

# Preface

J.R. Nethercote and Samuel Furphy

One evening during the early 1980s the then speaker of the House of Representatives, Sir Billy Snedden, a former treasurer and leader of the Liberal Party, was in an expansive mood following a hearty dinner in the warm comfortable dining room of what is now called Old Parliament House. In the course of much reminiscence and anecdotage the topic of the ‘Seven Dwarfs’ came up – the formidable public service figures who rose to so much eminence in the Australian government during the Second World War and in the post-war reconstruction era. But who precisely were these dwarfs?<sup>1</sup>

Three names came readily to mind. First and foremost there was Sir Roland Wilson – Australian statistician; secretary of Labour and National Service (1940–46); economic adviser to the Treasury; secretary to the Treasury (1951–66); and thereafter chair of both the Commonwealth Bank and Qantas. There was Dr H.C. ‘Nugget’ Coombs – director-general, Post-War Reconstruction (1943–49); thence governor of the Commonwealth Bank and, following its establishment in 1960, the Reserve Bank of Australia; he was later chair of both the Arts Council (now the Australia Council) and the Council for Aboriginal Affairs. Later still, he headed the Royal Commission on Australian Government Administration (1974–76). And, always on any list, Sir John Crawford – foundation director of the Bureau of Agricultural Economics; secretary, Department of Commerce and Agriculture (1950–56), thence Trade (1956–60); followed by a succession of posts at The Australian National University culminating in the vice-chancellorship and, finally, in succession to Coombs, the chancellor.

Various other names were suggested: Sir Frederick Shedden, long-time head of Defence; Sir Kenneth Bailey, the solicitor-general and head of Attorney-General’s, subsequently high commissioner to Canada; the statistician Stan Carver; Sir Allen Brown, Coombs’ successor at Post-War Reconstruction, later head of Prime Minister’s Department; Sir Henry Bland at Labour in Melbourne, later secretary, Department of Defence; and Sir Richard Randall, Wilson’s successor at the Treasury.

But was there no definitive list? Sir Billy would find out from the experts. The Parliamentary Library was contacted and it went to work with a will.

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<sup>1</sup> The first part of this preface is largely based on an article published in 2010: J.R. Nethercote, ‘Unearthing the Seven Dwarfs and the Age of the Mandarins’, *Canberra Times*, 5 October 2010, ‘Public Sector Informant’, 26–7.

Not long afterwards, a very senior figure from the library personally provided the speaker with the answer to his question: Doc, Dopey, Sleepy, Sneezy, Happy, Bashful and Grumpy. The speaker was incandescent! – fortunately this was the era before performance bonuses. Next day the lofty figure from the library defended himself rhetorically – well, what would you have said?

Even to this day, the identity of the seven dwarfs remains a matter of dinner party conversation. As also is the identity of Snow White. Conventional wisdom usually sees Ben Chifley as Snow White. But was it Menzies? What is not in doubt is why the seven dwarfs and their generation were important. They were not simply present when the Australia of the middle years of the twentieth century took shape; they were, in many respects, the architects. Sparked by the Second World War, but continuing through the long post-war boom, the size of government and the range of its responsibilities grew. Central to this growth was the increasing ascendancy of the Commonwealth in the affairs of the federation. Government became more active and more interventionist. Extensive activity within Australia was reflected by comparable activity in numerous conferences abroad, to which Australia sent representatives, ranging from Bretton Woods where the international monetary system was established, to the creation of the United Nations itself, as well as the Food and Agriculture Organization, and the General Agreement on Tariffs and Trade. The policies being promoted were markedly Keynesian in character, especially in advocacy of full employment, and, in the welfare field, strongly influenced by the 1942 report by Sir William Beveridge.

This was the era of the first sustained endeavours by the Commonwealth to equip itself with substantial policy capacity. Hitherto, the Commonwealth, to the extent it recognised a need for strength in policy, relied on *ad hoc* arrangements, usually involving academics to fill the need. For example, several professors of economics had been on hand as the Commonwealth tried to deal with the Depression, including L.F. Giblin and Douglas Copland from the University of Melbourne, Edward Shann from Western Australia (later Adelaide), and Leslie Melville from Adelaide. The need for greater strength had been felt by S.M. Bruce, prime minister from 1923 until 1929, but not effectively addressed; the Depression revealed, however, serious weaknesses in the public service in terms of policy capacity.

An exception to this early rule was Sir Robert Garran, secretary of the Attorney-General's Department from the inception of the Commonwealth and solicitor-general from 1917. Garran was unquestionably a mandarin, a statesman in disguise. Relatively unusually for the time, he had university degrees, in arts and law. Prior to his Commonwealth career he was a barrister in Sydney. He did not work his way up through the ranks – he came in at the top. When he retired

in 1932, however, he left a public service hostile to graduates except those with professional degrees, mainly law, engineering and medicine. It was also a public service in which the road to the top largely began at the bottom.



**Sir Robert Garran, c1930**

Source: National Library of Australia, nla.pic-an23435998

An important and necessary step forward was taken in 1935 when the Lyons Government secured an amendment to the public service legislation authorising direct recruitment of graduates to administrative posts, albeit on very restrictive terms. It is doubtful that even this modest move would have eventuated had its principal advocate not been General Sir John Monash. His interest at least neutralised opposition from returned servicemen who then dominated the general administrative ranks of the public service, and the applicable unions. But

the strength of union opposition, indeed, hostility, to any special appointments was very evident a few years later when Roland Wilson was recruited to the then Bureau of Census and Statistics (now the ABS), and shortly afterwards elevated to the post of statistician. The then Department of External Affairs (now Foreign Affairs and Trade) commenced recruitment of graduates in 1937; early recruits included Keith Waller, subsequently a secretary of the department; and Peter Heydon who, as secretary to the Department of Immigration during the 1960s, played an influential role in overturning the White Australia policy.

The Treasury organised its first search for graduates in 1939. Frederick Wheeler, who had already come to Canberra with Copland, was the first recruit; he would later head the department. Wheeler had previously worked for the State Savings Bank of Victoria whilst completing a degree in commerce at the University of Melbourne. The banks were a major source of quality personnel for the Commonwealth public service. Coombs came from the Commonwealth Bank, to which he returned as a board member in 1943 and as governor in 1949. The Bank of New South Wales, now Westpac, was especially significant. Alfred Davidson, the general manager, had systematically developed the bank's capacities in economics since the 1930s. Under the guidance of Edward Shann, an Economics Department was built up. Among its alumni who eventually found their way into government were Arthur Tange (who also attended the Bretton Woods meetings), James Plimsoll, John Crawford, Walter Ives, and Ron Mendelsohn.

Other famous names came directly to government from university. John Burton, secretary at External Affairs from 1947 to 1950, secured the first public service postgraduate scholarship for doctoral research at the London School of Economics. L.F. 'Fin' Crisp joined the Department of Labour on return from Oxford where he had been studying on a Rhodes scholarship. He later shifted to Post-War Reconstruction and was director-general when the department was abolished in 1950. Among the early graduate recruits, economists predominated. In those days, economics had a breadth that it has largely lost in later more specialist times. More interestingly, many of these graduates had studied Keynes' *General Theory* first hand, directly from proof copies of the book sent to economics professors around the Empire. But other disciplines were not unrepresented – there were some lawyers and even some graduates in arts.

From the beginning there were differences of opinion among this new elite, in the first instance over the relative roles of tax and loans in financing the war effort. With the passage of time, and as the focus increasingly moved from fighting the war to preparing for peace, argument grew around the relative merits of government activity and intervention versus market-based methods. There were likewise contests between those for whom the primary purpose was growth and those with an eye to distribution. These battles continued for several decades

and their ghosts are still present today. In institutional terms they centred around the Treasury, apostle of growth and sceptical of intervention, and the Department of Trade, especially keen on government activism, particularly in its guise from 1963 as the Department of Trade and Industry.

Other countries took a similar path to Australia, with certain national variations. In New Zealand, for example, the minister of finance, Gordon Coates, established a 'brains trust' of economists and civil servants to advise him in the mid-1930s. In Whitehall, the influx of new people occasioned by the war included a number of women; not very long afterwards the Attlee Government removed the prohibition on permanent employment of married women. At the administrative level, women hardly figure in the Australian story. One who did was Wilmot Debenham, wife of Jock Phillips, Coombs' successor as governor of the Reserve Bank. Having worked as an assistant to Leslie Melville at the Commonwealth Bank in the 1930s, Debenham joined the Commonwealth Rationing Commission during the Second World War. Coombs wrote that she 'was in many ways the mainstay of the team which devised the clothes rationing "scale"'.<sup>2</sup> She was subsequently secretary (1943–44) to the Commonwealth Housing Commission, for which she co-authored an influential report. In the Department of Labour and National Service, two other women are notable: the welfare activist Constance Duncan produced a report in 1944 on the children of working mothers; while the teacher and author Flora Eldershaw gave advice on women's legal rights, working conditions, and equal pay. The contribution of women to the Australian public service was limited, however, by both prevailing attitudes to gender roles and a prohibition on the permanent employment of married women, which was not lifted until 1966.

By a quirk, a number of the most able of those coming into the Commonwealth public service in this period, especially after the outbreak of war in 1939, were conspicuous for their diminutive height as well as for their intellectual qualities. All the 'dwarfs', whether the long list or the shorter more definitive list, became departmental or agency heads, and many of their generation rose to the top of the public service in succeeding decades. Their careers were unusual. Many of them dealt only with people at the top – ministers or department heads; because of the circumstances of the war and post-war reconstruction they had a much broader canvas on which to work than did later generations of officialdom. It was a fascinating period of government and in society. The dwarfs and their peers give the period character, colour, personality and vitality, which the story might otherwise lack.

The impetus for this volume, and the 2010 conference upon which it is based, was a realisation that the 'Seven Dwarfs' and their colleague mandarins had

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2 H.C. Coombs, *Trial Balance* (South Melbourne: Macmillan, 1981), 18.

begun to appear in the pages of the *Australian Dictionary of Biography (ADB)*, notably in volumes 17 and 18, and in the lists of names for volumes currently in preparation. While all were granted longer than usual entries, the biographical chapters in this book provide a fuller portrait than is possible in the *ADB*, which is primarily a work of reference. A further aim of this book is to place these important lives in context – to conceive of them as a discernible group representing a highly significant period in the history of the Australian public service. The book is divided into two parts: the first contains four thematic chapters; the second is composed of 10 biographical chapters. The 14 chapter authors represent a variety of disciplinary backgrounds, including history, political science, sociology, and economics. The biographical chapters are varied in style and intent. Some are the distilled conclusions of academic research; others are lively recollections of senior public servants with extensive personal experience of their subjects. Some offer a conventional narrative-style sketch; some are impressionistic; while others focus on a specific theme or event in the life of their subject. This rich combination of academic disciplines and biographical styles is deliberate, adding greatly to the depth of the book. Several of the seven men most commonly considered to be the ‘Seven Dwarfs’ are featured in this book. The omission of others, and the inclusion of taller but otherwise similar contemporaries, is a product of the expertise available at the conference in 2010.

In Chapter 1, the first of the thematic chapters, Nicholas Brown provides a detailed assessment of the possible identities of the ‘Seven Dwarfs’, but more importantly considers the usefulness of the phrase (and the related term, ‘Mandarin’) as a means of understanding a significant era in the history of the Australian public service. This is followed by Stuart Macintyre’s account of the Department of Post-War Reconstruction and its importance in the era of the public service mandarin; not only did three of the seven dwarfs play key roles in the department, but it was a training ground for a large number of future department heads. In Chapter 3, Alex Millmow explores the impact in Australia of the revolution in economic theory sparked by John Maynard Keynes, noting the significant influence of Keynesian thought on many of the key public service figures in the post-war period. John Martin’s Chapter 4 then provides a valuable point of comparison, exploring the history of New Zealand’s public service during and immediately after the Second World War.

In the first of the biographical chapters, David Horner draws on his biography of Sir Frederick Shedden to paint a more concise portrait; Shedden is often counted one of the seven dwarfs, but differed from his colleagues in significant ways, not least because he rose to the top during the 1930s after two decades in the ranks. In Chapter 6, Selwyn Cornish assesses the life and influence of Sir Roland Wilson, whom he credits with transforming the Treasury into a department whose key role was the provision of economic advice to government. In Chapter 7,

Tim Rowse provides not a biographical sketch of ‘Nugget’ Coombs, but a detailed analysis of his engagement with Keynesian economics immediately prior to the Second World War. In Chapter 8, David Lee focuses particularly on Sir John Crawford’s 10 years as a public service head, during which time he was instrumental in reshaping Australia’s trade policy. This is followed by Sir Peter Lawler’s engaging recollections of Sir Allen Brown, Coombs’ successor at Post-War Reconstruction before heading a reinforced Prime Minister’s Department. In Chapter 10, Ian Hancock charts the four-decade career of Sir Frederick Wheeler, which included more than 10 years as chairman of the Public Service Board and seven years as secretary of the Treasury, during which time he had to cope with what has become known as the Loans Affair.

The book then shifts focus to four leading figures in the Department of External Affairs, Paul Hasluck, John Burton, Arthur Tange, and James Plimsoll. In Chapter 11, Geoffrey Bolton, author of a recent biography of Hasluck, assesses Sir Paul’s pre-political career, notably his attendance with Dr H.V. Evatt at the San Francisco Conference that founded the United Nations. Adam Henry reappraises the career of Dr John Burton, secretary of External Affairs (1947–50), who left the public service for an academic career in international relations, and peace and conflict studies. Peter Edwards, author of a full-length biography of Sir Arthur Tange, considers Tange’s earlier career in External Affairs rather than his later role as secretary of the Department of Defence. In the final chapter, Jeremy Header provides an impressionistic account of the career diplomat Sir James Plimsoll, complementing his recently published biography of Plimsoll, and his entry in volume 18 of the *Australian Dictionary of Biography*.

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