

AUSTRALIA'S FIRST COLD WAR 1945–1953

VOL 1: *Society
Communism and Culture*

Edited by Ann Curthoys and John Merritt

George Allen & Unwin
Sydney London Boston

transitions: of the partial supplanting of the local walking neighbourhood by the car-owning suburban community, of the appearance of the supermarket, the drive-in and the motel; and of a move from traditional reference points such as the church or local figures and institutions to the privatised, individualist and hedonist values of consumerism and the mass media. It was the era when conservative moral guardians feared a decline in 'standards of social responsibility' but also one in which the Melbourne Chamber of Commerce's hedonist 'get together and have fun' parade, Moomba, supplanted the Labour Day March.

The conventionality of the period also had within it the irritants which brought radical pearls intent on its destruction. Women and teenagers reacted against the 'happy family' conceptions of their role: the former increasingly sought the freedom of the workplace over the imprisonment of the home; the latter embraced the cultural revolt of rock n' roll. The fruits of affluence and the commercial and technological demands of a modern society saw growing support for the arts and for tertiary education; from a few within the new institutions came criticism, rather than celebration, of the existing order. The new tastes in consumer durables, music and fashion expressed a break from older conventions and reflected the expansion of consumer capitalism.¹²⁶ The changes ushered Australia into the vortex of modern life and confirmed the end of its imperially created 'splendid isolation'. The partial character of the thaw was reflected, however, by the Liberal Party's dramatically successful use of rabid yellow-and-red-peril advertising to win the 1966 khaki election.

2

Australian postwar economic policy, 1947–1953

Bruce McFarlane

Two major aspects of Australian economic history in the postwar period were bound up with the Cold War. The first was the growing Australian involvement with US global economic strategy, underlined by America's attempt to get Australia to sign a 'Treaty of Friendship, Commerce and Navigation' over the period 1946–52.¹ The second was the Australian planned economy (1951–54) which arose out of the priority given to defence. In practice this amounted to military support for various American 'Cold War' initiatives, support willingly given by comparison with the cooler reception given to American pressure to agree in full to the proposed Treaty.

The following sections deal with these two related events, treaty negotiations and defence planning. American displeasure at slow progress on the treaty was partly assuaged by prompter responses for military support, although even here the needs of Australia's own defence (and of Britain's concern to hold Malaya with Australian troops) came into conflict with America's different priorities.

There were considerable long-term effects on the Australian economy of both the defence drive of the Cold War period and the accelerated American investments which followed the *partial* adoption of the proposed treaty (in the form of a 'Convention for the Avoidance of Double Taxation' and other ad-hoc measures agreed to after 1948). The main effects are reviewed at the end of the chapter, but full elaboration would need at least another chapter and much more research. Here I concentrate on the medium-term effects in the period 1948–52, the peak of the Cold War.

America's global economic strategy in the period of cold war

The foreign commercial and investment policy of the US from 1947–53 had three aims: first, to contain communism everywhere;² second, to enter into an economic struggle with the UK following the first victory of US economic policy over the British at the Bretton Woods Conference in 1945;³ and third, to develop an aggressive external economic policy⁴ through treaties with a large number of friendly countries⁵ and support for multinational financial agencies. These agencies (International Monetary Fund, World Bank) were to serve the interests of multinational corporations, the international money markets and international banks.⁶

The economic struggle of America with the UK was waged at the Anglo-US finance talks in Washington in 1949, and at the Torquay conference on international trade in 1950. At the finance talks in Washington, the US negotiating position comprised the following demands: Britain must cease attempts to strengthen the sterling bloc, devalue the pound sterling, cease bilateral arrangements with other countries which could exclude US goods. It must also cease attempts to enclose sterling-area trade to the exclusion of countries not in the sterling area, and must not include West Europe de facto in the sterling bloc by the development of discriminatory trade agreements.⁷ The talks were followed by the simultaneous devaluation of the British and Australian pounds. At the Torquay conference the following year, 40 US delegates demanded an end to the 'empire preference' system, including the Reciprocal Trade Agreement between the UK and Australia which had been signed on 4 October 1932.⁸

The US State Department's analysis of 1949 expressed the ideological origins of their new and aggressive policy for establishing economic treaties with friendly nations as follows:

The Treaty Programme is considered to be an integral part of the program, designed to stimulate foreign investment as a means of promoting economic development. The American business community considers the negotiation of treaties containing assurances as to the treatment to be accorded American enterprises as one of the important means of creating conditions attractive to private capital. This is indicated by the plans and recommendations prepared by our International Chamber of Commerce, The National Association of Manufacturers and The National Foreign Trade Council.⁹

On 24 June 1949, the American President in a message to Congress had recommended legislation to implement Point IV of his economic

program, concerning the US world economic role. In a similar vein, Under-Secretary of State Webb in 1949 stated before the Senate Banking and Currency Committee:

The Department of State recognises that in a program for the reduction of obstacles to investment abroad, it is particularly important to make every effort to improve the climate for private investment. We are constantly working on this problem, particularly through the negotiation of bilateral treaties.¹⁰

The effectiveness of US global economic strategy depended on success in persuading Britain to acquiesce in America's plan for postwar economic leadership. It required in practice curbs on competitive rivalry, or, as the *Wall St. Journal* in August 1950 described the American objective: 'Sterling and dollars would be welded into a single currency by making them completely interchangeable, all tariff and import quotas would be abolished and free movement of manpower, commodities and capital would be permitted between both countries.'¹¹

The Treaty of Friendship, Commerce and Navigation

American interest in economic penetration of Australia was growing after 1945. To facilitate this interest, and American portfolio and direct investment in Australia, the US State Department and the US embassy in Canberra spent a great deal of effort from 1946 to 1952 getting Australia to sign a Treaty of Friendship, Commerce and Navigation with the US. The treaty was drafted on 17 December 1946 and submitted to the Australian Government through the US Embassy on 6 March 1947. Afterwards, the US kept up strong pressure. The US Pacific Pact of 1950, which followed the Japanese surrender, had attached to it a confidential appendix expressing the expectation that America's Pacific allies would sign treaties of friendship, commerce and navigation with the USA.¹² And a memorandum of the State Department of October 1950 noted:

The U.S. and Australia have a mutual interest of great importance in the future development of the nations of the Far East and South Asia. The new nations of those areas are now laying the bases for their future economic and social systems. Conventional arrangements of the type covering commerce and navigation which set forth principles, long recognised in both Australia and the United States, are needed in those areas for the stabilization of conditions and for facilitating industrial development.¹³

It was on 9 March 1950 that the Australian Minister for External Affairs, Percy Spender, formally announced that the Government was discussing with US authorities the possible conclusion of a 'Treaty of Friendship, Commerce and Navigation' as well as a 'Convention for the Avoidance of Double Taxation'. He added: 'By these and other means the government hopes to assist trade with the United States and to stimulate with proper safeguards the flow of American capital for the development of this country.'

Behind the public announcements were nearly three years of intense US military and economic pressure on Australian governments and political leaders of both parties. In the period 1947–50 the US had shown concern about the future of SE Asia and the likelihood of revolutionary movements coming to power there. American commercial and investment security in this period was always at the centre of attention, along with global anti-communism. The two went together: anti-communism in politics, anti-UK and anti-Europe policies in economics. This amounted to an American struggle against Communists, and national-liberation movements abroad combined with inter-imperialist rivalry against other capitalist nations. For the Americans, making other nations acquiesce in their economic lordship was a crucial way of strengthening the broad Cold War front against the USSR. They saw no contradiction in the two policies. Britain and Australia took another view.¹⁴

The broader aims of the treaty that the Americans sought were clear enough: they dovetailed with the economic aims of US defence policy by offering US–Australian cooperation for the development of the SE Asian economy, and cooperation with US defence policy in the Pacific. Communism might be pre-empted in SE Asia by joint US–Australia economic ventures there. In the event of America's prediction (from 1950) of war with the USSR in three years being accurate, both navigation security and US influence on Australia's economy, as a backing to a war machine, would be much greater.

From the narrower viewpoint, the aim of US diplomatic efforts in the economic field was to facilitate profitable US direct and portfolio investment in Australia, to rival British investment in Australia, to get a leverage on the course of manufacturing development, and to increase US trade at the expense of UK trade with Australia, for US trade with Australia would increase, and that of the UK decline, once 'empire preference' and bilateral deals with the UK¹⁵ (which were to US disadvantage) were abolished under the treaty. It was expected that US corporations, freed from the threat of Australian taxation, land-tenure laws, restrictions on dividend repatriations to the USA, and exchange control, would enjoy a better 'business climate'.¹⁶ Also,

defence dictated that uranium could become more important; its mining needed to be ratified by treaty to get extra sources of US supply. Finally the US-dominated World Bank or IMF, and other institutions like the US Import–Export Bank, could become profitably involved in Australian economic development, once US bankers had been reassured by a presumed Australian willingness to accept a treaty while continuing to respect agreements made by Australia with the IMF and GATT.

The US would, therefore, gain increased leverage under the treaty over Australian foreign policy, as well as over such internal matters as the profits of US corporations, the stockpiling of strategic materials, and subsidies. However, all was not smooth sailing for US negotiators. They found that on a number of fronts opposition developed to US demands—an opposition led first by factions of the federal and state bureaucracies and later by Australian interests adversely affected by US trade policy.

Australian responses to the treaty

After a sustained period of American requests for negotiations on the treaty after December 1946, a meeting of ministers of the Federal Labor Government considered it on 25 November 1948.¹⁷ The meeting was lukewarm in its response, and participants were discouraged from acting swiftly by such officials as John Burton of External Affairs. Moreover, from the beginning of the detailed Australian response, both the Treasury and the Commonwealth Bank objected to the implications of the treaty for Australian sovereignty over exchange control and foreign investment.¹⁸ They further believed that the creation of dollar-using projects to favour America could violate commitments already made under Australian arrangements with the ITO, the IMF and GATT.¹⁹

To understand the strategy of delay now to be adopted by elements of the Australian bureaucracy it is necessary to see what the clauses of the draft treaty implied. Here is a list of some of them in the purely economic field:

- 1 While Australia would be able to control capital outflows (under the rules allowing this in Article VII, Section 3 of the IMF Agreement), the US would have to be treated the same as all other countries—there could be no special controls over dividends, royalties and property remittances to the US;
- 2 US nationals would be free to withdraw earnings and transfer

- them to the US, unless the Australian authorities declared a state of 'exchange stringency';
- 3 no extra margin of preference in tariffs could in future be given to British Commonwealth countries as against US goods;
 - 4 no restrictions could be placed on imports from the US (or exports to the US) which were not levied on all other countries;
 - 5 US nationals would receive 'equal treatment' while in Australia in relation to recognition of education and qualifications (including medical and nursing), also in relation to acquisition of property and taxation;
 - 6 US companies would be able more easily to buy freehold land, lease public land and develop mineral deposits;
 - 7 state trading corporations would not be permitted to give any preferential treatment to third parties over US clients;
 - 8 Australia would find itself increasingly involved with the U.S. Import-Export Bank, controlled by the US government, rather than the World Bank (International Bank For Reconstruction and Development), which was thought to have at least some independence.

The response of the politicians contacted by American officials in zealous pursuit of their State Department's objectives was to prevaricate. They instructed their officials to do the same. As a result, the visiting American treaty expert, Dr Roland Wilson, held a dozen fruitless meetings with officials in 1948,²⁰ and no real agreement was reached. Labor ministers were very wary as a result of their earlier experiences when joining the IMF and the concern already expressed within the ALP over the possibility that Australia might lose control over trade and investment policy as a result of IMF membership.²¹

By September 1950, External Affairs Minister Spender had been handed an irritable *aide-memoire* by Mr Foster, a special negotiator attached to the US Embassy, asking for further urgent action to conclude the treaty. In subsequent talks with representatives of External Affairs, Trade Treasury, Attorney-General's and Commerce and Agriculture, Foster was informed that the commercial policy provision of the treaty were already covered by GATT, while the exchange clauses were covered by the IMF.²² This was to remain the view of a number of the Commonwealth departments right through the negotiations of 1948-52. For the US, Foster replied that 'if the commercial policy and exchange control provisions were to be deleted from the draft there would be little of substance left.'²³ Later, in an unconventional move, Foster called at the home of the Deputy-Secretary of External Affairs (on Sunday evening, 1 October 1950) to

express his concern about the 'new atmosphere' and the difficulties that were being raised.²⁴

The misgivings of Labor ministers²⁵ over the treaty were shared by the new Prime Minister, R.G. Menzies, when his fourth and fifth ministries considered the matter in 1950. Although Menzies was an admirer of the US Cold War posture, items embodied in the treaty seem to have been too much even for him. His doubts, expressed in messages to Washington, caused American anger and increased demands both for the treaty to be signed and for military forces to be sent to the Korean War.²⁶

Menzies' hesitation was quickly encouraged by the British, who were on the losing end of US attempts to weaken the sterling area.²⁷ While in Britain on 18 June 1950, Menzies had discussions with Harold Wilson, president of the Board of Trade and Sir George Bolton of the British Treasury. The Australian Prime Minister reacted positively to Bolton's claim that the US-controlled Import-Export Bank was 'a concern devoted mainly to stimulating US export trade or providing political financing' and that the Bank would lend only on one of those two bases 'which might well involve strings *such as more help to Korea or signing the Treaty on Friendship, Commerce and Navigation*'.²⁸

Australian officials confirmed these alleged aspects of the Import-Export Bank and, as a result, Menzies took the line that he did not like the heavily political nature of the organisation either, and would prefer to deal with the World Bank—which he later did. Menzies told the British he wished to avoid 'strings being attached', strings like the draft Treaty of Friendship 'to which he and his colleagues were extremely allergic'.²⁹ He also believed some US treaty clauses would have to be resisted because the Americans were 'inappropriately' asking Australian to accept bilaterally the obligations of the GATT 'when there was every likelihood that the US would reject the Havana Charter'.³⁰ That is, the Americans would not honour the international treaty (Havana Charter) calling for free trade as the best means of guaranteeing full employment.

With this top-level attitude known, the heads of Commonwealth departments continued and expanded opposition to the treaty during 1950-51, building on their initial 'stalling' objections of 1948.

The bureaucrats' attack was led by the Commonwealth Bank of Australia which, in September 1948, had made a devastating eight-page critique of the proposed treaty. Treasury, in slightly more cautious language, also weighed in, especially on Article XII, the article allowing Americans to repatriate funds even in a period of crisis in Australian balance of payments. This piece of American

drafting the Treasury persistently referred to as 'one-sided, onerous and indeed unacceptable'. The Attorney-General's Department pointed out that various parts of the treaty would probably infringe States' rights and would have to be interpreted for legality by the High Court. The Department of Education objected to reciprocal recognition of qualifications, while the Department of the Interior's Health Department objected to the same for medical diplomas. Immigration advocated keeping the right to give preference to the British in matters of immigration, something they saw as threatened by implementation of certain clauses of the treaty. Only the Defence Department was unreservedly in favour of the treaty, having stated as early as 21 April 1947 in a teleprinter message from F.G. Sheldon to External Affairs that 'in view of the necessity of maintaining a close relationship with the USA in maintaining security in the Pacific, it is considered that the proposed Treaty is advantageous. From a defence point of view, Australian interests seem to be adequately safeguarded'.

As a result of the opposition expressed to such a comprehensive treaty, it was not officially signed by an Australian government. The document itself was merely initialled by Spender and sent to the US embassy with an alternative short draft that was not returned. Rather, *parts* of it were incorporated into smaller, particular agreements and conventions, such as that designed to avoid taxation in both Australia and America for US corporations operating here.

Had the original American draft of the treaty been agreed to in full, it would have had serious effects on the viability of Australia's own economic policy (internal and external), as well as on sovereignty and our room to manoeuvre. The treaty was opposed by sectors of the State and federal bureaucracies such as Treasury, Education and the Commonwealth Bank for precisely those reasons.

What, then, was the real impact of US attempts to get Australia to sign the treaty? In the long run, many things in the treaty were achieved by other means, and by the general falling away of Australia's economic ties with Britain. However, it was the *process of negotiation* around the treaty and the *consistent pressure that was applied* to get Australia to sign it, that drew Australian leaders inexorably into the global economic nexus the Americans were trying to set up as an effective counterweight to the USSR in world affairs. US pressure eventually led to the Double Tax Convention, to opening up mineral and pastoral development to US companies, and to the 'open door' attitude to US direct private investment of successive non-Labor governments. If American educational degrees were not recognised, American property owners were; if Australia had to dismantle its

defence production in certain areas (tanks, some aircraft), American capital equipment, bulldozers, etc., flowed in to promote development; if loans from the US Import-Export Bank were avoided, the volume of loans from the US-dominated World Bank was stepped up; if there were temporary restrictions on the outflow of US capital dividends, the anxiety to placate the Americans over failure to accept the American draft of the treaty fully led to a new tolerance of US takeovers of Australian industry (e.g. motor vehicles) where undistributed profits, not sent back to the US, could be manipulated here to expand property and profits.

The US representatives had made many protests to Australian officials between 1947 and 1950 about growing lack of enthusiasm for the treaty. This irritation is understandable: treaty signing, as explained above, was seen as a crucial part of US policy on external trade and investment, and a part of the wider strengthening of the Western front against communist countries.

What could Australia offer as proof of its loyalty to an overall Cold War posture by the Western bloc? Menzies found the answer in military participation in US Cold War initiatives. If this caused problems for the conduct of internal economic policy, it did allow Menzies to defend Australian sovereignty over external economic policy and the broad strategy of long-term economic development, as well as retaining many ties with the UK. It was in defence policy, therefore, that US pressure on Australia to help the Cold War effort succeeded. To this I now turn.

Australia's planned economy 1951-56

When Menzies returned from Washington in August 1950 he announced that he had received a loan for development from the World Bank of \$100m. Just as significant, he proclaimed a fervent belief in the likelihood of war within three years between the western powers and the USSR. What economic historians do not seem to have appreciated was the background of conflict with the US and UK governments on what Australia should contribute to capitalist world military efforts, nor the extent to which Australia went into severe economic planning as a result for the period 1951-54.

How can we find out the background? Recently, confidential Cabinet papers covering 1949-52 have been released in both the UK and Australia. These throw a great deal of light on Australia's reactions to increased Cold War military effort by the UK and US governments. Minutes of the very first Cabinet meeting of the fourth

Menzies ministry (immediately after the election of 1949) show a beautiful combination of Cold War savagery and concern for internal economic policy.³¹ On that day (19 December 1949) there were but four action items considered: to move towards abolition of restrictions on the sale of commodities like cream, butter and tea; to recognise Indonesia;³² to reject *de jure* recognition of Communist China (while not protesting to the UK Government for so doing) and to confirm the refusal of a British Council scholarship for Lloyd Ross to study in the UK. After that, Cabinet was very much concerned with how to integrate domestic economic policy with remorseless pressure from Britain and the USA for Australian troops to be sent overseas.

In the case of Britain, we now know that the strategy of the UK military chiefs was to fight the Russians in the Middle East, with Australian military participation.³³ British Cabinet papers show that right up to 1952 the UK High Commission in Canberra was trying, not too successfully, to get Australian troops to the Middle East in larger numbers. One High Commissioner, E.J. Williams, complained to the Secretary of State for Commonwealth Relations that

[h]owever much one tries, it is difficult to persuade even responsible Australian Ministers and officials to look beyond the short-term dangers of the Cold War and convince them that, grave though the loss of South-East Asia might be, the loss of Western Europe or the Middle East would be of much greater ultimate danger to Australia.³⁴

In the Australian Cabinet minutes, the line being taken on British pressure was that, coming on top of Australian priority for the development of Malayan defences, and Harry Truman's pressure for increased Australian forces to go to Korea, intolerable strain on the domestic economy would result. Nevertheless, a sentiment set out in a Cabinet submission by the Department of External Affairs³⁵ obtained approval of ministers; Menzies summarised it in a message to Truman on 14 May 1951:

We have assumed that in the event of a war with the Soviet Union the Middle East was to be regarded as a British Commonwealth responsibility . . . all our defence policy has been directed towards creating and training the necessary Australian forces to enable us to make a substantial contribution in this area.³⁶

It is probable, however, that Menzies was using the 'Middle East priority' (agreed upon at a meeting of Commonwealth ministers of defence in June 1951)³⁷ as an excuse *not* to increase rapidly the military forces to be sent to Korea—new contributions that President Truman was requesting from February 1951.

Such delaying tactics and excuses did not last long. Australia had to insist that troops were first to go to Malaya, then to the Middle East, and so declined to supply the request from Britain for three and a half divisions within the first twelve months of a war, as well as 116 aircraft within three months. (This would have been equivalent to half of Australia's Middle East involvement in World War II.) Cabinet did not reply to this specific British request. Instead, it turned its attention to Korea and the rising intensity of US demands for more Australian contributions.

On 19 February 1951 Mr Spender had been asked by the USA whether Australia intended to send additional ground forces to Korea. He noted³⁸ that 'if additional ground forces were sent it would have a serious adverse effect on the Army's ability to implement the National Service Plan', while carefully tilting to the US line.³⁹ 'Australian policy is directed fundamentally towards the acceptance by the U.S. of responsibility to assist in the protection of Australia . . . it is necessary for Australia to cultivate U.S. interest in our welfare and confidence in our attitude.'⁴⁰ The decision to send only HMAS *Sydney* to Korea met a rebuke from Truman on 8 August 1951, when he again asked for extra ground forces. At first this was rejected,⁴¹ but a later decision of 25 September produced an additional battalion for Korea, doubling the strength of Australian ground forces there.⁴²

Caught in British and US war demands, Australia's defence and economic systems had to be reorganised. National Service training had been already introduced, and on 1 March 1951 the call-up was doubled. The navy was now expanded as well. The Achilles heel, however, was an economy already experiencing open inflation as a result of the Korean war and persisting postwar shortages of housing, metals and products of heavy industry.

The 'war in three years' perspective announced by Menzies gave precision to the sort of economic management that would be required to meet this possibility or objective. First, strategic stores had to be built up. To this end, some £50 million was transferred to the Defence Trust Account (from Consolidated Revenue) on 11 September 1950 in order to pay for the 'Strategic Stores and Equipment Reserve', including £30 million for stockpiling.⁴³ (This might be compared with a figure of total income-tax receipts for 1950–51 of £3.3 million.) Second, shortages of key metals like copper and coal had to be covered by stockpiling in physical depots.⁴⁴ This was facilitated by the passing of the Defence Preparations Act which was later described as an Act 'to adjust the nation's economy to meet the threat of war'.⁴⁵

Increasingly, steps were taken towards a virtual planned economy. On 29 September 1950, Cabinet approved the Prime Minister's

proposal to establish a National Security Resources Board⁴⁶ and by May 1951 the Department of Supply had been nominated by Menzies in a Cabinet minute to take responsibility (by linking with Defence and Treasury) for a new 'Stockpiling Committee' to supersede the Joint War Production Committee concerning matters of stockpiling programs.⁴⁷ Washington had already called an International Materials Conference which met there from 26 February to 23 April 1951. Participants included Australia, the US, West European Countries, India, Brazil, India and the UK. Presumably the new duties of the Department of Supply came about as a result of that conference which set up a survey of supplies and distribution of key raw materials, an inventory of the international allocation of zinc, sulphur, copper, tungsten and molybdenum as well as a study of price agreements and import and export quotas on these materials.⁴⁸ At the conference the US also raised the issue of future supplies and prices of Australian wool in the case of expanded military conflict. By February 1951, Australia had taken decisions on the stockpiling of these materials plus manganese, hard fibres (sisal and manila hemp) and oil.⁴⁹

With all this machinery in place, the task now was not only to stockpile raw materials and increase the output of coal, copper, tungsten and other war inputs, but to begin on the 'uranium option'. To this end, plans were made early in 1950 to develop uranium production in South Australia,⁵⁰ with £7.5 million earmarked to build a railway from Uranium Hill to Port Pirie. American participation here was an eventuality covered by the draft Treaty of Friendship, Commerce and Navigation. A list of projects was also drawn up for the defence sector as a whole. A.S. Brown, Secretary to the Cabinet, reported on such specifics, which included government aircraft factories, a pilot plan for manufacture of picrite, new aircraft manufacturing (such as Dunby aircraft), and plant for light alloy metals at Granville, Sydney—all needed to support 'Australia's likely role in war, involving 189 255 men'.⁵¹

Shipping was also looked at. On 18 May 1951, Cabinet considered whether to join a proposed North Atlantic Planning Board for a World Defence Shipping Authority, but a majority view was that the maintenance of Australia's defence and economic security lay more with coastal shipping. This aspect of big-power politics was therefore put aside, despite the argument of a group of ministers that 'Australia's defence and security as a whole would be seen to be linked with that of the major allied powers'.⁵² Instead, Cabinet showed more interest in a ministerial submission of 18 May 1951 by George McLeay, (Federal Minister for Shipping and Transport) that 'in view

of the fact that our national economy is largely dependent on coastal shipping and in view of the present international situation certain steps should be taken'.⁵³ These included the building of 30 vessels and an agreement with Westralian Farmers' Transport for the coastal carriage of coal, the import of which would be subsidised by the Commonwealth and could be diverted to the NSW steel industry should strikes disrupt coal supplies. Such proposals really were no surprise, as Cabinet had already decided, as a matter of principle (on 17 March 1950), to support a shipbuilding industry and had passed the implementation of this to the Joint War Production Committee and the Defence Committee.

The planned economy sprouted by Menzies' notion of 'war in three years' remained in operation till about 1956, when parts of the structure were dismantled, although a network of supply and defence committees has met irregularly with the Department of Supply up to the present time.⁵⁴

Forced by the pressures of confrontation between the USA, the UK and the Soviet Union, the chief value of the system was to allow enough central direction of the production of key commodities to ease the inflationary pressures which were inevitable if the whole structure of production had been left to private enterprise. Once again, those market forces which are held to be efficient and necessary in peacetime were abolished as soon as the need for quick and decisive action became likely. Government planning rather than the operations of the market system became the instrument for achieving quasi-war objectives.

Postwar economic policy and the impact of Cold War events

The British government saw Australia's desirable postwar course as concentration on supplying the UK and Europe with food. It offered to take Australian meat and crops and give defence protection to Australia. During the Chifley period, a large-scale meat agreement had already been signed with the British, and steps towards 'Northern Development' taken as a consequence.⁵⁵ However, the development of secondary industry (notably the machine-building industries) and of important raw materials languished from 1946 to 1956. This was the period that Professor Copland dubbed 'the milk-bar economy', signifying overdevelopment of the consumer-goods sectors and underdevelopment of the capital goods sectors, especially heavy industry. The Government did promote local steel production and infrastructure investments (power, transport, ports and harbours),

but it allowed a significant volume of American imports to plug the shortages of building equipment and machine tools, and thereby put Australia on a course where today this sector (which was not developed as a local industry) has become a balance-of-payments problem and a bottleneck in the process of continuing industrialisation.

Another casualty of American Cold War pressure was the development of new defence and radar-electronic industries.⁵⁶ The IMF chiefs insisted that Australia should use its loans to fix the balance of payments (which was often in disequilibrium as a result of imports from the USA); the World Bank was happy to see power and transport development. But the State Department was keen for US defence industries to supply armaments to its ally, and the consequences for Australia's international account were of little concern. While some minor local defence production was attempted, (as already noted), US manufacturers were keen to get new markets⁵⁷ and Australia's potential industrial expansion here was consequently rather underdeveloped.⁵⁸

The short-term impact of accelerated war preparation was to accentuate the inflationary trends and dollar shortages inherited from Chifley and accentuated by Menzies' response to UK and US Cold War policies, and by other actions (such as spending our dollar reserves on short-term importing of petrol, a result of an election promise). With the 1950 Korean War as background, the Menzies ministry from its earliest days found itself grappling with inflation. All of its denunciations of trade unions, communist activities, and greedy pastoralists could not disguise the fact that Australian involvement with American and British Cold War politics was a continuing source of strain on the economy.

The Federal Treasurer in 1950–51 was Arthur Fadden. His first budget (1950) was not able to avoid a blow-out, and by October he announced:

As I said when introducing the Budget, the government is preparing an organised plan to bring various inflationary forces under control. A close examination is being made of the measures necessary to draw off some part of the abnormal profits—the high price of wool will be well-known. The government is concerned with the effects, which the greatly increased prices will have on the national economy.⁵⁹

There followed a Wool Sales Deduction Resolution under which 20 per cent of the price of wool would be paid to the Commissioner of Taxation and held by him until income tax became payable on the wool proceeds. Later, the Arbitration Commission, in 1953, was to

reduce real wages by abandoning quarterly cost-of-living adjustments to the basic wage, and Commissioner Galvin followed suit in freezing metal trades margins in 1954. One reason given for these decisions was that woolgrowers, as contributors to inflation, had been checked by government action, and now it was the turn of the working class.⁶⁰

As 1951 developed, so did inflation, making an 'economic package' culminating in a 'horror budget' inevitable. Soaring costs of subsidies, the cost of war-service homes and land-settlement schemes, the rising defence bill, lax control over consumer credit and money supply all played their role in the Menzies inflation. But it was our involvement in defence spending of £700 million (1951–54) and as a supplier of men, wool and materials for the Korean war that provided the continuous fanning of inflationary flames. Menzies' Cabinet knew this, Fadden knew it, and, above all, top Commonwealth public servants knew it.

Dr H.C. Coombs, Alan Watt and Dr Roland Wilson were keen analysts of inflation, budgetary policy and monetary trends. As the Menzies' Government's top economic advisors they had a plain duty to get the analysis right. What they concluded went something like this: the war preparations and the use of central-bank finance for such programs, on top of finance for budget deficits, was highly inflationary. Coombs had warned in June 1950, that 'the government will probably require to rely substantially on finance from the central bank . . . dependence on the bank would be very heavy indeed if incomes were reduced by lower overseas prices and the emergence of even modest levels of unemployment'.⁶¹ In August 1950, Wilson, Coombs, and Watt had a discussion on the state of the economy in which Coombs reiterated his view that financing large cash deficits by Treasury Bills would nullify the restrictions on trading-bank advances ordered by the central bank, while Watt said: 'inflation is due to the stimulus of development plans taking shape, to capitalist profits and the requirements of a large and accelerating defence programme, part of which is devoted to serving actual war.'⁶² One immediate cause for all this concern was soaring wool prices: the average price per lb at NSW auctions had moved from 46.8d in 1948 to 61.8d in 1949–50, 140d in 1950–51 and 190.5d for March 1951.

In July 1951 Fadden had presented two documents to Cabinet: a statement on economic policy and a statement on 'The Financial Situation 1951–52'. The former was an economic package under which investment by firms and credit to consumers was to be controlled on orthodox Keynesian lines. To that end, controls on capital issues were to be exercised under the Defence Preparations Act; special depreciation allowances to industry were to cease; the

National Security Resources Board was to interfere in production; the Loan Council was to regulate the rate of interest for government securities and the States were asked to control consumer credit.

Despite restrictions on all areas of private spending and on much spending done by government departments, the Armed Forces Equipment Programme was expanded following a report of the Sub-Committee of the National Security Resources Board, on which a prominent part was played by Sir Frederick Shelden, Dr E.R. Walker, I. McLellan, and Sir John Storey. Reporting on 10 August 1951, the sub-committee stated it was making certain recommendations 'in view of the government's declaration that there is a grave danger of Australia being involved in war within the next three years'.⁶³ They recommended an additional £241 million for the three-year program, including an immediate increase of £18.6 million for provision of new productive capacity.⁶⁴ However, it seems that Treasurer Fadden had some moments of doubt about the viability of an anti-inflationary package which had to carry such multiple burdens. On one occasion he informed Cabinet that '[t]here seems to us to be conflict between the ideal of no net inflationary effect from public authorities' spending and the achievement of top priority for development and defence'.⁶⁵

Conclusions

The longer term adverse effects of the heavy defence program required by Australia's alliance with the US and the concessions made to American demands over trade (especially US imports) and investment have to be set against some boost to the economy and Australian exports from such things as dollar loans and increased private corporate US investment in Australia. On the other hand, some important areas of political economy were 'hit' and affected adversely for some years afterwards: the immigration program (curbed by housing shortage), social services (despite the introduction of more child endowment), the development of Qantas, and pastoral development.

Postwar economic policy was dominated by inflation, but the inflation itself was largely due to the attempt to have both development and defence. The defence program of 1950–53 and the virtual planned economy that it made necessary sprang from Australia's alignment with the US and the UK in the Cold War against the Soviet Union. The unbalanced economy and stagnation of some sectors, such as machine building and machine tools⁶⁶ which resulted from accepting American policy, had long-term adverse effects on the

Australian economy. Only the coterie of exceptional public servants at the pinnacle of policy management prevented the effects from being worse than they were.

Australian governments found themselves caught up in the web spun by American policy makers to protect their international economic agreement. Although the draft Treaty of Friendship Commerce and Navigation was not agreed to in full, as a result of the opposition of local capitalists and top public servants, it nonetheless left its impact on Australian social and economic policy. Taxation of American corporations was lightened and potential Australian defence industries were curbed (with their products purchased instead from the US). Above all, it was the political pressure, remorselessly applied between 1948 and 1954 to get Australia to sign the Treaty that the US wanted, which forced public servants to take US wishes into account in their everyday activities. It also reminded Australian politicians that they were now part of a worldwide American empire. That empire did not hesitate to insist on Australia's cooperation in protecting American economic interests more efficiently *and* helping the global struggle to defeat socialism.

- 101 Bolton '1939–51' p. 500; J.M. Main *Conscription: The Australian Debate 1901–1970* Melbourne, 1970, p. 5
- 102 The Queen's 1954 dedication of the Melbourne Shrine of Remembrance forecourt (Sayers *Ned Herring* 304) and the thousands of war memorial halls, ovals and swimming pools around Australia represented lasting reminders of the war theme in Australian culture.
- 103 Geoffrey Serle *From Deserts the Prophets Come* Melbourne, 1973, 177
- 104 Boehm *Twentieth Century Economic Development* pp. 58–9
- 105 Norman McKenzie *Women in Australia* Melbourne, 1962, p. 81
- 106 Rosalie Stephenson *Women in Australian Society* Melbourne, 1970, p. 70
- 107 McKenzie *Women in Australia* p. 87
- 108 Stephenson *Women in Australian Society* p. 19
- 109 McKenzie *Women in Australia* p. 145. The class character of the female workforce is reflected by the contrasting percentage of adult females who worked outside the home in 1947 in the predominantly working-class Sydney and increasingly middle-class Warringah local-government areas (40.6 per cent and 14.2 per cent respectively). See Peter Spearritt 'Women in Sydney Factories' in A. Curthoys, S. Eade and P. Spearritt (eds) *Women at Work* Canberra, 1975, p. 42
- 110 McKenzie *Women in Australia* p. 91
- 111 Rosalie Stephenson *Women in Australian Society* p. 70. On the equal-pay fight see Edna Ryan and Anne Conlon *Gentle Invaders: Australian Women at Work 1788–1794* Melbourne, 1975, ch. 6
- 112 Anne Summers *Damned Whores and God's Police* Ringwood, 1975, pp. 386, 419–27
- 113 McKenzie *Women in Australia* pp. 155–7
- 114 *ibid.* pp. 284–6
- 115 *ibid.* p. 318
- 116 Gollan *Revolutionaries and Reformists* p. 259
- 117 *Australian Women's Weekly* 16 July 1952
- 118 Garth Jowett *Film—The Democratic Art. A Social History of American Film* Boston, 1976, pp. 366–8. The American 'message' films of the period 1946–50 increasingly gave way to 'escapist' or 'pure entertainment' films, partly because of social trends, partly because of the McCarthyist witch-hunt for radicals in film through the agency of the House Un-American Activities Committee. See Jowett, pp. 366–8
- 119 *Australian Women's Weekly* 22 October 1949
- 120 *AWW* 17 September 1949
- 121 *AWW* 8 October 1949
- 122 *AWW* 10 December 1949
- 123 *AWW* 15 October 1949
- 124 *AWW* 10 December 1949
- 125 *AWW* 27 January 1951
- 126 On changing female images see Janice Winship *Woman Becomes An 'Individual'—Femininity and Consumption in Women's Magazines 1954–69*, Centre for Contemporary Cultural Studies Occasional Paper, Birmingham, 1981. The focus is on Britain, but the broad patterns were similar to Australian developments.
- 2 G. Kolko *The Roots of American Foreign Policy* Boston, 1969, pp. 50–5, 62–5, 73–5
- 3 The definitive account of the rise and fall of the American-dominated Bretton Woods system and its postwar monetary may be found in Moscow Norodny Bank (London), *Quarterly Review* 4, 1971
- 4 See Kolko *The Roots of American Foreign Policy* pp. 70–8. Australian government files relating to US investment abroad as part of US external economic policy are found in Australian Archives (AA) at CA 18 CRS, A1838 Item 250/9/3/1, pp. 7, 8, 9
- 5 AA, CRS A1838, Item 250/9/3/1, p. 7
- 6 T. Balogh *Fact and Fancy in International Economic Relations* Oxford, 1973, p. 73–81
- 7 *Wall St Journal* 5 December 1949
- 8 Treasury Memorandum. AA, CRS A1838, Item 250/9/3/1, p. 6
- 9 US State Department Memorandum. AA, CRS, A1838 Item 255/9/3/1, p. 8
- 10 *ibid.*
- 11 *Wall St Journal* 8 August 1950
- 12 The US Pacific Pact confidential appendix was not available to the writer. It is referred to in *Tribune* 14 November 1950, and its appearance there was probed at the Royal Commission on Espionage (Petrov Commission) in 1955
- 13 AA CA 18 CRS, A1838, Item 250/9/3/1, p. 7
- 14 See below, p. 62 ff.
- 15 In 1947 an agreement was signed with the UK to increase meat exports (largely from the beef areas of the north) and subsequent legislation was passed to facilitate the movement of livestock. See J.H. Kelly *Struggle for the North* Sydney, 1966, ch. 1
- 16 Pressure to sign the treaty was applied from US firms (and their Australian associates) operating here. Mr du Cross of Burns Philp wrote to Arthur Tange on 29 October 1951 that 'we need the Treaty so that it is possible for foreign nationals to obtain for their own employees permanent domicile in the USA, irrespective of any immigration quotas, provided such a man is placed in charge of the assets of the foreign country'. AA, CRS 250/9/2/1 Part 2 (1951). Mr Tange was also engaged (in April 1954) in conversations with the US Ambassador in Canberra (Mr Amos Peaslee) concerning 'difficulties being experienced by Qantas in having people admitted to the U.S.A. to go to some of the aircraft factories there in connection with deliveries of aircraft to Australia'. The US Ambassador pointed out that 'if there had been a Treaty of Friendship this sort of problem would be covered' (Department of External Affairs Document, R.G. Casey to Mr Plimsoll, AA Item 250/9/3/1 Part II, 778, 1954). Such campaigns had actually started as early as January 1949, with the secretary of the Associated Chambers of Commerce, P. Williams, criticising the delay in signing a treaty with the USA. He said, rather significantly for the theme of this chapter, that 'Australia needed the influx of available American capital equipment and technique to speed up national production and progress'. He concluded that 'it seems a paradox that Australia has a Treaty of Friendship with Italy and not with the U.S.A.' (*SMH* 15 January, 1949).
- 17 AA, CRS A138, 250/9/3/1 p. 3, 1948. In an External Affairs memo to Mr Tange dated 25 January 1949 the attitude of Labor Government ministers who attended the meeting on 25 November was described as follows: 'the impression given is that the Ministers hoped that the Treaty could be allowed to "lie low" for as long a period as possible.' Moreover, the ALP Cabinet was not even in a hurry on the proposed convention to stop double taxation. A letter on file from John Burton to Myron M. Cowan (US Ambassador in Canberra) states that the Government 'was not disposed to make a double tax agreement which would go further than formalising existing practices or enter a Treaty which would go further than obligations already undertaken in International Agreements'.
- 18 External Affairs Department memo to Secretary, 12 October 1948. AA, CRS A138, 250/9/3/1 p. 3
- 19 *ibid.*
- 20 Memorandum for Cabinet Sub-Committee. AA, CRS A1838 Item 250/9/3/1, 1950
- 21 Kerr and Beresford 'Turning Point'
- 22 Mr Harry to secretary of External Affairs. AA, CRS A1838, Item 250/9/3/1 p. 7, 30

Chapter 2

- 1 Spender's statement in Parliament on 9 March 1950 was the first thing many Australians had heard about a proposed 'Treaty of Friendship, Commerce and Navigation' with the USA, a first taste of that economic dimension of postwar US Cold War and anti-UK policy, which has so far been largely ignored by historians, though pressure on the Chifley Government has recently come to light. See P. Kerr, and M. Beresford 'A Turning Point for Australia, 1942–52' in E.L. Wheelwright and K. Buckley *Essays on the Political Economy of Australian Capitalism* vol. 4, Sydney, 1980

- October 1950
- 23 *ibid.*
- 24 *ibid.*
- 25 The *SMH*, 3 January 1950, p. 3, referred to the possibility of new moves on the treaty and noted that 'Mr Chifley when Prime Minister had more than once said that he was not inclined to take any initiative in the matter "because he considered the benefits to Australia would not warrant his so doing"'.
- 26 In a 1950 memo drafted for Spender, External Affairs secretary A.S. Watt noted that 'I understand from Foster, U.S. Embassy, that Washington expressed some surprise at his report and the difficulties it anticipated, as Washington felt that indication of interest in concluding such a treaty, given since the change of Government, had reasonably led the U.S. to expect a more favourable approach by Australia'. AA, CRS A1838, Item 250/9/3/1, p. 7, 1950
- 27 For an account by a leading conservative economist, see D.H. Robertson *Britain and the World Economy* London, 1953
- 28 AA, CRS, A1838, Item 250/9/3/1, Part VI, 1950, Annex 'B'
- 29 *ibid.*
- 30 *ibid.*
- 31 *Cabinet Minutes*, Fourth Menzies Ministry. AA, CRS, A5074/XM/1, 14 December 1949
- 32 Shortly afterwards Cabinet decided to send a letter to the Dutch Government concerning 'Australia's vital interest in Dutch New Guinea' and suggesting that Australia was willing to play 'a more positive role' than before. *Cabinet Minutes*, Fourth Menzies Ministry. AA, CRS A5073/XM, 7 February 1950
- 33 The UK Cabinet minutes became available in November 1982 and have been summarised in detail in M. Jones 'Australia Resisted U.K. Post-War Troops Demands, papers Show' *Age* 3 January 1983. Information on the UK Cabinet documents are taken from this source, but the events and policies outlined in them have been confirmed by me through study of the Cabinet minutes of the Fourth and Fifth Menzies Ministries for 1949-52, now available at the Australian Archives
- 34 Quoted in Jones *Age* 3 January 1983
- 35 Department of External Affairs, submission to Cabinet *Increase in Land Forces in Korea* Fifth Menzies Ministry *Cabinet Submissions* vol. 1. AA, CRS A4905/XM
- 36 Menzies to Truman via Australian Embassy, Washington, 14 May 1951. AA, CRS A4905, vol. 1
- 37 Jones, *Age* 3 January 1983 may be here confirmed by reference to AA, CRS A4905, vol. 1, Agenda 70, in which the UK position on the Cold War strategy which should be pursued is set out in detail. This is by way of a report to the Prime Minister on the Commonwealth Defence Ministers' meeting in London. The UK was said to support a defence of Britain 'on an offensive basis, holding the enemy on a line as far east of Europe as possible', with 'a firm hold on the Middle East and the development of Egypt as an offensive base'. Students of the Vietnam war will find a melancholy interest in the further UK comment that 'in S.E. Asia the front line of the cold war lies in Indochina . . . if that front gives way, it is only a matter of time before Siam and Burma fall under Communist influence'. The UK agreed with Australia that if the evacuation of Malaya become necessary, 'the line to be defended must include the Admiralty Islands, New Guinea, the Coastal water of North and North-West Australia and the Cocos Islands'.
- 38 Department of External Affairs, *Cabinet Submissions*. AA, CRS A4905/XM, vol. 1, March 1951
- 39 *ibid.* The Spender view here was perhaps understandable as a security treaty had been signed in Washington between the US, New Zealand and Australia in 1951
- 40 For further details on Spender's political views and relationships with the USA, see Anon. *What is in Document J?* Sydney, 1955
- 41 *Cabinet Minute* no. 119 of 1951
- 42 *Cabinet Decision* no. 164 of 1951, 25 September 1951
- 43 *Memo* of F. Wheeler, First Assistant Secretary of Treasury, to Secretary of Treasury, 6 October 1950: *Budget 1950-51, Discussions by the Treasurer*. AA, A1982/102, Item 50/1677
- 44 This explains the frenetic attempts to deal with militants on the NSW coalfields shown by the Menzies Government during 1950. This campaign culminated in a special report to Cabinet from the Federal Minister for Labour and National Service on 23 January 1951, concerning the situation on the coalfields and the actions of the Coalminers', Waterside Workers' and Seamen's Unions which were seen as an enemy plan 'to reduce output following tactics to use plausible industrial grievances for political purposes' (AA, CRS A5075 D 13A, p. 2). It was in these discussions that the possible use of the Crimes Act against the union leaders involved, as well as measures for the suppression of Communists, were hammered out. The situation with copper and other minerals was, in fact, precarious. The 1930s Depression had reduced investment in Queensland coppermines and only the housing shortage was keeping demand for copper down. The 1950 production level was only 13 231 tons, and imports 24 000 tons. It was estimated that the 1951 demand would be 45 000 tons and for 1952, 60 000 tons. The room for stockpiling was therefore rather limited (AA, CRS A4905, vol. 8, *Agenda* 197 of 1951). It was also decided that provision of sulphur would be dealt with by a special committee headed by McEwen, Minister for Commerce and Agriculture, McBride, Minister for Defence, and the Prime Minister (AA, CRS vol. 1 *Agenda* 21 of 1951)
- 45 Commonwealth of Australia *Yearbook of the Commonwealth of Australia* no. 39, 1953
- 46 AA, CRS A5075, D 80, 25 September 1950
- 47 *Cabinet Minute*, AA, CRS A4905/XM, May 1951
- 48 AA, CRS vol. 1, *Agenda* 21, 1951
- 49 AA, CRS A5075/XM/1, 16 February 1951
- 50 *Year book of the Commonwealth of Australia* no. 39, 1953
- 51 AA, CRS A405/XM *Decision* no. 91 of 19 July 1951, *Agenda* 51, 1951
- 52 AA, CRS A4905/XM *Cabinet Submissions* vol. 1, no. 12, 1951
- 53 AA, CRS A4905/XM *Cabinet Submissions* vol. 1, no. 18, 1951
- 54 The types of such committee and the composition of their representatives up to 1966 was described in B. McFarlane, *Economic Policy in Australia* Melbourne, 1968, ch. 4
- 55 Kelly *Struggle for the North*
- 56 Requests for fresh government capital injections for Amalgamated Wireless of Australia were deferred from 28 August 1950 to 14 December 1950. Not long after, the Government's majority shareholding was sold (at a rather cheap price) to Radio Corporation of America. See AA, CRS A5075/XM
- 57 Thus US aircraft bombers for the RAAF were ordered in large numbers in 1950, to be paid for out of the empire dollar pool. Announcing the decision in December 1950, Menzies said: 'The government regards the international position as extremely grave. I am not going to say we are going to be in a major war at the drop of a handkerchief, but the problem is more acute and the danger more real than at any time since the end of World War II', *Sydney Daily Telegraph* 6 December 1950
- 58 Kerr and Beresford 'Turning Point'
- 59 CPD October 1950
- 60 For a further analysis of these issues see B. McFarlane 'Inflation, Money, Gold and Marx' *Journal of Australian Political Economy* 1, 1, 1977
- 61 *Letter* of Governor of Central Bank to Treasury, 20 June 1950. AA, CRS A571, 51/2039, Part I, 1950
- 62 A. Watt 'Notes of a Discussion with Dr Coombs on the Economic Effects of the Budget'. AA, CRS 51/1702, 1950
- 63 Fifth Menzies Ministry *Cabinet Submissions and Minutes* AA, CRS A4905, vol. 4 *Agenda* 74 (1950). Shelden himself had long dominated defence planning. His own papers include a close examination of the London Naval Conference of 1935, the Imperial Conference on Armaments of 1930, and his own draft of a Supply Department Paper 'Industrial Organization for an Emergency, 1938-39'. *Shelden*

- Papers, AA, MP1217 Box 823
 64 *ibid.*
 65 Fifth Menzies Ministry Cabinet Submissions and Minutes Treasurer's submission to Cabinet 5 December 1951. AA, CRS A4905, vol. 8, 1951
 66 An analysis of the importance of the machine-tool sector for a country which is attempting to accelerate its growth rate is given in M.K. Ch'ng 'Dobb and the Marx-Feldman Model' *Cambridge Journal of Economics* 4, 1980, p. 393 and in K.N. Raj 'Role of the Machine-Tool Sector in Economic Growth' in C.H. Feinstein *Socialism, Capitalism and Economic Growth* Cambridge University Press, 1967, pp. 217-26

Chapter 3

- 1 *Argus* 27 January 1945
- 2 *Argus* 22 February 1945
- 3 *SMH* 20 February 1945
- 4 *SMH* 24 February 1945
- 5 *ibid.*
- 6 *Argus* 23 February 1945
- 7 *Smith's Weekly* 8 December 1945, p. 8
- 8 J.M.G. Street *Truth or Repose* Sydney, 1966, p. 317. In his book *Inside Red Russia* (Sydney, 1948, p. 2) Maloney maintains that because of the Russian war effort he was predisposed to think well of the Soviet
- 9 *Smith's Weekly* 6 October 1945, p. 8
- 10 *SMH* 29 June 1945
- 11 *CPD* 4 July 1945, vol. 183, p. 4042
- 12 *Age* 13 July 1945
- 13 *Argus* 13 July 1945
- 14 *Smith's Weekly* 24 November 1945, p. 13
- 15 See 'Red Army Men are Tough but Friendly' *SMH* 2 May 1945; 'Germans Shoot Russian Envoys at Budapest' *Age* 1 January 1945. Also *Argus* 26 January 1945; *Sunday Sun* 11 February 1945; *SMH* 7 May 1945
- 16 See 'Soviet Arrests Polish Delegates', *SMH* 7 May 1945. Also *SMH* 2 January, 22 March and 7 May (editorial) 1945
- 17 *SMH* 30 June 1945
- 18 *SMH* 2 July 1945
- 19 *SMH* 3 July 1945
- 20 N. Harper and D. Sissons *Australia and the United Nations* New York, 1959, p. 93
- 21 M. Goot 'Red, White and Brown: Australian Attitudes to the World since the Thirties' *Australian Outlook* 24, 2, 1970, p. 196
- 22 ALP *Official Report of Proceedings at the 17th Commonwealth Triennial Conference* November 1945, p. 32
- 23 R. Murray *The Split: Australian Labor in the Fifties* Melbourne, 1970, p. 59
- 24 K.E. Beazley, *Caucus as an Instrument for Determining the Policy and Tactics of the Federal Parliamentary Labor Party in the Commonwealth Parliament 1901-1960*, unpublished MA thesis, ANU, 1962, vol. 1, p. 215
- 25 *CPD* 31 May 1945, vol. 182, p. 2376
- 26 *CPD* 7 September 1945, vol. 184, p. 5235
- 27 *CPD* 20 June 1945, vol. 183, p. 3377
- 28 *CPD* 27 June 1945, vol. 183, p. 3667
- 29 *CPD* 1 March 1945, vol. 181, p. 218
- 30 *CPD* 13 September 1945, vol. 184, p. 5365. There were, however, Opposition attacks on Russia. See Archie Cameron *CPD* 14 March 1945, vol. 181, p. 588; Hutchinson *CPD* 8 March 1945, vol. 181, p. 498; Lawson *CPD* 3 July 1945, vol. 183, p. 3951. These attacks were fewer than in later years as the predominating opinion at this time was one of guarded approval. See Anthony *CPD* 31 May 1945, vol. 182, p. 2382; White *CPD* 31 May 1945, vol. 182, p. 2393; Earle Page *CPD*

- 5 September 1945, vol. 184, p. 5140; Holt *CPD* 6 September 1945, vol. 184, p. 5176. The Australian Communists were still considered fair game however. See Anthony *CPD* 31 May 1945, vol. 182, p. 2382; White *CPD* 31 May 1945, vol. 182, p. 2393; Abbott *CPD* 19 June 1945, vol. 183, p. 3276
- 31 *SMH* 18 June 1945. Beasley's attack occurred during protracted arguments over the choice of communist union official Ernie Thornton as Australian delegate to an overseas conference. Beasley asked 'in whose corner' Thornton would be if the views of the Australian labour movement clashed with the views of international communism
- 32 *Age* 16 January 1945. Fallon argued that the AWU owed it to the people of Australia to see that no communist 'heelers' obtained positions in the union
- 33 Gollan *Revolutionaries and Reformists* p. 245
- 34 *SMH* 18 June 1945. The main supporter of the motion was Jack Beasley
- 35 *SMH* 13 January 1945
- 36 *Street Truth or Repose* p. 243
- 37 *SMH* 19 January 1945
- 38 *SMH* 22 June 1945
- 39 Correspondence, L. Churchward to M. Burgmann, 15 October 1971
- 40 *SMH* 5 November 1945
- 41 *Argus* 5 November 1945
- 42 *SMH* 6 August 1946
- 43 P. Sekules *Jessie Street: A Rewarding But Unrewarded Life* Brisbane 1978, p. 121
- 44 *SMH* 16 August 1946
- 45 Sekules *Jessie Street* p. 123
- 46 *SMH* 20 August 1946
- 47 *ibid.*
- 48 See H.M. Hyde *The Atom Bomb Spies* London, 1981
- 49 *CPD* 20 March 1946, vol. 186, p. 418
- 50 *CPD* 24 July 1946, vol. 188, pp. 2921-2
- 51 *CPD* 24 and 25 July 1946, vol. 188, p. 3039
- 52 *CPD* 25 and 26 July 1946, vol. 188, p. 3175
- 53 *CPD* 26 July 1946, vol. 188, p. 3182
- 54 E. and V. Petrov *Empire of Fear* London, 1956, p. 268. The Petrovs have not proved a reliable source on other matters
- 55 B. Toohey 'Oz Spies Abroad' *National Times* 15-21 March 1981, p. 10. Toohey says that a member of Evatt's staff, Alfred Brookes, proposed to Evatt in November 1946 that a secret overseas intelligence service be established. 'The proposal fell on deaf ears.' Later Brookes was to become the first head of ASIO during the Menzies Government
- 56 *CPD* 13 March 1946, vol. 186, p. 185 and 14 March 1946, vol. 186, p. 285
- 57 *SMH* 4 April 1946
- 58 *CPD* 4 April 1946, vol. 186, p. 987
- 59 *Age* 13 and 15 May 1946; *SMH* 10 and 14 May 1946
- 60 *SMH* 14 May 1946
- 61 *Age* 21 May 1946
- 62 See *SMH* 24 and 25 May 1946 and 6 June 1946
- 63 *SMH* 13 June 1946. Discussion of the effect of Maloney's comments on the labour movement occurs in *Smith's Weekly* 15 June 1946 and discussion of Maloney's comment that the CPA was under direct rule from Moscow occurs in *CPD* 16 July 1946, vol. 187, p. 2502
- 64 *Age* 8 November 1946
- 65 *Argus* 8 November 1946
- 66 *Argus* 11 November 1946
- 67 *CPD* 13 November 1946, vol. 189, p. 151
- 68 Interview with J.J. Dedman and A.A. Calwell, 18 May 1972
- 69 E. Spratt *Eddie Ward: Firebrand of East Sydney* Adelaide, 1965, pp. 146-7. Calwell also corroborated this view (interview, 18 May 1972)