

2. Mr Justice Pike's Report on Soldier Settlement, *Commonwealth Parliamentary Papers*, 1929, vol. II, Report 6, cited by F. K. Crowley (ed), (1973), *Modern Australia in documents 1901-1939*, vol. I, Wren, Melbourne, p. 449.
3. *The Age*, 28 May 1923.
4. Commonwealth Parliamentary Debates, House of Representatives, 1 July 1925, vol. 110, pp. 567-71, cited by Crowley, op.cit., pp. 403-4.
5. Edwards, Cecil (1965), *Bruce of Melbourne: man of two worlds*, Heinemann, London, pp. 166-8.
6. *ibid.*, p. 176-7.
7. Robertson, John (1974), *J. H. Scullin: a political biography*, University of Western Australia Press, Nedlands, pp. 103-5.
8. Western Australian Parliamentary Debates, Legislative Assembly, 28 July 1921, vol. 64, pp. 15-19. Cited in Crowley, op.cit., pp. 353-4.
9. *Freeman's Journal*, 5 March, 19 March 1925. Cited in *ibid.*, pp. 398-9.
10. Ward, Russel (1978), *The history of Australia: the twentieth century 1901-1975*, Heinemann, London, pp. 163-4.
11. Edwards, Cecil, op.cit., p. 195.
12. *ibid.*, p. 197.
13. *The Labor Daily*, 27 August 1930. Cited by Crowley, op.cit., p. 475.
14. *The Labor Call*, Melbourne, 11 December 1930.
15. *The Australian Worker*, Sydney 27 August 1930. Cited in Crowley, op.cit., p. 477.
16. Edwards, Cecil op.cit., p. 208.
17. Ward, Russel op.cit., p. 216.
18. *The Australian Worker*, 23 October 1935.
19. Cited in Crowley, op.cit., pp. 563-4.
20. Commonwealth Parliamentary Debates, House of Representatives, 20 April 1939, vol. 159, p. 19.
21. *The Age*, 27 April 1939.
22. *The Sydney Morning Herald*, 4 September 1939.

1940-1966

There were doubts in the minds of many Australians over the suitability of Robert Menzies as a war-time leader. He had been in 1938 and 1939 unashamedly in favour of appeasement and had managed to discern 'a really spiritual quality in the willingness of young Germans to devote themselves to the service and well-being of the State'.¹ His sympathy for Germany extended to a belief that Australia ought not to support Czechoslovakia against Hitler's territorial ambitions and to statements that young Australians could learn much from the fascist countries in the area of enthusiasm for service to the state and such behaviour could well form a role model for Australia.² These sentiments, together with his obvious desire to appease Japan and the ill-feeling within the ranks of his own party caused by his earlier attacks on Joseph Lyons combined to cause serious uncertainty and weakened his ability to unify the country for an all-out war effort.

Australia in another world war

Public enthusiasm for the war did not reach the celebratory level achieved in 1914. Perhaps there were too many who remembered the horrors of the First World War. Many workers were still unemployed, and some of these at least reacted to the communist argument that they owed nothing to a country which had treated them so badly, and that the war was a capitalist struggle without real relevance to the workers. Lack of worker enthusiasm for the war was a problem destined to bedevil the Curtin administration and cause great worry to the Labor government even when a Japanese invasion appeared imminent.

There was no shortage, however, of volunteers to join the Second AIF which began recruitment following the declaration of the war. The original plan had been to send the

expeditionary force for advanced training to the Middle East and then to use them in the battle fields of Europe. The speed of the German blitzkrieg and the rapid fall of Europe under German sway made it plain that land battles in Europe would not start for years. The declaration of war by Italy, and the advance of Italian armies in the Middle East and Greece, ensured that the Australian troops had plenty to do before they contemplated fighting Germans in Europe. Australian forces were sent to the Middle East to fight Italians. They won great success, but when Erwin Rommel and the German Africa Korps became involved, the early successes were reversed and several years of heavy fighting against the Germans in the Middle East lay ahead. In the event, Australian ground troops were not destined to participate in the great land battles of the Second World War in Europe.

Conscription introduced

All that lay in the future, however, when the Australian government faced the problems of war in 1939. Obviously the tide of volunteers was sufficient to recruit successive divisions for the AIF, but there still remained the problem of home defence. The AIF was expected to fight overseas, and volunteers for the army naturally went into those ranks. Accordingly, in October 1939 the government introduced military conscription for the local militia which was designed for domestic defence. All single men who were due to reach 21 years of age before 1 July 1940 were called up for three months' military training. The objective was to maintain the strength of the militia at a minimum of 75 000 men who would become available for duty in the event of an attack upon Australia.

The prime minister was at pains to reassure the electorate that training for the militia imposed absolutely no obligation for service abroad and the scheme was for Australian defence only. Despite such reassurances, many trade unionists were thoroughly sceptical and regarded the plan—correctly as it turned out—as the 'thin edge of the wedge' for the introduction of conscription for overseas military service.³

Menzies moves to unite government

In Great Britain, the emergency of the war had resulted in the formation of a national government composed of Tories and Labour who agreed to work as a team until the war was over. Winston Churchill became the leader of this composite government and created a Ministry of all Parties. The leader of the opposition became deputy prime minister and the best Labour front-benchers served alongside Tory members in a composite Cabinet. In Australia, the prime minister regarded such an arrangement as the only sensible one in war-time, and he repeatedly requested the ALP under John Curtin to join him in a similar venture, even offering to relinquish the leadership in favour of Curtin for the duration of the war. Menzies in fact held Curtin in very high regard. In May 1941, when he had just returned from a fact-finding tour of Britain, he announced at a public lecture in Sydney Town Hall his admiration for 'my friend Mr Curtin' and his astonishment that the ALP refused to join in a national government:

... you will understand my utter astonishment coming back from the scenes I have witnessed, coming back here from this magnificent unity of purpose and of function and of organisation that exists in Great Britain, to find that men sitting on the Opposition benches, men like Mr Curtin, Mr Forde, Dr Ewart, Mr Beasley and Mr Makin, those men who sit on the Advisory War Council, should have no executive function in the direction of the war and should be compelled to stand off and become the critics of an effort to which they might easily be powerful contributors.⁴

Menzies' predilection for an all-party government had developed during his recent trip to England, where he had conspired with certain British political figures to replace Churchill as Britain's prime minister and war leader, and then to protect the integrity of the Empire by securing a compromise peace with the Axis powers. His determined attempt to wrest the leadership from Churchill was unsuccessful, and Menzies had reluctantly returned to Australia intent on replicating the British model of war-time administration.⁵

The ALP believed that Australia would be better served both in war and in the subsequent peace by a fully committed Labor Party government, though Curtin and a number of his

front-benchers did agree to serve on an Advisory War Council with the government at which they learned the facts about the state of the war and to which they contributed support and advice. The government was under no compulsion to accept the views of this Advisory War Council, but it at least provided a mechanism whereby the opposition could be fully briefed on the war and able to offer advice to the government of the day. In August 1941 Menzies once again offered Curtin an all-party government in which the ALP could provide the leader and hold half the portfolios. Curtin rejected the offer brusquely and suggested that it showed Menzies could no longer offer stable government whereas the ALP could, and that Menzies should resign and request the governor-general to call on Curtin to form a new government.

ALP support for the government

The references to the lack of stability were aimed at the prime minister's embattled position within the UAP-Country Party coalition, and the tenuous hold he exerted on the leadership. But not all ALP front-benchers resisted the siren call of a national government as firmly as did John Curtin. Dr Herbert Vere Evatt, for example, a former justice of the High Court, suggested to Menzies a half-way measure whereby the Advisory War Council could be vested with supreme executive authority for the duration of the war, without this amounting to the formation of a national government. Evatt seemed desperately anxious to be able to exert some influence on the war effort over and above the advice he tendered as a member of the Advisory War Council. Whether ambition or patriotism or a strange mixture of both activated him in this approach is difficult to discern, though his eagerness to accept office under Menzies' leadership is suggestive. Evatt also referred to the widespread lack of enthusiasm for the war and 'the disillusionment and defeatism which are evident in so many places', and finished with an offer of his services:

I am prepared to co-operate with you to the very limit of my power providing you on your part will go 'flat-out' to achieve the objective I suggest in one way or the other. My own purpose is to serve this country in the most suitable capacity for the period of this war and then to give up political life as

a career. At present I am prevented from performing this service which the people wish me to give. There are others in the same position. You and you alone can resolve such difficulties and give stabilisation to the parliamentary position without interfering with the rights of opposition or the separation of the two parties.⁶

The extent to which the ALP supported the government's war measures during those first months can be seen in the full approval given in June 1940 to the Commonwealth government's amendments to the National Security Act, which gave it complete control over the country's resources, production, manpower and people for the duration of the war, provided only that it did not have the power to conscript Australians, either military or civilian, for service beyond Australia. The amendments gave the Australian government full executive authority to do whatever was necessary to prosecute the war. The revised Act authorised civilian conscription of services, and many skilled tradesmen found themselves directed to far distant regions of Australia where their skills were needed to buttress the war effort and for necessary defence works. After December 1941, for example, when Japan entered the war, many tradesmen found themselves drafted for war work in the far north of Australia where extensive military construction had been urgently undertaken.

The ALP similarly supported the imposition of petrol rationing by the Menzies' government, though it was known to be very unpopular with Australia's vehicle owners, whose numbers had increased substantially during the 1930s. Motorists were restricted to a maximum of 2000 miles (3200 kilometres) a year, and rationing encouraged the development of ingenious coke-fired gas converters that motorists could attach to their vehicles. They were dirty and required considerable servicing, but they did work after a fashion and enabled a measure of mobility to be maintained by the civilian population. It is quite possible that the dissatisfaction felt by the motorists over petrol rationing in 1940 eroded support for the government coalition and the ALP September, where the government coalition and the ALP each won 36 seats, and the balance of power was held by two independents who initially agreed to support the Menzies government. Ironically, Menzies' introduction of petrol

rationing in 1940 was one of the issues that brought him back into power in 1949.

Leadership changes

The loss of seats during the elections weakened the prime minister's hold upon the leadership, and ominous rumblings of dissonance from the coalition boded ill for him. In August 1941 he resigned the leadership of the UAP and the prime ministership. The new leader of the UAP was W. M. Hughes, and the new prime minister was Arthur Fadden, leader of the Country Party. Menzies stayed on in the Fadden Cabinet as minister for Defence Coordination. The Fadden government lasted only a short time. Fadden claimed that he resigned for only 40 days and 40 nights, but his time in office was not without incident. Fadden lacked the exaggerated respect for all things British which had already become a hall-mark of the Menzies' style, and at the suggestion of General Thomas Blamey he demanded that the Ninth Division of the AIF, which had been under siege in Tobruk for almost a year, should be relieved. The Rats of Tobruk had become a legend in Australia for their heroic resistance to German attack and their resolute refusal to surrender. Churchill reluctantly agreed to relieve the Australian garrison, and when Tobruk fell later in the war the Ninth Division did not go into captivity as did the ill-fated Eighth Division following the fall of Singapore to the Japanese. The Ninth Division was to play an important role in the famous battle for El Alamein, where Rommel's army was soundly defeated, and they then returned to help defend Australia from the Japanese thrust southwards. Fadden's demand had at least ensured that the Ninth Division was still extant when the recall to Australia came.

The Fadden government lost the support of the two independents early in October 1941 and the governor-general commissioned John Curtin to form a government. It was the first federal Labor government since 1931, and the former prime minister, James Scullin, proved to be of inestimable assistance to Curtin as one of the few experienced ministers in the new Cabinet. The new government held office on the support of the two independents until the elections of 1943 gave Curtin a comfortable majority in both houses. Reliance

on independents, however, did not stop Curtin giving firm leadership in the interim, and he announced from the beginning that he expected the same constructive support in the Advisory War Council from Menzies and Fadden as he had extended to them.

Australians in battle

When Curtin came to office in 1941, the Australian forces were extended. The Sixth, Seventh and Ninth Divisions were serving in the Middle East, and the bulk of navy and air force personnel was also deployed on the other side of the world. Thousands of airmen were fighting or undergoing training as part of the Empire Air Services scheme and ships of the Royal Australian Navy had been subsumed as part of the British fleet. The strategic situation was rendered much more serious the following month when HMAS *Sydney* was sunk off the coast of Western Australia by the German raider *Komoran*, and went down with all hands, and then on 7 December 1941, the Japanese launched their devastating surprise attack on the American naval base at Pearl Harbor, and Australia had the war in her own backyard rather than comfortably on the other side of the world. The Australian Eighth Division of the AIF quickly found itself in action in Malaya fighting the Japanese.

Three days after the disaster at Pearl Harbor, the Japanese sank the two capital ships of the British Pacific fleet, the battleships *Prince of Wales* and *Repulse* and within two months the Japanese army had flung back the British, Dutch, Indian and Australian troops opposing them and had occupied Guam, Wake Island, Hong Kong, British North Borneo, Rabaul in New Britain, the Netherlands East Indies, Burma and the entire Malay peninsula. The so-called impregnable fortress of Singapore surrendered on 15 February 1942 and more than 15 000 members of the Eighth Division AIF became prisoners of war. Within a week Japanese planes had bombed Darwin and before a month was out the Royal Australian navy had lost another cruiser when HMAS *Perth* was sunk in the Battle of the Java Sea. The Japanese onrush seemed irresistible, and the new Australian government faced the situation of a national nightmare come true; the yellow peril seemed likely to submerge the country just as

the propagandists from the 1850s onwards had always foretold that it would.

Following Pearl Harbor, the Labor government had declared war on Japan for itself and without waiting for a British declaration. The loss of the *Prince of Wales* and the *Repulse* also made it clear that Australia could not expect help from the embattled British in repelling the Japanese advance. Indeed, Churchill in Britain regarded the war in the Pacific as a side issue and took the view that it was important to beat Hitler first then deal with the Japanese. If this strategy resulted in the loss of Australia to the Japanese then that was regrettable, but Australia could always be recaptured. Naturally this somewhat sanguine view was not one shared by Australians, and in December 1941 the prime minister made an historic declaration:

We look for a solid and impregnable barrier of the Democracies against the three Axis Powers, and we refuse to accept the dictum that the Pacific struggle must be treated as a subordinate segment of the general conflict . . . The Australian Government, therefore, regards the Pacific struggle as primarily one in which the United States and Australia must have the fullest say in the direction of the democracies' fighting plan.

Without any inhibitions of any kind, I make it quite clear that Australia looks to America, free of any pangs as to our traditional links or kinship with the United Kingdom.

We know the problems that the United Kingdom faces. We know the constant threat of invasion. We know the dangers of dispersal of strength, but we know, too, that Australia can go and Britain can still hold on.

We are, therefore, determined that Australia shall not go, and we shall exert all our energies towards the shaping of a plan, with the United States as its keystone, which will give to our country some confidence of being able to hold out until the tide of battle swings against the enemy.⁷

In the same article Curtin went on to call for Australians to place their entire way of living on a war footing, and he foreshadowed the full conscription of civil and military resources to meet the Japanese threat.

The call to America did not go unremarked by Curtin's opponents in Australia or by Churchill in Britain. Both were offended by the throwing over of more than 150 years of tradition, but there was no gainsaying the practicality of

Curtin's gesture. Ironically, unbeknown to Curtin, the United States' President Roosevelt had already agreed with Churchill's 'beat Hitler first' strategy, but Australia did have attractions as a base from which the reconquest of the Pacific could be planned. For that reason, United States General Douglas MacArthur was ordered to leave the besieged American forces on Corregidor and proceed to Australia, where he would command the new army which would be gathered to hurl back the Japanese and punish them for their unprovoked aggression. MacArthur arrived in Australia in March 1942 and established his headquarters in Melbourne. He was accepted by all the Allied governments as Supreme Commander in the South West Pacific area, but because the only soldiers available at that time were Australian troops, the Australian General Thomas Blamey was to command all land forces. In the same month MacArthur arrived, Japanese forces landed in New Guinea and began their advance on Port Moresby. They were not destined, however to get much further.

An increasingly independent spirit

When Singapore fell, the greatest strength of Australia's armed forces was in the Middle East. To meet the oncoming Japanese, Australia possessed the militia of about 200 000 men, and some 50 000 AIF men who were better trained but without battle experience. The Australian General Staff recommended that the three battle-hardened divisions in the Middle East be brought home forthwith to help defend Australia. Curtin's Cabinet agreed unanimously and cabled Churchill. Churchill proved to be exceedingly difficult. He suggested sending the Seventh Division to Burma, and had even ordered the fleet bringing the men home to head for that country when to his astonishment Curtin insisted on their return to Australia. This was not the sort of deferential behaviour British statesmen had become used to from Menzies, and Churchill also had Roosevelt bring pressure to bear on Curtin but to no avail. Reluctantly the orders were sent to the fleet to change course for Australia, and to the great delight of both government and people the transports arrived without mishap. These veterans made a major difference to the action in New Guinea and played an

important role in defeating and throwing back the Japanese threat to Port Moresby. Indeed, they were responsible for inflicting the first major defeat on Japanese forces on land since Pearl Harbor. As a poster to this episode it should be noted that Menzies, Fadden, Hughes, Spender and McEwen supported Churchill against Curtin in this confrontation. Had a further two divisions been lost in Burma as the Eighth had been in Singapore, the consequences for Australia could well have been disastrous.

By the end of 1942 Curtin was still pressing for the return of the Ninth Division. It had fought courageously at Alamein and the prime minister wanted it back in Australia to support the other two divisions. When Curtin insisted on the Ninth coming home, Churchill grudgingly acquiesced with the message that he would not oppose Australia's wishes, to which Curtin tartly replied that he had expected support and not mere absence of opposition. When the Ninth Division did return to Australia in February 1943, Churchill refused to allow its equipment to go with it as it would place too serious a strain on shipping. Australia had to re-equip the entire division when it arrived.

In the light of Curtin's difficulties during 1942 and the more Australian-centred outlook the ALP possessed, the government quietly ratified the Statute of Westminster, thereby making Australia legally into a fully autonomous and independent nation. The days of colonial deference to Britain were over, at least for a time, and the government concentrated its attention on mobilising Australian society against the Japanese.

Civilians play their part

In January 1942, new regulations were issued under the National Security Act under which important industries were declared 'essential industries' and certain occupations were declared 'reserved' occupations. Every employable man or woman came under the new national power plan, and had to work wherever they were directed. Some were maintained in munitions industries, some were released for military training, and some were directed to essential civil production. Munitions production was streamlined and placed under the direction of Essington Lewis, the former managing

director of BHP, whose job was to oversee production and distribution of munitions in the most efficient way possible. Despite many trade unionists' fears that the job would involve Essington Lewis in a massive conflict of interest, all evidence suggests that his appointment was a signal success.

As men were called up for military training, more and more women flooded into the workforce. They took jobs in industry and commerce, and later on the Women's Land Army performed magnificent work in the agricultural sector enabling men to be freed for service in the armed forces. As the war continued, Australian civilians found themselves unable to escape its effects. Income taxes rose alarmingly, and not only luxury items like petrol, imported wine and spirits, or tobacco felt the weight of restrictions: day-to-day items like butter, eggs, clothing and eventually even meat were rationed. Of course enormous quantities of these goods were produced in Australia, but the war effort had first call on all items, and wool cloth for uniforms, food items for feeding two armies—American and Australian—plus the need to send food and wool to Britain, left precious little to distribute among the civilian population. Manpower restrictions meant that practically no new housing was built for the private market, and rents were frozen for the duration of the war. Young couples had no option but to live with parents or friends until conditions improved. Paradoxically, wages also rose during the war years, not because of salary rises but because of the amount of overtime worked in all the essential industries. Because war-workers laboured around the clock in some industries like munitions, public transport operated 24 hours a day to take them to and from their jobs. In 1942, the Commonwealth government took over sole income taxing rights from the states and raised the levels of income tax across the board to help finance the war effort. Nevertheless, one of the effects of war on the civilian population was an increase in prosperity. There was full employment and overtime for nearly all workers. In the rural sector, farmers were similarly well off, they had a guaranteed market for everything they could produce as the government bought up all the wool, wheat, meat and dairy produce at guaranteed prices. To be sure, people complained about the levels of taxation, but as a soldier who had returned from the Middle East and was about to ship off to New Guinea pointed

important role in defeating and throwing back the Japanese threat to Port Moresby. Indeed, they were responsible for inflicting the first major defeat on Japanese forces on land since Pearl Harbor. As a postscript to this episode it should be noted that Menzies, Fadden, Hughes, Spender and McEwen supported Churchill against Curtin in this confrontation. Had a further two divisions been lost in Burma as the Eighth had been in Singapore, the consequences for Australia could well have been disastrous.

By the end of 1942 Curtin was still pressing for the return of the Ninth Division. It had fought courageously at Alamain and the prime minister wanted it back in Australia to support the other two divisions. When Curtin insisted on the Ninth coming home, Churchill grudgingly acquiesced with the message that he would not oppose Australia's wishes; to which Curtin tartly replied that he had expected support and not mere absence of opposition. When the Ninth Division did return to Australia in February 1943, Churchill refused to allow its equipment to go with it as it would place too serious a strain on shipping. Australia had to re-equip the entire division when it arrived.

In the light of Curtin's difficulties during 1942 and the more Australian-centred outlook the ALP possessed, the government quietly ratified the Statute of Westminster, thereby making Australia legally into a fully autonomous and independent nation. The days of colonial deference to Britain were over, at least for a time, and the government concentrated its attention on mobilising Australian society against the Japanese.

Civilians play their part

In January 1942, new regulations were issued under the National Security Act under which important industries were declared 'essential industries' and certain occupations were declared 'reserved' occupations. Every employable man or woman came under the new manpower plan, and had to work wherever they were directed. Some were maintained in munitions industries, some were released for military training, and some were directed to essential civil production. Munitions production was streamlined and placed under the direction of Essington Lewis, the former managing

director of BHP, whose job was to oversee production and distribution of munitions in the most efficient way possible. Despite many trade unionists' fears that the job would involve Essington Lewis in a massive conflict of interest, all evidence suggests that his appointment was a signal success.

As men were called up for military training, more and more women flooded into the workforce. They took jobs in industry and commerce, and later on the Women's Land Army performed magnificent work in the agricultural sector enabling men to be freed for service in the armed forces. As the war continued, Australian civilians found themselves unable to escape its effects. Income taxes rose alarmingly, and not only luxury items like petrol, imported wine and spirits, or tobacco felt the weight of restrictions: day-to-day items like butter, eggs, clothing and eventually even meat were rationed. Of course enormous quantities of these goods were produced in Australia, but the war effort had first call on all items, and wool cloth for uniforms, food items for feeding two armies—American and Australian—plus the need to send food and wool to Britain, left precious little to distribute among the civilian population. Manpower restrictions meant that practically no new housing was built for the private market, and rents were frozen for the duration of the war. Young couples had no option but to live with parents or friends until conditions improved. Paradoxically, wages also rose during the war years, not because of salary rises but because of the amount of overtime worked in all the essential industries. Because war-workers laboured around the clock in some industries like munitions, public transport operated 24 hours a day to take them to and from their jobs. In 1942, the Commonwealth government took over sole income taxing rights from the states and raised the levels of income tax across the board to help finance the war effort. Nevertheless, one of the effects of war on the civilian population was an increase in prosperity. There was full employment and overtime for nearly all workers. In the rural sector, farmers were similarly well off, they had a guaranteed market for everything they could produce as the government bought up all the wool, wheat, meat and dairy produce at guaranteed prices. To be sure, people complained about the levels of taxation, but as a soldier who had returned from the Middle East and was about to ship off to New Guinea pointed

out, the AIF was being paid at the same rate as soldiers in the First World War, and there was no overtime:

I went down and had a look at the place I used to work yesterday. It was good to see all the mob again. They have a swag of war work done there. Some of the chaps are doing pretty well with the overtime they're making...

Some of the chaps at the factory seemed pretty sore that they were going to cop some more taxes this week. They said it wasn't a fair go for their overtime to be taxed. I don't know about that. All I know is that we don't get any overtime. The chaps in the factory are still a lot better off than we are.

Another thing that strikes us is that everyone seems to have plenty of money and there's nothing to spend it on. And yet they're singing out all the time about the war loan. You'd think all these people who are cashed-up would be doing something about it. Where does all the money go? It's got us beat.⁸

Some of the money undoubtedly went on the black market. As rationing restrictions affected more and more items of everyday life, a thriving black market built up to supply the demand. Cigarettes and alcoholic beverages were the main items available, but clothing and food could also be obtained. Even a little petrol was occasionally available for those who knew where to look for it. Many Australians attempted to beat the cut-back in beer production by making their own home brew, and illicit stills proliferated in a way that had not been seen since the very early days of the convict colony. The American servicemen received a substantially higher rate of pay than did the Australians, and they could obtain American cigarettes very cheaply at their military PX stores. The Americans also possessed sufficient money to purchase expensive and illicitly distilled spirits, and the night clubs and dives of all the capital cities overflowed with soldiers, sailors and airmen from America celebrating and on leave. Australian servicemen resented the differential in pay and the success which Americans seemed to enjoy with the Australian girls. Occasionally such frictions led to fighting and riots, the best known of these being the Battle of Brisbane which involved many hundreds of soldiers from both armies; during the fracas one was killed and about 40 wounded. Fighting between the armies was not the norm, however, and

hundreds of marriages occurred between American servicemen and Australian girls during the years of the Second World War.

The tide turns

Hostilities against the Japanese during 1942 helped turn the tide. In New Guinea, Australian troops threw the Japanese back over the Owen Stanley Ranges and recaptured Kokoda, while at sea American and Australian ships inflicted two heavy defeats on the Japanese in the battles of the Coral Sea and Midway. In fact, Allied losses had been heavier than Japanese at the battle of the Coral Sea, but they could be made up whereas the Japanese fleet was being slowly ground down by attrition. In the battle of Midway, the Japanese lost four aircraft carriers that were irreplaceable and their ability to supply their far flung armies and to protect convoys of supplies was seriously weakened. Similarly, the Japanese ability to mount further offensive operations and to threaten Australia with invasion was also destroyed, and from 1943 onwards the Japanese were on the defensive as MacArthur and the Allied forces slowly drove them out of their conquered territories.

The reconquest of occupied territory forced the Australian government onto the horns of a dilemma. Militia forces had played a large part in the campaigns against the Japanese in New Guinea. They had fought with distinction and had proved no less able than the volunteers of the AIF. American ground forces had similarly been involved and they, like the Australian militia, contained conscripts. Was the Curtin government to take the view that American conscripts could die fighting the Japanese beyond New Guinea but Australian conscripts could not? Eventually Curtin had no choice but to introduce legislation which authorised the use of Australian militia against the Japanese as far north as the equator. Those trade unionists who had foreseen the 1939 measure as the beginning of just such a process had been proved correct. The irony was that the measure was brought in by Curtin, who had made his reputation as a prominent anti-conscriptionist during the referendums of the First World War. There were others in his Cabinet, like Arthur Calwell, with similar backgrounds, and

it is worth noting that none of them resigned over the issue. Nor did conscription prove divisive among the Australian civilian population. Communists, who had earlier opposed the war as a capitalist war, had become ardently enthusiastic participants in it following Hitler's attack upon Russia in June 1941. The war for them had become a People's War and conscription for overseas military service had their blessing. At the other end of the political spectrum, Archbishop Mannix and the Roman Catholic Church in general were wholeheartedly behind the war effort, so there was none of that communal strife that had marked the issue in 1916 and 1917. In parliament the opposition supported the move, though condemning the limitations put on the area in which conscripts could be ordered to serve.

Planning for peace

In the elections of 1943, the ALP secured a comfortable working majority in both houses of parliament and Curtin and his Cabinet began to lay the groundwork for post-war reconstruction. It was widely felt in Labor circles that in 1914–18 Australia had helped win the war but had lost the peace; that insufficient planning and forethought had been given to the troublesome task of transferring from a war-time economy to a peace-time economy. The result of this lack of planning had been the great depression of the 1930s. The ALP was determined that this would not be allowed to happen again, and as early as 1940 John Curtin had begun advocating the necessity for proper planning for the post-war period. In 1942, the government had established a Department of Post-War Reconstruction under the control of the Treasurer, Ben Chifley, and he had caused detailed plans to be drawn up whereby unemployed workers in a period of post-war recession would be immediately employed on projects of national development. Labor was determined that the events of the 1930s would be avoided with careful and thorough planning.

To this end, the government sponsored a referendum in August 1944 in which it sought to gain for the Commonwealth the exclusive right to legislate for a period of five years after the war on 14 powers which had hitherto been matters controlled by the states. The four areas covered by the 14

proposals were those affecting employment, housing, primary production and social security. The government claimed that the transfer of authority to these areas was vital if it was to plan effectively for peace. Most state governments and all non-Labor politicians opposed the referendum on the grounds that there was already too much government interference and control in people's lives, and that the ALP could not be trusted with the powers as it would use them to introduce a socialist society. The referendum was lost, but the government failed to note the degree to which people were becoming tired of war-time restrictions on their lives. Chifley's failure to learn this lesson would cost him dearly before the end of the decade.

A new party: the Liberals

The opposition to Labor's proposals during the referendum had come from a disunited array of political parties in the States: the tattered remnants of the Federal UAP once again under the leadership of R. G. Menzies; the Country Party; and a plethora of lobby groups and front organisations representing private business interests. The success of this disparate group of organisations in defeating the referendum emboldened Menzies to attempt the formation of a new political party under his leadership which would replace the array of anti-Labor groups with a single nationally-organised entity. To this end he invited all the groups to attend a conference in Canberra in October 1944 to discuss the establishment of a new political party. At the meeting Menzies painted a somewhat gloomy picture of the ALP as a nationally organised body with a permanent secretariat which was at present being opposed by many thousands of people all desperately anxious to travel in the same direction but divided into various sects and bodies with no Federal structure, with no central executive, and with no coordinated means of publicity or propaganda, and, above all, with no clearly accepted political doctrine or faith to serve as a banner under which all may fight.⁹

To remedy the situation he did not propose an uneasy partnership of existing organisations, but rather the formation of a completely new party modelled on the ALP.

The real hope—and it is a great hope—is that a new movement should be brought into existence, that existing organisations should so far as practicable go out of existence in its favour, that all persons joining the new movement should do so on an equal footing, and that through branch executives, State Councils, State Executives and a Federal Executive, all democratically chosen every joining member should feel that he or she has an effective chance of influencing both policy and organisation.

In a word, a new movement must come into existence unhandicapped by vested political or personal interests of any kind.¹⁰

The old National and UAP organisations had not been parties with a mass membership, but political groupings financed and manipulated by unrepresentative outside bodies such as the National Union and its subsidiary organisations in the smaller states. The new Liberal Party was to be a break from the past, a mass organisation of members who would all have a voice in policy formulation, as in the ALP. The dues of the members would also help to guarantee the independence of the Liberal Party from sectional pressures.

Menzies recognised that to attract members the new party had to offer more than just opposition to the ALP, and he carefully spelled out the ideology of the Liberal Party. The new movement aimed to secure for Australia an environment in which all who had risked their lives in its service could enjoy honour and security; in which constant employment at good wages was available to all willing and able to work; in which the unavoidable minimum of unemployment arising from sickness or change of occupation was provided against by adequate unemployment benefits; in which citizens enjoyed the rights of freedom of speech, religion and association, together with the right to choose their own way of living and of life; and which looked primarily to the encouragement of individual initiative and enterprise as the dynamic force of reconstruction and progress.¹¹

It was the stress on individual initiative rather than the state as the motive force for reconstruction and change that clearly distinguished the new Liberal Party from the ALP in ideological terms, though the record was to show that in

practical affairs the Liberal Party could be quite as committed to state welfarism as was the ALP.

Curtin gives way to Chifley

As the war ground on to its inevitable conclusion, John Curtin's health finally collapsed under the strain and he died of a heart attack in July 1945. Curtin had been an unashamed nationalist who had put the welfare of his own country above all other considerations. In the process he had incurred the hostility of both Churchill and Roosevelt and established the basis of an undying legend within the ranks of the Australian Labor Party. At the same time his sincerity and wholehearted devotion to Australia had won him the respect of his political opponents despite their ideological differences, and his loss was deeply felt by his country. The measure of Curtin's commitment to Australia rather than to the sectional advantage of his own party can be seen in his courageous introduction of conscription for overseas service in 1943. Since the battles over this issue had split the ALP asunder during the First World War, opposition to conscription had become an article of faith among party members. Yet when he believed that conscription had become necessary for the war effort, Curtin grasped the nettle and brought it in. Moreover, his stature in the party can be gauged by the fact that the measure won almost universal acquiescence from members. Curtin was that rare politician who was prepared to put the welfare of his country above a strict adherence to the platform of his party, but it is ironic that in going beyond the party platform he cemented the basis of his legend within the ranks of the Labor movement.

The caucus of the Federal Parliamentary Labor Party elected Joseph Benedict (Ben) Chifley to succeed John Curtin, and he became prime minister automatically since Labor enjoyed a comfortable majority in both Houses of Parliament. It fell to Chifley to see out the final months of the war and to handle the vast task of post-war reconstruction for which Labor had been planning since 1942. When the war ended in May in Europe and in August in the Pacific, Australia had lost just under 34 000 dead. This was only half the military deaths of the First World War, and the population had risen to just on seven million, so in terms of service

deaths the Second World War had less impact on the Australian community than had the First. Nevertheless, it would also be fair to say that the Australian population had been conscripted, rationed and controlled during the Second World War in a way that had never before been experienced. By the end of the war more than 500 000 Australians were in uniform and large numbers of civilians had been conscripted under manpower regulations. These had all to be reabsorbed into the general community. The Chifley government faced a most daunting task.

Ben Chifley had experienced the depression of the 1890s as a small boy, and the depression of the 1930s as a member of the Scullin government. He had been appointed as a Labor representative to the Royal Commission into Banking in 1935 and had issued a minority report dissenting from the majority and recommending the complete nationalisation of banking. The failure of the Scullin government between 1929 and 1931 was caused largely by its inability to control the economy and by the opposition of conservative private banks. Private banks were anathema to Chifley, who regarded their search for profit as parasitical. Control over the economy was a necessary part of Chifley's plans for reconstruction after the war because of the ALP's commitment to the maintenance of full employment while reabsorbing returning servicemen as they demobilised. Elaborate plans had been prepared for extensive government works to achieve this aim if the private market proved unable to absorb the soldiers, and it will be remembered that the Commonwealth Bank board had vetoed similar plans during the depression and had refused to provide the necessary funds.

Financial reconstruction under Chifley

Even before the war ended, Chifley as Treasurer had introduced two banking Bills into federal parliament which were designed to lay the financial groundwork for reconstruction. The Commonwealth Bank board was abolished and the bank was placed under a single governor who was to be assisted by an advisory board. Moreover, the governor was directly responsible to the treasurer of the day for carrying out government policy. In addition, the Commonwealth Bank was to function as a Reserve Bank, and all private banks

were required by law to lodge a proportion of their reserves with the Commonwealth Bank and to charge rates of interest determined by the Commonwealth Bank. Finally, all state and local governments were required to bank with the Commonwealth Bank or with one of the state government banks. This final provision was ultimately ruled unconstitutional by the High Court in 1947, but the basic provisions establishing firm governmental control over the banks and the monetary system remained unaltered. Despite subsequent tinkering with the system by Liberal-Country Party governments, the basis established by Chifley's legislation remained unaltered until 1986.

The private banks were appalled at what they regarded as revolutionary changes in the economic structure of the country, and they accused Chifley of setting up a financial and economic dictatorship. The central powers of the Commonwealth Bank were balefully referred to as 'creeping socialism', and the ALP had ensured that for the rest of its period in office it would face the combined and powerful opposition of vested financial interests anxious to secure a reversal of the government's banking legislation. As we will see, this was a challenge that the tough-minded Chifley was to meet head-on during 1948 and 1949, and it was to play no small part in the eventual defeat of his government at the 1949 elections.

All this lay in the future, however, in 1946 when the Chifley government faced the electorate for the first time at a general election. Despite all Menzies' efforts on behalf of the Liberal Party, the ALP was returned to office in triumph with a handsome majority in both houses. The way was now clear for Chifley to implement his blue-print for winning the peace. It was the folksy home-spun style of Ben Chifley that appealed to the electorate, along with his transparent honesty and sincerity. The electorate obviously found it difficult to believe that such a man could be the socialist ogre portrayed by Menzies. Harold Holt, a future Liberal prime minister has described the contrasting styles of the two leaders at this time:

He [Chifley] had a dry sense of humour which found a perhaps somewhat mischievous but certainly very effective expression in the way in which he used to handle the then Leader of the opposition... Sir Robert would present a most

formidable unanswerable arguments, compelling in its logic and the more compelling this argument the more homespun and disarming Ben Chifley's answer would be. He would come to the table, sitting down and looking round the House for a while to gauge its temper and at length he would rise and say 'There's no doubt about the leader of the opposition. He can make a wonderful case in a most brilliant and logical way; but if only he had our case to put, what a superb piece of advocacy we should get from him then!' And by the time Ben had finished, after going off on one or two byways of his own, the general impression (not merely in the House, but perhaps more importantly among the listeners beyond the House) was, 'Here's a very reasonable charming sincere earnest man, and he's the man we want for Prime Minister.'¹²

Helping the ex-servicemen

In the event, most of the elaborate plans for projects of national public works remained unused during the immediate post-war years, as an economic boom occurred which provided more than enough job opportunities for returning servicemen. Moreover, the government offered a wide range of services to the ex-servicemen whereby they could equip themselves for a return to civilian life. Free tertiary training was available for all with entry qualifications to universities and colleges, and living allowances were paid to those who undertook further training. Free training schemes were also in place to accommodate men who opted for skilled trades and semi-skilled occupations. Although the attractions of the land were not as great as they had been after the First World War, thousands of ex-servicemen opted to take up the rural life, and they were assisted with loans, land grants, and free training and assistance until they managed to establish themselves. The land made available was more carefully chosen and greater care was taken in adjusting the size of the allotments to local conditions and the nature of the soil and the rainfall. Former jobs remained open to returned servicemen, and a system of preference in favour of ex-servicemen was rigorously enforced.

The post-war boom

The war had led to an enormous increase in Australian manufacturing industry and these industrial plants changed

over rapidly to peace time production. There had been a virtual halt in the building industry, especially in the area of private construction, and consequently an enormous backlog of demand saw housing and its associated industries booming and unable to cope with the demand. Many household goods had been unobtainable during the war, as had radios, motor cars and other items regarded as unessential. These now were snapped up almost as soon as they came on the market. Full employment and a booming economy meant that there were very few problems absorbing the demobilised servicemen into civilian life, though there were social problems aplenty. Five years in the army changed many men, and they found it difficult to readjust to civilian life. Moreover, they encountered a weariness with the war and a reluctance to talk much about it. Since soldiers had known nothing but war this made conversation and the resumption of former friendships difficult. Fathers found themselves confronted by children they had never seen and who wondered who the strange man was; and wives found it difficult to revert to the pre-war roles normally assigned to women and to give up their jobs and economic independence. Marriages, deferred while the men were away in the services, increased rapidly, putting additional strain on the housing market.

In primary industry, the profitable times continued after the war. Much of Europe was in a devastated condition and many countries were unable to feed or clothe themselves. Australia's exports of wool and wheat remained buoyant and much additional land was brought into production to cope with the increased demand. British consumption of meat and dairy produce remained high, and exports of canned fruits and dry fruit also increased.

Chifley's policies

Immigration

The rapid expansion of the economy made it much easier for the Chifley government to implement another part of its plans for post-war Australia. The conflict with Japan had frightened many Australians and raised old fears of being swamped by Asian hordes. Both sides of politics agreed that

formidable unanswerable argument, compelling in its logic and the more compelling this argument the more homespun and disarming Ben Chifley's answer would be. He would come to the table, sitting down and looking round the House for a while to gauge its temper and at length he would rise and say, 'There's no doubt about the leader of the opposition. He can make a wonderful case in a most brilliant and logical way, but if only he had *our* case to put, what a superb piece of advocacy we should get from him then!' And by the time Ben had finished, after going off on one or two byways of his own, the general impression (not merely in the House, but perhaps more importantly among the listeners beyond the House) was, 'Here's a very reasonable charming sincere earnest man, and he's the man we want for Prime Minister',¹²

Helping the ex-servicemen

In the event, most of the elaborate plans for projects of national public works remained unused during the immediate post-war years, as an economic boom occurred which provided more than enough job opportunities for returning servicemen. Moreover, the government offered a wide range of services to the ex-servicemen whereby they could equip themselves for a return to civilian life. Free tertiary training was available for all with entry qualifications to universities and colleges, and living allowances were paid to those who undertook further training. Free training schemes were also in place to accommodate men who opted for skilled trades and semi-skilled occupations. Although the attractions of the land were not as great as they had been after the First World War, thousands of ex-servicemen opted to take up the rural life, and they were assisted with loans, land grants, and free training and assistance until they managed to establish themselves. The land made available was more carefully chosen and greater care was taken in adjusting the size of the allotments to local conditions and the nature of the soil and the rainfall. Former jobs remained open to returned servicemen, and a system of preference in favour of ex-servicemen was rigorously enforced.

The post-war boom

The war had led to an enormous increase in Australian manufacturing industry and these industrial plants changed

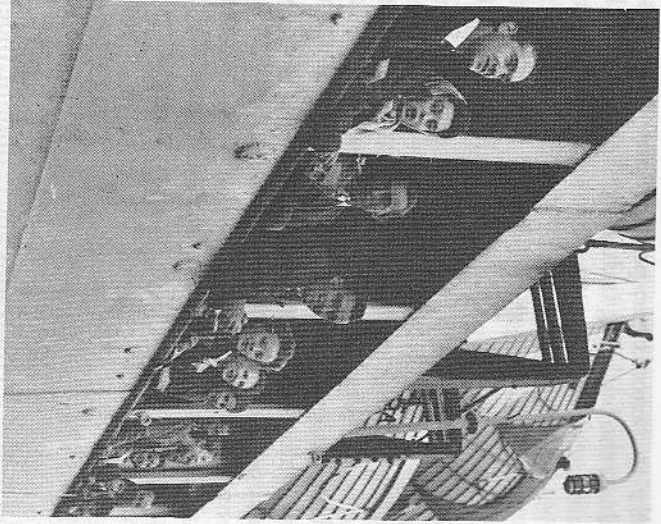
over rapidly to peace time production. There had been a virtual halt in the building industry, especially in the area of private construction, and consequently an enormous backlog of demand saw housing and its associated industries booming and unable to cope with the demand. Many household goods had been unobtainable during the war, as had radios, motor cars and other items regarded as unessential. These now were snapped up almost as soon as they came on the market. Full employment and a booming economy meant that there were very few problems absorbing the demobilised servicemen into civilian life, though there were social problems aplenty. Five years in the army changed many men, and they found it difficult to readjust to civilian life. Moreover, they encountered a weariness with the war and a reluctance to talk much about it. Since soldiers had known nothing but war this made conversation and the resumption of former friendships difficult. Fathers found themselves confronted by children they had never seen and who wondered who the strange man was; and wives found it difficult to revert to the pre-war roles normally assigned to women and to give up their jobs and economic independence. Marriages, deferred while the men were away in the services, increased rapidly, putting additional strain on the housing market.

In primary industry, the profitable times continued after the war. Much of Europe was in a devastated condition and many countries were unable to feed or clothe themselves. Australia's exports of wool and wheat remained buoyant and much additional land was brought into production to cope with the increased demand. British consumption of meat and dairy produce remained high, and exports of canned fruits and dry fruit also increased.

Chifley's policies

Immigration

The rapid expansion of the economy made it much easier for the Chifley government to implement another part of its plans for post-war Australia. The conflict with Japan had frightened many Australians and raised old fears of being swamped by Asian hordes. Both sides of politics agreed that



Refugees from war-ravaged Europe arriving on Australian shores, 1948

Australia's population had to be built up by a large-scale migration program for defence purposes as much as anything else. The ALP had always officially opposed assisted immigration schemes as a mechanism for increasing competition for jobs and driving down wages, but the economy was in such good health that these claims could no longer be made. Accordingly, in 1947, the Minister for Immigration, Arthur Calwell, announced the beginning of Australia's post-war immigration schemes. Calwell attacked the problem with great energy and pointed out that the refugee camps of Europe held almost one million people of Baltic, Polish and Yugoslav origin who included professions and skilled trades among their accomplishments. Such people were needed in Australia and could make a real contribution to the country in return for bringing them out here. This was the beginning of a program which came to play a major part in the development of Australia. In return for their passages to Australia, the immigrants from the

displaced persons' camps agreed to work for two years, at regulation wages, wherever the Commonwealth government should direct them. In this way a labour force became available for major construction works like the Snowy River Development Scheme, which was to divert the waters of the Snowy River into a series of dams and tunnels so as to provide electric power to both New South Wales and Victoria, and irrigation waters to farmers on the other side of the Snowy Mountains. It was a mammoth development and could not have been undertaken or completed without the thousands of immigrants from Europe. Similar though lesser projects were undertaken in other parts of Australia, and the program served the dual purposes of populating the country with people of Caucasian stock and providing a work force for large projects of national importance. Preference was given to whites, however, and blacks and Asians were rigorously excluded. As Calwell announced in 1948, 'Two Wongs do not make a White'.

In addition to European refugees, Calwell made strenuous and successful attempts to attract migrants from Britain. The most important scheme to operate in Britain was the free and assisted passage plan whereby all those seeking entry to Australia were interviewed by British and Australian officials to determine their suitability and certify that they were free from tuberculosis and other communicable diseases. British ex-servicemen and their families received free passage to Australia under this scheme, and others from England paid only a trifling sum towards the cost of their voyage. The Department of Immigration grew astronomically between 1946 and 1949. Personnel increased from 24 to 5000, as approximately 700 000 immigrants landed in Australia. Subsequent Liberal-Country Party governments continued the program and sought immigrants from all over Europe. The result was that by 1959 the national population had reached the 10 million mark; by 1970 more than 2 500 000 immigrants had arrived in Australia with a minimum of fuss and dislocation. Many of these post-war immigrants experienced some level of hostility and prejudice from the Australian populace, but the words like 'Dago', 'Rehfo', and 'Pom' were quickly replaced by the more acceptable term New Australian, and the first two have largely passed out of use. Periodic cricket contests ensured

that 'Pom' remained popular as a derogatory word for English people, but it came more and more to be used with affection rather than venom.

Nationalism

The nationalistic stance of the Chifley government in the years after the Second World War prompted considerable reservations in the opposition. When William McKell, the Labor Premier of New South Wales, was appointed Governor-General in 1947, Menzies and the new newspapers took a line of high moral indignation over the appointment of a practising politician as governor-general, and Menzies described it as 'the most deplorable incident' which would weaken Australia's vital connection with Britain. The governor-general, said Menzies, had high political responsibilities, the discharge of which demanded complete impartiality and detachment from party politics. The qualities could not be looked for in a practising politician who could never hope to be viewed by Australians as the trustee of personal representative of the throne.¹³ (It should be noted in passing, that when, some years later, former Liberal Cabinet members Richard Casey and Paul Hasluck left politics for the governor-generalship, their selection failed to provoke a similar furore.) The government responded to the criticism by pointing out that McKell's office in the eyes of the opposition was really that he was an Australian, and that the appointment of Isaac Isaacs by the British government had met a similar tirade of abuse. After defending McKell's integrity and administrative abilities, Chifley went on to state his view that 'Any Australian citizen of sufficient ability, reputation and integrity of character is entitled to occupy the position of governor-general'.¹⁴ McKell in fact served out his time with distinct contentment and to Menzies' complete satisfaction.

Medicine and banking

Two other areas where Chifley's nationalism and sense of fair play was to bring him into headlong confrontation with powerful vested interest groups in society were his decisions to nationalise both medicine and banking. In 1946, the government had succeeded in a referendum in which it

sought specific powers to legislate for social services. The medical profession had resolutely opposed attempts during the war years to establish a system of free medical attention and free pharmaceutical benefits. This was considered to be socialist, but, strengthened by the referendum result, the government brought in another pharmaceutical and medical benefits plan. Once again doctors opposed vociferously this attempt to socialise their profession. They took their stand on the bureaucratic nightmare allegedly produced by a similar scheme in Britain, and indicated their resolution to defend their privileges and income to the last drop of their patient's blood.

But if the British Medical Association (Australian Branch), soon to become the Australian Medical Association, set the standard for selfish and irresponsible behaviour early in 1949, it was soon surpassed by the antics of those defending the private banks from Chifley's attempts to nationalise the entire banking system. Chifley regarded the banks as speculative parasitical growths on the economy, and although his 1945 banking legislation had escaped almost unscathed from a High Court appeal against it, and although Dr Ewart, the Attorney-General, strongly advised that there was no need to proceed further in gaining control over the banks and that they were already subject to the overall control of the government, Chifley was determined to press ahead and crush the banks altogether. He was the child of two depressions where banks had crashed and where banks had deliberately sabotaged an elected government's policies for recovery, and he was determined that it would not happen again. He overrode Ewart's advice and convinced the Cabinet that nationalisation was the only way to deal with recalcitrant and obstructive financial institutions. It was a great mistake.

The banks responded with one of the most bitter and sustained attacks on a government ever seen in Australia. Their customers were deluged with propaganda about the government's obvious designs on their savings, and their employees were told that their jobs would be endangered in the event that nationalisation went through. The newspapers were flooded with propaganda attacking Chifley as a crazed socialist, and to ram home the point cartoons were published of a pipe-smoking Chifley alongside a pipe-smoking Joseph

that 'Pom' remained popular as a derogatory word for English people, but it came more and more to be used with affection rather than venom.

Nationalism

The nationalistic stance of the Chifley government in the years after the Second World War prompted considerable reservations in the opposition. When William McKell, the Labor Premier of New South Wales, was appointed Governor-General in 1947, Menzies and the newspapers took a line of high moral indignation over the appointment of a practising politician as governor-general, and Menzies described it as 'the most deplorable incident' which would weaken Australia's vital connection with Britain. The governor-general, said Menzies, had high political responsibilities, the discharge of which demanded complete impartiality and detachment from party politics. The qualities could not be looked for in a practising politician who could never hope to be viewed by Australians as the trusted personal representative of the throne.¹³ (It should be noted in passing, that when, some years later, former Liberal Cabinet members Richard Casey and Paul Hasluck left politics for the governor-generalship, their selection failed to provoke a similar furor.) The government responded to the criticism by pointing out that McKell's offence in the eyes of the opposition was really that he was an Australian, and that the appointment of Isaac Isaacs by the Scullin government had met a similar tirade of abuse. After defending McKell's integrity and administrative abilities, Chifley went on to state his view that 'Any Australian citizen of sufficient ability, reputation and integrity of character is entitled to occupy the position of governor-general.'¹⁴ McKell in fact served out his time with distinction and to Menzies' complete satisfaction.

Medicine and banking

Two other areas where Chifley's nationalism and sense of fair play was to bring him into headlong confrontation with powerful vested interest groups in society were his decisions to nationalise both medicine and banking. In 1946, the government had succeeded in a referendum in which it

sought specific powers to legislate for social services. The medical profession had resolutely opposed attempts during the war years to establish a system of free medical attention and free pharmaceutical benefits. This was considered to be socialist, but, strengthened by the referendum result, the government brought in another pharmaceutical and medical benefits plan. Once again doctors opposed vociferously this attempt to socialise their profession. They took their stand on the bureaucratic nightmare allegedly produced by a similar scheme in Britain, and indicated their resolution to defend their privileges and income to the last drop of their patient's blood.

But if the British Medical Association (Australian Branch), soon to become the Australian Medical Association, set the standard for selfish and irresponsible behaviour early in 1949, it was soon surpassed by the antics of those defending the private banks from Chifley's attempts to nationalise the entire banking system. Chifley regarded the banks as speculative parasitical growths on the economy, and although his 1945 banking legislation had escaped almost unscathed from a High Court appeal against it, and although Dr Ewart, the Attorney-General, strongly advised that there was no need to proceed further in gaining control over the banks and that they were already subject to the overall control of the government, Chifley was determined to press ahead and crush the banks altogether. He was the child of two depressions where banks had crashed and where banks had deliberately sabotaged an elected government's policies for recovery, and he was determined that it would not happen again. He overrode Ewart's advice and convinced the Cabinet that nationalisation was the only way to deal with recalcitrant and obstructive financial institutions. It was a great mistake.

The banks responded with one of the most bitter and sustained attacks on a government ever seen in Australia. Their customers were deluged with propaganda about the government's obvious designs on their savings, and their employees were told that their jobs would be endangered in the event that nationalisation went through. The newspapers were flooded with propaganda attacking Chifley as a crazed socialist, and to ram home the point cartoons were published of a pipe-smoking Chifley alongside a pipe-smoking Joseph

Stalin. As the 1949 elections approached, the private banks gave leave to many of their managers and executives, who worked gratis for the election of the Menzies Liberal Party. It was a thoroughly professional and overwhelming campaign, and it did much to unseat the government.

Australia in a wider world

These campaigns against socialist policies and the attempt to connect socialism and communism in the public mind did not take place in a neutral environment, but in a world already fearful that it trembled on the brink of another war. Australia's position within the wider world influenced the difficulties faced by the Chifley government as 1949 approached.

Foreign policies

For several years after the defeat of Japan and the Axis powers, Australia enjoyed the opportunity to embark upon an independent and venturesome foreign policy. This can be seen as early as the 1944 ANZAC agreement between Australia and New Zealand, whereby they agreed to consult together about the future of the South Pacific, to come to one another's aid in the event of attack, and to claim a major role in any post-war rearrangements affecting the Pacific. In particular they agreed that American military bases were not to constitute a claim to sovereignty after the war. The agreement raised eyebrows both in Britain and the United States, but it was Australia's first independent diplomatic treaty, and Dr H. V. Evatt, the Minister for External Affairs, was well-pleased with it. In 1945, at the San Francisco Conference which established the United Nations Organisation, Evatt played a major role and Australia quickly became one of the leaders of the smaller nations who feared the effects of the veto power exercised by the great powers in the Security Council. Both the Americans and the British came to resent the irascible Evatt and the independent line Australia was following. Evatt saw the United Nations as a useful curb on the rivalries of the great powers, which he rightly felt could become a danger to world peace. Naturally, the great powers did not appreciate attempts to curb them and Evatt's endeavours to strengthen the powers of the

General Assembly vis-a-vis the Security Council were largely unsuccessful.

In Australia's region, the Chifley government supported the independence movement in Indonesia and gave aid and assistance to the Indonesians in their attempts to throw off the yoke of the Dutch and become independent. The Waterside Workers' Federation refused to load cargoes which might be used against Indonesia, and this even extended to a refusal to ship back to Indonesia the government files of the Netherlands East Indies administration. Fighting eventually broke out between Indonesians and the Dutch in 1947, but Evatt continued to search for a peaceful solution, and in 1949 the Netherlands officially recognised the independence of Indonesia with its 70 million people. Both sides publicly thanked Australia for its efforts to find a peaceful solution, and much goodwill was earned for Australia from its nearest northern neighbour. Evatt similarly supported the Indian independence movement and earned further goodwill for Australia from the new nations within its own region.

Evatt and Chifley took a much tougher line on Japanese policy than did the United States. Australia had received a bad fright in 1942, and the government took the view that Japan ought to be severely punished for aggression. Australia supported the trial of Japanese war criminals, and the skeletal survivors of Japanese prison camps on the infamous Burma Railroad, with their accounts of cruelty and beatings, ensured that an element of vindictiveness was present during the early post-war years in Australia's policy towards Japan. In 1946, when the first executions of Japanese war criminals began, the newspapers took a view that these were few and well deserved. Satisfaction was expressed that some of those who had tortured Australian prisoners of war were getting their just deserts. Because Japan was still feared, Australia actively and mainly successfully sought for goodwill and allies in the region and between it and Japan.

When the United Nations met for the first time in its new quarters in New York in September 1948, Evatt was elected president of the General Assembly, largely in recognition of Australia's support of the smaller nations. By that time, however, Australia had begun to realise that it could no longer enjoy its status of independence in a world in which international tensions increased daily. The conditions for

Evatt's brief flurry of independence were almost over, and the old fears and necessities had begun to re-emerge. As world conditions became ever more threatening, scope for an independent Australian foreign policy continued to shrink. The need for alliance with a great and powerful protector once again took precedence over all else, and the halcyon days of independence did not dawn again until 1972 and the election of the next ALP government.

World communism

In international affairs, the cooperation between the victorious Allies which had carried them through to victory against Japan and the Axis powers did not long survive the peace. Increasing hostility between Soviet Russia and the West from 1947 onwards marked the beginnings of the cold war, and in the Far East the communists under Mao Tse Tung continued to win impressive victories over the Kuomintang regime. It seemed only to be a matter of time before China became fully communist. In Europe, the Russian regimes in the occupied territories of Hungary, Poland, Estonia, Latvia and East Germany quickly showed themselves to be as repressive and as brutal as any experienced under Nazi domination. In particular, the attacks on the Hungarian Cardinal Mindszenty aroused the horror of Roman Catholics throughout the world, and non-Catholics who valued the right of free speech and free association spoke out vehemently in his defence. At the United Nations, Evatt earned the enmity of the Soviet delegate because of his protests on behalf of Mindszenty, but in Australia Evatt was regarded as a man who was favourably inclined towards communism.

The Berlin Blockade in 1948 signified a more aggressive stance by Soviet Russia towards the western Allies and the world trembled on the brink of war. Smaller powers, including Australia, began to align themselves with one or other of the super powers, and the world situation came to resemble two armed camps. American policy was dominated by the need to contain communism, and Australia as a loyal ally soon fell into line with this outlook. Indeed, it was one that proved to be wholly congenial to Menzies and the more conservative politicians in the Liberal and Country Parties,

but it posed problems for a party like the ALP which paid lip-service at least to the socialist objective. As the international situation deteriorated, so anything which smacked of socialism or communism could be depicted more and more easily as treasonable. The Communist Party in Australia had ended the war with more than 20 000 members and with communists in control of many of the country's largest and most important trades unions. As international tensions mounted, membership of the party fell rapidly but communists proved harder to dislodge from the trades unions. Firstly, many communist union officials were highly regarded by the rank and file for their militancy and efficiency in obtaining concessions from the employers. Secondly, many communists were entrenched in power within the union bureaucracies and could use all the facilities of the head office to maintain their positions. Thirdly, some communists did not hesitate to defend their positions with stand-over tactics, violence and general bullying of their opponents. Fourthly, opposition to communism within the industrial labour movement was not as well organised as the communists until the later 1940s.

The extent of communist influence within Australia's trades union movement has proved difficult to quantify. One of their leading opponents at this time has stated that communists by 1945 controlled four out of the five Australian Trades and Labour Councils and exercised an all but controlling influence on the councils and conferences of the federal organisation the Australian Council of Trade Unions.¹⁵ In the years after the war's end, many trades unions in the public sector struck in favour of shorter hours and greater pay. Strikes in the areas of public transport, coal mining and power supply greatly inconvenienced Australians who found it easy to blame the communist scapegoats that the newspapers and conservative politicians maintained were responsible. A tide of public opinion soon began to run against the trade unions and especially those under communist leadership. On the other hand, at least some of these strikes were over genuine industrial grievances, but after five years of war the public was in no mood for strikes in public utilities.

The public environment was further poisoned by startling revelations from former Soviet agents in Canada, the United

States of America, and even in Victoria which indicated that a far-flung and sinister network of communist infiltration masterminded by the Soviet Union existed throughout the 'free world'. It was widely believed that the 'free world' was in dire straits and that its entire capacity to defend itself was being undermined from within by secret communist cells in government departments and in key industrial trades unions. Committed socialists were described as 'fellow travellers' with the communists and their beliefs were felt by many Australians to be dangerous and bordering on the traitorous. Thus when trades unions in the public utilities went out on strike after 1945 they met with little sympathy and increasing hostility as the decade progressed. The opposition hammered the theme that the ALP was unreliable on communism and that socialism was akin to communism, and the tide of events began to run strongly against the government.

It was against this background that Chifley's attempts to nationalise medicine and the banks were fought out after 1947, and the longer the issue dragged on the less sympathy the government enjoyed. Events culminated in the industrial arena with the great coal strike of 1949, when miners under communist leadership in New South Wales went on strike and coal-miners in all states quickly joined in. The miners claimed a 35-hour week and certain other privileges which the Chifley government adamantly refused. This last great strike of the 1940s brought almost the entire industrial life of the country to a halt, as without coal other industries were unable to function. Eventually the Chifley government froze the bank accounts of the striking unions so that strike pay could no longer be distributed, and sent in the army to work the coal mines and get industry started. It was firm and resolute action and the strike was broken, but Menzies and the rabid anti-communists were the long term winners.

On the eve of the election in October 1949 the final touch of anti-communist publicity was generated by Lawrence Sharkey, chairman of the Communist Party of Australia, who was found guilty of uttering seditious words with a seditious intention earlier in the year when he had said 'If Soviet forces in pursuit of aggressors entered Australia, Australian workers would welcome them'. Sharkey was sentenced to three years' gaol. He had been prosecuted by Dr Evatt, the

Attorney-General in the Chifley government, yet even this did not help the ALP shake off the communist taint so assiduously being fastened upon it by the doctors, the banks, and the opposition.

Anti-Labor feelings increase

Other smaller events helped to swell the anti-Labor tide. One of these was the government's reluctance to abolish rationing and war-time restrictions. The ALP felt that these were still needed to help continue the process of reconstruction, but Menzies was more in tune with public opinion and realised that many people were sick of government intervention in their lives. The issue of petrol rationing enabled Menzies to focus on this point. Chifley did not even own a car of his own, and he had no idea how petrol restrictions rankled the community at large. Menzies promised to revoke petrol restrictions and used the issue as an example of the way a socialistically inclined government interfered in peoples' lives. Menzies also promised to put value back in the pound and inflation in the period of post-war economic boom had given into the purchasing power of the average family.

The coalition parties went into the election with the tide of events running heavily in their favour. International and domestic affairs had served to weaken the appeal of Labor, which was attacked for being unsound ideologically and weak on communism. The Chifley government faced a campaign of vilification and propaganda hitherto unmatched in Australia's history and people were fed up with the continuation of wartime controls and regulation. The Liberal-Country Party coalition won 74 seats in the House of Representatives to Labor's 47 though Labor still retained control of the Senate. Robert Gordon Menzies once more became Prime Minister and the Australian Labor Party began—though it did not know it then—23 years in the political wilderness.

The Menzies era

For the next 16 years Robert Gordon Menzies would preside over the destinies of Australia. By the time he retired in 1966 there were young adults who could not remember a time