections of the movement, to strive with wholehearted earnestness to consolidate the Party within Parliament and in the constituencies on the platform laid down for the realisation of Labor's ideals.

South Australian Worker, 27 March 1931.
A more concrete effort was made in April. The A.C.T.U. Executive tried to convene a conference of the diverse groups involved in the split. It suggested that two representatives from the F.P.L.P., the Federal Executive, A.C.T.U., N.S.W. Executive, N.S.W. Caucus, the A.W.U., and one representative of the Beasley group meet to attempt to restore unity. The F.P.L.P. considered the invitation. Blakeley and Coleman were in favour of participation, providing the Beasley group was excluded. On Scullin's suggestion, Caucus resolved that the invitation be acknowledged - and that the whole business be referred to the Federal Executive; the Government, of course, could not afford to dismiss the invitation out of hand as the risk of offending the unions involved was too great, but referral to the Federal Executive was a polite way of letting the matter drop. In the end nothing came of the A.C.T.U. approach.

The political influence of the A.C.T.U. was severely limited. And in 1931 its position in the trade union movement was weaker than it had ever been in its short history. It could

166 United Trades and Labor Council of South Australia, Minutes, 15 May 1931.
167 Caucus, Minutes, 7 May 1931.
count few successes since October 1929; perhaps one of its greatest was staving off for so long the basic wage reduction (by, among other things, 'talking out' the issue at maximum length: a rough count indicates that thirty-five of the forty-three sitting days of the enquiry were devoted to hearing union evidence). Even so, its involvement in the enquiry had pushed it by January 1931 to a position where its finances were 'strained to the point of exhaustion'. \(^{168}\) By June 1931 the A.C.T.U. was reduced to circularising 'An Appeal for Moral and Financial Support'. \(^{169}\)

New South Wales had the largest number of unions and unionists. Of those N.S.W. unions affiliated with the A.L.P., the Lang Branch took all but a few. The A.W.U. and the A.P.W.U. were the only two N.S.W. unions of any size to adhere to the new (Federal) Branch in N.S.W.; the support of the A.W.U. was vital to the new Branch, but the union - or, more properly, its members - suffered because it denied Lang and his men. \(^{170}\)

The A.L.P. Federal Secretary circularised all affiliated unions in N.S.W. and asked them to declare themselves. One by one


\(^{169}\) Ibid., 4 June 1931.

they plumped for Lang and the schismatics. The terms of the
declarations were often eulogistic, and stiff with noble intention;
a typical example said:

... we again express our complete confidence in the
Leadership of the Honourable J.T. Lang, his policy
and this plan and we unreservedly promise him our
undivided support in his attempt to remove the shackles
which have been placed upon us by the money lenders
and userers both at home and abroad. 171

Such allegiance, and subservience, may have in some cases stemmed
from genuine admiration for Lang and his works. In others it may
have been influenced by the knowledge that the Lang Government was
shortly to introduce an amendment to the State Arbitration Act,
which was to include preference to unionists. Doubtless other
boons were expected; one union secretary said that while he had no
great opinion of either of the contending N.S.W. branches of the
A.L.P., 'he did not think they could afford to break with the
[Lang] State Executive.' 172 Thus, whatever the cost, the upshot
of the split in N.S.W. was virtually to place the Scullin Government,
from March 1931, outside the interests, influence and effective
criticism of all but a few of the trade unions in N.S.W.

171
A.C.A.T.U.-N.S.W. Branch, Minutes of General Meetings, 30 March
1931.
172
P.I.E.U. of A.-N.S.W. Branch, Minutes of the Board of Management,
13 April 1931.
Unions in South Australia in early 1931 concentrated their attention almost exclusively on the Hill Government, which they were making determined efforts to 'discipline'. A Special A.L.P. Conference in S.A. in mid-March 1931 had been preceded by an unofficial meeting of affiliated unions to 'decide upon a common policy'; the State Council of the A.L.P., which had been 'captured' by the unions, demanded that it be supplied regularly with copies of the S.A. Caucus Minutes; the Special Conference defeated a motion for the expulsion of Hill and two of his Ministers by only 86 to 107 (and the No vote included twenty-two members of the State Caucus). A few months later Hill and his two Ministers, and others, were purged. But in the first part of 1931 none of the turmoil in S.A. flowed into Federal sphere: consequently, the Scullin Government remained untouched by an apparently strong potential source of criticism.

A similar situation prevailed in Victoria. There, too, important unions were attempting to bring State Labor politicians under 'control'. One of many early indications of the direction in which the extra-parliamentary organisations of the A.L.P. were

173 United Trades and Labor Council of S.A., Minutes, 6 March 1931.
174 Australian Worker, 14 January, 18 March 1931.
175 S.A. Parliamentary Labor Party, Minutes, 5 March, 1 April 1931.
176 Australian Worker, 25 March, 1 April 1931.
moving came at a March meeting of the Trades Hall. A motion was carried, by 72 votes to 33:

That Rule 10, Clause (a), be amended... strike out the word 'except' and insert the word 'including' ... making the Rule to read: 'Council may at any ordinary or special meeting thereof consider and make order upon any matter (political, industrial or otherwise) remitted to it by an affiliated organisation including all matters pertaining to political organisation, drafting of platform, and selection or endorsement of candidates for Parliament.

At the same time one Victorian union was organising, on lines similar to those followed in S.A., to ensure that 'all affiliated unions be invited to send delegates to a meeting to be held [before the A.L.P. annual Conference in Victoria] to formulate a plan of campaign.' The campaign was intended to 're-instate' control over State Labor politicians. And as in South Australia the campaign eventually led to the expulsion of the Labor Premier, and others, from the Party. Again, however, the Scullin Government appears to have been immune from all this concern for 'discipline'.

As has been explained, the Federal Government's immunity was in part a result of geography, federalism and the structure.

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177 Melbourne Trades Hall Council, Minutes, 19 March 1931.
of the Labor movement. At this time, too, it was obvious that the Government's position was precarious and that hence the situation was unsuitable for provocative criticism or attempts at direction. The Government's position may also have been strengthened by the impression of new purpose created around mid-March, (admittedly, the impression may have been brief, and it was certainly faint). It is true that the Federal Party had suffered a 'double-split'. But the split, so long threatened, was now a fact. And now the Party had a policy, at last it seemed that the Government was firm in intention and aware of the need to fight for its beliefs.

Theodore's proposal for a Fiduciary issue had been accepted by Caucus on 2 March. The Bill for the note issue was discussed in Caucus on 12 March and read for the first time in the House of Representatives on 17 March. The Bill was one of several introduced at this time; together they constituted a new — in one sense, the first — Labor policy offensive. The Bank Interest Bill (24 March), a Wheat Bill (18 March)179, and the

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The Second Reading of the Wheat Bill passed the Representatives by 47 votes to 16, with Lyons, McGrath and Gabb voting for and Fenton voting against; (C.P.D., Vol. 128, 16 April 1931, p.947).
Commonwealth Bank Bill No.2 (24 March) were all introduced into the Representatives. The pivotal measure was Theodore's Fiduciary Notes Issue Bill.\textsuperscript{180} It allowed notes to be printed up to £18,000,000; two-thirds of the issue were to be used for public works for the relief of the unemployed (at the rate of £1,000,000 every month) and one-third for assistance to the wheat industry. The Second Reading of the Bill in the Representatives, on 25 March, was passed by 34 votes to 29. In the Senate the Second Reading ended with the defeat of the Bill, on 17 April, by 6 votes to 21; whereupon the Wheat Bill was withdrawn and the Bank Interest Bill was allowed to lapse. The Bank Bill No.2 went on, only to be annihilated by the Senate on 13 May. And so by the middle of April the Government's major policy thrust had been thwarted.

The Opposition in the House of Representatives had not concealed its belief that the Fiduciary Notes Bill would be defeated in the Senate.\textsuperscript{181} Despite hopeful comments from Theodore and Scullin (and Chifley) that the Bill would pass, it

\textsuperscript{180} A fiduciary issue is the issue of notes over and above the gold cover held, i.e., an unsecured note issue; orthodox banking theory regarded such an issue as highly dangerous; see the comments in H.E. Teare, \textit{Australian Banking Currency and Exchange}, Melbourne, 1926, pp.169-70.

\textsuperscript{181} \textit{C.P.D.}, Vol. 128, (4 March -23 April 1931), pp.362, 536, 596, 656, 774.
seems certain that the Government realised that the chances of the Senate approving the Bill were very slender. Indeed, in March several Labor members in the Representatives stated or implied that the Bill was designed to act as a catalyst for a double-dissolution.\textsuperscript{182} And on the day on which the Senate rejected the Bill (17 April), Scullin said that the Government's policy for the future was to resubmit the Bill and if it was again rejected, seek a dissolution of both Houses; 'we shall', he said, 'test this matter to the bitter end'.\textsuperscript{183} These were brave words. Yet it seems likely that Scullin and Theodore were bluffing and that the bluff was in part directed at members of their own Party.

It would take four or five months to bring the double-dissolution process to the point of an election for both Houses. As we shall see, Latham was correct in pointing out that the financial situation was such that Australia simply could not wait for a double-dissolution; as Latham said, the intervening months would bring 'a national crisis of a most extreme character in which the Government would be forced into default'.\textsuperscript{184} It is impossible to believe that Scullin and

\textsuperscript{182} \textit{Ibid.}, (Barnes, Curtin, Lewis, Holloway and E. Riley), pp.406-7, 508, 542, 546, 676.
\textsuperscript{183} \textit{Ibid.}, p.1019.
\textsuperscript{184} \textit{Ibid.}, pp.1022-3.
Theodore were unaware of the approaching crisis. Theodore had already acknowledged, on 24 March, the looming possibility of default, as had Scullin - who added that 'our attitude is that while we have a sovereign in the bank we will not default'.

In Parliament and in Caucus Federal Labor was outwardly calm. In the records of both, and in the public pronouncements of members of the F.P.L.P., there was no indication that the Party was aware that Labor had now been driven to the wall and would shortly be forced to surrender Labor principles, and accept the policy of its opponents.

185 Ibid., p.521
186 Ibid., p.492.
By April 1931 the original fifty-four members of the Scullin Government had been reduced to forty-two. The Opposition controlled the Senate with twenty-nine members to Labor's five and the Beasley group's two. In the Representatives Labor had thirty-five and the Opposition thirty-five, leaving the balance of power with the five members of the Beasley group. The Government's position was precarious for it could not rely on the continued support of the Beasley group, despite Beasley's protestations to the contrary, while it could be certain of frustration in the Senate.

In March 1931 the Government had begun a much belated attempt to extricate itself from this impossible situation. Without any hope of receiving the Senate's approval the Government introduced several banking and finance Bills, intending to use their rejection as a means of beginning the process of double dissolution. It is not clear how strongly the Government was determined to pursue this policy. Scullin and others announced that a double dissolution would follow if the Senate rejected the Fiduciary Notes Issue Bill, and the party

1 Advertiser, 17 April 1931.
branches in the States began to select candidates for the expected election. But the dissolution process was expected to be a long one: Brennan told an A.C.T.U. deputation at the end of April that the election would be in September or October.\(^2\) The Government was also fully aware that the Opposition, through its control of the Senate, would manoeuvre the timing of the dissolution to suit itself – as Senator Barnes said, 'We will never be able to do it until it suits them'.\(^3\) It is likely that late 1931 would have suited the Opposition, but the matter was never put to the test. The restricted freedom of action which had been the Government's in 1929, 1930 and early 1931 came to an end in April 1931: the Government was told that it could have no more money.

On 2 April Sir Robert Gibson wrote to Theodore that a point was being reached beyond which it would be impossible for the (Commonwealth) bank to provide further assistance for the Government in future;\(^4\) the bank was prepared to extend credit to the Government within Australia up to £25 million – sufficient for a few weeks only – and to £25,125 million in London – a limit already reached. This was the second of the Government's urgent

\(^2\) United Trades and Labor Council of South Australia, Minutes, 15 May 1931.
\(^3\) Australian Workers' Union, Annual Convention, Official Report 1931, p.3.
financial problems, for it was obliged to meet a debt payment of £5 million in London on 30 June. The Commonwealth Bank had told the Government that it could not raise this amount in London and that it would not endorse the Government's proposal to ship £5 million in gold from the Australian note issue reserve. Nevertheless the Government attempted to legislate for an alteration to the note issue reserve ratio. When the Bill was before the Senate the Opposition called Sir Robert Gibson and sought his opinions. He said, in effect, that to accept the Bill and ship the gold would be wrong, but that not to meet the payment - to default - would also be wrong; there was another course but he refused to say what it was, making the ironic claim that it was for the Government to formulate economic policy. It was obvious, however, that he meant a policy of Government economy and balanced budgets, such as that urged by Sir Otto Niemeyer in August 1930, and accepted by the great volume of orthodox opinion since then.

Thus by the end of April 1931 the Government was stranded, without even the possibility of continuing its search for a double dissolution, for before that could be accomplished the Government would have defaulted on its external and internal payments and the resulting chaos would, at best, have meant the annihilation of the Party at the polls. The Government, therefore, prepared to surrender.
A meeting of the Commonwealth Loan Council at the end of April appointed a committee to report on ways of achieving budget equilibrium by June 1934. This committee appointed a sub-committee - the Experts (five State Under-Treasurers and four economists) - which, after conferring with prominent representatives of banks, insurance, and commercial institutions, presented a report to the Loan Council, where its recommendations were endorsed by Scullin before being passed on to a conference of State Premiers held in Melbourne, 25 May - 10 June 1931. The conference formulated the Premiers' Plan, a slightly amended and elaborated version of the recommendations of the Committee of Experts. The principles of the plan were quickly agreed to and further consultations took place on matters of detail with representatives of banks, insurance companies and stock exchanges. Two disputed matters delayed the signing of the agreement. Originally the conference proposed to make a voluntary conversion of internal Government debt, with a strong tax penalty for those bondholders who refused to accept the lower rate of interest. Lyons, Latham and Pearce, leaders of the Parliamentary Opposition, objected to this slight element of compulsion and, as the approval of the Opposition in the Senate was necessary, they were invited to the conference, where they succeeded in making the conversion entirely voluntary. The second matter of dispute arose

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out of this, for Lang was strong for compulsion. He agreed to accept the voluntary scheme only on the condition that his Government would not act on the Plan's economy measures until the voluntary conversion was successfully completed. Further latitude was allowed Lang by an agreement that Governments would decide for themselves where reductions in their expenditure were to be made.

The Premiers' Plan was signed by Scullin and all six State Premiers on 10 June 1931. It had five main provisions:

1. A reduction of 20 per cent in all adjustable Government expenditure.
2. Conversion of the internal debts of the Governments on the basis of a $22\frac{1}{2}\%$ reduction of interest.
3. Increased taxation, both Commonwealth and State.
4. A reduction of bank interest.
5. Relief for holders of private mortgages.

The final resolution of the conference declared: 'The representatives of each Government present at this Conference bind themselves to give effect promptly to the whole of the resolutions agreed to...'

Scullin had committed the Labor Party to the plan. He was aware that the constitution and traditions of the Labor Party placed

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at least token restrictions upon his ability to bind the Party on policy matters. As a participant in the conscription split of 1916, when he had moved the motion expelling conscriptionists from the party, Scullin knew the possible consequences of the course he proposed. However, as his own career showed, responsibility changes politicians. And as the weeks after 10 June were to show, circumstances often alter principles.

The Federal Cabinet had already reversed its opposition of 19 March and 27 May to cuts in public service salaries and social services. On 6 June a majority of the Cabinet, with Culley absent and Holloway dissenting, agreed to accept the plan. This was to be expected. The next step, the most important from Scullin's viewpoint, was the approval of the Federal Caucus. Caucus had already discussed the Premiers' Conference and, after being cautioned not to pass 'any resolution which could be misconstrued as one of suspicion or distrust' of Scullin and Theodore, it asked Scullin not to agree to any reductions without first consulting Caucus. This request was ignored.

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10 Ibid.
11 Ibid.

Caucus, Minutes, 4 June 1931.
The Federal Caucus met to debate the plan on 11 June, with all but three of the forty-two members present. The three absentees, Culley, Mathews and Curtin were all opposed to the plan, but only Curtin notified the meeting of his objections, in a telegram which Scullin read to Caucus.

The meeting began with speeches lasting more than two hours from Scullin and Theodore. Scullin explained the Government's financial difficulties, gave a lengthy summary of the proceedings of the Premiers' Conference and stressed, as he did repeatedly in the weeks which followed, the urgency of the matter, claiming that unless the plan was approved the Government would be forced into default by mid-July. To those critical of the reductions in social service payments he replied that, either way, plan or no plan, pensioners and public servants would have to accept cuts, but under the plan pensions would be reduced by 2/6 in the £1, while if the Government defaulted the best it might do would be to pay 12/- in the £1. Scullin ended his plea for the plan by hinting that the future of the Ministry depends upon its acceptance. Theodore then explained the details of the plan and the budget which was to accompany it. He

12 Australian Worker, 17 June 1931.
13 Argus, 12 June 1931.
claimed that the plan would put 100,000 men back to work and bring the start of economic recovery within a few months, a claim which only two months earlier he had made for the fiduciary issue. This was a persuasive (though dubious) argument for it suggested that if members of the Party rode out the odium of approving the plan they would enjoy the benefits in 1932, when the Federal election was held.

Several hours of questions followed. The critical issue was the cuts in social services. To proposals that exemptions be given to all classes of pensioners who were solely dependent on pensions Scullin replied that although this would not be written into the legislation all cases of hardship would receive sympathetic treatment. A further suggestion that the plan be sent back to another Premiers' Conference and the wage and pension economies be replaced with other economies was dismissed by Scullin as impracticable. Then, as Chairman, Scullin ruled out of order an attempt to eliminate the pension cuts altogether, saying that the Caucus must either accept or reject the plan in its entirety. After eight hours of discussion the meeting adjourned.

The debate continued next day. All but one of the twelve Ministers present urged acceptance of the plan, and although the discussion was reported to be quiet - Scullin announced 'there was

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Caucus, Minutes, 12 June 1931.
no heat, and a very fine spirit has been shown,\textsuperscript{15} - strong objections to the entire plan were made in speeches by Makin, Kneebone, Yates, Riordan and Holloway. But Scullin and Theodore countered every objection by asking the critic to suggest an alternative course, one which would also save the Government from approaching default. Eventually an amendment was put to the meeting calling on the Government to seek a double dissolution and fight the ensuing election on the fiduciary notes and other government financial proposals. This amendment was possibly inspired by the Ministry, for it was moved by Coleman, one of the Government's most uncritical supporters and an advocate of acceptance of the plan. The amendment, however, divided members into those who were intransigent in their opposition - believing that the threat of default was a political trick, a bluff which could be called - and those who, however reluctant, were prepared to compromise. In a secret ballot Coleman's amendment was defeated by 14 votes to 15.\textsuperscript{16} Scullin's and Theodore's original motion for the adoption of the plan was then carried in another secret ballot by 26 to 13,\textsuperscript{17} including among those in favour eleven of the twelve Ministers present. The voting indicated that several members might

\begin{itemize}
\item \textsuperscript{15} \textit{S.M.H.}, 12 June 1931.
\item \textsuperscript{16} \textit{Caucus, Minutes, Op.cit.}
\item \textsuperscript{17} \textit{Ibid.}
\end{itemize}
have been glad of the secrecy for it was reported that fifteen members spoke against the plan, and the three who did not speak (Anstey, Hoare and Rowe) were known to be opposed, so that five members had undergone a rapid change of conviction.

On leaving the meeting Scullin was reported to have shown obvious signs of satisfaction, though he must have been disturbed at the size of the opposition in Caucus, and his subsequent statement reflected his feelings. Theodore confined himself to commenting on the economic virtues of the plan, claiming (with some justification) that he was quite confident that 'this plan will do more than anything else properly to restore confidence' and (with little justification) that 'employment will be forthcoming in a few months for 100,000 men at present not in employment'.

The Caucus opposition did not share its leader's satisfaction. Within a few hours of the close of the meeting Holloway submitted his resignation from the Ministry to Scullin. He argued that the plan would not improve the economic position, that only Labor's policy of credit expansion could alleviate conditions, and that the plan was immoral and fundamentally

\hspace{1cm} 18 S.M.H., 13 June 1931,

\hspace{1cm} 19 Ibid.
opposed to every principle of the Labor Party - to which Scullin replied that 'We cannot pay out what we do not receive. It is really a question of arithmetic rather than argument'.

Some press reports implied that Holloway's resignation was prompted less by opposition to the plan than by his hope of gaining support in the ballot for Labor selection for the seat of Melbourne Ports, which was held the following day. Holloway indeed won the ballot, but this does not prove that opposition to the plan was a prerequisite for success of this kind, for on the same day Brennan, a supporter of the plan, also won a selection ballot by a comfortable majority. In fact, with the exception of two South Australian Senators who were temporarily expelled from the party, no member of Federal Caucus who sought endorsement in 1931 failed to secure it, irrespective of his stand on the Premiers' Plan. Culley, another Assistant-Minister, resigned from the Ministry on 24 June, giving as his reasons his opposition to the plan and its violation of Labor principles. Other members of the Federal Labor Party also made public protests, among them Curtin, Makin, Riordan and Yates, the last of whom said that 'members of the Labor movement must have

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20 For both letters see the Daily Standard, 16 June 1931.

21 Age, Argus, 13 June 1931.
some assurance as to where they stand - whether they are to be bound by their pledge, platform and conference decisions' or whether they were to be 'the playthings of the Ministry'.

A Special Federal Conference had met in Sydney in March 1931. It dealt mainly with the break-away of the N.S.W. Branch and the establishment of a new Federally-loyal Branch in N.S.W. However it had adopted a 'Statement of Financial Proposals' which was expansionary in tone, calling for credit expansion, public works, and control of interest rates. There was nothing in this programme which was in direct conflict with the proposals of the Premiers' Plan, though the two were certainly opposite in spirit. Similarly, there was little in the Federal Platform and Objective which explicitly prohibited Party members from supporting the plan's economy measures, except that the plan ran contrary to the provisions in the Platform which called for 'increased Old Age and Invalid Pensions' and 'liberal treatment' of disabled ex-soldiers. There was no doubt, however, that the Premiers' Plan was a negation of that vaguely worded section of the Platform which demanded 'The cultivation of Labor ideals and principles, and the development of the spirit of social service'.

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22 Australian Worker, 17 June 1931.

In the crisis of June 1931 there was not sufficient time to summon another Special Conference to establish unequivocally the Labor Party's stand on the plan. The rules of the Party, however, provided for such a situation. The Federal Executive was empowered to administer the decisions of Federal Conference and interpret the Platform of the Party. Under the Rules, meetings of the Federal Executive could be requested by any State Branch Executive. The Victorian Executive had requested such a meeting on 29 May, the S.A. Executive on 2 June, and other State Executives in the following days. The Federal Executive meeting was set for Thursday, 18 June, at Canberra. This, it should be noted, was eight days after the plan had been signed, and six days after the Federal Caucus had accepted the plan. By the time the Federal Executive met, the Bills to implement the plan had already been drafted and were ready for submission to Federal Parliament.

Immediately after the Federal Caucus had accepted the plan Scullin sent a lengthy telegram to each of the six A.L.P. State branch executives setting out the Government's case for the plan, with the familiar stress on the certainty of default,

24 A.L.P.-Vic., Central Executive Minutes, 29 May 1931.
asking them to defer judgment on the plan until after the Federal Executive had met. No doubt Scullin felt that his Government was more likely to receive sympathetic treatment from the twelve delegates to the Federal Executive than from the hundred and twenty or more members comprising the State executives.

Scullin's appeal did not deter the extra-parliamentary organizations in some States. The State Executive in W.A. carried a resolution which expressed 'emphatic protest and opposition' to the plan itself and disapproval of all Labor members who supported it in Caucus; endorsed Curtin's opposition; and summoned the Federal Executive to enforce the decisions of the Special Federal Conference of March 1931 - 'failing which all members who fail to carry out [Conference] decisions automatically place themselves outside the Labor Movement'. Meeting on the same day, 15 June, the Party Executive in S.A. unanimously instructed its delegates to the Federal Executive to vote against the plan. The State Council of the A.L.P. had begun to debate

Australian Worker, 17 June 1931.


Australian Worker, 24 June 1931.
a motion threatening expulsion for any supporter of the plan.²⁹

Although the Victorian Executive was the first to lodge protest against the plan - on 29 May - it did not meet again until 19 June. In Queensland the party also moved slowly, and with caution. Shortly after the plan was signed the small Executive Committee recommended that the triennial Labor-in-Politics Convention, due to open in early July, be postponed until 1932: the reason given was not that the Convention - the 'Supreme Parliament' of Labor in Queensland - might cause disruption over the plan and thus reduce the chances of success at the 1932 election, but that Labor members of Parliament would be needed to fight the plan in the Queensland Parliament. ³⁰ This recommendation was endorsed on 19 June by the Queensland Central Executive, which passed a motion opposing the plan as contrary to Labor Party principles - but refused to sanction disciplinary action against those supporting it. ³¹ The re-constructed N.S.W. Branch was less than three months old. It was weak in numbers, finance and influence. As it had been established in opposition to the Lang party and was composed of people with strong loyalty to the Federal Government, it could be expected

³⁰ Daily Standard, 9 June 1931.
³¹ A.L.P.-Q., Central Executive Minutes, 19 June 1911.
to give its consent, however reluctantly, to the plan. And this it did, at a meeting of its provisional executive on 15 June, which resolved to meet Scullin's request and defer judgment until after the Federal Executive had considered the plan.  

The twelve members of the Federal Executive were all men with long experience of the Labor movement, including participation in the conscription split of 1916. Half of its members were members of parliament (three Federal and three State), and all had strong links with trade unions. The influence of the A.W.U. was strong, for perhaps half of the delegates were members of that Union and two were secretaries of A.W.U. State Branches. The delegates were well known to senior members of the Government. On the day before the Executive met, several delegates attended informal meetings with members of the Ministry - though at least one delegate, Kneebone, declined an invitation to attend such a meeting in the Prime Minister's room. At one such meeting, called 'an informal chat' by Scullin, he and Theodore put the Government's case to the delegates and distributed various documents.

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32 Labor Daily, 16 June 1931.
33 Australian Worker, 1 July 1931.
34 S.M.H., 18 June 1931.
The formal Executive meeting began on 18 June with lengthy addresses from Scullin and Theodore. Scullin again outlined the events leading up to the Premiers' Conference, stressing that other than default there was no alternative for the Government but to accept the plan, and emphasising the provision in the plan for reduction of internal interest rates. He also emphasised the impracticability of any talk of a double dissolution, which, apart from being an admission of failure, would result in the party being destroyed at the polls, since default must occur before the election. During the questions which followed, Scullin assured the Executive that adoption of the plan would not mean the shelving of the party's programme for a fiduciary notes issue and other expansionary economic measures — though he had told Lyons at the Premiers' Conference that the plan would replace that party policy. Scullin then left the meeting and returned to the House of Representatives to move the second reading of the first of the Bills related to the Premiers' Plan. This action was more persuasive than any argument Scullin might have presented to the Executive, for it

35 A.L.P.-Q., Central Executive Minutes, 26 June 1931.

showed that the Government was determined to put the plan into operation, regardless of what the Executive might decide. It is, however, quite likely that Scullin was also confident that the Executive would do its best to avoid embarrassing his Government. During the discussion which followed Scullin's departure the delegates groped their way toward a formula which would smooth over all troubles. In reply to a question from Senator Kneebone the President (J.J. Kenneally, M.L.A.) ruled that the plan was 'not in conflict with' the expansionary policy adopted in March 1931, because that policy could conceivably have included cuts in wages and pensions. As he said later, when giving this ruling he was mindful that 'it was fraught with possible serious consequences to many members, because if members act in direct opposition to Conference decisions they cease to be members of the Party'. This ruling was not challenged, (though Kneebone later said he thought it 'rotten'). 'Not in conflict with' did not mean that the plan was necessarily to be regarded as Labor policy, so that it might be possible for Labor members to vote against it in Parliament. But, by approving the plan by a majority Caucus

37 A.L.P.-Q., Central Executive Minutes, 26 June 1931.
38 A.L.P.-W.A., State Executive Minutes, 29 June 1931.
had, in a sense, made it the policy of the Labor Government and members were therefore bound by their pledge to vote for it. Curtin took up this point, asking if he would be bound to vote for the plan. The President ruled that members would have a 'free vote' on the matter. In doing so he overlooked the Caucus decision and returned to his 'not in conflict with' interpretation. The ruling was not challenged, though it excited some comment within the party. The desired compromise had been achieved.

The way was now open for the second compromise. The Executive wished to conclude with a public statement embodying two inconsistent points of view: opposition to that part of the plan requiring cuts in wages and social services, and opposition to the Government relinquishing office. A committee of six - one from each State - was established to draft such a resolution. In consultation with Scullin and Theodore the committee deliberated until midnight, and presented its report on the second day of the Executive meeting (19 June). The draft of two hundred and ninety words did contain the two principles asked for, but it was strongly biased toward defence of the Government, with only a short section of twenty-two words expressing opposition to the cuts in expenditure. When this was presented for adoption Curtin, seconded by Makin, moved an amendment which sought the rejection of the entire
plan on the grounds that it was 'repugnant to the principles and ideals of the Labor movement, subversive of the policy and intention of the Federal Labor Platform and the supplementary practicable proposals adopted at the special conferences of March 1931; and incapable of meeting the real problems of the nation which have their roots in the collapse of the capitalistic monetary system'.

Curtin's amendment was defeated, 7 votes to 5 (the five being Curtin, Cameron, Kneebone, Makin and Oglivie). A further amendment from Cameron favouring an early double dissolution and expressing opposition to the cuts was again defeated, 7 votes to 5. A separate resolution from the drafting committee applauding that section of the plan which sought a reduction in interest rates was then discussed. An amendment from Curtin, seeking to divorce the lowering of interest from the rest of the plan was also defeated 7 to 5, after which the whole resolution on interest rates was defeated by 9 votes to 3.

After several changes in its wording the committee's recommendation was adopted unanimously, though no doubt only in the cause of unity and with some reluctance by the five who had fought to reject the plan. The decision of the Federal Executive read:

40 A.L.P.-W.A., State Executive Minutes, 29 June 1931.

41 Ibid.
'The executive of the A.L.P. is definitely opposed to that part of the Premiers' Conference plan which involves reductions in wages, pensions and social services. The executive recognizes that the Commonwealth Labor Government's monetary policy has been thwarted by the banks and the reactionary Senate, thereby creating widespread industrial stagnation and unemployment and leading to a collapse of national finance. The executive is convinced that a Nationalist Government as an alternative to the present Labor Government would be abhorrent to the workers and disastrous to the country. It is of the greatest importance that the Labor Government should remain in office during this time of crisis in order to prevent the enemies of Labor enforcing a ruthless policy of aggression against the hard-won rights of the workers; and the restoration of their conditions will depend upon the return of Labor at the polls with a majority in both Houses of the Commonwealth Parliament.

Legislation to enact the plan was hurried through the Federal Parliament. Speeches in support from Government members were few: twenty-three members spoke on the Financial Emergency Bill in the House of Representatives; three of these were members of the Beasley group, six were opponents from within the Government, and only four, two of whom were Ministers, spoke as supporters of the Government and the plan. The second reading of the Bill was carried by 44 votes to 16, with three pairs. Labor members divided 15 for and (counting pairs) 15 against. (Makin, the Speaker, voted against the Bill in Committee.) In the Senate four Labor members

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S.M.H., 20 June 1931.

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C.P.D., Vol. 130, pp,3399-3408; 3434-3482; 3531-3579.
voted for and two against the Bill. The debate was quiet, with the exception of emotional speeches delivered by Curtin and Anstey, who released the frustrations accumulated during the eighteen months when they had tried to steer the Government onto another course. But by this time nothing could be offered except recriminations.

There was some support within the Labor movement for those Federal parliamentarians who opposed the plan. There was much criticism of the Scullin Government, some excusing, a little self-examination - but the reaction was surprisingly pacific, reflecting the prevailing disillusionment with the Labor party ('there appears to be a marked tendency on the part of a large number of members to decry the value of political action on the part of the union') and with the facade of parliamentary democracy. The comments of the WestMün Worker were typical of the Labor press. The paper used the Premiers' Conference to restate its analysis of the depression and to demonstrate that the country was in the hands of the Senate, the Money Power - and Sir Robert Gibson, 'the financial ruler of Australia'.

44 Ibid., pp. 2949-2957; 3559-3565.
46 See also the Worker (Queensland), 10 June, 17 June, 24 June 1931.
47 WestMün Worker, 12 June 1931.
It offered particular objections to the presence of Lyons, Latham and Pearce at the Conference and to the lack of compulsion in the conversion loan. It ended by conceding, however, that the plan had to be accepted. Although the paper's report of the Federal Caucus meetings which endorsed the plan was headed 'Expediency Carries the Day', the text which followed was a plea for the government, in terms similar to those used by Scullin: the plan was repugnant but inevitable, otherwise 'a general smash was certain'; there was no practicable alternative; the government was sincere and honest and would at least administer the plan sympathetically; and 'it should not be forgotten that while Mr. Scullin has a duty to the Party he has an important duty to the country and to the obligations of the office he holds'.

The paper continued to support the government, though it became more critical, possibly influenced by Curtin, when the plan was introduced into the Western Australian parliament. It reiterated its criticisms of the social system which made such measures inevitable, but added warnings that the Labor movement was also at fault for its timidity and orthodoxy, concluding that 'the maddening and saddening part of it all is that it could have been avoided'.

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48 Ibid., 19 June 1931
49 Ibid., 3 July 1931
Some trade unions were vehement in their denunciation of the government, particularly those public service unions whose members were directly affected by the wage cuts. The Victorian Branch of the Australian Postal Workers' Union — one of the few public service unions affiliated with the A.L.P. — helped to organise a number of mass protest meetings of public servants. A meeting of the branch executive of the union on 16 June demanded that the Government stick to the decisions of the last A.L.P. Federal Conference, suggested that as an alternative to salary and pension cuts the government suspend all overseas interest payments for two years and reduce all interest rates, and resolved that the union withhold all financial support from any Labor member who supported the plan (which it did at the federal election of December 1931). Later in 1931 the branch instructed its delegates to various union and A.L.P. conferences to continue opposition to the plan and support disciplinary action against Labor parliamentarians who had voted for it. But although such resolutions were important in the internal politics of the Labor Party in Victoria, they were not an accurate reflection of the attitude of the rank and file members,

51 Ibid., 3 December 1931.
for most public servants were, as Caiden says, 'completely apathetic and indifferent'.

The non-public service unions, though not directly affected, were hostile to the plan and its Labor supporters. Even the A.W.U. was critical: in its first and only official criticism of the Scullin Government the A.W.U. voiced its 'invincible repugnance' for the plan, but it dealt lightly with the Government and did not suggest that the union might waver in its support. Other unions were less sympathetic. Several issued statements condemning the government for what one union called Scullin's 'craven surrender...to the capitalists'. The Geelong Trades and Labor Council took a more moderate (and representative) line when it expressed its 'very grave alarm' at the plan and requested all labor parliamentarians to vote against it. This resolution was endorsed by the Ballarat Trades and Labor Council, with an addendum seeking a special conference of Victorian trade unions to deal with any recalcitrants. Similar proposals were debated in Adelaide, where the Labor Council registered 'its uncompromising hostility to the plan' though this

53 S.M.H., 18 June 1931.
54 *Daily Standard*, 23 June 1931
56 Ballarat Trades and Labor Council, *Minutes*, 9 July 1931
resolution was itself a compromise, for there was some confusion about whether Mr. Lang had been among those 'alleged representatives of the Workers' who had signed the plan. The group of 'Lang planners' in the Council succeeded in deleting Lang's name, at the cost of watering down criticism of the Premiers' Plan. 57

The only serious debate on the plan by representatives of the trade unions took place in Melbourne. Delegates to the Trades Hall Council discussed the plan at a series of well-attended meetings on 4, 11, 18 and 25 June. The motion carried on 25 June, by 77 votes to 44, repudiated 'the so-called Premiers' Plan' and declared an intention to organise the unions to force the party to discipline its 'planite' members. It also called upon the Federal Executive to cancel the endorsement of those federal Labor members in favour of the plan, though the endorsement of candidates was a matter for the State, not the Federal, party authorities (and in any case the Federal Executive had the previous week already whitewashed the supporters of the plan). The Council also issued a general call to all A.L.P. organisations and the A.C.T.U. to take immediate action for a counter-offensive for the socialisation of industry and adherence to Labor principles. This declaration came too late, and was too remote, to influence the Scullin

57 United Trades and Labor Council of S.A., Minutes, 6 July 1931.
58 Melbourne Trades Hall Council, Minutes, 25 June 1931.
government. It was, however, probably directed at the
Victorian Labor government, and it was there that its effect
was felt.

The A.C.T.U., which was by now largely discredited and
ineffective, joined the chorus of opposition. In June the
Emergency Committee and in October - three months after the plan
became effective - the Interstate Executive of the A.C.T.U. issued
statements deploring the salary and pension cuts: the Executive
demanded that all supporters of the plan be declared outside the
Labor movement and therefore ineligible for any kind of support
from the trade unions. In financial terms, the unions were
merely being asked to make a virtue of necessity for by mid-1931
all but a few unions were in financial trouble and were therefore
unlikely, irrespective of the government's attitudes, to be
generous to the Labor Party. Indeed, by mid-1931 the trade
unions generally were in difficulty: membership had declined

59 Labor Call, 22 October 1931.
60 This was reflected in the accounts of Labor's richest union
supporter: The affiliation fees paid by the A.W.U. in S.A. to
the A.L.P. from 1928 to 1933 were:
    1928 £ 547
    1929 £ 528
    1930 £ 424
    1931 £ 376
    1932 £ 219
    1933 £  25

(A.W.U.-Adelaide Branch, Annual Report, 1928, 1929, 1930, 1931,
1932, 1933).
between 1929 and 1931 by approximately 16%, unemployment among trade unionists at the end of June 1931 was 27.6% and still rising, the unions had been unable to prevent wage cuts or preserve conditions and officials complained that hardship had produced apathy rather than defiance among their members - 'in periods of depression members are under the impression that one of the first avenues to economies is in union dues'. Thus, at the time of the Premiers' Plan, many trade unions drew back from political activity to turn inward and concentrate on survival. Some unions which might have attempted to influence the Government in 1931, or earlier, were now virtually extinct - the timber workers and several building trades unions - while others, such as the waterside workers and coalminers, were lobbying the government on matters remote from the plan, yet vital to the interests of the unions. And several of the smaller unions were reluctant to criticise the government for fear that they might contribute to its defeat, and hence to the elimination of the protection they enjoyed under the Scullin tariff.

61 Labour Report, No.21, 1930, p.111; No.25, 1934, p.126.
63 Amalgamated Clothing and Allied Trades Union - Queensland Branch, Executive Minutes, 27 June 1930.
There was still some militancy (apart from that of the Communists, who in 1931 were still an insignificant force in union affairs). The Labor Council in Queensland urged its members to start a special campaign against all employers and others who supported the plan, presumably by some form of boycott. One of the very few specific proposals for action came from the Tramways Union in W.A., which suggested a programme of stop-work meetings, boycotts of the capitalist press, a 'pay-no-rent' campaign, and that all trade unionists pay liabilities such as water, sewerage, electricity and gas at their value, less 20%. A more realistic attitude was shown by a group of nine unions which refused to consider a mild proposal to hold stop-work meetings, most of them saying that 'no matter what action was taken the Government would carry out the proposals'. At the Federal level there was indeed very little that the unions could do except pass pious resolutions of dissent - and many did not even bother to make that gesture, troubled as they were with internal difficulties, disillusioned with a Federal government which seemed insulated and distant from their influence, and more concerned with State affairs (with the

64 Trades and Labor Council of Queensland, Council Minutes, 8 July 1931.
65 A.L.P.-W.A., Metropolitan Executive Minutes, 21 July 1931.
66 A.L.P.-W.A., Metropolitan Council Minutes, 6 August 1931.
principal and striking exception of the A.W.A.). Direct action was unthinkable in the circumstances, and it had already been rejected at the A.C.T.U. conference of February 1931 which had considered the 10% cut in the basic wage - an issue which had affected most unionists much more directly than cuts in public service salaries and pensions. As the statement issued by the A.L.P. Federal Executive on 19 June had recognised, there was a widespread feeling among unionists, or, at least, union officials, that 'their' government was by definition likely to remain more sympathetic than any possible alternative - that 'the worst Labor Government is better than the best anti-Labor Government'.  

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Chapter VIII

At the Federal level the Premiers' Plan created little difficulty for the Government in its relations with the Party and the Labor movement. In part this was due to circumstances. By stressing the urgency of the matter the Government presented the movement with a fait accompli: the plan was signed on 10 June, approved by Caucus on 11 June, accepted by the Federal Executive on 19 June and pushed quickly through Parliament. The Labor movement had little time to organise resistance. The unions were in no condition to threaten or fight the Federal Government in 1931. Their delayed, insipid reaction to the plan reflected their weakened state, the immaturity of the A.C.T.U. and the poorly federalised structure of Australian unionism.

At the State level the party was subject to more direct pressures. In the three States where the A.L.P. was in Opposition - Queensland, Western Australia and Tasmania - the Premiers' Plan presented no great difficulties. There the various sections of the movement - unions, branches, conferences, councils, executives and caucuses - suffered relatively few conflicts of loyalties for they could repudiate the plan and vote against it,
knowing that their attitudes were in accord with sound 
Labor principles and practical political tactics. This was 
made easier still by the Federal structure of the Commonwealth 
and the A.L.P., and the strong traditions of State autonomy in 
the State branches of the Party.

Tensions were obviously likely to be far more 
serious in the remaining States, where Labor governments were in 
office. In New South Wales, where the Lang Government's 
adherence to the plan was only nominal, these took the form of 
a clash between rival Labor parties, since all but a fragment 
of what had been the A.L.P. had left or been expelled from the 
party before the crisis over the plan occurred. In Victoria 
and South Australia, however, Labor State governments 
endorsed and carried out the plan and they proved much more 
vulnerable than the Scullin Government to extra-parliamentary 
pressure.

It is not possible here to describe the course of 
events during 1931 and 1932 which culminated in the defeat of 
the Hogan and Hill governments and the departure of their 
leaders from the party; it must suffice to say that the 
State conferences and executives showed themselves quite willing
to apply pressures and penalties to the State politicians which had no counterpart at the Federal level. One reason, though not the decisive one, for this difference was that the State party authorities had more time to make up their minds.

A Special Federal A.L.P. Conference was called in an attempt to avert trouble in the States. The initiative came from the Queensland Central Executive, which suggested that the Conference should consider 'the effect on A.L.P. organisation of adoption by the Parliamentary Party of [the] Premiers' Plan and [the] attitude of and possible disintegration in [the] States as a result of the plan'.

The South Australian Executive agreed and asked that the terms of reference be 'to consider all problems arising out of the adoption... of the Premiers' Plan, and its effects upon all Labor Party organisations generally'. But despite 'the

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1 The Victorian situation is dealt with at length in L.J. Louis, Trade Unions and the Depression A Study of Victoria,1930-1932, Canberra, 1968, passim. There is no adequate account of the struggle in South Australia; there is a brief outline in Don Hopgood, 'Lang Labor in South Australia', Labour History (No.17), pp.161-173.

2 A.L.P.-Q., Central Executive Minutes, 26 June 1931.


4 Ibid.
urgency and importance of holding the Conference at an early date', the Conference did not meet until two months had passed. In the interim the extra-parliamentary organisations in Victoria and South Australia had already launched disciplinary action against the considerable number of state Labor politicians who supported the plan.

The Special Conference met in Melbourne on 27 August. The debate was vigorous and sometimes heated. Scullin and Theodore were both delegates and they defended the Government with the arguments they had used so frequently during the previous three months: much of the debate was in fact a repetition of the now familiar arguments for and against the plan. The major purpose of the Conference, however, was to clarify the position of state Labor politicians and several proposals designed to achieve this were discussed and voted upon. All attempts to adopt a rigid, 'disciplining' line were rejected. A motion from the S.A. delegation calling for expulsion of all members who had supported the plan was defeated by 7 votes to 28.

5 Ibid.
6 Australian Labor Party, Special Federal Conference, Melbourne, August 1931.
7 Age, 28, 29 August 1931.
Those in favour of this motion for what amounted to a party purge were a Victorian delegate, M.P. Considine—who had earlier resigned from the Victorian Central Executive in protest against the acceptance of the plan—and the six South Australian delegates; among the latter were three of the Scullin Government, Yates, Makin and Kneebone. Another motion demanding the expulsion of all those who supported the plan in the future was defeated by 10 votes to 25. Two further attempts to institute penalties were also defeated, the first by 13 to 21 and the second by 14 to 21. Finally a lengthy motion sponsored by Forgan-Smith and Curtin was accepted by the Conference by 22 votes to 13. The motion read:

In view of the position created in the ranks of Labor by the adoption by the Federal Labor Party of that part of the Premiers' Plan to which the Labor Movement throughout Australia has declared its definite hostility, this Conference declares that the reduction of wages, pensions, and social services runs counter to Labor's platform, cannot be accepted as any part of Labor's policy, in that it:

(a) Seeks to pivot National and Industrial recovery on the balancing of Government budgets, whereas budgets can only be balanced by the restoration of employment to the workless and the stimulation of industry;
(b) Exposes the workers to further reductions in wages, and pensioners, etc., to further reductions in pensions.

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8 A.L.P.-Vic., Central Executive Minutes, 3 July 1931.
9 The five sections (a) to (e) may safely be attributed to Curtin.
(c) Evades the essential nature of the crisis, which is monetary in character, and can only be met by a policy of monetary and banking reform; (d) Emphasises the dominance of the financial control by compelling Governments to adapt political and economic policy to the decrees and desires of the banking and credit monopolisers; and, (e) Violates the substance of the ideals and principles for which the Labor Movement stands, and for the realisation of which it exists.

Conference therefore instructs the Federal and State Labor Parties that there shall be no further reductions in wages, and social services, and that any proposals in this respect must be resisted.

Conference reaffirms the policy agreed upon at the March Special Interstate Conference at Sydney, together with Labor's platform in general, as providing the only means whereby economic and social justice can be secured for the people of the Commonwealth, and the period of special crisis brought to a termination.

Conference recognizes that Labor's policy can only be given effect to by returning a majority of pledged Labor members to both Houses of the Commonwealth Parliament, as well as those of the States, and therefore emphasises the necessity of all Labor organisations working with a united front to secure such a majority and conference further instructs members of the A.L.P. to wholeheartedly concentrate on Labor's policy, with a view to securing the necessary mandate from the electors.

These decisions to be binding on all members of the Australian Labor Party.\(^10\)

The Conference decision made no mention of penalties: indeed, the decision was so vague and so loosely worded that it is difficult to see what might have constituted a breach of its proposals. The conciliatory tone of the decision suggests that

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the political wing of the Labor movement dominated the Conference. But it cannot be said that the decision represented a simple 'politicians' victory, for the twenty delegates who were also members of State parliaments (thirteen) and the Federal Parliament (seven) divided fairly evenly. It is significant, however, that of the twenty-two supporters of the final motion at least fourteen were staunch A.W.U. men. This influence was particularly strong in the Queensland, Western Australian and New South Wales delegations, while the only two Tasmanians to vote with the majority - J. McDonald and T. Judge - were also A.W.U. members. On the other hand, the opposition to the final motion contained no delegates with A.W.U. connections but several, such as Duggan of the A.C.T.U. and Cameron of the Melbourne Trades Hall,11 who had long been outspoken critics of the A.W.U. and the Scullin Government.

The moderate line adopted by the Conference majority was an attempt to eliminate disunity in the movement by, in effect, drawing a line after the Premiers' Plan and beginning again. At the Federal level this was successful, though it

11 Among others prominent in the Opposition were E.R. Dawes, M.H.A., an official of the Amalgamated Society of Engineers and, in 1930 and 1931, President of the Trades and Labor Council in S.A., and A.S. Drakeford, M.L.A. (Vic.), Federal President of the A.F.U.L.E.
was as much a peace from exhaustion as a result of appeals for unity. But as an attempt to avert or smooth over divisions in Victoria and South Australia the Conference was a failure, for the A.L.P. in both States refused to sheath the sword of retribution.

Before long the struggles in South Australia were again before the Federal A.L.P. authorities.

The Federal Executive met in Melbourne on 18, 19 and 20 November. The principal business was an appeal against expulsion brought by twenty-two Labor members of the S.A. Parliament and the S.A. Senators Daly and O'Halloran. The State Council of the A.L.P. in S.A. protested strongly against the appeals being heard, first because the members had been expelled for defying an instruction of the Council (on the Premiers' Plan) and, secondly, because they had not first appealed to the State Conference; the S.A. representatives on the Federal Executive (Yates, M.H.R. and E.R. Dawes, M.H.A.) were instructed to dispute the right of the Federal Executive to hear the appeals.12 The State members were instructed by the Federal Executive to appeal first to the State Executive and if

necessary - and it was certain that it would be - any further appeal would be heard by the next meeting of the Federal Executive, to be held in early 1932. (Only two members did appeal: their appeals were upheld by the Federal Executive, on 27 June 1932.) Daly and O'Halloran had already made unsuccessful appeals to the State Conference and, therefore, it was constitutionally in order for the Federal Executive to consider their case. The Executive annulled their expulsion, by 7 votes to 4.

As instructed by the August Special Federal Conference, the Federal Executive consulted with representatives of the Ministry (Scullin, Brennan, Green and Chifley) on 'matters connected with the policy of the party and the methods to be adopted in conducting the elections'. The elections were then expected to be in May 1932. Scullin was reported to have made an optimistic speech about the restoration of economic stability - which 'might be expected shortly' - and the party's election prospects. It was not reported whether the Executive or the

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14 Age, 20 November 1931.
15 Ibid.
16 Argus, 20 November 1931.
Ministers discussed the possible implications of the threatening attitude being adopted, in mid-November, by the Beasley group in their preparations for what was described as a 'sham fight' over a 'relatively venial offence'.

Like the Federal Conference and Federal Executive, the meetings of Caucus were quiet, concerned mainly with tidying-up and consolidation. Caucus in the last quarter of 1931 presented a vivid contrast with the vitality it had displayed just twelve months before, when caucus debates on Labor policy had been a centre of national interest. There was during this later period one faint echo of the great policy fights of 1930 - and this served only to further demonstrate the exhaustion and demoralization of the F.P.L.P.

The March 1931 Special Federal Conference had made the Fiduciary Notes measure a part of Labor policy. This had been reaffirmed by the August 1931 Special Federal Conference. It was a proposal which enjoyed widespread support throughout the Labor movement. On 23 September Holloway and Makin reintroduced the matter in Caucus, asking

17 *Advertiser*, 24 November 1931.
18 *Argus*, 23 November 1931.
19 See, for example; *Melbourne Trades Hall Council, Minutes*, 27 August, 5 November 1931; *Australian Worker*, 9 September, 7 October 1931.
for another Fiduciary Notes Issue Bill which, when rejected by the Senate, should be used as an issue on which to resign and go to the country, on the dual platform of banking reform and credit expansion. This proposal was rejected by Scullin - who had assured the Federal Executive in June that the Fiduciary scheme was still a part of Labor's policy - and by Theodore - the originator of the scheme - on the grounds that it would be unwise to make changes in financial policy while the position in Britain was uncertain, and because 'precipitate action ... might endanger the financial stability of the Commonwealth'. As Curtin had predicted in early August there was little likelihood of the Fiduciary scheme finding favour with Caucus, for the majority 'believed in waiting to see what would happen'. Theodore was reputed

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20 Caucus, Minutes, 23 September 1931.
21 The British Labour Government had been relegated to the Opposition benches at the end of August 1931, when the Prime Minister (Ramsay MacDonald) formed a National Government. Britain went off the Gold Standard on 21 September. The Labour Party suffered a heavy defeat at the General Election on 27 October 1931.
22 Australian Worker, 30 September 1931.
23 A.L.P.-W.A., State Executive Minutes, 3 August 1931.
24 A.L.P.-W.A., Metropolitan Executive Minutes, 29 September 1931.
to have urged Caucus on 23 September that the party policy be one of 'wait and see'. The Holloway-Makin proposal was debated again at the next Caucus meeting (24 September), when a motion to adjourn the debate for two weeks was carried by 21 votes to 10. When the matter was revived on 8 October Caucus decided to defer further consideration until some future time.

Although the Fiduciary Notes proposal was later to become one of the legends of the Labor movement, its feeble eclipse in late 1931 excited very little comment. The trade unions cared little, if at all, about the large policy issues of the Labor Government. There was, however, in late 1931 the beginnings of interest in fundamental principles, displayed through interest in articles, books, lectures and classes (and the establishment of small libraries) on the O.B.U., socialism, communism, monetary and fiscal theory and, especially, in the nostrum of Douglas Credit.

The Labor Party had very little to offer to those who sought to understand the turmoil of the previous two years.

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25 Age, 24 September 1931.
26 Caucus, Minutes, 24 September 1931.
27 Ibid., 8 October 1931.
The A.L.P. has probably never been so devoid of practical policies, so bankrupt in idealism or so lacking a sense of its own faith and cause as it was in the few months between the launching of the Premiers' Plan and the defeat of the Government on 25 November. Nevertheless, the Government was still of immediate use to sections of the industrial wing of the movement.

The A.C.T.U. continued to press the Government to establish a Royal Commission to investigate the methods of determining the basic wage. The unions hoped to use the evidence and Report of the investigation in their application for the restoration of the 10% basic wage cut of January 1931. At first the Government was not inclined to undertake such an enquiry, but it soon softened to the point where it was 'engaged on an enquiry on this subject'; however, the Government was defeated before the matter was decided.

29 Scullin in reply to a question from R.V. Keane, C.P.D., Vol.132, 1 October, pp.373-4.
30 Daly, in reply to a question from Kneebone, C.P.D., Vol.132 (28 October), p.1279.
Some unions continued their demand for further industrial legislation. Nothing more had been heard of the second Conciliation and Arbitration Bill of December 1930. In April 1931 the A.C.T.U. Arbitration Committee interviewed Brennan and

.... it was put very forcibly to him...that the Government should put a Bill forward that would have the backing of the industrial movement, even if it was known that the Senate would throw it out... the movement was expecting them to do something... unless the Government done something [sic] ... they could not expect the support of the industrial movement at an election.

After further discussion with the Ministry and Caucus and more conferences with the A.C.T.U. and the A.W.U., Brennan introduced the Government's third Conciliation and Arbitration Bill on 29 May 1931. After passing through the Representatives-where it passed the Second Reading by 31 votes to 17 - it was defeated in the Senate on 24 July. In August the

33 Amalgamated Clothing and Allied Trades Union, Federal Office, General Correspondence, Brennan to Carter (Fed.Sec. of the Union), 25 May 1931.
35 C.P.D., Vol.131, p.4175. Among those voting for the Bill were Fenton, Gabb and McGrath, while James, Lazzarini and Ward voted against it.
Ministry accepted A.C.T.U. proposals for a fourth Arbitration Bill. 37 Nothing more was heard of this; it was undoubtedly meant to be a measure based on the full A.C.T.U. proposals of February 1930 and intended for use during the lead up to the projected Federal Election in 1932.

The Government was successful in two matters affecting Commonwealth employees. First, it allowed the downward basic wage adjustment for the quarter July-September 1931 to be absorbed in the salary reduction of the Premiers' Plan; this, Chifley explained, was 'for certain reasons' a decision which would not be made public. 38 Secondly, the Government stipulated that all organisations submitting tenders for Government contracts must indicate whether they employed union labor; 39 this was of course a veiled attempt

36 Ibid., p.4404.
to encourage preference for unionists. Both matters - the quarterly adjustment and union preference - were not issues of national importance, but they were of significance to the unions concerned. Both were implemented quietly, even with a degree of secrecy, and it is safe to assume that these were not the only small matters in which the Government tried to assist the unions.

The Government continued to do battle with the Senate over regulations concerning licences for waterside workers. The W.W.F. followed the battle with close attention; it recognized the instability of the Government, the probability of a Federal Election before the end of 1931,\(^40\) and the likelihood of a Labor defeat and was therefore more than ever anxious to have the Transport Workers' Act repealed. The Government would not do this but instead continued issuing regulations, which the Senate disallowed as quickly as possible. The Senate disallowed on 12 November - and the Government regazetted on 14 November.\(^41\) On the day following the Government's defeat in the Representatives, the

\(^{40}\) W.W.F., Minutes of Half Yearly [Federal] Committee of Management, 5 November 1931; see also 10, 12 November 1931.

\(^{41}\) C.P.D., Vol. 132 (12 November), p.1607; Age, 15 November 1931.
Senate again disallowed. The Government had the last say when it again regazetted the regulations, thus ensuring protection for the W.W.F. for a further six weeks. One of the first actions of the Lyons Government in 1932 was to cancel the regulations.

There was very little trade union militancy in the latter part of 1931. The number of industrial disputes in 1931 and the number of working days lost were the lowest since 1913, when the statistics were first collected. There was one dispute, however, in which the Government became involved. In October, a shipping dispute began in Sydney and quickly spread to Melbourne, Adelaide and Fremantle. The conflict was settled within three weeks by a compulsory conference under the Conciliation and Arbitration Act. The Conference was held as a result of representations made by Scullin, who also approached the ship-owners with a request, to which they acceded, that volunteer labor not be employed

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43 Age, 28 November.
44 Labour Report, No.22, 1931, p.90.
until the conference had met. As in the coal lock-out of 1929-30 the Government dismissed any suggestions that it should use the Army in an industrial dispute, and Scullin said that he was thankful that the Constitution provided - in its 'greatest safeguard' - that the Commonwealth could only intervene at the request of and in co-operation with the States; he held that 'Constitutional methods are the only sound and effective means of dealing with industrial questions'. Another indication of Scullin's attitude to industrial disputes was given in the House of Representatives when he attacked the unions involved in the dispute, labelling their grievances as trivial and their actions as irresponsible - while at the same time admitting that his only sources of information on the matter were reports in the daily newspapers, a source of information which he had many times previously dismissed as biased and unreliable. On this occasion his willingness to chastise the unions on such doubtful evidence was no doubt conditioned by allegations

46 World, 4 November 1931.
48 World, 4 November 1931.
that the dispute was communist inspired and directed, and the Labor Party was, as it had been in the past and was to remain in the future, anxious to dissociate itself from any cause supported by the Communists. This was particularly so in late 1931, when the Opposition in Parliament was making much of the threat of Communism.  

Parliament resumed on 16 September, after an adjournment of six weeks. It continued to sit until 24 October, when the House of Representatives (but not the Senate) adjourned until 25 November. There was little to arouse interest in the dozen or so Bills introduced by the Government, most of which were of a minor nature. The three measures brought in to amend the Premiers' Plan legislation - principally to force conversion on the 3% of bondholders who had refused to convert voluntarily - failed to rekindle the interest which had attended the original legislation. There

50 See, for example, the debate on the Opposition's formal adjournment motion in the Senate on the question of 'The activities of the Communist Party in Australia', (C.P.D., Vol.132, 19 November 1931, pp.1756-1789). Davidson provides the following figures for Communist Party membership in this period: December 1928 - 249; April 1931 - 1,116; December 1934 - 2,824, (Alastair Davidson, The Communist Party of Australia: A Short History, California, 1969, p.81, p.61.)
was some spirit in the debates on the tariff, though not
in the Representatives where the Opposition refused to
debate the items, after announcing that it would rely on
its strength in the Senate to check the Government's tariff
excesses. There was little heat or interest in the
proceedings of Parliament; the Government had exhausted its
own policy initiatives; it spoke of its intention of
establishing a national broadcasting commission, and
frequent mention was made of the coming re-introduction of the
three Constitutional Bills of 1930. But both were projects
for 1932 and a part of the Government's election strategy,
for although Scullin made it quite clear that the Government
would resign if it were defeated in the House, it was plain
that the Government expected to retain office until May 1932.
This, however, depended on the attitude of the Beasley group.

While Parliament was in session the Beasley group
made occasional threatening noises: Beasley, for example, on
21 October, replied to an interjector who asked why the
group did not eject the Scullin government with the retort

52 C.P.D., Vol.132, pp.371, 639, 1402, 1652; Australian
Worker, 16 September, 28 October 1931.
that members would need all their courage 'before many months had passed'. Yet many months had passed since March, when the group had adopted its balance of power position, and the group had only once voted solidly against the Government, but then, on the Premiers' Plan, the legislation had been supported by the Opposition, thus nullifying the group's power. Since then there had been no issue which was of sufficient importance to justify the group voting the Government out, given that the group wished to maximise its own advantage for the subsequent election. Ideally, the group required not a routine piece of legislation, but an issue of its own devising, preferably concentrated in N.S.W., where it had its greatest support, at a time when its own fortunes were, if not in the ascendent, at least not at a disadvantage vis-a-vis the fortunes of the Scullin Government. On these criteria the last quarter of 1931 appeared to show two trends which the Beasley group had to look at when considering its future. One was the economic situation, which in September-October 1931 began to improve slightly. This proved to be a false dawn,

54 Ibid. (21 October), p.999.
but it was sufficient at the time to encourage the Government to hope that the long-awaited up-turn had begun.\textsuperscript{56} Although the Labor party's election prospects were dismal, an economic revival which had been underway for six months must have enhanced its chances at an election held in May 1932, while possibly decreasing those of the Beasley group. A second consideration was the future of 'Langism' over the same six month period. Any economic revival would erode support for 'Langism', which depended in part on its resistance to and denunciation of the economic collapse and the agents of capital and compromise. Should the depression start to lift Lang's appeal would diminish correspondingly. Moreover, in N.S.W. the Lang Government was itself exhausting its options: the Lang plan was dead, and the Lang administration was rapidly approaching the day of reckoning when it would have to acknowledge that it was bankrupt financially; as bankrupt as it was of ideas to combat a phenomenon which was not exclusive to N.S.W. or Australia but international. By October-November 1931 it was doubtful whether the N.S.W. Government could sustain for another six months the notion of Lang as the great champion of the people. In these circumstances a bid for increased influence

\textsuperscript{56} For an extremely optimistic speech by Scullin see, \textit{S.M.H.}, 9 November 1931.
at the Federal level in late 1931 was opportune. There were many reports that Lang himself intended to contest the Federal seat of Reid at the next election or, failing that, that the selected Lang candidate - Gander, would resign in favour of Lang within four months.\footnote{Advertiser, 24 July 1931; Argus, 18 November 1931; S.M.H., 26 November, 14, 19 December 1931. In The Turbulent Years (Sydney, 1970, p.143), Lang says that despite Gander's protests that he was only a 'seat warmer' for Lang, he (Lang) 'had no intention of entering Federal politics at that time. Lang later served one term as member for Reid, 1946-1949.}

In retrospect the chances of the Beasley group making significant gains in a Federal Election in late 1931 seem remote - though it must be remembered that at the Federal Elections of September 1934 the group increased its strength in the House of Representatives to nine.\footnote{C.A. Hughes and B.D.Graham, A Handbook of Australian Government and Politics 1890-1964, Canberra, 1968, p.352.} There was also in 1931 the possibility that if the A.L.P. lost seats, as seemed certain, a rump Federal Labor Party might split again and such members for industrial seats, opponents of the Premiers' Plan and known Lang sympathisers as Holloway, Yates and Makin be induced to support an augmented Beasley group. That such a
possibility was considered by the Beasley group was indicated by the attempts of Garden and others to dissuade the Lang party in S.A. from nominating candidates for the seats held by Makin and Yates. At the back of such planning was the extensive campaign conducted in N.S.W., Qld., Vic. and S.A. by members of the Beasley group and the Lang government, a campaign encouraged by the success of a Lang candidate in a State by-election in S'A. in July, and the result of another S.A. by-election in October when the Lang candidate secured more votes than the A.L.P. candidate. Thus in October-November 1931 there were many possible reasons why the Beasley group should consider ousting the Scullin Government. And threaded through such reasons was the faction struggle in N.S.W. between the rival Labor parties. Despite the establishment of the World newspaper on 26 October - a journal in the control of the A.W.U. and therefore a supporter of the Federally loyal N.S.W. branch - the 'official' A.L.P. in N.S.W. was very weak.

59 Advertiser, 30 November, 1 December 1931.
60 Don Hopgood, 'Lang Labor in South Australia', Labour History (no.17), pp.165-6.
61 Peter Cook, 'The End of the World', Labour History (No.16), pp.55-6.
A chance to deliver the coup de grace would appeal to the Lang organisation, as would the opportunity to crush Theodore: indeed, some saw events solely in this light; at an important union conference on 26 November - the day after the Government's defeat - 'the general view was ... that it was due to no higher motive than the desire to further certain factional interests in the political Labor movement', or, as it was put elsewhere, it was just 'a question of rival aspirants for power and influence'.

The Beasley group needed a suitable pretext on which it could with a show of justice join the Opposition and bring the Government down. At the end of October a suitable issue was discovered.

At the end of 1929 and 1930 the Government provided money for Christmas relief work for the unemployed. On 23 October 1931 Scullin announced that £250,000 would be allocated for such relief. On 29 and 30 October a Bill

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64 Printer, 29 January 1932, p.17.
to appropriate the money passed through both Houses.
The money was to be allocated between the States on a population basis, with N.S.W. having the largest share at £88,000, the money to be spent on renovation and maintenance of Commonwealth property. It was estimated that work would be provided for between 12,000 and 14,000 men, at award rates, for not more than four or less than two weeks. With over 300,000 men unemployed these jobs were bound to provoke a scramble for selection, and there was some discussion in debate on eligibility and methods of engagement. In reply to a question from Ward, Theodore stated that evidence of unemployment would be the only qualification necessary. Both Ward and Dunn pressed for the jobs to be allocated through the State Labor Exchanges, no doubt with an eye to the exercise of patronage. The Government decided to leave the distribution of the work in the hands of the relevant Commonwealth Departments.

On 11 November the Sydney Morning Herald reported that Rowe, M.H.R. for the N.S.W. electorate of Parramatta - in an address to a meeting of unemployed in his electorate - had collected a list of names of those seeking work, and promised that they would get preference when the jobs created

66 Ibid., p.1365.
by the relief grant were being allocated. Little more was heard of this allegation. On the following day in the Senate however, Dunn asked 'as a matter of extreme urgency' a series of questions: was it true that £5,000 of relief money was to be spent at the Cockatoo Island Dockyard and that 'paid political organisers' of the Federal A.L.P. were collecting lists of names of those seeking employment at the dockyard?  

Further questions implied very strongly that the canvassing was being done on Theodore's behalf. In the Adjournment Motion on the same day (12 November) Dunn returned to the attack, now explicitly accusing Theodore of using his influence to have the £ 5,000 spread among his own supporters, in what Dunn described as 'one of the greatest political scandals in the history of Federation'. 68 Senator Rae spoke of the need to hold an enquiry into the allegations, 69 and on returning to the matter next day (13 November) Dunn four times challenged the Government to appoint either a Parliamentary Committee of Enquiry or a Royal Commission. 70

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67 Ibid., p.1605.
68 Ibid., p.1647.
69 Ibid., p.1649.
70 Ibid., pp.1669-70.
attack and the challenge were renewed again in the Senate on 17 and 19 November but by the 19 November Beasley had sent written notice to the Speaker of his intention to raise the issue when the House of Representatives reconvened on 25 November, and the Senate critics held back on detailed accusations; but they promised the people of Australia that something would be done, that the Government would be challenged to a showdown, and that Mr. Theodore would be forced to face the music.  

Cockatoo Island Dockyard drew most of its employees from the electorates of Martin, Dalley, West Sydney, East Sydney, North Sydney and Parkes. Throughout the Government's term of office the dockyard was a subject of debate and questions: within a few days of the meeting of Parliament in November 1929 the first of these questions revealed that William Mahoney, the ex-M.H.R. for Dalley, had been given casual employment in the dockyard. In 1931 members of the

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71 Ibid., pp.1808-9.  
72 Ibid., p.1605.  
73 According to the 1928 Royal Commission, Mahoney had received £5,000 'in consideration of resigning his seat in Parliament in the interests of Mr. Theodore'.  
Beasley group continued to display a special interest in the dockyard's affairs, and its members were annoyed that the Government took exclusive credit for the activity at the yard. Senator Dunn, an ex-employee of the dockyard, was a particularly persistent questioner. According to one source it was Dunn who informed the Opposition, about a week before 25 November, that the group intended to vote against the Government, which would therefore be defeated if the Opposition mustered its full strength on 25 November.

The Opposition, according to Lyons, was doubtful that the Beasley group would press the matter to a division, but it nevertheless summoned all its members to Canberra. Lyons sent telegrams to all U.A.P. members; after receiving the message that 'it was imperative for him to attend', Fenton commented on 21 November that 'he was rushing back to Canberra in the hope that he would be able to cast a vote that would bring about the defeat of the Scullin Ministry'.

75 Labor Daily, 29 June 1931.
77 Argus, 24 November 1931.
78 Ibid.
79 Argus, 23 November 1931.
The Beasley group decided on Wednesday 18 November to move their adjournment motion. Beasley departed from the usual practice by sending the notice of motion to the Speaker (Makin) by registered post. He later enquired of the Assistant Clerk of the House whether the notice had been received, and later again sought further assurances by telephone from Makin. On 23 November the Beasley group Caucus met in Sydney, and that evening Beasley attended a meeting of Lang's Inner Group. Lang tells the following story of the meeting:

When the Inner Group met on Monday, Beasley made no mention of his adjournment motion, or the possibility that Lyons and the Opposition might decide to support him, thereby creating a crisis and the defeat of the Government. As Beasley was leaving ..., Harold McCauley called him back and said: 'Jack, do you know what you intend doing with that motion? Have you considered the fact that Scullin and Theodore are in serious financial trouble and may be looking for a way out and you may be faced with an election?'

Beasley laughed and replied: 'Don't worry; they wouldn't be game to take such a risk'. So Beasley returned to Canberra still not realising that the gun he was carrying was loaded with live ammunition.

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80 S.M.H., 24 November 1931.
81 Age, 5 December 1931.
82 S.M.H., 24 November 1931.
83 J.T. Lang, The Turbulent Years, Sydney, 1970, p.141. Whatever else may be said of this account - and in all important respects
Lang denies that, at this or any other time, he attempted to give the Beasley group 'any instructions about the policy they should pursue in relation to the Scullin Government'. It is likely that at least on this matter, which might involve the fate of the Government, Lang and the Inner Group made their wishes known, as they had before in a similar situation: Ward's biographer records that on an Opposition no-confidence motion in March 1931 the Beasley group supported the Government after 'receiving instructions from A.L.P. headquarters [the Inner Group?] to vote with the Scullin Government and save it from defeat'.

The matter had first been raised in the Senate on 12 November. Subsequent discussion in the Senate had made it clear that the Beasley group intended to press the issue and challenge the Government. It must be emphasised that this attack was in its persistence, intensity and promised threat it seems most suspect — it is certainly incorrect that Scullin was, or 'may' have been, 'looking for a way out'; the evidence is incontrovertible that the Government had definitely decided for an election in May 1932.

Perhaps, of course, Lang may be making a technical distinction between himself and the Inner Group.

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84 Ibid., p.140.
85 Perhaps, of course, Lang may be making a technical distinction between himself and the Inner Group.
86 Elwyn Spratt, Eddie Ward, Adelaide, 1965, p.44.
quite unlike any posture previously adopted by the Beasley
group in 1931. Yet Ministers were reported to be unconcerned
and Scullin and Theodore told Caucus on 25 November - the first
Caucus meeting for over a month - that there was nothing to
worry about;\textsuperscript{87} consequently Caucus decided to leave the
handling of Beasley's motion in Scullin's hands. Scullin,
however, had told reporters when leaving Melbourne on 24
November that he thought that the Beasley group was serious in
its challenge and would, if it received Opposition support,
press the issue to the full.\textsuperscript{88} And if he read the newspapers
Scullin knew that the Opposition intended to support Beasley.
Thus there is a contradiction between Scullin's assessment
of the Beasley challenge outside Caucus on the 24 November
and inside Caucus on 25 November. One possible explanation lies
in Theodore's standing in Caucus. This is best seen by considering
what might have happened if Scullin had placed the matter before
Caucus for decision on 25 November in this form: given that it
is most likely that the Beasley group will have Opposition
support and that there is a strong possibility that the group
will insist on an enquiry into Theodore's activities, should

\textsuperscript{87} Argus, 26 November 1931.
\textsuperscript{88} Argus, 25 November 1931.
the Government accede to this request, or should it allow itself to be defeated and thereby forced from office? There were thirty-six M.H.R.s and six Senators in the F.P.L.P. Two M.H.R.'s (McNeill and Mathews) were absent leaving a Caucus of forty members. It is likely that had a vote been taken on what was virtually a question of Theodore or resignation there would have been a majority for allowing the enquiry to be held. There was a considerable body of opposition to Theodore in Caucus, which had grown since January 1931 when he had been reinstated as Treasurer by 24 votes to 19. Opposition to refusing the enquiry could be expected from the group of ten to fifteen economic radicals, most of whom had supported Theodore but now labelled him an opportunist. These opponents were mostly members for urban seats. Had they been joined by ten or twelve members for rural seats, Caucus would have decided for the enquiry. And such support was likely from men who held rural seats, which Labor had been lucky to win in 1929, was most unlikely to win in 1931 but which might, given the 'economic upturn' and the accompanying rise in wheat and wool prices, be held for Labor in May 1932. This is speculation, for Caucus on 25 November accepted the Ministry's assurances and Labor members left the Caucus room and entered the House in a mood described
as 'almost lighthearted'.

Debate on Beasley's motion lasted less than two hours. Eleven members spoke: three members of the Beasley group (Beasley, Ward and James), four Government members (Theodore, Gibbons, Scullin and Chifley) and four members of the Opposition (Thompson, Lyons, Page and Latham). The Beasley group elaborated the charges made previously in the Senate, supporting them with Statutory Declarations from men who had been approached by Theodore's supporters in Dalley and East Sydney, and, in the words of one such declaration, 'promised on his account relief work at Cockatoo in lieu of my support at the forthcoming elections'. It was not said that Theodore personally had been involved in such canvassing, neither was it said that officers in the Commonwealth Public Service had actually given preference in employment to 'Theodore's men': although it was implied that this had only been prevented by Senator Dunn's revelations earlier in the month; and it was stated, by Beasley, that Theodore had instructed the manager of the dockyard to reserve employment for over one hundred men on a list which Theodore had given him. In reply Theodore

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89 Ibid.
91 Ibid., p.1890.
denied everything, giving particular stress to his statement that if anybody had been compiling lists in his name they had done so without his authority. He admitted that he had personally received two or three hundred applications for relief work, some of them in lists, but said that he had sent the names to the appropriate authorities just as other members had done - including Beasley, Ward and Lazzarini.

This opened a related issue, for the Beasley group and members of the Opposition claimed that Government members had been given early notice of the size, distribution and methods of allocation of the relief work grant which had enabled them to compile lists of applicants before non-Government members: Ward said 'It is perfectly true..... that we [the Beasley group] supplied lists of men; but what we complain of is that the supporters of the Government had previous knowledge, and were able to supply their lists a week before we did', ⁹² while Eldridge, in an interjection, cried that 'our chief complaint is that it is very unfair that supporters of the Government should have been able to furnish advance lists secretly'. ⁹³

Thus there were three charges made by the Beasley group:

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⁹² Ibid., p.1895
⁹³ Ibid., p.1902.
first, the Government had favoured its own members; second, that at least one member of the Government (Theodore), and possibly another (Rowe), had used this prior notice to advance themselves politically in their electorates; third, that Theodore had improperly instructed a public servant to give preference to certain men. The charges were denied by the four Government spokesmen, though their denials were no more than bald assertions, for they produced little evidence. Scullin read the letter which had conveyed the Government's instructions to the dockyard management. Then the following exchange took place:

Mr. Scullin. ...I will not agree to the setting up of any royal commission or special committee of enquiry.

Mr. James. - Then we will have an election.

Mr. Scullin. - Let us have it, if honourable members want to go on with the motion -

94 Of this the President of the Printing Industry Employees' Union of Australia said, '... we do not think there was anything unusual in the procedure, as we believe this has been to a greater or lesser extent the practice of every Government in the history of Australian politics.' (Printer, 29 January 1932, p.17).
Mr. James. - We are going on with it.

Mr. Scullin. If honourable members wish to take the business of the House out of the hands of the Government, they can have an election. But I suggest that they have chosen a poor issue .......

From that point onward it was apparent that the Government was doomed. Scullin went on to deny the allegations.

He concluded, 'I am not prepared to allow the Government to be subjected to this humiliation that would be associated with the appointment of a royal commission or a special commission to inquire into any unsubstantiated accusation made against a Minister'.

A few minutes before the debate was to end Eldridge moved that the question be put. That being decided

95 C.P.D., Vol.132, p.1899. The Age (26 November 1931) provides a slightly different report of the exchange:

James: Then we will have an election.

Scullin: If the Opposition wants to go on and take control out of the Government it can do so, but the present will be an empty issue.

White: You are sorry you said that.

Scullin: I am repeating what I have already said that when we lose control of this Parliament we will not attempt to carry on.

White: We will keep you up to that.

96 C.P.D., p.1900.
in the affirmative, the House divided on Beasley's motion. The Scullin Government was defeated in both divisions by 37 votes to 32. 97

Eleven of the Labor members of October 1929 voted to bring down the Government of which they had so recently been members. Their action, however, had been predictable. What was less immediately understandable was Scullin's decision - and it appears that it was his alone - to refuse a committee of enquiry. It is unlikely that Scullin believed that a vote would be resolved in favour of the Government, either through a loss of nerve on the part of the Beasley group or by a split vote in the Opposition. And Scullin's comment about the possible 'humiliation' of the Government reads strangely when the record of the Government over the previous twenty-five months is considered. It is possible that the charges against Theodore were true, but it is unlikely that Scullin believed this, or that even if...

97 C.P.D., p.1906. Two Labor members (McNeill was in W.A., and Mathews was away ill) were paired; Nelson (N.T.) and Makin (Speaker) had no vote on this matter.
believing them to be true he refused an enquiry because of Theodore's possible guilt. A more reasonable explanation is that Scullin believed the charges to be baseless but took them as indicative of a change of attitude by the Beasley group - that the group intended to depose the Government, if not on this then on some other issue: the group had been 'independent' for more than eight months, but this was its first initiative against the Government.

The Federal Election was set for 19 December, leaving only three weeks for the election campaign; but what was lost in time was made up in intensity. The nine defectors from Labor's ranks felt the terrible venom reserved by the Labor movement for 'turncoats', 'twisters', 'hirelings', 'deserters' and 'rats'. Lyons, in particular, was vilified. In N.S.W. Theodore enjoyed the special - and virulent - attentions of Lang and his men. The campaign was in fact distinguished more for rowdiness and slanging matches

98 As Sawer notes, 'this was insufficient time for members of State Parliaments - especially some dangerous potential Lang Labor candidates - to resign from those parliaments and nominate for the federal election'. (G. Sawer, Australian Federal Politics and Law 1929-1949, Melbourne, 1963, p.39.)
than for statement, development and defence of policy.  

Lyons' appeals may be summed up as follows: reject the Labor gang of irresponsibles ('Scullin at the tiller, Theodore at the till'), return to the tried and trusted ('Tune in with Britain'), then look to restored prosperity and security under a stable Government which would restore the methods of 'good national housekeeping' and 'sound finance'. Much of the Opposition's time was spent in vehement denunciation of the record of the Scullin Government. Labor devoted less time to its opponents, and concentrated instead on the need for financial reform, the strictures of the depression and the obstruction of the Senate; there was a distinctively defensive — at times even apologetic — note in much of Labor's campaign. Scullin made much of the Government's tariff policy; there was a need for banking reform, changes in Arbitration legislation and alterations to the Constitution; the country had been saved because the national welfare had been put before political interest. 

99 For a brief account of the election campaign and results see the Round Table, No.86 (March 1932), pp.407-420. 
100 S.M.H., 2 December 1931.
Judging from the extent of newspaper advertising, Labor had difficulty in raising campaign finance: in 1929 Labor advertising had been on a lavish scale; in 1931 it was small in size and infrequent of appearance. Doubtless some manufacturers and the like who wished to continue the protection they enjoyed under the Scullin tariff contributed to A.L.P. funds. Unions contributed little: for example, the Boot Trades Union in Victoria, which in 1929 gave the substantial sum of £450, decided not to contribute at all in 1931; and the Queensland Branch of the A.W.U., which had given £2,415 in 1929 reduced its contribution to £355 in 1931. Assistance from trade union offices - organising, canvassing and clerical work - which had been so plentiful, and volunteered so readily, in 1929, was on a greatly reduced scale in 1931. Yet this coldness on the part of the A.L.P.'s traditional supporters - arising mostly from necessity, but also partly from disenchantment - probably did not matter much, if at all, to the fortunes of the Labor Government in December 1931.

101 Australian Boot Trade Employees' Federation, Victorian Branch, Minutes of General Meetings, 7 October 1929; 14 December 1931.

The election was a disaster for Labor. Only fourteen of the sixty-one Labor candidates for the House of Representatives were elected; where it had secured 48.84% of the valid vote in 1929, it now won only 27.09%. Six of the thirteen members of the Ministry were defeated (Theodore, Brennan, Moloney, Chifley, McNeill and Cunningham). Two future Labor Prime Ministers - Curtin and Chifley - lost their seats. Theodore suffered what he acknowledged as an 'overwhelming' defeat in Dalley and was replaced by a Lang candidate.

The debacle was at its greatest in N.S.W. The A.L.P. won just three of the twenty-three seats it contested (gaining 16.37% of the vote), while Lang Labor took four seats of the twenty-three it contested (with 24.87% of the vote). Neither of the Labor parties in N.S.W. won a Senate seat; voting for the Senate in N.S.W. however, provides a stark indication of the depth of the Labor schism in N.S.W. - and the prospects for unity in the near future; of a valid vote of 1,233,897, Lang Labor won 379,870 (30.79%) and the A.L.P. only 186,674 (15.13%).

The following figures for the election are drawn from Hughes and Graham, Op. cit., pp.345-351.

103 Argus, 21 December 1931.
104 Increased to five on 6 February 1932, when Ward regained East Sydney.
The result was almost uniformly grim for the A.L.P. The only exception was Queensland, where Labor won five of the six House of Representatives seats it contested and made a clean sweep of the three Senate positions. 1931 was nevertheless the greatest defeat Labor had ever experienced: Labor representation in the House of Representatives was now the same as it had been in the first Commonwealth Parliament. And the New Year opened on a party at the lowest ebb in its history.

In October 1929 Scullin left for Canberra amid scenes of wild enthusiasm. More than five thousand supporters gathered at the Melbourne Railway Station and heard Scullin speak of the hard struggles ahead; he asked that 'before you judge us you will have a little patience...[for] we have been left a task that no other Ministry has faced in the

106 The Qld. result must be the subject of a separate study. The following suggestions may be relevant: the non-Labor Government in Qld. - in office since May 1929 - had been particularly enthusiastic in pursuing orthodox policies of economy, etc; the A.L.P. in Qld. was stronger, better organised and more pliable than elsewhere; the election of December 1931 was the first opportunity offered Qld. voters to vote 'again a Government' since 1929 (the State Government was non-Labor; seven of Qld.'s H.of R. members, 1929-1931 and all the Qld. Senators were non-Labor).
history of Australia'. As his train pulled into the platform in Canberra a band struck up 'See the Conquering Hero Comes'. In November and December 1931 there was no enthusiasm, and the only music was a desultory chorus of 'Solidarity Forever' from a dispirited Caucus. Looking back on his experience as Prime Minister Scullin, on the eve of the Government's resignation, said:

I cannot say that it was a happy two years... but it was intensely interesting, and there was always present the feeling that one was rendering some public service to the nation during its most difficult times. Had it been the will of the people I would have been glad to carry on.

Asked for a message for the party faithful, Scullin responded: 'Be of good cheer. The Party will come again'.

107 Argus, 21 October 1929.
108 Argus, 22 October 1929.
109 Age, 26 November 1931.
110 Age, 6 January 1932.
Conclusion

Any conclusions drawn from this study have certain limitations. The most obvious and important come from the circumstances of the time: it is difficult - if indeed it is possible - to separate those things in the record of the Government which were the result of the oppressions and restrictions of the depression from those in which it had a much greater degree of freedom of action. It follows that we must be cautious of applying conclusions reached in studying the Scullin Government to Federal Labor governments in general, or of implying that what was true of the Labor movement in our period is also true for other, less troubled times.

Another reservation stems from the scope of the enquiry and the source material used. In effect, this study has been confined to the period October 1929 - December 1931. It seems likely that it would have benefitted from concentrated examination of Federal and State Labor politics from, say, 1927 and after 1931 to, say, 1936. And even for 1929-1931, a thoroughly researched understanding of the politics of the State Labor
Governments in New South Wales, Victoria and South Australia would probably have added another and enlightening dimension to this study. Finally, like other work on the Australian Labor movement, this study perhaps suffers from the paucity of private records, in the form of letters, diaries and memoirs (and the consequent dearth of reputable biographies), available to the researcher. It is little consolation that the scarcity of such material is itself an indication of one aspect of the nature of the Australian Labor movement. Inevitably this thesis has lost the richness and vitality which such material can impart: it is not possible to say whether the lack of such material has also distorted the argument which has been presented.

This study has been concerned primarily with three things: the Federal Parliamentary Party - the Leader, Ministry and Caucus - the Federal extra-parliamentary organisations - Federal Conference and Executive - and the trade unions. However, before drawing some conclusions about these organisations and the relations between them, we shall first examine briefly certain other related matters.

In general, the Federal Government was strikingly isolated and insulated from the State Branches. New South Wales is the obvious and important exception. Elsewhere, the Branches were in
the main content to let the Scullin Government go ahead without serious interference. Whether in Government or Opposition, Labor in the States at most times had its attention fixed hard on State matters. And where attempts were made to filter demands through to the Federal Party it was most often the case that the demands were economic and State orientated; the State Branches wanted an unemployment insurance scheme, or Federal funds for public works.

New South Wales was a special case. It was special in so far as the friction between the Federal Party and the N.S.W. Branch erupted and produced a split between the two. The tensions, however, were latent in the organisation of the Australian Labor Party; and were to some small degree evident in each State Branch during our period. It is suggested that they produced the split in N.S.W. for two reasons; first, because there was a longer history of discord between the Federal Party and the N.S.W. Branch: this had its origins in the economic, social and population distinctiveness of New South Wales and the consequent implications for representation in the Federal Caucus. Possibly, also, it was rooted in the Party's origins - in the fact that N.S.W. was the birthplace of the Labor Party and that the N.S.W. 'Branch' preceded the Federal Labor Party by several years; the Federal Executive, for example, was established in 1915 and was therefore some twenty odd years junior to the N.S.W.
Branch. Thus the Federal Party could be pictured as an upstart late-comer. In addition, the F.P.L.P. seemed isolated in remote Canberra, where it was out of contact with the ordinary Party member and less subject to the effective scrutiny, advice and discipline of the extra-parliamentary organisations of the Party.

However, such factors do not provide a sufficient explanation for the break-away of the N.S.W. Branch in 1931. To them must be added the elements of personal rivalry, conflicting ambitions and faction intrigues. It has not been within the scope of this enquiry to unravel the complicated power structure of the N.S.W. Branch in the late 1920s and early 1930s. But it is clear that Lang and the Lang machine used and deliberately accentuated, for personal ends, the underlying sentiment for State autonomy in N.S.W.

It is tempting to conclude that Lyons and those who crossed the floor with him simply should not have been in the Labor Party in the first place. But this is much too easy an explanation (if indeed it is an explanation). Like the split in N.S.W., personal characteristics, ambitions and disappointments, beliefs and sensitivities - even the ability to be 'tough' and withstand stress - must be accounted important; we shall perhaps, for example, never understand the importance of the relationship between Lyons and his wife in Lyons' decision to leave the
A.L.P. Yet Lyons and his fellow defectors point to a characteristic of the Labor Party which is a product of the society from which its Federal Members were drawn; the Party had to appeal to as many sections as possible in States which themselves were diverse geographically, economically and socially: thus, Lyons might be regarded as a 'good Labor man' in Tasmania and Eldridge or Lazzarini his opposite numbers in N.S.W.; but when together in Federal Caucus it was inevitable that the association should prove to be an uncomfortable one. This point must not be over-stressed. In normal times it might have made only for animosity; in the crisis circumstances of 1929-32 it could not but seriously accentuate discord.

Scullin has generally been judged a rather timid, weak and ineffective Labor leader. Probably Cabinet records, which were unavailable while this thesis was being prepared, may help us get a clearer picture: undoubtedly a proper assessment cannot begin until J.R. Robertson has completed his biography of Scullin. Tentatively, however, three things may be concluded from the present examination. First, it may be suggested that Scullin's ill-health has been regarded much too seriously; so far as it was important its significance must be confined to approximately December 1929 to August 1930; and apparently it was only in January and August 1930 that Scullin was seriously handicapped by his physical weakness. In passing, it may be noted that Scullin's physical stature and appearance appear to have had an unconscious
influence on the assessment made by many later commentators and historians (and it seems, again, that much of this can be traced to the critical comments made by Denning in his book, Caucus Crisis). Secondly, much of the adverse comment on Scullin is made without sufficient regard to the circumstances of 1929-1932. Those doyens of Labor leaders Curtin and Chifley were spared the unprecedented, crushing and apparently insoluble problems of the economic depression: it is reasonable to speculate that neither Curtin or Chifley, nor any other member of the F.P.L.P. at the time, would have performed significantly better than Scullin as Labor Leader or Prime Minister. Thirdly, we have seen that Scullin made mistakes, such as the recommendation to reappoint Sir Robert Gibson (and the way in which the reappointment was secured) and, equally seriously, his determination to absent himself for several months to attend the 1930 Imperial Conference. Yet it is clear that while he was in Australia - and also, remarkably, sometimes while he was away - Scullin usually dominated his Ministry and exerted a commanding influence in Caucus. It is necessary to emphasise that Scullin was Leader of the Australian Labor Party; therefore, more so than in other Australian political parties, Scullin was only the first among equals.
Except for the 'Caucus rebellion' in late 1930, Scullin and the Ministry exercised control over Caucus in all significant matters. With a Caucus numbering more than fifty members, this was a considerable achievement. Yet the size of Caucus was a limit on its effectiveness, vis-a-vis Scullin and the Ministry. And Caucus solidarity was weakened by the infrequency of its meetings - by comparison with the Ministry - for it was sometimes in recess for stretches of several months and frequently for several weeks, during which time a majority of its members often had little or no contact with each other. Then, too, the Ministry had an advantage additional to those rooted in group solidarity and heightened responsibility: a great many of the matters presented to Caucus were technical in character and most often drafted and prepared, presumably, by technical and expert staff in the various Commonwealth Departments. Even those in Caucus with a special interest in banking and finance were liable to be deterred by the complexities of, for instance, the Commonwealth Bank bills or the Fiduciary Notes Issues Bill. Criticism in Caucus based on 'first principles' was therefore likely to seem dogmatic, carping, impractical or, against a defender like Theodore, ignorant. And it is plain that most of the Caucus were sufficiently ignorant of applied and theoretical economics to allow themselves to be guided by the responsible, informed and well-briefed members of
the Ministry. This was not the case with industrial matters. In this field a group in Caucus did exercise some influence on the Government's actions. Even so, they shared their influence with organisations in the Labor movement outside the parliamentary sphere.

One of the most important functions of Caucus was the election of the Ministry and other parliamentary and Party officials. Although it may seem paradoxical in light of its record of turmoil and defection, Caucus election was undoubtedly a factor making for some stability in the Government: although by no means making a majority, there were a significant number of Caucus members who were sufficiently ambitious for a position to dampen a little the criticism of Scullin and the Ministry.

Given that any Prime Minister, Labor or non-Labor, must observe the need to compromise and balance when constructing a Ministry, we may conclude that Scullin fared reasonably well with the Ministry elected for him by Caucus in 1929 and that its composition became even more agreeable to him with the changes of 1931.

The Federal Conference met three times in 1930-1931. The remarkable thing about the conferences is their almost complete irrelevance to the 'external' history of the Scullin Government.
That of May 1930 performed three main functions: it laid down Party policy on constitutional reform, industrial law and unemployment policy. The last was ignored by the Government, which considered the Conference proposal impractical; the first was irrelevant as the Government had announced a few days earlier that constitutional reform was to be postponed until some indefinite future time; and reform of industrial law had already been dealt with by the A.W.U. and the A.C.T.U. in conferences with the Ministers and the Caucus Industrial Committee. In the same way, the Conference of March 1931 'established' a financial policy which in fact the Government was already defending in the House of Representatives. The Conference of August 1931 - to deal with the Premiers' Plan - provides some indications of why the Federal conferences were apparently so irrelevant. It met many weeks after the event. Its small number of delegates, the high proportion of politicians among them and the large number with close associations with the A.W.U. present a strong contrast with the Annual and Special conferences in 1930 and 1931 of, for example, the Victorian Branch.

The Federal Executive met six times in 1930 and 1931. Unfortunately, the minutes of the meetings have not yet been located (if indeed they were kept). But the lack of such evidence
is not important. Other records, with newspaper reports, provide accounts which are sufficiently revealing and instructive. Its membership during 1930-31 changed but the twelve members of the Executive were mostly party stalwarts; their decisions effectively made the Executive a buffer between the Scullin Government and those who were critical or were concerned to extract promises from it (let alone those who wished to force the Government to take action against its own assessment and intentions). A majority of the Executive was always made up of Labor members of Parliament and A.W.U. officials. And like the Federal Conference, the Executive met at infrequent and irregular intervals; as the records show (in the to-and-fro of telegrams) Executive meetings took some time to organise. The result was that it often happened that the Executive, sympathetic or not, was virtually presented with a fait accompli by the Federal Government. The upshot was that the Executive mostly justified and excused. There was no occasion on which the Executive was in any significant way critical of the Government. More importantly, the Executive appears not at any time to have offered guidance, advice or instruction on any matter of importance. Such requests as were made to the Government were couched in a semi-deferential tone, most often on matters of relatively minor significance and too often - in the W.W.F. case, for instance - belated or merely another contribution to Caucus debate.
The Australian Workers' Union had a strong influence on the Scullin Government. Its members who were also members of the Federal Conference and Executive helped make those bodies moderate and pacific. Those with A.W.U. associations in the Cabinet and Caucus performed a similar function. The A.W.U. men - delegates and politicians - were of course not puppets who danced to an A.W.U. tune, turning and twisting with every tug on the strings. Rather, they followed an A.W.U. line: moderate - even on occasion conservative - practical and for compromise. The A.W.U. enjoyed political influence - unique among the unions - in the Federal sphere because it was large and rich and because it had developed earlier than many other unions and thus enjoyed a longer, more intimate association with the A.L.P. Equally basic to the influence of A.W.U. was the fact that it was a strong Federal union, and that no other significant union was so Federally conscious. The A.W.U. and Federal Labor were, as it were, friends and neighbours in an alien and hostile land of individual unions and States; that the A.W.U. was rich, strong and confident and moderate ensured that the friendship would be a loving one.

In so far as the unions and Labor Councils were concerned with the A.L.P., their attentions were concentrated principally on the State Branches; most of the unions were themselves State-
orientated and therefore State Labor politics were in a real sense within their reach. Contact with the Federal Government was of two kinds: that very tenuous variety which was established through the State A.L.P. Branch organisations and their delegates on the Federal Conference and Executive; and that more immediate and more effective contact through direct representation to the Executive, Caucus members or Ministers through letters, petitions, deputations and general nagging pressure. Such an approach was often effective in individual matters; the most striking example of this was the ultimately - but partially - successful campaign conducted by the W.W.F. Where the tariff was the subject of a campaign it seems that all but an unfortunate few were successful.

On the larger policy issues the trade unions were with the exception of the A.W.U., ineffective in the Federal sphere. The A.C.T.U. was only a few years old and its powers were small and difficult to bunch up; the five State Branches were State Labor Councils first - and A.C.T.U. Branches only as a secondary, more or less minor function. The A.C.T.U. suffered also and consequently from a lack of finance and the many organisational difficulties inherent in its position as a Federal body without a permanent office or officials or, more importantly, a 'rank and file' base which in any meaningful sense it could call its own.
There was, however, one matter on which the trade unions were influential. On the crucial issue of whether to seek an early double dissolution it is clear that the trade unions, directly and indirectly, had a great influence. Without exception the unions were against a double dissolution. Of course many of them hoped to be granted favours by the Government or have their problems solved by it; in this respect tariff protection was decisive for many. But the deciding and most powerful consideration was that no matter how handicapped it was, it seemed that a Federal Labor Government would be a shield against the worst - a shield which would in the hands of a non-Labor Government be turned into an attacking sword. It seems that for twenty seven months the unions which desired short term protection achieved their wish, although in many cases the shield was less effective than they had anticipated. But in the long run - and it was not so very long - the unions and the Australian Labor Party and those they attempted to represent suffered. It was ironic that while on most policy matters the unions were generally content to let the Scullin Government go ahead, on the one vital occasion on which they were important their influence was misdirected.
### Abbreviations

The usual abbreviations for the names of the Australian States have been used throughout.

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>A.C.A.T.U.</td>
<td>Amalgamated Clothing and Allied Trades Union</td>
</tr>
<tr>
<td>A.C.T.U.</td>
<td>Australasian Council of Trade Unions</td>
</tr>
<tr>
<td>A.E.U.</td>
<td>Amalgamated Engineering Union</td>
</tr>
<tr>
<td>A.F.U.L.E.</td>
<td>Australian Federated Union of Locomotive Enginemen</td>
</tr>
<tr>
<td>A.G.W.A.</td>
<td>Australian Government Workers' Association</td>
</tr>
<tr>
<td>A.L.P.</td>
<td>Australian Labor Party</td>
</tr>
<tr>
<td>A.P.W.U.</td>
<td>Australian Postal Workers' Union</td>
</tr>
<tr>
<td>A.R.U.</td>
<td>Australian Railways Union</td>
</tr>
<tr>
<td>A.W.U.</td>
<td>Australian Workers' Union</td>
</tr>
<tr>
<td>C.P.D.</td>
<td>Commonwealth Parliamentary Debates</td>
</tr>
<tr>
<td>F.M.S.C.E.U.A.</td>
<td>Federated Municipal and Shire Council Employees' Union of Australia</td>
</tr>
<tr>
<td>H. of R.</td>
<td>House of Representatives</td>
</tr>
<tr>
<td>M.H.R.</td>
<td>Member of the House of Representatives</td>
</tr>
<tr>
<td>M.L.A.</td>
<td>Member of the Legislative Assembly</td>
</tr>
<tr>
<td>M.L.C.</td>
<td>Member of the Legislative Council</td>
</tr>
<tr>
<td>P.I.E.U. of A.</td>
<td>Printing Industry Employees' Union of Australia</td>
</tr>
<tr>
<td>Acronym</td>
<td>Full Name</td>
</tr>
<tr>
<td>--------</td>
<td>-------------------------------</td>
</tr>
<tr>
<td>S.M.H.</td>
<td>Sydney Morning Herald</td>
</tr>
<tr>
<td>U.A.P.</td>
<td>United Australia Party</td>
</tr>
<tr>
<td>W.E.A.</td>
<td>Workers' Educational Association</td>
</tr>
<tr>
<td>W.W.F.</td>
<td>Waterside Workers' Federation</td>
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</tbody>
</table>
APPENDIX I

THE PARLIAMENTARY STRENGTH OF THE SCULLIN
GOVERNMENT 1929 - 1932

<table>
<thead>
<tr>
<th>Date</th>
<th>H.of R.</th>
<th>Senate</th>
<th>F.P.L.P.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. October 1929¹</td>
<td>47</td>
<td>7</td>
<td>54</td>
</tr>
<tr>
<td>2. December 1929²</td>
<td>48</td>
<td>7</td>
<td>55</td>
</tr>
<tr>
<td>3. January 1931³</td>
<td>47</td>
<td>7</td>
<td>54</td>
</tr>
<tr>
<td>4. (a) March 1931⁴</td>
<td>41</td>
<td>7</td>
<td>48</td>
</tr>
<tr>
<td>(b) March 1931⁵</td>
<td>36</td>
<td>5</td>
<td>41</td>
</tr>
<tr>
<td>5. April 1931⁶</td>
<td>36</td>
<td>6</td>
<td>42</td>
</tr>
</tbody>
</table>

1 At the Federal Election, 12 October 1929. The figure for the H. of R. (47) includes the member for the Northern Territory (H.G.Nelson), who had only very limited voting rights in the H. of R. (but full voting rights in Caucus): the effective Labor vote in the H. of R. was therefore one less than indicated; it stood, for example, at 35 from April until November in 1931.

2 A by-election on 14 December 1929 for Franklin (Tasmania) was won by the A.L.P. candidate (C.W. Frost).

3 The A.L.P. lost a by-election on 31 January 1931 for Parkes (N.S.W.). The by-election was caused by the resignation of the member for Parkes (E.A. McTiernan) on his appointment to the High Court.

4 Six members left the Government and joined the Opposition: Lyons, Fenton, Guy, Gabb, Price and McGrath (the last did not leave until some weeks after March).
Seven members from N.S.W. left the Government and formed an 'independent' section (the 'Beasley Group'). They were Beasley, Eldridge, Lazzarini, James, Ward - all M.H.R's - and Senators Dunn and Rae. (Ward was elected for East Sydney on 7 March 1931 at a by-election caused by the death of the Labor incumbent, J.E. West).

A Country Party Senator from South Australia died on 14 March 1931. The S.A. Parliament replaced him with a Labor man, H.Kneebone, on 1 April.
# APPENDIX II

## MEMBERS OF THE SCULLIN GOVERNMENT
### HOUSE OF REPRESENTATIVES

<table>
<thead>
<tr>
<th>NAME</th>
<th>DIVISION</th>
<th>STATE</th>
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</thead>
<tbody>
<tr>
<td>Beasley, J.A.</td>
<td>West Sydney</td>
<td>N.S.W.</td>
</tr>
<tr>
<td>Blakeley, A.</td>
<td>Darling</td>
<td>N.S.W.</td>
</tr>
<tr>
<td>Chifley, J.B.</td>
<td>Macquarie</td>
<td>N.S.W.</td>
</tr>
<tr>
<td>Coleman, P.E.</td>
<td>Reid</td>
<td>N.S.W.</td>
</tr>
<tr>
<td>Cunningham, L.L.</td>
<td>Gwydir</td>
<td>N.S.W.</td>
</tr>
<tr>
<td>Cusack, J.J.</td>
<td>Eden-Monaro</td>
<td>N.S.W.</td>
</tr>
<tr>
<td>Eldridge, J.C.</td>
<td>Martin</td>
<td>N.S.W.</td>
</tr>
<tr>
<td>Gibbons, G.A.</td>
<td>Calare</td>
<td>N.S.W.</td>
</tr>
<tr>
<td>James, R.</td>
<td>Hunter</td>
<td>N.S.W.</td>
</tr>
<tr>
<td>Lazzarini, H.P.</td>
<td>Werriwa</td>
<td>N.S.W.</td>
</tr>
<tr>
<td>Long, W.J.</td>
<td>Lang</td>
<td>N.S.W.</td>
</tr>
<tr>
<td>McTiernan, E.A.</td>
<td>Parkes</td>
<td>N.S.W.</td>
</tr>
<tr>
<td>Moloney, P.J.</td>
<td>Hume</td>
<td>N.S.W.</td>
</tr>
<tr>
<td>Riley, E.</td>
<td>South Sydney</td>
<td>N.S.W.</td>
</tr>
<tr>
<td>Riley, E.C.</td>
<td>Cook</td>
<td>N.S.W.</td>
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<tr>
<td>Rowe, A.E.</td>
<td>Parramatta</td>
<td>N.S.W.</td>
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<tr>
<td>Theodore, E.G.</td>
<td>Dalley</td>
<td>N.S.W.</td>
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<tr>
<td>NAME</td>
<td>DIVISION</td>
<td>STATE</td>
</tr>
<tr>
<td>--------------</td>
<td>--------------</td>
<td>------------</td>
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<tr>
<td>Tulley, J.T.</td>
<td>Barton</td>
<td>N.S.W.</td>
</tr>
<tr>
<td>Ward, E.J.</td>
<td>East Sydney</td>
<td>N.S.W.</td>
</tr>
<tr>
<td>Watkins, D.</td>
<td>Newcastle</td>
<td>N.S.W.</td>
</tr>
<tr>
<td>West, J.E.</td>
<td>East Sydney</td>
<td>N.S.W.</td>
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<tr>
<td>Anstey, F.</td>
<td>Bourke</td>
<td>Vic.</td>
</tr>
<tr>
<td>Brennan, F.</td>
<td>Batman</td>
<td>Vic.</td>
</tr>
<tr>
<td>Crouch, R.A.</td>
<td>Corangamite</td>
<td>Vic.</td>
</tr>
<tr>
<td>Fenton, J.E.</td>
<td>Maribyrnong</td>
<td>Vic.</td>
</tr>
<tr>
<td>Holloway, E.J.</td>
<td>Flinders</td>
<td>Vic.</td>
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<tr>
<td>Jones, P.</td>
<td>Indi</td>
<td>Vic.</td>
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<tr>
<td>Keane, R.V.</td>
<td>Bendigo</td>
<td>Vic.</td>
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<tr>
<td>Lewis, A.</td>
<td>Corio</td>
<td>Vic.</td>
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<td>McGrath, D.C.</td>
<td>Ballarat</td>
<td>Vic.</td>
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<td>McNeill, J.</td>
<td>Wannon</td>
<td>Vic.</td>
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<td>Maloney, W.R.N.</td>
<td>Melbourne</td>
<td>Vic.</td>
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<td>Mathews, J.</td>
<td>Melbourne Ports</td>
<td>Vic.</td>
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<tr>
<td>Scullin, J.H.</td>
<td>Yarra</td>
<td>Vic.</td>
</tr>
<tr>
<td>Gabb, J.M.</td>
<td>Angas</td>
<td>S.A.</td>
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<tr>
<td>Lacey, A.W.</td>
<td>Grey</td>
<td>S.A.</td>
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<td>Makin, N.J.O.</td>
<td>Hindmarsh</td>
<td>S.A.</td>
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<tr>
<td>NAME</td>
<td>DIVISION</td>
<td>STATE</td>
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<td>Price, J.L.</td>
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<td>S.A.</td>
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<td>Yates, G.E.</td>
<td>Adelaide</td>
<td>S.A.</td>
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<td>Culley, C.E.</td>
<td>Denison</td>
<td>Tas.</td>
</tr>
<tr>
<td>Frost, C.W.</td>
<td>Franklin</td>
<td>Tas.</td>
</tr>
<tr>
<td>Guy, J.A.</td>
<td>Bass</td>
<td>Tas.</td>
</tr>
<tr>
<td>Lyons, J.A.</td>
<td>Wilmot</td>
<td>Tas.</td>
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<tr>
<td>Forde, F.M.</td>
<td>Capricornia</td>
<td>Qld.</td>
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<td>Martens, G.W.</td>
<td>Herbert</td>
<td>Qld.</td>
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<td>Riordan, D.</td>
<td>Kennedy</td>
<td>Qld.</td>
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<td>Curtin, J.</td>
<td>Fremantle</td>
<td>W.A.</td>
</tr>
<tr>
<td>Green, A.E.</td>
<td>Kalgoorlie</td>
<td>W.A.</td>
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<td>Nelson, H.G.</td>
<td>Northern Territory</td>
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<table>
<thead>
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<th>SENATE</th>
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<tr>
<td>Daly, J.J.</td>
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<tr>
<td>Hoare, A.A.</td>
</tr>
<tr>
<td>Kneebone, H.</td>
</tr>
<tr>
<td>NAME</td>
</tr>
<tr>
<td>---------------------</td>
</tr>
<tr>
<td>O'Halloran, M.R.</td>
</tr>
<tr>
<td>Dooley, J.B.</td>
</tr>
<tr>
<td>Dunn, J.P.D.</td>
</tr>
<tr>
<td>Rae, A.</td>
</tr>
<tr>
<td>Barnes, J.</td>
</tr>
</tbody>
</table>
APPENDIX III

THE SCULLIN MINISTRY 1929 - 1932

(a) The Ministers and their Portfolios

Anstey, F.  Minister for Health, Minister for Repatriation, 22 October 1929 - 3 March 1931.

Barnes, J.(Senator)  Assistant Minister, 22 October 1929 - 4 February 1931.  Vice-President of the Executive Council, 3 March 1931 - 6 January 1932.

Beasley, J.A.  Assistant Minister, 22 October 1929 - 3 March 1931.

Blakeley, A.  Minister for Home Affairs, 22 October 1929 - 6 January 1932.

Brennan, F.  Attorney-General, 22 October 1929 - 6 January 1932.

Chifley, J.B.  Minister for Defence, 3 March 1931 - 6 January 1932.

Culley, C.E.  Assistant Minister, 3 March 1931 - 24 June 1931.
<table>
<thead>
<tr>
<th>Name</th>
<th>Positions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cunningham, L.L.</td>
<td>Assistant Minister, 26 June 1931 - 6 January 1932.</td>
</tr>
<tr>
<td>Daly, J.J. (Senator)</td>
<td>Vice-President of the Executive Council, 22 October 1929 - 3 March 1931.</td>
</tr>
<tr>
<td></td>
<td>Minister for Defence, 4 February 1931 - 3 March 1931.</td>
</tr>
<tr>
<td></td>
<td>Assistant Minister, 26 June 1931 - 6 January 1932.</td>
</tr>
<tr>
<td>Dooley, J.B. (Senator)</td>
<td>Assistant Minister, 3 March 1931 - 6 January 1932.</td>
</tr>
<tr>
<td>Fenton, J.E.</td>
<td>Minister for Trade and Customs, 22 October 1929 - 4 February 1931.</td>
</tr>
<tr>
<td>Forde, F.M.</td>
<td>Assistant Minister, 22 October 1929 - 4 February 1931.</td>
</tr>
<tr>
<td></td>
<td>Minister for Trade and Customs, 4 February 1931 - 6 January 1932.</td>
</tr>
<tr>
<td>Green, A.E.</td>
<td>Minister for Defence, 22 October 1929 - 4 February 1931.</td>
</tr>
<tr>
<td></td>
<td>Postmaster-General, Minister for Works and Railways, 4 February 1931 - 6 January 1932.</td>
</tr>
<tr>
<td>Holloway, E.J.</td>
<td>Assistant Minister, 3 March 1931 - 12 June 1931.</td>
</tr>
</tbody>
</table>
Lyons, J.A. | Postmaster-General, Minister for Works and Railways, 22 October 1929 - 4 February 1931.
---|---
Moloney, P.J. | Minister for Markets and Transport, 22 October 1929 - 6 January 1932. (Created two separate departments, 21 April 1930; Moloney held both portfolios).
---|---
---|---
---|---
---|---

(b) Composition of the Ministry

1. 22 October 1929 - 9 July 1930

Scullin
Theodore
Brennan
Lyons
Fenton*
Blakeley
Anstey
Green
Moloney
Forde
Beasley
Daly
Barnes

* Absent overseas, January-June 1930.

2. 9 July 1930 - 29 January 1931

   Scullin*
   Brennan*
   Lyons
   Fenton
   Blakeley
   Anstey
   Green
   Moloney*
   Forde
   Beasley
   Daly
   Barnes

* Absent overseas, late August 1930 - early January 1931.

3. 29 January 1931 - 4 February 1931.

   Scullin
   Theodore
   Brennan
   Lyons
   Fenton
   Blakeley
   Anstey
   Green
   Moloney
   Forde
   Beasley
   Daly
   Barnes
4. 4 February 1931 - 3 March 1931

Scullin
Theodore
Brennan
Blakeley
Anstey
Green
Moloney
Forde
Beasley
Daly
Barnes

5. 3 March 1931 - 12 June 1931

Scullin
Theodore
Brennan
Blakeley
Green
Moloney
Forde
Barnes
McNeil
Chifley
Holloway
Culley
Dooley

6. 12 June 1931 - 26 June 1931

Scullin
Theodore
Brennan
Blakeley
Green
Moloney
Forde
Barnes
McNeill
Chifley
Culley (Resigned, 24 June 1931)
Dooley

7. 26 June 1931 - 6 January 1932.

Scullin
Theodore
Brennan
Blakeley
Green
Moloney
Forde
Barnes
McNeill
Chifley
Daly
Cunningham
Dooley
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II  Trade union records.

III  Manuscript sources.

IV  Parliamentary and other official sources.

V  Newspapers and periodicals.

VI  Contemporary works: books, articles, pamphlets.

VII  Later works: books, articles, theses, etc.
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________, 'State Executive Minutes', 1929-1931, and, bound in with the above, 'Minutes of Meetings of State Executive Officers', 1929-1931; held in the W.A. State Library, Perth.
uncatalogued files of correspondence and miscellaneous material, approximately 1928-1932; held in the W.A. State Library, Perth.

II. Trade union records

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________, Queensland Branch, 'Minutes of Executive, General and Special Meetings', 1929-1932; T138/18/44, 45, 47.

________, New South Wales Branch, 'Minutes of Executive, General and Special Meetings', 1929-1932; T138/18/41, 45, 47.

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________, Queensland Branch, 'Minutes of Meetings', 1929-1931; T49/3-5.

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________, 'Miscellaneous correspondence', 1928-1932; T60/15/10.

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