

SENATE OCCASIONAL LECTURE

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“Joseph Lyons – Australia’s Depression Prime Minister”

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Many thanks for the invitation to be here.

What a time in Canberra to be speaking about politics in the 1930s, which was also a time of great drama and dysfunction on the Labor side of politics.

But, then again, some things never change.

Narcissism and ego were very much part of the political dynamic through 1930-31, to the detriment of Labor. At the time, NSW Premier Jack Lang eventually split the Labor Party – forcing the Scullin Government into a virtual minority government – especially after Joseph Lyons and a handful of Labor colleagues joined the conservatives in reaction to Lang’s effect on the federal caucus.

Had there been 24-hour audio visual news media in 1931, voters would have suffered little but saturation political commentary for most of that year.

I should say, at the outset of this function on the Senate side of Parliament House, that my subject today – former Australian premier and PM Joseph Lyons – was not all that enamoured with upper houses for much of his political career.

As a Labor premier of Tasmania, he stood up to the Tasmania Legislative Council in the 1920s over its financial powers. On a couple of occasions he even managed to by-pass the Council entirely. (How many prime ministers would like to be able to do that these days...?)

As well, during Lyons’ first two years as a federal minister in the Scullin Government, he faced strong opposition from the Nationalist Party dominated Senate.

But then Joseph Lyons moved to stand with the conservatives in 1931. Thereafter, upper houses became more to his liking. Of course – that’s a long time ago and upper houses today cannot be relied upon so easily to reflect the conservative side of politics. As we know well ...

I am here to discuss one of Australia’s longest serving and most popular prime ministers. And, yet, it has taken some seventy years to get to a point of acknowledging this in the national record. As I discovered on researching his biography, Lyons has been shoved off to some remote region of forgetfulness – thought of as a PM who achieved little and was merely used by stronger forces to win elections.

This legacy has stalked the memory of J A Lyons – as he was wont to sign on documents. Yet, nothing could be further from the truth. And, from this, there are two lessons for the politically ambitious. First, don’t die in office - or at least not before you have written your memoirs and placed them prominently before the historians. Secondly, make sure that you have a loyal and scholarly fan club in place ready to honour your name and achievements. John Curtin managed that.

Joseph Lyons served as Prime Minister of Australia from the beginning of 1932 until his sudden death in office on 7 April 1939, which happened to be Good Friday. Remarkably, he was the first

of our Australian PMs to have a parent born in Australia. Just how imported Australian culture was, till midway into the 20th century, is something we tend to forget.

In fact, as I did the book, it was startling to remember that when Joseph Lyons became Prime Minister, we had only been a Federation for 30 years.

This was one of the reasons NSW Premier Jack Lang was so important in the financial dysfunction of 1930-31, and so destructive. The economy of New South Wales, at that time, was a huge chunk, a huge chunk, of the national economy. Moreover, the states had much more financial power than they do today.

Defeating Lang, as Lyons eventually did, was a significant achievement. This alone should make Lyons stand out. But, instead, it has been Jack Lang who has achieved folk legend status despite the damage he threatened all those years ago to Australia's international reputation.

Joseph Lyons was a different kind of leader for his day, a time when paternalistic, macho men ruled. Lyons was a rather self-effacing and amiable fellow from a humble background. But he was also one who could walk at ease among the business leaders of his day.

Lyons' education, working his way up and out of family misfortune as a monitor teacher in northern Tasmania, had taught him humility; his experience, in the first decade of the 20th century, of taking on the Tasmanian Education Department for its treatment of its staff had forged his temerity.

But, with the characteristic Australian working man's spirit of seeking outcomes rather than posturing, Lyons made no effort to prove his leadership in a macho way. These days we would see this as someone secure in himself.

And, like Bob Hawke, Lyons was a consensus man – one who could bring opposing groups together over negotiation. This was a trait not easily recognised in Lyons' day as something that gave strength to leadership. It was Lyons' strength to see Australia through one of its darkest decades and to keep the government united.

Lyons would often defer praise to his colleagues. Douglas Irvine, who acted as Lyons' chief of staff for some years, recalled in an interview how Lyons would often say it was all his "mates" who deserved the praise or "John Latham" causing John Latham, Irvine added, to "swell with pride".

This self-effacing character has cost Lyons much in the history books. In Lyons' generation, the ambitious and macho figures that surrounded him quickly translated this trait to "nice guy but not effective". It suited his rivals – on both sides of politics.

In fact, Lyons was expert at directing matters, directing policies and directing government. His survival after three federal elections - the first Australian PM to do so - is the proof of this.

But Lyons burnt his bridges with Labor in March 1931 by voting against Ted Theodore's bill to print money for relief works; and, after moving to the other side of politics and helping to form the United Australia Party, the emergence of the Liberal Party under Menzies meant that within a few years of his death there was no organisation to claim Lyons. And although Robert Menzies had worked closely with Lyons in the UAP, he had also been a rival.

The Lyons legacy simply died with the man. The Second World War, coming so soon after his death in August 1939, and the failure of the first Menzies Government in just over two years soon handed the prime ministership to Lyons' old Labor rival John Curtin and later his old

Labor mate Ben Chifley. This sucked up any memory of Lyons as a popular figure. And Lyons had faded somewhat in his last year, with illness and the expansion of Hitler in Europe.

In his last year as PM, in spite of the UAP's surprising win at the October 1937 election, Lyons' strength in economic leadership passed into the shadows. His government's visionary National Insurance scheme had to be shelved, opening painful party divisions just weeks before Lyons' death.

And when Enid Lyons wrote her own well researched and widely read account of her husband's life and legacy, in *So We Take Comfort*, this was partly seen as a record too partisan to count.

Today, however, it is possible to look back with a fresh understanding of the Lyons years. And that is what I have sought to do.

The Lyons style of leadership is far more readily understood today – male PMs have even cried in public in our lifetimes. We now know and accept that a PM can be fallible and remain a strong leader. Lyons, in this sense, was ahead of his day.

Lyons was never threatened by a strong woman. He would drag his wife onto podiums where she performed well and, at times, even outshone her husband. He never worried; he used her attraction to pull in votes from women.

Joseph Lyons assumed the prime ministership as a popular hero after winning in a landslide House of Representatives election (not since matched) in December 1931. Christmas was less than a week away.

The story that brought Lyons to government as UAP leader is both dramatic and cautionary. And it's a tale we can appreciate more fully today, in times where most Australians better understand factors like government debt and credit squeeze and their effect on investment and employment.

The Scullin Labor Government had been in office less than two years when it disintegrated. After a landslide win against the Bruce-Page Government, days before the Wall Street Stock Market crash in October 1929, the financial pressures it faced quickly tested its inexperience. By March 1931, after the rabid Lang supporter Eddie Ward won the federal seat of East Sydney on 7 March, Lang Labor MPs no longer were welcome in the Labor caucus. Labor had officially split in two.

Australia had mounting debts from the mid 1920s – in fact that guru of spend, John Maynard Keynes, was one of the loudest voices in London condemning Australia's spendthrift ways in the 1920s. And then prices for wheat and wool went into free fall leaving even more debt. Australia in fact entered the depression before the rest of the world – one reason the Bruce-Page Government fell to Labor.

When Lyons broke from Labor, on 13 March 1931, he took with him the votes of disaffected Laborites in their thousands. During late 1930 and early 1931, such was the dissatisfaction with the Scullin Government that tens of thousands of middle class Australians signed up to membership of citizens groups.

This quasi political people movement – organised by conservative operatives and with names such as All For Australia League – latched onto Lyons as their hero. Their activities were favourably promoted in Keith Murdoch's media outlets – along with Joe Lyons as a natural people's leader.

These groups eventually came together under the United Australia Party in May 1931. It was a unique political precedent. Lyons was elected leader of this conservative collective in the Nationalist Party room. But Lyons himself was not there – since the UAP had not been formally declared and Lyons was not a member of the Nationalist Party. The formation of the United Australia Party, soon after, absorbed the Nationalists but it was Lyons' hope that this new political party would bridge conservative and moderate Labor differences.

UK Labour's Ramsay MacDonald, that year in Britain, would form a national government, coming himself with colleagues from Labour and linking up with the Conservatives. It was Joe Lyons' imagined goal that he could do something similar Down Under. Instead, he became the leader of the conservative opposition – the United Australia Party.

In late November 1931, after the Lang Labor MPs had helped defeat the Scullin Government on the floor of the House over a relatively minor matter, Scullin dissolved parliament and went to the people in a House of Representatives only election. On 19 December, the UAP won a record result for the House of Representatives, a record that hasn't been matched in spite of the 1975 landslide.

So Australia suddenly had a Catholic prime minister leading a predominantly Protestant party, and a somewhat Masonic one - a Catholic with a Labor past. This was quite an aberration in Australian politics. The Catholic vote for Labor took a nose dive at the 1931 federal election – it was Lyons, not Menzies, who brought the Catholic vote for the first time over to the conservative side.

It is quite timely to be speaking about Joseph Lyons and the way he was so quickly thrust onto the national stage as such a popular leader. Two years before his win in 1931, most Australians would not have heard of him. To win such a victory in December 1931 meant a lot had happened between October 1929 and that election.

It had.

Labor's Depression split

Joseph Lyons had led the Tasmanian Labor Party from November 1916 until he entered federal politics at the 1929 election. During the post WWI years and into the 1920s, Lyons had toyed with left leaning politics and was always a pacifist. He had led Tasmanian anti-conscriptionists in the First World War plebiscites. But, with successive defeats for Labor at state elections from 1916, Lyons became more conservative with his desire to win over swinging voters.

In late 1923, Labor fell into government in Tasmania when the Nationalist Lee Government lost a vote on the floor of the Assembly. Lyons, called to Government House, persuaded Lieutenant Gov Nicholls that he could command the numbers to form a Labor government. Tasmania was in worrying debt at the time and Lyons had railed against the inability of the Lee government to make savings.

Lyons was by then an opponent of what economist Lyndhurst Giblin called unproductive government spending – public works that did not produce income. Once in Canberra, Lyons found that both Labor PM Jim Scullin and federal treasurer Ted Theodore agreed with him to a large extent. Scullin had railed against the Bruce-Page Government for the large government debt of 1928-9.

During the latter half of 1930 – and while Scullin was overseas from August – Lyons, as acting Treasurer, kept to the script as advised by Scullin. Economies had to be found and budgets

reduced. The Lang rant against the money lenders and his advocacy of repudiating debt was as firmly opposed by Scullin as Lyons.

In the tussles with the Langites in caucus after October 1930, Scullin supported Lyons (by cable) to hold the line; he also strongly supported the huge loan conversion of December 1930, when Lyons joined with Menzies, the Victorian Young Nationalists and many of the chief financial houses of the day such as J B Were and Son to raise £30 million over a matter of weeks.

But, after winning the NSW election in October 1930, Jack Lang increased his influence over NSW Labor. Ted Theodore, who had been forced to stand down as treasurer in July 1930 to answer allegations of financial impropriety when he was premier of Queensland, had faded in influence.

As the caucus divide in late 1930 worsened, and with Jack Lang's win in NSW, Theodore returned to Sydney where he held his seat. This push by Lang affected Theodore and, by early 1931, he had moved to a more inflationary policy position – somewhere between Lang's crude opposition to the evil moneylenders and the prudence that had been his original position, along with Scullin and Lyons, throughout 1930.

The Labor government of Jim Scullin probably stands alongside the government of Gough Whitlam as the most disastrous waste of an opportunity to govern. Both had difficult financial times, but each seemed not to have grasped the need to act pragmatically rather than ideologically.

On Scullin's return to Australia in January 1931, he reinstated Theodore as federal treasurer – even though Red Ted had not yet been cleared by the Queensland inquiry. This disturbed Lyons – a person who acted always with the highest propriety, standing aside one of his ministers in Tasmania in 1927 over a financial scandal.

Unhappy with the state of play around Theodore, Lyons resigned from the Scullin ministry soon after his reinstatement to the ministry.

However, the most divisive issue for Lyons was the fiduciary bill Theodore now planned to bring before the parliament to print money for work relief. Lyons saw this as financial suicide – and Lyons knew that the Senate would vote it down. Lyons did not believe – and the Premiers Plan in mid 1931 would support his judgement – that Australia could afford to print money and face the risks of inflation or financial downgrade.

Caucus had become dysfunctional as the depression and unemployment crippled the economy. Warren Denning wrote that the din of caucus meetings after August 1930 could be heard in the corridor through padded doors.

Cabinet, as well, had thumbed its nose at Scullin's authority when, against his and Lyons' advice, the majority voted to appoint Labor figures Edward McTiernan and H V Evatt to the High Court. This created a by-election in January 1931 for McTiernan's seat of Parkes in western Sydney. Won easily by the Nationalists, it would be a heavy loss for Labor at a time when the party was close to splitting apart.

The Lyons years

It has been Lyons' fate to attract the interest of historians only in so far as his break with Labor and success at the federal election of December 1931. History books have then skimmed over the Lyons years as ones of quiet lost opportunities and then the story goes on to the years of World War II and John Curtin.

So, why was he forgotten? Well, he fell between the cracks. Labor would never again claim him. And with the formation of the Liberal Party in the mid 1940s, Liberal leader Robert Menzies became the figure revered by the conservatives.

But by forgetting Lyons, we lose a significant chunk of Australian political history. A lot happened for Australia in the Lyons years at the Lodge.

Lyons was a figure who could draw out the vote, could draw out ordinary people, and he was mourned hugely when he died. At the 1937 election, with John Curtin as the fresh new Labor leader, Lyons pulled the UAP back from staring at certain defeat to a win where the party hardly lost a seat.

Moreover, over seven long years, Lyons mastered a Cabinet made up of divided egos and would-be leaders, and negotiated unity through struggles with policy and the financial stress of depression. Lyons' first budget managed to record a surplus. Over his years, he pushed Australian trade partnerships into new regions, notably Japan and the US, in spite of the Ottawa Commonwealth Conference's policy of Imperial preference.

Lyons, with the partnership of Stanley Bruce as High Commissioner in London, also made an impact in foreign relations. Two visits to the UK in 1935 and 1937, established Australia's presence as a strong dominion partner. In 1935, Lyons' visit to the USA saw the Lyons couple stay with the Roosevelts at the White House, and Lyons hold significant meetings with the senior figures of the Roosevelt administration. Lyons even made the cover of *Time* Magazine as he arrived in New York.

Lyons – as one of the Dominion leaders after the Statute of Westminster – played a significant role in the abdication. Lyons was the strongest voice among the dominions in opposing any morganatic marriage between Edward VIII and Wallis Simpson.

In the lead up to Munich, it was Lyons who made a last minute call to Neville Chamberlain suggesting Mussolini might be able to broker yet another meeting with Hitler over his intentions in the Sudetenland. Chamberlain followed up on that advice and the Munich agreement was the outcome. We should recall that most political leaders were appeasers in 1938 – the memory of WWI had them in a bind that another world conflict should be avoided at all costs.

The Munich Agreement was welcomed with great celebration by voters – Queen Elizabeth wrote to Anne Chamberlain of her great pride in the prime minister who “through sheer courage & great wisdom ... has been able to achieve so much for us & for the World”. Lyons was certainly with the majority on Munich at that stage.

It was Lyons, it has been forgotten, who sent John Latham to head Australia's Eastern Mission in 1934, a major diplomatic trip through Indonesia, China and Japan. It was Australia's first real attempt to engage with its northern and Asian neighbours, both in the interests of security and, above all, trade. It was also Lyons who pushed for a Pacific Pact on non-aggression through the many meeting of the 1937 Imperial Conference in London.

The years of the 1930s were also years of great strides in communications – a revolution of sorts with the development of radio and air travel. Lyons was a master at the use of both. He became Australia's first flying PM and his voice was heard across the nation in regular slots on radio; and he was recognisable to voters from being filmed for Movietone newsreel screenings.

But Lyons was above all an excellent economic manager. What has been forgotten – and never spoken of – is that both Australia and the UK handled the Great Depression far better with conservative economic management than the USA's New Deal of government spending.

As Joe Lyons sat with Franklin D Roosevelt at the White House in July 1935, he could report that Australia had reduced its unemployment figures to 16 per cent from a high of 29 per cent in 1931-32. By 1937, Australian unemployment was down to 9 per cent. In the USA, in 1935, unemployment was still over 21 per cent and in 1937 remained at 17 per cent. The USA had double digit unemployment right up till it entered the Second World War.

Growth in Australia and the UK during the 1930s also outstripped that in the USA. Real GDP growth in the USA between 1929 and 1940 was just 1.6 per cent, while in Australia over those years growth was 16.6 per cent and in the UK it was 24.6 per cent.

That success story in Australia has been lost with the legacy of PM Joe Lyons. These were dark and difficult years and the strength of the Lyons governments was to preside over a period of political calm amid the troubled times – both financially and in foreign relations. From the dysfunctional years preceding it – and the domination of NSW in the national economy – Lyons brought Australia's federated states to maturity in his time as PM.

And, in answer to criticism of Lyons that he was weak and ineffectual, it is worth recalling the words of Thomas Playford, a long-serving South Australian premier, who once said, long after Lyons was dead, "Mr Lyons always got his way."

Thank you.