



# **Developing a National Employment Policy, Australia 1939-45**

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# CONTENTS

ABSTRACT	page iii
DECLARATION	iv
ACKNOWLEDGMENTS	v
ABBREVIATIONS	vi
CHRONOLOGY	ix
1. Introduction	1
<b>I. Identifying Employment as a Matter Requiring Government Intervention</b>	
2. Armament and Employment Policy, 1940	43
3. Parliamentary Review of Government Employment Policy, 1941	86
4. Identifying the need for change, 1941	128
<b>II. Implementing Employment Policy</b>	
5. The Manpower Directorate, 1942	147
CASE STUDY: Redirecting Adelaide's Shop Assistants, 1942	159
6. The Women's Employment Board, 1942	185
CASE STUDY: Employing Women in Adelaide's Hotel Bars, 1942	214
<b>III. Employment Policy Review and Revision</b>	
7. Labour Supply Review, 1942	235
8. Changing Employment Priorities, 1943-1944	256
9. The Women's Employment Board, 1942-1944	286
CASE STUDY: The Perry Engineering Dispute, Dec 1944-Apr 1945	316
10. The Commonwealth Employment Service	334
11. Conclusion	363
BIBLIOGRAPHY	378

## ABSTRACT

Public policy development in the field of government-funded employment management is a matter currently under political review and inviting historical scrutiny. The historical subject of this doctoral dissertation is the development of national employment policy in war-time Australia. Its examination of the documentary evidence concentrates on South Australia even while analysing national events through themes with international significance. The work shows that the Commonwealth Government intervened in the war-time labour-market through new institutions, the Manpower Directorate and the Women's Employment Board, because customary labour distribution practices proved inefficient in conditions of total war. However, the thesis shows that even in the highly regulated milieu, employers resisted unpopular central decisions—sometimes abetted by government ministers.

I argue that the close relationship between government and business amounted to a form of captured étatism in which the commercial manufacturers who both managed and performed the procurement and production of war materials, functioned as an arm of government while avoiding accountability to central government employment policy. This experience encouraged Australia's federal government to establish a centrally controlled employment service as a lynchpin of its post-war reconstruction policy.

## DECLARATION

This work contains no material that has been accepted towards the award of any other degree or diploma in any university or other tertiary institution. To the best of my knowledge and belief it contains no material previously published or written by another person, except where acknowledged in the text.

I consent to this copy of my thesis, when deposited in the University Library, being available for photocopying and loan.

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## ABBREVIATIONS

ACT	Australian Capital Territory
ALJ	Australian Law Journal
ASE	Australasian Society of Engineers
AWC	Allied Works Council
BHP	Broken Hill Proprietary Company Limited
BUN	Bundle (of archived documents)
C	Council (in South Australian Parliament)
CAPD	Commonwealth of Australia Parliamentary Debates
CAPP	Commonwealth of Australia Parliamentary Papers
CAR	Commonwealth Arbitration Reports
CCC	Civil Construction Corps
C.J.	Chief Justice
CLR	Commonwealth Law Reports
DD-G	Deputy Director-General (Head of the state office of a Commonwealth Department)
D-G	Director-General (of a Commonwealth Department)
DoLNS	Department of Labour and National Service (Commonwealth)
DoMs	Department of Munitions
DoWOI	Department of War Organisation of Industry (Commonwealth)
GRG	Government Record Group (Classification of the State Records of South Australia)
HR	House of Representatives (in Commonwealth of Australia Parliament)
J	Judge
MHR	Member of House of Representatives
MLC	Member of Legislative Council (in South Australian Parliament)
MP	Member of Parliament
MRSC	Manpower and Resources Survey Committee
NAA	National Archives of Australia
NSA	National Security Act
NSR	National Security Regulation (see below)
PM	Prime Minister
RLL	Reciprocal Lend-Lease
S	Senate (in Commonwealth of Australia Parliament)
SAAP	South Australian Acts of Parliament
SAPD	South Australian Parliamentary Debates
SAR	South Australian Railways
SR	Statutory Rules (always followed by numbers indicating sequence within a year. For example, SR 34/1942, refers to Statutory Rules number 34 of 1942)
SR(SA)	State Records of South Australia
VDC	Volunteer Defence Corps
Vic	Victoria
WEB	Women's Employment Board

## MAN POWER or MANPOWER

"The term 'man power' like 'horse power' is a much abused abstract term".\*

My computer spell-checker reminds me daily that the word manpower is endowed with politically significant meanings. People in the 1940s were not ignorant of these sub texts. For example, when emphasising the Government's desire to regiment the *entire* workforce, the Man Power Regulations (SR 34/1942, 31.1.1942) did not assume that "man power" would be read as applying to both men and women, but specified the regulatory subject as "the resources of man power and woman power in Australia". (SR 34/1942, regulation 3) Nonetheless, in everyday parlance, "man power" was not gender specific. It was a frequently used term referring to the number of people available for work with the added implication of planning or projection. There are no modern equivalents incorporating both meanings. Apart from when quoting contemporary sources, this thesis uses the word manpower only when referring to the Manpower Regulations, the Manpower Directorate, and in the construction "manpower authorities", which refers to people exercising authority in the employment field and whose titles include the word manpower—Director-General of Manpower or Manpower Officer, for example.

The Manpower Regulations, promulgated in January 1942, were printed using the two-word construction "Man Power". The Director-General of Manpower's 1944 review was printed using the one-word construction: *Control of Manpower in Australia*. Both were used interchangeably throughout the war but in post-war literature, "manpower" is the more usual. When not actually quoting, this thesis uses the one-word form, thus: Manpower Regulations, Manpower Committee, and Director-General of Manpower, for example.

\*NAA(Vic) MP24/163;1 Sir Carl Jess, Chairman of the Man Power Committee, to Wallace C. Wurth, Director-General of Manpower, 22.1.1942.

## NATIONAL ARCHIVES of AUSTRALIA

Full citations for the documents used are included in the bibliography. Footnote references are composed of four parts. For example, the reference NAA(Vic) MP39/1;1942/137 Wurth to Hunkin 14.9.1942, is found in chapter six. NAA(Vic) indicates the Victorian branch of the National Archives of Australia. The number before the semi-colon is the series number. It identifies the creating agency and the nature of the material (in this case, correspondence files of the Deputy Director-General of Manpower, South Australia). The number after the semi-colon is the item number and refers to a specific file within a series (in this case, correspondence relating to the employment of women in hotel bars). The words and date following the numbers identify a document within that file (in this case, a letter sent from Hunkin to Wurth on 14 September 1942). This shortened referencing form is approved by NAA.

## **NATIONAL SECURITY REGULATIONS**

Sets of Statutory Rules made under the National Security Act were known as National Security Regulations. Their titles contain a designator in parentheses, thus: National Security (Man Power) Regulations. They were frequently identified by a shortened title, thus: Manpower Regulations. Both will be used in this thesis. In footnotes, sets of regulations will be identified in even shorter form, thus: NS (Man Power) Rs. The Statutory Rules will also be identified in footnotes by an abbreviated form, thus: SR 34/1942 (meaning Statutory Rules number 34 of 1942).

## CHRONOLOGY

- 1939 17 Jun Department of Supply and Development created  
 3 Sept 9.15 p.m. Prime Minister R.G. Menzies announced that Australia was at war  
 4 Dec Munitions Agreement struck
- 1940 10 Jan First convoy of 2nd A.I.F. sailed for the Middle East  
 28 May Evacuation of Dunkirk began  
 6 Jun Essington Lewis appointed Director-General of Munitions  
 15 Jun Department of Munitions created  
 5 Jul National Security (Employment ) Regulations promulgated  
 10 Jul Commonwealth sought assistance from states to establish munitions labour bureaux  
 10 July Battle of Britain began  
 Oct (date uncertain) DoLNS established  
 28 Oct Advisory War Council Formed
- 1941 21 Jan-24 May Prime Minister Menzies overseas  
 26 Feb First meeting of the Manpower and Resources Survey Committee (MRSC)  
 11 Mar Lend-Lease Bill signed by President Roosevelt  
 8 May MRSC first interim report  
 31 May MRSC 2nd interim report  
 26 Jun DoWOI established  
 25 Jul Manpower Priorities Board created (W.C. Wurth, chair)  
 16 Oct Production Executive established  
 7-8 Dec Japanese began landings in Thailand and Malaya and attacked Pearl Harbor  
 24 Dec Anglo-American Conference, Washington, considered combined strategy
- 1942 31 Jan Manpower Directorate created (W.C. Wurth D-G)  
 Manpower Offices established in every military district  
 19 Feb Japanese attacked Darwin  
 9 Mar A.I.F. troops began to return to Australia  
 10 Mar Production Executive decide to redirect Adelaide shop assistants  
 17 Mar General Douglas MacArthur arrived in Australia  
 25 Mar Women's Employment Board created  
 6 Apr United States troops began to arrive in Australia  
 9 Apr Departmental Manpower Committee created to review Australia's labour resources and needs  
 5-8 May Battle of the Coral Sea  
 4-6 Jun Battle of Midway  
 20 Aug Departmental Manpower Committee pronounced labour supply insufficient to meet demand

- 22 Sept Agendum 327/1942 new or expanded war projects must be staffed by reducing current commitments
- 23 Sept Senate disallowed Women's Employment Regulations for the first time
- 24 Sept Government reinstated the Board
- 12 Oct Dedman signed order to actively "disemploy" Adelaide shop assistants
- 2 Nov Kokoda recaptured
- 1943 6 Jan War Commitments Committee first meeting to review war commitments in terms of Agendum 327/1942 (Wurth became permanent chair)
- 20 Jan Director-General of Manpower authorised to direct employed persons to work of higher priority
- 27 Feb First meeting of Adelaide's Departmental Allocation Committee
- 16 Mar Women's Employment Regulations disallowed
- 25 Mar Board reinstated
- July (date uncertain) 1st Adelaide direction of an employed person into work of a higher priority
- 21 Aug Australian Labor Party won federal elections
- 1 Oct Cabinet instructed Army and "munitions and aircraft bloc" to release 20,000 men each by June 1944
- 1944 4 Apr Cabinet instructed R.V. Keane to lead a scrutiny of reciprocal lend-lease
- 20 Apr International Labour Organisation conference, Philadelphia
- 12 May ILO adopted Recommendation 72 (the Employment Service Recommendation)
- 6 Jun Allied forces invaded Normandy
- 8 Jun High Court pronounced the Women's Employment Board outside the defence power
- 19 Jul NS (Female Minimum Rates) Rs promulgated
- 11 Oct Women's Employment Board dissolved
- 11 Dec 20 male moulder walked out of Perry's foundry, precipitating the dispute analysed in chapter nine
- 1945 20 Mar "Full Employment in Australia" accepted in parliament
- 12 Apr Death of President Roosevelt. Harry S. Truman became President of the United States
- 7 May Germany surrendered unconditionally
- 26 Jun United Nations Charter signed, San Francisco
- 29 Jun *Re-Establishment and Employment Act* (11/1945) created the Commonwealth Employment Service
- 5 Jul Death of Prime Minister John Curtin
- 13 Jul J.B. Chifley became Prime Minister
- 6 Aug First atomic bomb dropped on Hiroshima
- 15 Aug VJ-Day. The end of the war against Japan



# 1

## Introduction

When the Australian Government dismantled its publicly funded, universal labour exchange, it ended the 55 year period during which the Commonwealth Employment Service had served the national economy. Modelled on International Labour Organisation recommendations, the Employment Service was a direct descendant of government labour-market intervention begun during Australia's most frightening days of World War II.

The 1980s and 1990s saw governments all over the world disbanding and reforming public institutions. Delegation, deregulation, and privatisation, the public tools of much of this change, carry weighty implications for state sovereignty and citizens' expectations, and their encroachment on traditional state ground has initiated a surge of academic interest in the state, particularly its role in public policy development. This thesis stems from that impulse. Extensive policy change is a timely reminder that public policy is never inevitable, that it always derives from political conditions and always involves a process of choice or selection. Both are invariably coloured

by historical circumstances. In an era characterised by policy change, political thinkers and historians are inspired to re-examine both the milieu that fostered initiation and development of particular policies and the forces that shaped them over time.

This work, inspired by the apparent policy reversal that ended the Commonwealth Employment Service and delegated some of its functions to private providers, examines Australia's historical record and asks which political conditions and historical circumstances predisposed the Australian Government to embark on centralised labour-market intervention, and which precipitated the form of involvement the Government chose. Finding that the Commonwealth Employment Service sprang almost fully-formed from a war-time institution, the Manpower Directorate, the thesis assumes the Government's experiences with this body somehow persuaded it to continue centrally-determined and publicly-funded labour management. This partial answer leaves another question hanging. Why? What was it about the war-time experience that prompted the Government to choose state intervention in such a sensitive part of the economy?

The answer, I argue, is that customary employment arrangements—which depended on normal business competition and employer self-regulation in an inflexible labour-market—proved inefficient during the war. When faced with the enormous demobilisation and economic reconstruction necessitated by the end of the war, the Commonwealth Government looked for a vehicle to carry its "full employment" ambitions, unfettered by sectional interests. It transformed the hard-working Manpower Directorate into the Commonwealth Employment Service and began two generations of government-guided employment management.

Evidence for this argument is grounded in the radical shift in employment policy that marked the early months of 1942. Until then, war-time labour regulation had been piecemeal, affecting only some industries, some groups of workers, or some working conditions. Realisation that the nation's population was simply too small to satisfy the labour aspirations of all competing interests intensified under the military threat of late 1941 and early 1942. Government advisers recommended development of a policy instrument which could determine the relative priority of employing projects and allocate potential workers to where they were most needed. Central Government decided to make emergency regulations that could assert its employment policies over national labour resources, under threat of sanction. "We know what we have got to do", the Minister for Labour and National Service told a group of State Premiers, "and the time for speeches has passed".<sup>1</sup> Further evidence for the argument is grounded in the significant employer resistance that greeted the new employment policy.

#### THE INSTITUTIONS OF EMPLOYMENT POLICY IMPLEMENTATION

The Manpower Directorate and Women's Employment Board were the institutional forms chosen to implement the Commonwealth's comprehensive policy change of February and March 1942. Together, their purpose was to loosen the labour supply bottlenecks by regulating temporary suspension of some of Australia's rigid employment customs, and to instigate a system by which War Cabinet-determined priorities directed workers to where the war effort most needed them rather than allowing them to flow to the highest bidder. Large-scale

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<sup>1</sup> NAA(Vic) B551;1942/61/2866 WARD "Conference of Commonwealth and State ministers and officials re. manpower problems. Report of proceedings" 29.1.1942.

government involvement in the labour-market adjustment created a legal environment in which the workforce could be coordinated as a national resource but, emergency law notwithstanding, the economic and political environment already established by the government-business relationship proved resistant to change. Individuals, state governments, commonwealth departments, commercial manufacturers and courts, hindered and obstructed the endeavour to amalgamate Australia's workforce into a war-winning national resource. Even Government ministers vacillated in the face of unpopular decisions. Taken together, this resistance to change provides further evidence that the Commonwealth carried centrally determined employment policies into the post-war economy because of obstacles in the customary system.

This thesis sees the Manpower Directorate and Women's Employment Board as central to its argument because their creation indicated radical change in government policy. It does not claim them as representative of war-time regulation because their especially pervasive nature sets them apart from regulations with narrower target groups, and because in the absence of wider comparative studies the claim cannot be substantiated. However, they were not unimportant. Both institutions operated under a narrowly circumscribed set of regulations which are not directly comparable to other public policies but, subject to these obvious riders, the story of their progress through the varied minefields of opposition and misunderstanding is instructive about the footings on which all public policy stands and is particularly illuminating in analysis of public policy development in fields where non-government enterprise has a dominant influence. The two bodies controlled regulations that were liable to affect any and every Australian. In practice, their coverage was not complete but was

extensive. Their reach to so many individuals has given the Manpower Directorate and the Women's Employment Board an explanatory power in Australian memory and history that justifies detailed attention. In addition, both were responsible for administering public policies that were significant and contentious departures from custom. An historically dynamic analysis releases them from the misconceptions of more general studies and is instructive in the broader sense as well as in the specific historical context examined in this thesis. Finally, their field of influence, the labour-market, is one of the fundamental institutions of the capitalist system. Any state intervention in that field is politically and historically significant.

The two bodies were complementary. Although their social contexts were different, their political impetus was very similar. More important, neither can be fully understood in isolation from the other because their functions were integrated. The task of the Manpower Directorate was to ensure optimum use of Australian labour in service of the war effort. Its tools were administrative: information gathering and labour procurement, training and allocation. The Women's Employment Board's role was completely different. Industrial law precluded women from certain jobs. They were considered to be men's jobs. For the Manpower Directorate to pursue its goals rationally, those obstacles had to be cleared. This was a legal conundrum. The Board was directed to examine some of these jobs and decide whether women should be admitted to them and, if so, determine what their working conditions should be. The purpose of presenting both institutions in this study is that their roles were interlocked and, although unlike in some respects, they can be fruitfully compared because they shared the goal of organising Australia's workforce in the best interest of the war

effort and because, even while engaged on their separate tasks, their spheres lay very close.

As emergency defence organisations, the Manpower Directorate and the Women's Employment Board were free of the socially or morally aspirational roles that sometimes colour public agencies. Their job was simply to coordinate labour with the war effort. However, although their defence purposes were paramount, they were burdened with the implementation of policies that clearly addressed the nature of Australian society: sometimes reinforcing, sometimes changing, but always shaping. Partly, this is because they were created by political actors who did have aspirations for the future and, with greater or lesser degrees of consciousness, used them as vehicles for ideology.

#### EMPLOYMENT POLICY AND EMERGENCY LAW

Authority for such an extensive incursion on citizens' freedoms in a liberal democracy was derived from Australia's constitutional defence power which, in times of national emergency, permits customary law-making and enforcing functions to be delegated by act of parliament to (in practice) the government of the day. The purpose of emergency law in war-time is nowhere better defended than by Justice Isaacs who, when engaged in debate in the High Court during World War I, gave a telling analysis of the rule of law that powerfully justified the emergency powers reserved to the nation-state. He argued:

The Constitution is not so impotent a document as to fail at the very moment when the whole existence of the nation it is designed to serve is imperilled.<sup>2</sup>

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<sup>2</sup> ISAACS J. in *Farey v. Burvett* (1916) CLR 21, p. 433.

Isaacs' was a pragmatic approach: emergency powers may be rare in some states but they are a normal political measure—especially in war-time. His stance was supported in the same case by Chief Justice Griffith, who said:

History as well as common sense tells us how infinitely various the means may be of securing efficiency in war. Sumptuary laws have always been common war measures.<sup>3</sup>

These declarations emphasise emergency law's role as an unexceptional political instrument that aims to enhance order in a turbulent world and, to do so, needs to be sufficiently flexible to protect the state from whence law's authority derives.

The Australian defence power must be activated by act of parliament. Even before World War II started the Government had prepared the *National Security Act, 1939* and sets of associated regulations for promulgation immediately at war's declaration. This act authorised the Government to make sets of emergency regulations "for securing the public safety and defence of the Commonwealth" and to prescribe at its own discretion whatever was "necessary or convenient" for the "more effectual prosecution of the present war"<sup>4</sup>. These enormous and ill-defined powers were clearly intended to give the regulatory machinery unfettered control. But at that relatively quiet opening stage of the war customary employment arrangements were specifically protected by clause 7 of section 5 of the *National Security Act, 1939*:

- (7) Nothing in this section shall authorize—
- (a) the imposition of any form of compulsory naval, military or air-force service, or any form of

<sup>3</sup> GRIFFITH C.J. *Farey v. Burvett* (1916) CLR 21, p. 441.

<sup>4</sup> *National Security Act, 15/1939*, 9.9.1939, section 5(1).

industrial conscription, or the extension of any existing obligation to render compulsory naval, military or air-force service.

This protection was politically prudent and acceptable to manufacturer and employee alike in 1939, when both feared war would increase the already worryingly high rate of unemployment.

#### **SOUTH AUSTRALIA: AN EFFECTIVE CASE STUDY?**

The Second World War, as its name implies, was a major international war and people who experienced it or who study it from the perspective of its great European or Asian belligerent centres are often unfamiliar with the diverse supply arrangements that enabled it to continue in time and intensity over its officially acknowledged six years. South Australia's significance in the provision of munitions to the Allied war effort is remarkable. The state represents Australia's wider supply role because it was at all times subject to Commonwealth war planning and regulatory action. It also merits individual recognition as a distinct economic and political unit. Tension between war production and South Australia's tiny population makes the state an ideal site for historical study of war-time employment policy. Several factors converged on Adelaide and persuaded the Commonwealth to allot to the relatively non-industrial state an unanticipated amount of war production capacity, including three major munitions factories—Hendon, Cheltenham, and Salisbury—built in Adelaide during 1940 and 1941, plus an unknown amount of other war work. In 1942, Australia's civil defence plans

noted 87 Adelaide firms manufacturing high-priority goods under contract to the Department of Munitions.<sup>5</sup>

First, the political leadership of the state itself was eager for industrial involvement. The Depression had bitten deeply into South Australia's mainly rural economy and into the well-being of its working class. The Premier, Thomas Playford, was one of many who hailed war work as providential. Within days of the creation of the Department of Munitions, Playford sent a telegram to Essington Lewis, the Director-General of the munitions production programme, urging him to consider the benefits of establishing defence industry in South Australia. He promised his government's "full support" and that "state resources would be available to make it a success." He pointed out the attractions of the state: its defensive features and the availability of a "largely untapped" pool of labour.<sup>6</sup> Of course, at that time Playford had no idea how much labour and of what type would be required nor even of how much labour lay in his state's "untapped pool".

Negotiations began immediately and soon translated into good news for South Australians. On 11 July 1940 the *Advertiser* announced with triumphant headlines "Big Arms Plants for SA. Several Millions to be Spent."<sup>7</sup> The previous evening, Prime Minister Robert G. Menzies had disclosed the Director-General of Munitions' plans for major defence factories in the Adelaide region: a new explosives and filling factory to be built at Salisbury and major new works for manufacturing brass cartridge cases and fuses at Hendon. Premier Playford's imagination converted these factories into jobs. The newspaper reported him: "the works would comprise two main groups, each of which would employ approximately 3,000 persons. In

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<sup>5</sup> NAA(SA) AP613/1/0;92/1/6, 15.6.1942. Excludes government factories.

<sup>6</sup> SR(SA) GRG24/6;1009/1940 telegram Playford to Director-General of Munitions, 21.6.1940.

<sup>7</sup> *Advertiser*, "Big Arms Plants for SA", 11.7.1940, p. 9.

addition, work would be found for about 2,000 persons at the enlarged munitions work at Hendon."<sup>8</sup> Eight thousand jobs, a recipe for state renewal.

Two months after its commitment of a "largely untapped" labour pool, the state government made its first serious estimation of how much labour the pool contained. The Ministry of Munitions predicted that by 1941 it would need 18,000 men and 7,000 women to staff its projected munitions works in South Australia.<sup>9</sup> J.W. Wainwright, the state's Auditor General, conducted a survey of locally available labour and assured the Munitions Department that: "there would be no difficulty in providing for a much greater employment than is, at present, contemplated in this state."<sup>10</sup> "In point of fact", Wainwright concluded:

if it were not for the required employment in munitions works, South Australia would have faced, as a direct and inevitable result of the Commonwealth war policies, severe unemployment.<sup>11</sup>

The future was beyond Wainwright's imagination. In 1942 he would write and tell the Commonwealth Government there were *no* unemployed women in Adelaide, "and have not been for more than 12 months".<sup>12</sup>

Industrial development in Adelaide was not the result of Thomas Playford's personal magnetism and vision. The strategic logic of rearmament dictated expansion and duplication of government munitions production capacity. Lewis' major task upon taking office was to facilitate this growth, but it had been planned long before.

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<sup>8</sup> *ibid.*

<sup>9</sup> SR(SA) GRG1009/1940, J.W. Wainwright, report to the Premier 12.9.1940, seen 16.9.1940.

<sup>10</sup> *ibid.*

<sup>11</sup> *ibid.*

<sup>12</sup> NAA(Vic) MP39/1;1942/69, 6.6.1942.

National defence plans "Z" and "W" were based on the probability that serious attack on Australia would begin at Fremantle or Sydney, on the extreme west and east coasts.<sup>13</sup> In that event, Adelaide, nestled in Spencer Gulf on the south coast, would become the principal port of Australia, crucial to strategic communications and supplies. Relatively protected from attack, Adelaide was ideally situated to support a defence of east or west.

In addition to South Australia's defensive attractions, John Jensen, Controller of Production in the Munitions Department, told a Commonwealth parliamentary investigation the state had industrial advantages too. He judged the motor car industry in Adelaide to be the most advanced in Australia and, coupled with this, the state had put facilities into its railway workshops that were capable of manufacturing the "tools and gauges upon which munitions production entirely depends".<sup>14</sup>

Even so, in April 1941, Jensen made it quite clear that, as far as the Department were concerned, South Australia would be developed no further. Population applied the brake. He explained: the Department's "parent organisation" was in Melbourne, but "Melbourne had reached the saturation point in regard to its capacity to absorb employment at the beginning of the war".<sup>15</sup> "Shortly after war broke out", he continued, "we had to move elsewhere so we moved to South Australia". Now that state was "settled" and its population "absorbed", he explained, the Department would concentrate on developing New South Wales. "If the ... authorities considered the strategic considerations only, they would have put the whole of the

<sup>13</sup> NAA(Vic) B5385/1;2, no date.

<sup>14</sup> NAA(ACT) CP3/1 BUN 5 JENSEN to MRSC, Melbourne 22.4.1941 transcript p. 456. The Commonwealth parliamentary investigation referred to was that performed between March 1941 and February 1942 by the Manpower and Resources Survey Committee (MRSC). The survey and the Committee are discussed in chapter three.

<sup>15</sup> *ibid.*, p. 458.

works in South Australia", he said, but the munitions industry was labour intensive and "it was obvious that South Australia could never satisfy this requirement".<sup>16</sup>

This unwelcome opinion was rejected by the state's developers. Playford, for example, presented a very different view in his May 1941 evidence to the same Survey Committee. The Premier believed increasing industrial employment was the highest economic priority for South Australia and, agreeing with popular opinion, he believed thousands more people could be displaced from rural industry and employed on munitions without exhausting his state's population or economy:

We have a population of just over 600,000 people. That population has been very materially engaged in primary production in the growing of barley, meat, wheat, wool and fruits, and in grape growing for wine making. A lot of these commodities, including apples and pears, and so on, are now at a discount. We cannot ship them. On the other hand munitions are very much in demand. We find that the inevitable thing is happening, and that people are migrating away from primary production today. Primary production is getting shorter staffed in the interests of munitions production. If you ask me whether I think that a population of 600,000 people could carry the requirements to be made upon us, I should say that it could.<sup>17</sup>

The rapid saturation of South Australia's work force described by Jensen, makes Adelaide an ideal nucleus for the study of Australia's

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<sup>16</sup> *ibid.*

<sup>17</sup> NAA(ACT) CP3/1 BUN 5 MRSC, PLAYFORD, Adelaide 19.5.1941, transcript, p. 33.

war-time employment policy. Locally, industrial capacity and labour supply were unbalanced from at least the end of 1940 onward. Natural labour-market adjustment would have prevented the development of further capacity but in a milieu of state-owned or state-subsidised commercial industry, the flow of Commonwealth contracts hardly faltered.

#### WAR-TIME CORPORATISM? THE AUSTRALIAN BUSINESS-STATE RELATIONSHIP

Studying Australian war-time employment policy is complicated by the ambiguous status of the Department of Munitions. In June 1940, the Commonwealth Government asked Australian business, under the general direction of Essington Lewis, managing director of the Broken Hill Proprietary Company, not only to produce the required munitions of war but actually to manage Australia's rearmament programme. This made a group of commercial manufacturers responsible for developing and then implementing an essential body of public policy. Using the instructive but manageably narrower field of employment policy, this thesis demonstrates that the dual identity of the Department of Munitions, as both a collection of commercial producers and an arm of government, hindered War Cabinet in its role of directing Australia's war effort. This is an example of the wider problems of efficiency and accountability that arise when governments enter into association with non-government interests to develop and implement public policy strategies.

Involvement of private interest groups in public policy formulation is currently receiving academic attention from theorists of corporatism or neo-corporatism. For a generation, corporatism was denounced in the war-time regimes of Germany and Italy. There it was

believed to be inextricably woven into the political fabric of fascism and national socialism. However, the end of the "Long Boom" and the more obvious incursions of trans-national businesses into realms normally considered to be matters of state sovereignty, has inspired historians to re-examine it. This section discusses the corporatist tendencies in the Australian Government's war-time relationship with commercial manufacturers as a key to understanding how the Government emerged from World War II committed to the development of its publicly-funded Commonwealth Employment Service.

World War II offers an unparalleled study opportunity because all engaged nations suffered a similar crisis of shortage. Unlike depression-style crises where production capacity is so large it results in economic collapse, war is capable of consuming an almost infinite amount of production and invariably leads to a crisis of shortage. Because major wars are fought between nation-states, crisis of shortage is a crisis of state integrity and forces the state to repair scarcity where it can. In order to protect the national interest, states perform their redistribution tasks not only along the lines of the civil settlements already made, but also by mobilising unused areas of the economy. In Australia this activity was facilitated by the National Security Regulations, which tended to strengthen the central state. However, when the invigorated state's expanded role pushed against customary labour-market freedoms and established seats of influence, it discovered where the limits to its power and authority lay.

Labour was Australia's most significant war-time scarcity. Capital, various raw materials, production capacity and shipping were all at different times in dangerously short supply, but the shortage of labour was the subject of Government policy reversal of such

magnitude that it merits separate attention. Such study shows a shifting relationship between the state and the businessmen who organised its munitions production. First, the Commonwealth asked business to operate and manage its war production. Private producers gained privileged access to the labour they required. When this privileged access began to drain labour from essential services such as military forces, health, education and agriculture, there were no effective priority-setting mechanisms in place. Government stepped in with its new statutory bodies, the Manpower Directorate and Women's Employment Board, and a centrally-determined employment policy. As might be expected, when the state assumed greater control over the labour-market, its production partners began to test the boundaries of its power. In this contest, the Australian state held a relatively weak position in relation to business. The state gave immense powers and direct commercial benefit to some private providers, those engaged in munitions production for example, but it received only partial cooperation in return. Paradoxically, the uncooperative were helped by Government vacillation.

Full appreciation of war-time Australia's business-state relationship would mean measuring it against other national cases; unfortunately no studies fully comparable to this one have been done. However, some recent work on corporatism suggests points of contact. One historical research project in particular offers an international context for analysis and comparison of the findings of this thesis. International research into the organisation of business interests was coordinated by Wolfgang Streek and Philippe Schmitter from the International Institute of Management in Berlin and the European University Institute in Florence. Their work discovered that "the Second World War and its aftermath had been a significant turning-

point for business associations in some of the sectors and countries studied"<sup>18</sup>. From this discovery emerged a "daughter" project, a systematic investigation of the causes and consequences of war-time developments in business associability. This second project, which resulted in two international conferences and a book<sup>19</sup>, concentrated on the business-state relationship known as corporatism and examined historical evidence for indications of stronger or weaker corporatist tendencies in the countries studied.

Academic literature on corporatism had been gradually gaining pace since the end of the war and warm dispute had arisen over what, precisely, corporatism was. In order to guide his readers past this debate, Frans van Waarden, an historian of industry and government at the Universities of Konstanz and Leyden, identified three elements that signify corporatism and distinguish it from other political phenomena. First, there were the structural features defined in an important study by Schmitter, who described corporatism as a way of organising the conflicting functional interests of liberalism by means of a "limited number of singular, compulsory, noncompetitive, hierarchically ordered and functionally differentiated organisations controlled or recognised by the state"<sup>20</sup>. According to Schmitter's model, corporatism refers to the way states avoid some of the complexity of liberalism by grouping sectional interests and allowing them to govern themselves to some extent. Secondly, van Waarden distinguished a functional element whereby corporatism is

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<sup>18</sup> "Preface" in WYN GRANT, JAN NEKKERS and FRANS VAN WAARDEN, *Organising Business for War: Corporatist Economic Organisation during the Second World War* (1991) Berg, New York, Oxford, p. xvii.

<sup>19</sup> At the Leyden Institute for Law and Public policy in April 1987, at Wroxton College, Fairleigh Dickinson University, Oxfordshire, in March 1988, and WYN GRANT, JAN NEKKERS and FRANS VAN WAARDEN, *Organising Business for War: Corporatist Economic Organisation during the Second World War* (1991) Berg, New York, Oxford.

<sup>20</sup> FRANS VAN WAARDEN "Crisis, Corporatism and Continuity" in GRANT, NEKKERS and VAN WAARDEN, *Op. cit.*, p. 12.

“institutionalised participation of private interest associations in the preparation, formulation and implementation of public policy”.<sup>21</sup> The third distinguishing element is concerted action between organised labour and organised capital with or without the participation of the state.<sup>22</sup>

This last is an influential view of corporatism, especially in Australia where Scandinavian-style corporatism was a consciously followed model for the developers of Australia’s “accord” system of industrial relations.<sup>23</sup> This feature has been a sticking-point for historical studies that have searched, largely in vain, for organisational forms that incorporate true partnership between business and labour because, even where concerted action does occur, the political elements rarely interact with government as a partnership. As Wyn Grant wrote in 1989, one of the three main criticisms of corporatist theories of state behaviour is that “empirical examples of corporatism, either at the national or sectoral level, are much more difficult to find than has been claimed”.<sup>24</sup> Critics could argue, with some justice, that, without the postulated partnership between business and labour, the political arrangements are indistinguishable from the normal mechanisms of liberal capitalism. However, that point of view obscures the significance of the partnership between business and government which, because of business’ involvement in the development of public policy, takes it beyond the recognised functions of liberalism. When the defining elements of corporatism are sought at a more fundamental level, this difficulty eases.

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<sup>21</sup> *ibid.*, p. 12, 13.

<sup>22</sup> *ibid.*

<sup>23</sup> PETER KRIESLER and JOSEPH HALEVI “Corporatism in Australia” in ARESTIS and MARSHALL *The Political Economy of Full Employment: Conservatism, Corporatism and Institutional Change* (1995) Edward Elgar, Aldershot, pp. 217-237.

<sup>24</sup> WYN GRANT *Pressure Groups, Politics and Democracy in Britain* (1989) Philip Allan, London, p. 33.

To van Waarden's analysis, the earlier work of Colin Crouch and Ronald Dore could be added. Crouch and Dore were foundation members of the British "Corporatism and Accountability Initiative" of 1978 and their interest in corporatism was not historical but directly stimulated by immediate public policy issues. The issue that concerned them was what their colleague, Norman Lewis, referred to as "the democratic dilemma",<sup>25</sup> which arises when the private sector dominates public interests. Privatisation of public policy only intensified over the next two decades and the group's research continued and was published in 1990.<sup>26</sup> Crouch and Dore, in identifying what they thought were the distinguishing marks of corporatism, offered what they called "a definition not of 'corporatism', but of a 'corporatist arrangement'":

An institutionalised pattern which involves an explicit or implicit bargain (or recurring bargaining) between some organ of government and private interest groups (including those promoting 'ideal interests' — 'causes'), one element in the bargain being that the groups receive certain institutionalized or *ad hoc* benefits in return for guarantees by the groups' representatives that their members will behave in certain ways considered to be in the public interest.<sup>27</sup>

Emphasising the element of bargain—and especially its recurrent and sometimes only implicit nature—this definition is particularly applicable to historical analysis because it shows corporatism as a fluctuating arrangement that can describe changing relationships.

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<sup>25</sup> NORMAN LEWIS "Corporatism and Accountability: The Democratic Dilemma" in COLIN CROUCH and RONALD DORE (eds) *Corporatism and Accountability: Organized Interests in British Public Life* (1990) Oxford University Press, Chapter 3.

<sup>26</sup> CROUCH and DORE (eds) *op. cit.*

<sup>27</sup> CROUCH and DORE "Whatever happened to Corporatism?" *op. cit.*, p. 3.

Importantly, it will identify an arrangement as more or less corporatist as the features of the bargain change. It is interesting, too, because it permits a wider view of what constitutes a private interest and, consequently, does not need evidence of combined business-labour action to find corporatism. It also recognises that the modern state is, itself, not monolithic but may comprise several "organ[s] of government". All the characteristics identified are observable *to some extent* in Australia's war production experience, with institutionalised participation of private enterprise in public policy development being the strongest correlation and concerted capital and labour activity and the sense of bargain being the weakest.

Without Crouch and Dore's acceptance of a wider definition of private interest, the mechanics of Australia's war production and its labour supply would be impossible to categorise because the Department of Munitions, the institutional form of commercial involvement in munitions production, was a government body not an outright commercial interest. It is Crouch and Dore's "implicit bargain ...between some organ of government and private interest groups" taken to the point where the two are indistinguishable. What organised separate manufacturers into coherent groups was the structure of government administration rather than commercial association and, consequently, there is no evidence of extensive bargaining between government and producers. This is historically significant because it effectively hides the bargain. Once businessmen entered the government structure, no special bargain seemed necessary: they were public servants and would act in the public interest. However, although historians have praised manufacturers for their apparent altruism in the war effort—for example, Geoffrey Blainey commended Essington Lewis for receiving no payment for his

extensive war work<sup>28</sup>—these men remained businessmen. Only the naive could believe they operated consistently as though they were public servants and entirely lacking in any private commercial interest or motivation. In the case of Lewis, for example, receipt of a government salary would have forced him to resign the position of chief general manager of BHP and directorships of nearly a dozen subsidiary or allied companies, and surrender his large and diverse stock holdings.<sup>29</sup>

In practice, the businessmen who administered Australia's war effort (whether formally appointed to the public service or not) frequently disappointed public expectation. For example, evidence collected in the first half of 1941 by the Manpower and Resources Survey Committee, the parliamentary investigation team referred to above, repeatedly voiced the expectation that the Munitions Department's publicly funded operations would serve the national good in a more general sense than simply providing armaments.<sup>30</sup> Many respondents clearly *assumed* that, for example, munitions works should be established where pockets of people were unemployed or that some of the work would be fairly shared-out amongst small engineering or automotive businesses which had been short of orders for many years. However, representatives of the Department were adamant in denial. Munitions administration, they said, was responsible only for munitions production and had no social responsibility. This left the administrators of a branch of public policy that exerted enormous social influence accepting no political responsibility: what Adams and Adams succinctly described as allowing

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<sup>28</sup> GEOFFREY BLAINEY *The Steel Master: A Life of Essington Lewis* (1971) Macmillan, Melbourne, p. 161. "It reflected his desire to give rather than take in the nation's crisis", wrote Blainey.

<sup>29</sup> *ibid.*, p. 160.

<sup>30</sup> See below, chapter three.

companies to “function in a world of socialized risks and private profits”.<sup>31</sup> The Department’s lack of accountability was equally visible when it began to unwind its production programme later in the war. Resisting consultation with employment authorities, it left behind large pockets of regional unemployment.

Certainly, profit-driven production is essential to the nature of manufacturing capitalism and, clearly, the Government could not expect commercial manufacturers to engage in war industry without being guaranteed some profit. As Henry L. Stimson, the American industrialist, said in 1940:

If you are going to try to go to war, or to prepare for war, in a capitalist country, you have got to let business make money out of the process or business won’t work.<sup>32</sup>

All belligerent regimes offered inducements and most common among them were the control over contracts and profit guarantees that the Australian Government gave to companies like General Motors-Holden and the Broken Hill Proprietary Company.

Profit was not the only factor pre-disposing munitions production to self-interest. The political structure seemed to invite it. Chapter two shows that Prime Minister Menzies parcelled-out responsibility for munitions production to Lewis without making him accountable to the collective, and argues that his administration was thus structurally compartmentalised and separated from mechanisms that might have been able to integrate it with wider public policy. Munitions policy was fully integrated neither into a civil service

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<sup>31</sup> WALTER ADAMS and WILLIAM JAMES ADAMS “The Military-Industrial Complex: a Market Structure Analysis” *American Economic Review* 1972 62(May), p. 284, quoted in ROBERT HIGGS “Private Profit, Public Risk: Institutional Antecedents of the Modern Military Procurement System in the Rearmament Program of 1940-1941” in GEOFREY T. MILLS and HUGH ROCKOFF (eds) *The Sinews of War: Essays on the Economic History of World War II* (1993) Iowa State University Press, Ames, Iowa, p. 166.

<sup>32</sup> HENRY L. STIMSON quoted in HIGGS op. cit., p. 166.

structure nor an established manufacturing sector. Separated from both, the Department retained a spectacular degree of freedom from public accountability throughout the war.

Departmental independence flawed Australia's business-state arrangements. First, in the absence of strong state control, business tended to act outside the centrally-determined parameters. Later chapters show that Government had trouble keeping track of the Department's production and so lost control over the way Australia's labour resources were employed. Complicating the picture, manufacturers in government roles were frequently in the uncomfortable position of being responsible for making decisions where their private business interests competed with national needs. Second, because individual commercial enterprises had little or no regard for national production priorities, the relationships tended to exaggerate the value of production itself. Shells or ships or Beaufort Bombers could be counted as they rolled off production lines but, because housing, or tradesmen's training, for example, were provided by other government departments, they were not tallied in production costs. This form of accounting made industry look very efficient compared to, say, education or labour allocation. Third, in elevating the value of production, the arrangements exaggerated the value of all production regardless of its relative importance to the war effort. On the basis of evidence showing conflict between the Government and business over matters such as labour allocation, wage regulation, and independent production, this thesis argues that Australia's war-time manufacturing sector resisted central mechanisms of balance and broader priority setting, and that this recalcitrance was supported by the Department of Munitions. In other words, business flouted the corporatist bargain. Convincing evidence for this assertion is to be

found in the tussle between manufacturers and the Government that continued unabated even after the surge of étatism, or strong-state intervention, that produced the Manpower Directorate and the Women's Employment Board at the beginning of 1942.

Significant characteristics of Australia's war-time bargain between business and state are readily apprehended in the international context provided by the comparative study referred to above. Van Waarden analysed the evidence assembled by the study of nine war-time states.<sup>33</sup> Taken as a whole, the research discovered evidence of an overall increase in state power and an accompanying extension of state intervention in every country studied but also revealed differences in the organisational forms adopted. In fact, according to van Waarden, it was in the organisational configurations that the greatest differences between the states were manifest. I would suggest that the difference in organisational forms indicated a difference in the degree of accountability that government imposed on the arrangement.

Van Waarden distinguished four broad types of war-time state-business relationship. Frank state corporatism he observed only in Germany and the countries Germany occupied.<sup>34</sup> There corporatism was conceived and implemented by the state: it was compulsory and functioned blatantly as a mechanism of state control.<sup>35</sup> In Britain, van Waarden decided the dominant pattern was what he called meso-corporatism or sectoralism.<sup>36</sup> Britain, in a fashion typical of corporatism, used trade associations (either pre-existing or specially

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<sup>33</sup> The belligerents Britain; Canada; the United States of America; Germany, the occupied countries the Netherlands; Belgium; Denmark; Vichy France, and the neutral country Sweden.

<sup>34</sup> Italy was not one of the subjects of the study.

<sup>35</sup> FRANS VAN WAARDEN, "Wartime Economic Mobilisation and State-Business Relations: a Comparison of Nine Countries" in GRANT, NEKKERS and VAN WAARDEN, *op. cit.*, p. 278.

<sup>36</sup> *ibid.*, p. 275.

created) to implement state regulations or to regulate the behaviour of their own industries and markets. The difference between this and the German model was the voluntary basis of the arrangement. The British state never practiced compulsion even when resistance from production sectors caused delays.<sup>37</sup> Van Waarden's analysis noted a third form of corporatism. Societal macro-corporatism existed and was most dominant in Scandinavian countries. In this type, especially in Sweden, businessmen and business associations contributed to public policy-making not only in their own sectors but contributed to central decisions as well.<sup>38</sup> Hans De Geer's analysis of the Swedish war effort notes one glaring exception to this, defence production, where the government worked through a handful of dominant firms and allowed them to build up a network of subcontractors.<sup>39</sup> This is reminiscent of Australia's system but with the difference that Australia's major contractors were notoriously heedless of wider public policy.

The fourth type of war-time relationship between state and business van Waarden identified was captured *étatisme*, the dominant pattern in Canada and the United States, the only two non-European nations studied. As noted above, all nations established war-time relationships with prominent firms and businessmen to further their war needs because, even in highly industrialised states, public servants with the required skills were too few and, especially in Europe, time was too short to train more. All nine case studies were of capitalist countries where, despite the increased power of the state, economic information and expertise resided in the firms and businessmen that

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<sup>37</sup> WYN GRANT "Continuity and Change in British Business Associations" in GRANT, NEKKERS and VAN WAARDEN, *op. cit.*, pp. 25 and 26.

<sup>38</sup> FRANS VAN WAARDEN, "Wartime Economic Mobilisation and State-Business Relations: a Comparison of Nine Countries" *op. cit.*, p. 280.

<sup>39</sup> HANS DE GEER "Corporatism and Neutrality: Sweden during the Second World War" in GRANT, NEKKERS and VAN WAARDEN, *op. cit.*, p. 258.

amassed it.<sup>40</sup> This was the foundation of the war-time business-state relationship. It fostered state dependence on business to the point where the relationship and the institutions that controlled it were devising and administering public policy wherever the situation called for "interest intermediation, ... cooperation, consultation and negotiation between the state and business world".<sup>41</sup> The war-time emergency produced growth in government size, differentiation and concomitant attempts at coordination in every nation affected by the war but, according to van Waarden's conclusions, the most sweeping changes occurred in Canada and the United States, where pre-war public administration of economic policy was relatively undeveloped when compared to Europe.<sup>42</sup> This conclusion appears particularly appropriate to Australian conditions.

Although Australia was not one of the states van Waarden compared, and none of his group's studies concentrated on public policy related to the labour-market, the comparative approach is instructive nevertheless. What distinguished Canada and the United States from the other states researched was the pre-eminence of individuals in the arrangement.<sup>43</sup> Elsewhere, governments dealt with sectoral associations. This feature continues to mark United States business-government relationships. David Vogel's 1987 analysis of United States industrial corporatism remarked:

America continues to differ from other capitalist nations, not only in the resources companies devote to affecting public policy, but also in the decentralized nature of that participation. In spite of its heightened politicization, the

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<sup>40</sup> FRANS VAN WAARDEN, "Wartime Economic Mobilisation and State-Business Relations: a Comparison of Nine Countries" in GRANT, NEKKERS and VAN WAARDEN, *op. cit.*, p. 274.

<sup>41</sup> *ibid.*, p. 276.

<sup>42</sup> *ibid.*, p. 274.

<sup>43</sup> *ibid.*, p. 276.

American business community, like all other interest groups in American society, remains politically fragmented.<sup>44</sup>

Here is a direct correlation with Australia's experience. The dominance of businessmen turned public servant is a striking feature of Australia's war industry, which also lacked the politically strong employer groups that were a feature of European industry. Van Waarden's analysis offers a fruitful comparison and a useful device to understand apparent differences between the operations of different government departments. Individual businessmen did not bargain with the state, they occupied significant positions within it. Van Waarden designated this: "captured étatism".

Captured étatism is a useful concept for thinking about Australian war industry because it allows acknowledgment of the production network as, at one and the same time, a group of private firms and a department of government. This releases the historian from the tendency to homogenise the two. The surge of strong-state (étatist) involvement in war industry was actually captured by private providers. Perhaps they could (equally metaphorically but more readily) be seen as surfers on the wave of étatism. Either way, the result is the same. A strong-state structure was occupied by commercial interests or, was actually created by those interests. This incorporation of private interests within the policy-making structures smacks of corporatism but there is no evidence of the extensive collaborative features typical of classical or neo-corporatism of the type elaborated by Leo Panitch, for example. Panitch's model would anticipate unions

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<sup>44</sup> DAVID VOGEL "Government-industry relations in the United States: An overview" in STEPHEN WILKS and MAURICE WRIGHT (eds) *Comparative Government-Industry Relations: Western Europe, the United States, and Japan* (1987) Clarendon Press, Oxford, p. 111.

and manufacturers deciding policy together<sup>45</sup> and is the one used by Peter Kriesler and Joseph Halevi, in their 1995 analysis of corporatism in Australia,<sup>46</sup> when they compare the Australian "accord" system of the 1980s with Scandinavian corporatism. This model depended on a strong union movement acting in political partnership with the agents of production. In Australia's war-time armaments industry, business relationships with unions were adversarial except in outstanding cases such as the Munitions Agreement, discussed in the next chapter. But, even there, the arrangement was approved of by the unions rather than agreed upon with the unions. This point was firmly brought home when the Department risked a national strike rather than release some of its female employees from the Munitions Agreement, even when urged by the unions and the Government to do so.<sup>47</sup> Dilution arrangements, mentioned in chapter two, also point superficially to employers and employees acting in concert but, on closer examination, show only union acquiescence grudgingly given in return for coerced assurances of return to customary practices at war's end. Another place corporatism would anticipate concerted effort is among manufacturers engaged in the same sector. Occasionally, for example in industrial courts, sectional employers acted together but there is plenty of evidence of independent, competitive action. For example, even when the Department's Boards of Area Management were looking after their contracting interests, manufacturers frequently appealed to central administrative bodies to gain contracts without making proper applications. Concerted action between sectional interests and the state, Crouch and Dore's "bargain", was also very weak. Manufacturers

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<sup>45</sup> LEO PANITCH *Social Democracy and Industrial Militancy: The Labour Party, the Trade Unions, and Incomes Policy, 1945-1974* (1976) Cambridge University Press, Cambridge.

<sup>46</sup> PETER KRIESLER and JOSEPH HALEVI *op. cit.*

<sup>47</sup> See chapter nine.

received privileged access to markets and guaranteed profits but resisted government attempts to mobilise unused parts of the economy such as women or shift work and, in some cases gave precedence to their private work over their government contracts.

The Australian industrial war effort differs from the European in another significant way. The institution that represented the armaments sector (if such an organisation existed at all) was a government department, an arm of the state, whereas in European examples, sectoral interests were represented and mediated by commercial trade associations. Thus, the Australian form was government-endorsed, but it differed from German state-sponsored corporatism because it was not hierarchical or universal, and certainly not compulsory. It was contingent only. Lewis looked like the most suitable person for the job. He engaged the most capable people to assist him. No organising body existed with the requisite skill and influence over its members.

The German system relied on officially recognised organising bodies to discipline the sector associated with them and, further, participation in an industrial sector as employer or employee was possible only through those bodies. The Australian form was not as coercive as the German but, nevertheless, exhibited many authoritarian tendencies. It was just as impossible for an Australian manufacturer or employee to engage in munitions work without the endorsement of Lewis and his associates as for the Germans who were outside the corporatist arrangements. Also, the Australian form did not integrate back into the central state administration and legislature but had strong ties with local decision-making bodies in state and non-state manufacturing enterprise. Evidence for this is in the structurally-supported lack of accountability. Federal Government, both

parliamentary and Cabinet, was unaware of the details of the Department of Munitions' programme and, on several occasions, was thwarted when actively trying to discover them. Consequently, when scarcity of labour made priority-setting essential to responsible labour allocation, the Department's statistics tended to be inaccurate and non-specific and, as shown below, its programme proved unresponsive to centrally determined policy.

#### THE BODY OF RESEARCH

Special war-time roles were played by women, children, prisoners of war and internees, and Aboriginal people, for example, through many labour organisations such as the Allied Works Council, the Australian Women's Land Army, the Aboriginal Coastwatchers, the District War Agricultural Committees, and many others. They are familiar, not only to scholars of warfare but to non-experts with an interest in the political matters of recent history. These special arrangements are hardly mentioned in this work, although most of them were administered through the Manpower Directorate, because they were the results of Commonwealth policy rather than contributors in developing it.

In analysing war-time employment policy, this thesis has restricted its investigation to the broad political and administrative context. It finds that, far from the "pulling-together" implied by popular memory, the war effort was hampered by self-interest. The contemporary record shows sections of society determined not to give any ground merely because there was a war on. This work does not study war-time employment policy as a social agent, but rather as a political agent. I focus on state rather than society, and ask not "what

did that policy do to people or what did it feel like", but "why that policy rather than another". Answers have been sought among the records of government disagreement and discussion, of administration and legislation, and of conflict and its resolution. Not only do these records speak authoritatively about political decision-making but they evoke the society whose political conditions provoked government into action and occasionally they do allow individuals to speak with an authentically contemporary voice.

Court records are the most striking source for this sort of evidence. Not so much the published judgments of a case where all the threads of western law are woven into a decision for or against a contention, but the transcripts of what was said along the way, how contestants appealed to ideas of fairness and justice. Here may be found the glorious anomalies that colour social conflict and make it meaningful. For example, consider the case discussed in chapter nine where Judge O'Mara found against the Moulders' Union on the ground of law but told the court it was a denial of natural justice to do so. Other historical traces can be induced to speak with similar immediacy. Parliamentary debates and Cabinet submissions are a dubious source of fact but a rich lode of opinion and a manual of political rhetoric and manners. See, for example, the analysis of the "employment of barmaids" debate in chapter six. South Australian politicians who wanted to decry the consumption of alcohol on moral grounds framed their objections as an attack on the validity of a Commonwealth regulation. Government department records are massive collections of the precise, sometimes minute, details of routine administration, frequently all but meaningless to the unschooled observer and often frustratingly incomplete. Even here, the serendipity of an educated guess combined with painstaking research will find, among the

workaday files, instructive evidence of conflict and the responses to it. Not only the conflict that can be expected between government departments and the subjects whose range of behaviour is limited by their actions, but also conflict within departments or agencies, between departments, or between departments and the legislature. For example, few people could read the analysis of shop-assistants' redirection in chapter five and be untouched by the South Australian Deputy Director-General of Manpower's dilemma.

Most of the research supporting this thesis has been done in Commonwealth Government records, which are stored by the National Archives of Australia. The organising principle of the Archive is that records are held in the office of the State that housed their generating department's headquarters. For example, the war-time Department of Munitions operated from Melbourne<sup>48</sup> and its central file was maintained in its offices there. State offices of the Department maintained their own files of things like correspondence, factory plans, contracts and material abstracted from central file, but returned (most of) them to the Department's central office when war needs relaxed. Consequently, research in files of the Department of Munitions must be done in Melbourne. Because of this feature of Australian public records storage, although the examples that support this work illustrate conditions in Adelaide, the capital of South Australia, most of the research was done in Canberra and Melbourne. The travelling undertaken reflects a unique feature of Australia's war-time administration: it issued from three capital cities—Canberra, Melbourne, and Sydney. Although Federation had united Australia in 1901, parliaments and government departments had been moving into the national capital, Canberra, only very slowly since 1927 and the

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<sup>48</sup> Because of its earlier association with Army administration.

outbreak of war found most important departments still occupying extensive headquarters in either Melbourne or Sydney. Moving them would have been impractical. Menzies and Curtin, the two prominent Prime Ministers of the war years, had very different attitudes to the development of Canberra. Menzies, familiar with the jealousies between the capitals, set up a system of travelling through Sydney, Melbourne and Canberra so that each city hosted its share of important meetings, whereas Curtin, already 2,000 miles from his Western Australian home, encouraged centralising government business in Canberra.<sup>49</sup>

This thesis draws on the contents of hundreds of government department files created in the years between 1937 and 1950. Most helpful in understanding long term development of particular policies were Cabinet records. Cabinet submissions and correspondence were usually typed and have been reproduced on microfilm. There is a copy in every capital city office of the National Archives and that has facilitated close scrutiny of emerging policy and of policy ideas that were rejected. War Cabinet records are also available on microfilm but, as the originals were written in pencil, these are difficult to read. Horner, a military historian, has made an excellent survey of the original War Cabinet records that helped to guide research through this resource.<sup>50</sup> Also significant in comprehending the overall management of the war effort were the records of the Departments of the Prime Minister and of the Attorney-General, both stored in Canberra. The Attorney-General's "W" files were full of information relating to development and implementation of National Security Regulations in general and, because of the unusually intense litigation

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<sup>49</sup> PAUL HASLUCK (1952) *op. cit.*, p. 477.

<sup>50</sup> D.M. HORNER *Inside the War Cabinet: Directing Australia's War Effort, 1939-1945* (1996) Allen and Unwin in association with the Australian Archives, St Leonards, New South Wales.

it attracted, the Women's Employment Board in particular. His files also contain interesting and informed comment on some of the industrial discontent that dogged the war years. The Department of Munitions was mentioned above. Some of its files are closely technical while many of the others are historically compelling but only peripherally relevant to this work. Factory reports, peace officers' reports, absenteeism, accident, welfare and housing reports all illuminate working and living conditions in war-time Australia. The history of the Department has been written by A.T. Ross, whose book *Armed and Ready* is a magisterial if somewhat laudatory account of Australian munitions production.<sup>51</sup>

The Manpower Directorate operated under the ministerial direction of the Minister for Labour and National Service but created files of its own that proved a rich source of information for this thesis. Its Director-General, Wallace Wurth, was a punctilious correspondent and amasser of information who frequently chided his South Australian Deputy, Lesley Hunkin, for his less assiduous approach. Wurth's files are a dense record of his relationships with his state deputies, his ministerial directors and diverse members of the public as well as the statistical results of the numerous surveys he ordered. The Adelaide office, directed by Hunkin, also generated a series of subject files which indicate the size and diversity of the Directorate's function and spheres of concern. It fed results from its surveys to Wurth's office for collation. There they have become unique sources of information. I have also used the files of the Department of Labour and National Service. In particular, records of the factory welfare officers' meetings and correspondence gave further glimpses into the working and living conditions of workers at Adelaide's government factories, and the

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<sup>51</sup> A. T. ROSS *Armed and Ready: The Industrial Development and Defence of Australia, 1900-1945* (1995) Turton and Armstrong, Wahrenonga, New South Wales.

industrial-branch files are invaluable keys to war-time industrial disputes.

Finally, mention must be made of a series of records not created by a major department. In February 1941, a parliamentary committee was set up and asked to survey available manpower and other resources throughout the Commonwealth. Boxes filled with transcripts of the Manpower and Resources Survey Committee's interviews have contributed otherwise unobtainable insight into the ambitions of some of the individual public servants, manufacturers and politicians involved in the war effort. The Committee's reports and the arguments they provoked are drawn upon to support the argument, found in chapter three, that manufacturers, public servants and government members resisted the idea that the Federal Government should direct war-time labour resources through central employment policy.

Several historians and other writers have worked in fields touched upon by this thesis. First, Australia's official war historians should be mentioned. Paul Hasluck, senior public servant and politician, wrote two volumes about the political and social conditions of Australia during the war.<sup>52</sup> This work dissents from some of his interpretations but acknowledges an immense debt to the comprehensive and honest nature of his work. The economists S.J. Butlin and C.B. Schedvin contributed the official histories dedicated to the economics of war.<sup>53</sup> The labour-market was a large component of the war economy and this thesis has drawn heavily upon those two volumes. D.P. Mellor, the historian of science and technology,

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<sup>52</sup> PAUL HASLUCK *The Government and the People 1939-1941* (1952) Australian War Memorial, Canberra, and *The Government and the People 1942-1945* (1970) Australian War Memorial, Canberra.

<sup>53</sup> S.J. BUTLIN *War Economy 1939-1942* (1955) Australian War Memorial, Canberra, and S.J. BUTLIN and C.B. SCHEDVIN *War Economy 1942-1945* (1977) Australian War Memorial, Canberra.

provided technical information on the munitions programme and useful insight into the roles of different government factories.<sup>54</sup> Because this work has not been concerned with the armed services or military campaigns, the other volumes of the official history have not been perused. The official histories of the United States of America and the United Kingdom have been very useful. Special mention should be made of Inman's work on the British munitions workforce<sup>55</sup> and Parker's on administering British labour in general.<sup>56</sup> In addition to the official histories, other general histories offered useful overviews that helped to keep research focussed and meaningful.<sup>57</sup>

The specific subject of this thesis, the war-time origins of the Commonwealth Employment Service, and its argument that the Australian Government established the Service because it wanted an independent instrument to implement its employment policies in the reconstruction years, have not been discussed in the historical literature. Public labour exchanges have not seemed to attract separate historical attention. Australia's Commonwealth Employment Service was not even subject to comprehensive administrative review until 1977,<sup>58</sup> when the impetus for review came from another interest: the significant local rise in unemployment. In the same year, responding to the same general stimulus, the Australian Council of Social Service released its confrontational report: *Whatever Happened to Full Employment?* Historical examination has tended to follow that lead. Where investigation has occurred, the topic of inquiry has been full

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<sup>54</sup> D.P. MELLOR *The Role of Science and Industry* (1958) Australian War Memorial, Canberra.

<sup>55</sup> P. INMAN *Labour in the Munitions Industries* (1957) Her Majesty's Stationery Office and Longmans, Green and Co., London.

<sup>56</sup> H.M.D. PARKER *Manpower: a Study of War-time Policy and Administration* (1957) Her Majesty's Stationery Office and Longmans, Green and Co., London.

<sup>57</sup> GEOFFREY BOLTON *The Middle Way 1942-1988* (1990) and STUART MACINTYRE *The Succeeding Age 1901-1942* (1986) both from Oxford University Press, Melbourne.

<sup>58</sup> See chapter eleven.

employment itself. This tendency has deflected interest away from the eventful years between 1942 to 1946. Consequently, the political factors identified by this thesis as precipitating the establishment of the administrative institutions of full employment have been ignored.

Anecdotal evidence insists that the war caused full employment. Although this is true on one, very superficial level, it disregards other significant factors, the most important being political will. Post-war full employment was the result of government policy—albeit in favourable circumstances—which rated employment above other economic values. When explaining the difference between a peacetime and a war-time budget, William Beveridge, the British political reformer, emphasised the role of employment. “The state”, he wrote in 1944, “formally and openly gives up any attempt to balance its budget or limit its outlay by considerations of money”.<sup>59</sup> Expanding the point, he wrote:

The state places orders for fighting men and their arms not up to the limit of what it believes that it can afford in money, but up to the limit of what men can be made available to fight and make arms, by squeezing the outlay of private citizens to the irreducible minimum, by contracting manpower in all occupations other than fighting and making munitions. The national budget in war becomes, in the phrase used by Mr, Ernest Bevin, a “human budget”.<sup>60</sup>

Analyses of full employment policies which begin from a “money budget” position, ignore or diminish the position that linked full

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<sup>59</sup> WILLIAM H. BEVERIDGE *Full Employment in a Free Society* (1944) George Allen and Unwin, London: 118.

<sup>60</sup> *ibid.* Note that by the time Beveridge published this report, Australia’s labour supply was stretched by Britain’s need for food and other goods until fighting and arms manufacture were not the primary calls on the “human budget”.

employment with some form of Bevin's "human budget". Alternatively, they may recognise the policy's human capital content, but regard it as part of another story: the rise of the welfare state.

This thesis contends that the Commonwealth Employment Service, while an actor in both these narratives, was launched with a more fundamental role. Because, Australia's war-time mobilisation was resisted by sectors of government and industry, a political agenda was added to the Manpower Directorate and Women's Employment Board, which is an essential antecedent to the Commonwealth Employment Service. Chifley's government expected the Service, in combination with other government agencies, to implement the labour-market policies of a managed economy. These dreams never matured. In post-war conditions, they seemed irrelevant and historians ignored them.

In 1967, Leslie Bury, Minister for Labour, said that Australia's good fortune in product and resource markets made employment policies unnecessary.<sup>61</sup> When, within five years, the "lucky country" started to falter, the Government had no policies designed to steady it. Divorced from the "human budget" policies that would have given them economic and political force, public employment services all over the world became bureaucratic administrators of increasingly limited functions.

In Australia, their original role of mediating between contending employers had been forgotten and their planned post-war role of manipulating full employment by judicious investment in public works, training, and statistical evaluation, died in infancy. A cynical M.A. Jones, historian of Australian welfare, wrote in 1979:

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<sup>61</sup> See chapter eleven.

With hindsight Australia could well have spent the time wasted on employment policies seriously discussing the future of the Australian Welfare State, especially social security.<sup>62</sup>

Given that Jones also wrote "the late 1970s saw welfare in a crisis of legitimacy"<sup>63</sup>, perhaps he was wrong. Nevertheless, his attitude was a common one and explains why history has ignored the war-time antecedents of the Commonwealth Employment Service. Most work on full employment, certainly since the return of mass unemployment in the 1970s, has taken the form of political, economic, or sociological treatises that have asked some form of the question: "can full employment be recovered?" The answer, usually with an ideologically based explanation, has invariably been some form of "no".

A more modern historical treatment of the philosophy of full employment was Jim Tomlinson's 1987 analysis of the "decline and fall of employment policy". His work compared the philosophies that informed the British White Paper of 1944 with those undergirding the 1985 White Paper: *Employment: The Challenge for the Nation* and offers an historical account of the British public's loss of faith in the ideal of full employment.<sup>64</sup> Similar analysis of the Australian experience is long overdue and this thesis provides the first part of it.

### STRUCTURE OF THIS THESIS

Public administration is the visible face of a complex chain of policy making and implementation. First, an issue must be identified as a

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<sup>62</sup> M.A. JONES *The Australian Welfare State* (1980) George Allen and Unwin, Sydney, p. 37.

<sup>63</sup> *ibid.*, p. 48.

<sup>64</sup> JIM TOMLINSON *Employment Policy: the Crucial Years 1939-1955* (1987) Clarendon Press, Oxford.

matter requiring a political decision. Once the decision has been reached, policy alternatives are selected and compared against each other. The range may be limited or extensive, even so limited that only one option seems viable, but, to earn the title policy, the response should have some rational and coherent intentional link to the issue. Third and fourth, the policy must be implemented and its effects evaluated. These two are frequently intertwined as evaluation leads to change or adaptation, which is a sort of re-implementation and is followed by further evaluation. Finally, a policy issue reaches an end. Either it is completed, becomes irrelevant or becomes ongoing.

The structure of this thesis is based on these five components conflated into three sections. As far as possible, the evidence in each section is presented chronologically.

Section I comprises three chapters analysing the steps by which war-time labour supply was identified as needing government intervention. Chapter two describes the close relationship between Australia's commercial armament industry and the development of labour policies. Manpower and Resources Survey Committee suggestions for central coordination of the work force are examined in chapter three. Chapter four shows Cabinet's advisers urging it to create machinery capable of implementing centrally-determined employment policies. In identifying specific deficiencies in the 1941 labour situation, the chapter points to the policy forms eventually selected: the Manpower Directorate and Women's Employment Board.

Section II concentrates on implementation and evaluation during 1942. Chapter five describes the creation of the Manpower Directorate and its statutory functions. It includes a case study of the Directorate's first major redirection project, which shows the policy's efficient implementation was subject to local, personal, legal and

governmental obstruction. Chapter six is similarly structured. It describes the Women's Employment Board's establishment and functions and also includes a case study. This study amply demonstrates the determined opposition to government labour-market policy. Both case studies show that even federal government ministers interfered with the strict implementation of these policies.

Section III spans the years 1943-45, and shows the government never gained full control over employment of the workforce. Chapters seven and eight show that, following policy re-evaluation, the Government intensified the Manpower Directorate's power to direct individuals to specified workplaces and strengthened its position in employment coordination, but that it was never strong enough to insist on compliance from the Munitions Department. Chapter nine returns to the progress of the Women's Employment Board. From its inception, the Board attracted unrelenting criticism from the business community, supported by the legal system. Its short life, dedicated to service of the war effort, was dominated by a fight for survival. Its powers were intermittently suspended and its decisions were frequently under debate. The Government amended regulations where it could but without lasting effect. Manufacturers were very keen to employ women but, war or no war, insisted on their own terms. Employers' intense dislike of the principles espoused by the Board and their support from the Department of Munitions is illustrated by a case study showing the contested employment of women in an Adelaide foundry in the wake of the Board's retreat. In chapter ten, the war production story is picked up in 1944 and finds the Munitions Department closing factories without consultation leaving significant pockets of unemployment behind. This concluding chapter argues that when faced with the enormous demobilisation and

economic reconstruction demanded by the end of the war, the Commonwealth Government—already committed to a post-war policy of full employment—looked for an experienced, well-established instrument that had demonstrated loyalty to its employment ambitions. Unlike other stakeholders in the labour-market, the Manpower Directorate had no conflicting interests of its own to pursue and could be transformed with little fuss into a peace-time public labour exchange. The Commonwealth Employment Service was born.

# **Section I**

## **Identifying Employment as a Matter Requiring Government Intervention**

# 2

## **Armament and Employment Policy, 1940**

Government labour-market regulation is older in Australia than the federated state itself, but when war descended on a nation not yet 40 years old and still struggling to escape major economic depression, the Commonwealth was unprepared to impose regulation on industry or labour. Beyond the system of compulsory call-up for militia training, the 1939 National Security Act supported no conscription, either to the armed forces or to industry. Fear of mass unemployment lurked at the heart of Australia's polity, making labour shortage impossible to imagine, and this chapter shows that, in the absence of integrated economic planning, government labour policy was shaped by the rearmament programme. As war work expanded it became a major employer, draining workers from other areas of the economy. While this movement seemed to be absorbing the unemployed, it was officially encouraged: the Government had no policy of replacing drifting rural workers, for example, or of restricting their movement. Australia's rearmament plans were characterised by the captured *étatisme* institutionalised in the Munitions Department with its core of

commercial producers, and this chapter argues that, because of this arrangement, early labour regulation was unquestioningly directed at assisting munitions recruitment and holding the munitions workforce steady. Dangerous imbalance slowly developed in the shadow of this policy, but did not become politically significant until 1941.

### LABOUR POLICY IN 1939

Revision of the War Book, a collection of procedures and plans for government action in the event of war, had begun in earnest in 1937 but its secretary reported in July 1939, that the section entitled "Manpower" had not even been started.<sup>1</sup> Three features of the Commonwealth Government's relationship with the nation's workforce account for the apparently dilatory approach. First, there was no central structure responsible for labour policy-making and implementation. The several Australian states each had their own industrial courts and labour departments and conducted their own labour regulation with minimal intrusion from federal law. Secondly, the Commonwealth Government had no experience of workforce planning and tended to approach it from a problem solving perspective, an approach that intensified during the war. This changed as labour *supply* became the crucial "problem". In the milieu of total war the workforce became a national asset and the Government became increasingly involved in designing, procuring and mobilising the workforce. Indeed, by 1945 the Commonwealth had so strongly adopted an interventionist position and become so firmly convinced of its necessity, that central direction of the labour-market begun in war-

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<sup>1</sup> NAA(ACT) A816/1;14/303/1 Memorandum from secretary of War Book Committee, 17.7.1939.

time was institutionalised and carried into the reconstruction period by the Commonwealth Employment Service.

The third factor that prevented government from planning a war-time labour policy was what might be called an ideological division between labour and capital. World War I seemed to have shown that government labour policy was merely a means of compelling labour into arms. Campaigning for election in 1914, Prime Minister Fisher, leader of the Australian Labor Party, had promised Australia would defend Britain "to our last man and our last shilling".<sup>2</sup> Many working people felt that in consequence they had borne an "unequal sacrifice". While manufacturers and growers had made huge profits, real wages went down and consumer prices rose. Men had volunteered to fight the foreign war in staggering numbers, sustaining shocking casualties, and yet the threat of conscription had been allowed to rip at the national social fabric as well as undermine the credibility of the political system. Daniel Mannix, the controversial Roman Catholic Archbishop of Melbourne, replied to Fisher's rhetoric in 1917:

The wealthy classes would be very glad to send the last man, but they have no notion of giving the last shilling, nor even the first.<sup>3</sup>

The deep divide between the attitudes of Mannix and Fisher continued and was perceptible in debates leading up to the next war.

### PRE-WAR DEBATES

On 17 June 1937, Governor-General Gowrie described the security of the British Empire as:

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<sup>2</sup> FISHER at an election meeting in Colac, Victoria. Reported in the *Argus*, Melbourne, 1.8.1914. Cited in F.K. CROWLEY *Modern Australia in Documents 1901-1939* (1973) Wren Publishing, Melbourne, p. 214.

<sup>3</sup> *Advocate*, Melbourne, 8.12.1917.

of the first importance, since it stands for those principles of individual freedom and peaceful living which are dear to all of us and are the vital elements in our nationhood.<sup>4</sup>

Not so, according to many Labor Party parliamentarians.<sup>5</sup> Lamenting the world's "tragic rivalries", the Governor-General urged parliament to comply with imperial defence planning. During the Address in Reply that followed Gowrie's opening, members of parliament expressed either eagerness for or resistance to belligerent partnership according to their perception of Australia's defence needs and the assumptions they made about its economic system.

Leaving aside defence needs, economics persuaded some Australians to embrace the coming war. Pre-war, the country's economy depended on the sale of agricultural goods and mining products particularly to England. Badly bitten by depression price slumps affecting those commodities, economic developers championed policies of greater industrialisation and public works. Properly handled, the war could be a good thing. As Senator A.K. Dein said,

I join with the Leader of the Opposition in expressing dismay at the necessity for manufacturing munitions, but, since they are essential for Australian defence, if they can be manufactured successfully in this country I shall be glad to see the industry established here.<sup>6</sup>

Most parliamentarians concurred with some form of this argument and, even at this early stage, fierce competition raged as individual members began to lobby for defence works to bolster the flailing economies of their own constituencies.

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<sup>4</sup> CAPD:Joint GOVERNOR-GENERAL of AUSTRALIA volume 153, 17.6.1937, p. 6.

<sup>5</sup> See below, p.

<sup>6</sup> CPD:S DEIN volume 153, 22.6.1937, p. 141.

The extreme left-wing of Australian politics opposed both imperialism in general and Australian involvement in British imperialist wars in particular. Its adherents resented their own government's promises of unquestioning support to what they considered a corrupt system. T.H. (Eddie) Ward's was the most trenchant and most ideologically motivated attack on the Governor-General's position:

It cannot be denied by any observant student that foreign imperialist powers—and among the number I include Great Britain—are preparing for war ... The British Imperialists are spending money in this way because they realise that sooner or later they will be compelled to fight to protect their vested interests in different parts of the world ... The British Imperialists who have invested their money in different parts of the world have done so not to benefit native races, but to exploit them. The actions of British capitalists in many countries are such as would not bear description in this House. Despite what honourable members of the Government may say ... I, as a member of the Australian Labor Party, declare defiantly that if the British capitalists wish to protect their investments they can do it themselves.<sup>7</sup>

This is a completely different picture of the Empire from that portrayed by Gowrie. The two were irreconcilable. Although neither represented a large group, myriad discordant positions lay between them.

An interesting expression of the extreme right-wing was presented by South Australian senator J.G. Duncan-Hughes, when the Defence Programme Paper came under debate a few months later. He

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<sup>7</sup> CAPD:S WARD, volume 153, 24.6.1937, p. 413.

spoke of the war as an opportunity to improve social ills and advocated the resolution of unemployment problems by restoration of universal military training. He even went so far as to say:

I thought it would be a very good thing if we borrowed some lessons from Herr Hitler and placed some of our people, unfortunately out of work, into camps, where they could be drilled and enjoy sport, food and clothing, and I suggested that such a move would be of benefit to the country and to the people affected.<sup>8</sup>

Opposing him were those who, although agreeing that war work and mobilisation would be an economic boon, were concerned the benefits would not be fairly distributed. There was strong belief that war industry could produce jobs and raise the industrial potential of depleted areas and, therefore, parliamentarians agitated against suggestions that munitions production would merely be expanded in areas where it was already established.

Concern was expressed too, that as management of Australia's munitions programme was being placed in the hands of large industrialists and their employees and associates, increased munitions production could become an exercise in raising profit for private manufacturers and investors. Senator W.P. Ashley illustrated this point with a comment about the existing working relationship between the Commonwealth small arms factory at Lithgow and the Broken Hill Proprietary Company, which he described as "one of the companies that will probably be subsidised by the government for the production of armaments".<sup>9</sup> Manufacturers were defended by Senator J.W. Leckie:

They have no wish to make one penny of profit out of the manufacture of war material in either peace or war. Their

<sup>8</sup> CAPD:S DUNCAN-HUGHES volume 155, 4.5.1938, p. 768.

<sup>9</sup> CAPD:S ASHLEY volume 155, 4.5.1938, p. 772.

one desire is to be in a position to help the nation in time of need.<sup>10</sup>

“Super patriots requiring no profits!” interjected a cynical Senator J.S. Collings, “A new breed of men!”<sup>11</sup>

With such an ideological fissure in the pre-war landscape, development of an integrated labour policy was impractical. This generation had learned to be pragmatic but the form their pragmatism took was self-interested, confrontational, and short-term. Labour and capital distrusted each other. The war began at a time of conservative coalition government in Australia but this philosophical gulf would have stymied coordination attempts by government of any colour.

#### ARMAMENT AND THE GOVERNMENT-BUSINESS RELATIONSHIP

World War II began softly in the outposts of empire and, according to Australia’s official historian of war economy, lulled Australia’s conservative government into a policy of restraint concerning munitions production.<sup>12</sup> Rearmament had been launched when the budget for the year 1937/38 allocated £3,000,000 to expand government munitions factories over the next two to three years. War overtook these plans and in September 1939 the Government allocated another £2,000,000, adding a further £1,000,000 later in the year.<sup>13</sup> The military crisis deepened over the next year and intensified Australia’s industrial war. When presenting the 1940/41 federal budget in November 1940, the Treasurer announced that, “following the collapse of France, our commitments have been practically doubled”.<sup>14</sup> In May 1941, just a year

<sup>10</sup> CAPD:S LECKIE volume 155, 4.5.1938, p. 774.

<sup>11</sup> CAPD:S COLLINGS volume 155, 4.5.1938, p. 774.

<sup>12</sup> BUTLIN *War Economy 1939-1942* (1955) Australian War Memorial, Canberra, p. 312.

<sup>13</sup> NAA(SA) D3613/1;EB1, Box 0, “Department of Munitions and Department of Supply and Development, Confidential Dossier”, no date, p. 13.

<sup>14</sup> CAPD:HR FADDEN volume 165, 21.11.1940, p. 83.

after the fall of Western Europe, a parliamentary investigation of Australian production capacity pronounced the State of South Australia so overloaded with war industry that it would never fully staff even the projects under way.<sup>15</sup> The dramatic change had been steered by the Department of Munitions, a specially created Commonwealth body that incorporated unusually intimate relations with commercial enterprise and whose Director-General had been instructed by the Prime Minister to "go ahead and achieve ... [its] objectives in the shortest possible time".<sup>16</sup> Its productive zeal overshadowed other calls on Australia's civilian workforce and generated national labour policies skewed in favour of the munitions production programme.

Australia's colonial governments had manufactured small amounts of munitions but the job became a Commonwealth responsibility after federation. When preparations for World War II began, the Commonwealth had been maintaining three Great War munitions sites with a small production and experimental function as nuclei from which production could be grown. They were the small arms factory at Lithgow in New South Wales, the ammunition (including small arms ammunition) factory at Footscray in Victoria and the explosives factory, ordnance factory and munitions supply laboratories all at Maribyrnong, Victoria. Together, they were known as the Munitions Establishments and in September 1939, employed 5,177 men and 748 women.<sup>17</sup>

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<sup>15</sup> NAA(ACT) A5954/1;466/5 Manpower and Resources Survey Committee Second Interim Report, paragraph 15.

<sup>16</sup> NAA(ACT) A472/1;W981 Memorandum from Menzies to Sir Frederick Stewart, Minister for Supply and Development; J.P. Brigden, secretary, Department of Supply and Development; and Sir George Knowles, Attorney-General's Department, 6.6.1940.

<sup>17</sup> NAA(ACT) A472/1;W12376 Information provided to the Arbitration Court on behalf of the Director-General of Munitions, Melbourne 19.4.1943.

Administratively separating munitions production from other forms of war supply had facilitated rapid expansion. The Department of Supply and Development was created in June 1939 and took the job of providing or supplying munitions to the Commonwealth from the Department of Defence.<sup>18</sup> The new department was not respected by all; the day after war began, Cabinet discussed manufacturers who were treating their normal commercial work as of higher priority than defence orders.<sup>19</sup> In the circumstances, Cabinet could only advise further “negotiation” between the Ministers of Defence and Supply and their contractors, but suggested that when the Minister for Defence was ready to promulgate the National Security Act he was to make sure it provided “machinery to compel priority to be given to defence orders”.

### **The Department of Munitions**

The National Security (Munitions) Regulations created the separate Department of Munitions on 15 June 1940.<sup>20</sup> Under its Director-General, the new Department’s job was twofold: to produce munitions of war and to manage Australia’s rearmament programme. The crucial nexus of management and production invested the development of armament policy in commercial producers of munitions and is the type of delegation of the policy-making role discussed above.<sup>21</sup> The Department operated and controlled the Commonwealth’s war factories and annexes. The Aircraft Production Commission—which had become responsible for manufacturing aircraft for, or on behalf of, the Commonwealth Government in March 1940<sup>22</sup>—became, under the

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<sup>18</sup> *Supply and Development Act*, assented 17.6.1939.

<sup>19</sup> Cabinet Minutes. Agenda item 174, 4.9.1939.

<sup>20</sup> NS (Munitions) Rs, SR 111/1940, 15.6.1940.

<sup>21</sup> See chapter one “War-time corporatism? The Australian business-state relationship”, pp. 13-29.

<sup>22</sup> SR 55/1940, 21.3.1940.

regulations, a section of the Department, although it functioned as a separate Directorate.

Through its Boards of Area Management, the Department functioned as the contracting agency that recruited commercial industry and state governments to the Commonwealth programme. In South Australia the Board comprised F.T. Perry, of the Perry Engineering Company, Member of the State Legislative Council, Chairman and President of the Metal Industries Association of South Australia from 1940-48; F.H. Harrison, Chief Engineer of the South Australian Railways; and J.W. Wainwright, the state's Auditor-General—all appointed by the Prime Minister. E.R. Dawes, an official of the Australasian Society of Engineers, was appointed by the unions and joined the Board later.<sup>23</sup> The job of state Boards was three-fold. To supervise implementation of the munitions programme allocated to their state; to co-ordinate the state's productive effort; and to administer ammunition and armament annexes located in the state, but not the government factories.<sup>24</sup> The Department encouraged Boards to use "large industrial organisations ... not only as manufacturers but also as centres for 'farming out' components to smaller manufacturers".<sup>25</sup> Thus, outside the major Commonwealth munitions establishments, the Department's operational arm comprised a collection of commercial manufacturers whose interests were institutionalised in government war-policy-making structures through the Department's administration. This relationship gave the Department a political effect both extensive and significant. It incorporated private enterprise in making public policy that directly affected, not only Australia's war effort, but the wider economy too.

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<sup>23</sup> SR(SA) GRG 24/6;1009/1940 Telegram Menzies to Playford 19.6.1940.

<sup>24</sup> NAA(SA) D3613/1;EB1, Box 0, "Department of Munitions and Department of Supply and Development, Confidential Dossier", no date, p. 45.

<sup>25</sup> *ibid.*

Overall, the Department was also the biggest war-time employer and enjoyed a correspondingly powerful influence in the labour market.

Annexes which manufactured munitions on government order were the means the new Department used to increase its production capacity without saddling itself with major capital works and post-war white-elephant factories. They were managed and operated by pre-existing commercial factories but set up and owned by the Commonwealth. Components manufactured in annexes were transferred to government factories for final assembly and filling with explosives. During the preparatory period prior to the war and in the early war months, a departmental Principal Supply Officers Committee, in collaboration with the Advisory Panel on Industrial Organisation (then under the chairmanship of Essington Lewis, later Director-General of the Munitions Department) had already begun working on the annexe system and, when the Department was created, approximately 25 annexes, producing various components including shells, fuzes, primers and bombs, were already in operation.<sup>26</sup> By October 1940, 30 annexes had started production, five of them in South Australia. These last comprised: a shell annexe at South Australian Railways; a grenade annexe at Colton, Palmer and Preston; an annexe producing gains at Pope Products, Ltd; an annexe to General Motors- Holden, Woodville, producing both bombs and aircraft; and an annexe to the South Australian Railways tool-room producing tools, jigs and gauges.<sup>27</sup> Later, an important annexe at the Islington works of the South Australian Railways was producing Beaufort Bombers for the Aircraft Production Commission and many others were established throughout the metropolitan and country areas of the state. Financial arrangements between individual enterprises and the government

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<sup>26</sup> *ibid.*, p. 47.

<sup>27</sup> *ibid.*, p. 49.

varied but, as most annexes were built of pre-fabricated components, the usual understanding was that at a pre-determined time either the firm would take over the buildings at valuation or they would be dismantled. For example, the state government planned to take over the shell annexes at the South Australian Railways' plant at Islington for an agreed amount when the Commonwealth needed them no longer. Later agreements included direct financial or material assistance from the Commonwealth to non-government producers.<sup>28</sup>

Payment for goods produced in annexes was periodically the subject of intense debate. Three mechanisms for arriving at contract prices prevailed throughout the war: trial order, target price and cost-plus. The latter remained by far the most common in the supply of munitions while the former two were more popular for other supplies. Under the first, a trial order was placed with the manufacturer which was costed upon completion as a guide to a fair price. Under the second, more common in the first year of the war when there was no time to prepare trial orders, a target price was reached by combining a target cost with an agreed profit margin. This method gave producers the advantage that if experience made them more proficient they could keep the difference between the target cost and the actual cost as additional profit. Cost-plus became the prevalent form of munitions contract. It contained none of the productivity incentives of the target price arrangement but guaranteed to repay the whole cost *plus* a percentage of whatever the costs had been as clear profit. This system's potential for waste and mismanagement was frequently attacked, but the Department insisted it was essential because so many of its products had never been manufactured in Australia and a reasonable price was, accordingly, difficult to set.

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<sup>28</sup> *ibid.*, p. 47.

### THE DIRECTOR-GENERAL

Direction of the munitions programme was vested in an Australian businessman. Prime Minister Menzies appointed Essington Lewis Director-General of Munitions, arguably the most significant appointment of Australia's war. Lewis was the managing director of the Broken Hill Proprietary mining and steel producing company and had grown accustomed to working and speaking for the Australian Government. He had represented it at the Eastern Supply Group conferences where Australia's support-role in imperial war plans had been decided; had served as chairman of the Industrial Panel, the body that oversaw implementation of the conference's manufacturing plans; and had attended meetings of the Standing Committee on Co-ordination of Departmental Action on the Outbreak of War.<sup>29</sup> Thus, even before war began, Lewis was ideally placed to join his company in mutually beneficial partnership with the Australian Government.

Lewis' appointment is customarily credited to his economic and political insight<sup>30</sup> and the aura of legend that coloured his achievements.<sup>31</sup> More prosaically, with only a tiny production capacity of its own and an ideological reluctance to expand state-ownership, Menzies' government wanted to harness the executive power of successful businessmen like Lewis to its munitions programme. War Cabinet approved the appointment on 6 June 1940, and in a memorandum to the head of the Department of Supply and the Attorney-General, the Prime Minister set forth his intention to isolate

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<sup>29</sup> NAA(ACT) A816/1;14/303/1 Memorandum from Secretary of War Book Committee 17.7.1939.

<sup>30</sup> MELLOR *The Role of Science and Industry* (1958) Australian War Memorial, Canberra, p. 70.

<sup>31</sup> MILES *A Richness of People* (1969) South Australian Chamber of Manufacturers, Adelaide, p. 106.

munitions production and endorse it as the most important part of the war programme while removing it from normal governmental controls.

The separate department was created, said Menzies, "In order to give Mr. Essington Lewis the greatest possible degree of authority, subject only to the policy and approval of the War Cabinet and to ministerial direction from myself".<sup>32</sup> This action, which administratively separated munitions production from the Department of Supply, gave it a direct voice in Australia's élite war-fighting body under the ministerial umbrella of Menzies as Minister for Defence Co-ordination. Lewis was given virtual command over a newly created government department, an arrangement that Menzies indicated was designed to cut it away from the procedural checks that usually mediated government contracts. The Director-General was authorised to make purchases direct, "without", said Menzies, "tenders or circumlocutions".<sup>33</sup> Menzies described Lewis' wide-ranging authority thus:

Mr. Lewis will have access to the War Cabinet in the same way as the Chiefs of Staff, on matters which relate to his work ... The Director-General will be given a complete power of delegating authority .... Having regard to the fact that particularly in the early stages, all sorts of general expenditures may have to be hurriedly incurred, the Director-General will be given a general spending authority independent of preliminary authorization ... of up to say £250,000.<sup>34</sup>

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<sup>32</sup> NAA(ACT) A472/1;W981 Memorandum from Menzies 6.6.1940.

<sup>33</sup> *ibid.*

<sup>34</sup> *ibid.*

Lewis was thus given enormous influence in the management of war production and, through that, in the economy at large. Menzies clearly intended Lewis to work with relative freedom. He made Lewis a member of the Defence Committee saying that, in conference with other members, he should "formulate a series of objectives" and that when the objectives had been approved by War Cabinet, his "mandate" should be: "Go ahead and achieve these objectives in the shortest possible time".<sup>35</sup>

Answerable only to Prime Minister Menzies, the person who had appointed him, Lewis' appointment married the Australian steel industry to the Commonwealth Government, its greatest customer. He bolstered his own position by appointing supporters and assistants from amongst his associates. The Department was administratively arranged in eight main directorates. Within them, experienced public servants combined with what Butlin called "a handful of 'captains' from the major manufacturing interests of the Commonwealth"<sup>36</sup> to organise the manufacture of munitions. The eight directorates were Explosives Supply, directed by T. Donaldson, a technical consultant and director of ICI of Australia and New Zealand; Gun Ammunition Production, directed by W.J. Smith, the Managing Director of Australian Consolidated Industries Limited; Ordnance Production, directed by L.J. Hartnett, CBE, Managing Director of General Motors- Holden's Limited; Aircraft Production, directed by H.W. Clapp, KBE, Chairman of the Victorian Railway Commissioners; Machine Tools and Gauges, directed by Colonel F.G. Thorpe, MC, Director of McPhersons Limited and Associated Machine Tools Australia Proprietary Limited; and Materials Supply, directed by Sir Colin Fraser, Director of Broken Hill Mining Companies. The Directorate of Finance

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<sup>35</sup> *ibid.*

<sup>36</sup> BUTLIN *op. cit.*, p. 312.

was headed by E.V. Nixon, CMG, a chartered accountant and company director, and the Directorate of Labour Supply and Regulation by J.B. Chifley.<sup>37</sup>

Lewis' manufacturing role in war industry was already well-established through his company, the Broken Hill Proprietary Limited. His appointment did not significantly change either the nature or even intensity of his involvement. What did change was Lewis' public influence. His appointment publicised the functions and powers of his role, thereby attracting the attention of commercial and government bodies that wanted to do business with him. It also endorsed his actions by clothing him in the trappings of the Public Service. This protected him from some of the competition that characterises private industry and led many observers to assume he was subject to the checks appropriate to servants of the state. This, despite Menzies' specific instructions to the formulators of the Munitions Regulations:

The Director-General will not be limited in regard to persons employed by him *or by the Public Service Regulations in any way.*<sup>38</sup>

Also, as a Defence Committee member with direct access to War Cabinet, he enjoyed élite status in the Australian war effort. In addition, Butlin remarked that the appointment indicated to those manufacturers already engaged on munitions orders that they were wise to be involved and "awakened in others the conviction that here were opportunities which should not be missed".<sup>39</sup>

Effectively, the arrangement gave the job of arming a nation for war to a commercial manufacturer. Although War Cabinet was the approving body, Lewis and his associates effectively decided which

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<sup>37</sup> Personal information given in BUTLIN op. cit., pp. 312-3.

<sup>38</sup> Memorandum from Menzies 6.6.1940. Italics added.

<sup>39</sup> BUTLIN op. cit., p. 312.

articles, and how many of each, to make; where the factories and annexes to make them would be established; and, whom he would select to help him. By extension, the arrangement widened the scope of his social and political influence beyond the mere provision of munitions. Munitions decisions dictated how much public money would be spent and where. In turn, they prescribed how many people of what category would be employed and over what period of time; which regions and communities would be strengthened and enriched, which denuded of labour and economically depressed; which private manufacturers would be benefited and which would be ignored or even closed down.

Paul Hasluck, the official historian of Australia's civilian war, later remarked that the Director-General of Munitions occupied a unique position in war-time administration. Later appointments to the position of Director-General were made by the Menzies Government and its war-time successors but they were completely different in "conception and character". Some, such as the Director-General of manpower, were given exceptional powers but were subject to direction by a minister and were not accorded the direct access to Prime Minister and War Cabinet that Lewis enjoyed. Others, such as the Director-General of Post-War Reconstruction, were comparable with departmental heads, usually called "secretary".<sup>40</sup>

### LABOUR RATIONING

Labour rationing moved onto the political agenda at the same time as the Department of Munitions. The two were intimately connected because early Government discussions about rationing assumed that it

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<sup>40</sup> HASLUCK *The Government and the People 1939-1941* (1956) Australian War Memorial, Canberra, p. 435.

would be used to guarantee to the munitions programme the resources it deemed essential. Rationing takes two major forms: control of consumer or control of producer goods. Limiting the supply of goods or raw materials required by producers controls their production either by reducing output or by controlling its distribution and this latter was the first form seriously considered by the Australian Government. A system for rationing producer goods, including labour, was drafted and submitted to Cabinet by the Department of Supply and Development. At the time of its preparation, July 1940, the definition of "essential production" was not yet publicly contested and the Department's submission clearly read "essential" production primarily as "munitions" production, even though it acknowledged there were some high-priority non-munitions needs. F.H. Stewart, the Department's Minister, described his Department's relationship with the Department of Munitions as an "intimate organic association", which allowed for "essential civilian uses ... [to] be taken into account" in the control of materials.<sup>41</sup> It is hard to see how this could be achieved when Lewis' attitude, discussed below, made sure there was no arena for discussing the relative priority of munitions and non-munitions production.

Stewart expected labour rationing to become very important but his plan allocated it as a function of the Munitions Department. Thus, although Stewart recognised some civil supply as essential, he did not think its labour supply needed government protection. He supported his submission with a story about successful labour rationing by munitions authorities. In order to get labour and materials for building urgently needed defence factories in Victoria, he wrote, the Department of Munitions had "found it necessary to intervene in the

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<sup>41</sup> Cabinet Agendum 403/1940 STEWART 5.7.1940.

building industry". This he described as a "voluntary" arrangement, which he hoped would become "typical of others". Concluding, Stewart wrote: "the occasion illustrates the close relation between defence and civil needs". In the case cited there was very close relation between the *effects* of defence needs and civilian needs. Because labour and materials were *both* requisitioned, the rationing did not harm the producers; on the contrary, they benefited from large defence orders. There was no element of competition. Stewart did not express any apprehension that the close relationship might be damaged when commercial sectors were forced into "voluntary" arrangements with munitions producers or when unobtainable labour or materials edged them out of business.

Stewart knew that rationing materials and labour supply to industry would lead generally to "rationalisation", that some industries would shrink or even disappear. On July 17, at Cabinet's direction, Stewart and a small team of experts met to draw up a plan for rationalising Australian industry by means of rationing labour and materials.<sup>42</sup> This group also agreed that rationing was primarily the job of the Departments of Munitions and Supply and advocated authorising the Munitions Department to implement any compulsory rationalisation it deemed imperative for maintaining the munitions programme. This gave the large munitions manufacturers managing government production the power to sentence their competitors to life or death. The group's report, considered in Cabinet on 5 August, noted that their rationalisation plan was an extension of the German cartel system which, they said, had been "forced on the German metal industries by the slump conditions after the last war".<sup>43</sup> Since the beginning of the war, the Nazi industrial programme and associated

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<sup>42</sup> *ibid.*

<sup>43</sup> *ibid.*

self-sufficiency had, the group reported, developed the system much further. With an industrial plan modelled self-consciously on Nazi corporatism, it is not surprising that some of the collusive features of cartel pervaded Australia's war production.

Rationalisation did not progress as far in Australia as the Nazi model would have predicted because it was blocked by local democratic forms. In particular, manufacturers' freedoms meant the definition of "non-essential industry" rapidly became contested. In March 1941, the Manpower and Resources Survey Committee asked Lewis whether employment of skilled men in non-essential industry was interfering with munitions production. He responded evasively. It was difficult to say which industries were not essential, he said. "Washing machine manufacture", offered a Committee member. Lewis demurred. As more and more people moved from domestic jobs into munitions works, he suggested, the supply of washing machines became more and more essential.<sup>44</sup> Expanding on the difficulty of deciding which industries were essential, Lewis rhetorically asked:

Are the breweries essential? Are chocolate factories essential? Are the factories which make silk stockings essential?<sup>45</sup>

The Committee ignored Lewis' questions but the discussion continued until he firmly warned that rationalising would release too few skilled men to justify closing industries down, especially as doing so would make unskilled workers unemployed. The Nazi system studied by the rationalisation group imported and employed many thousands of unskilled workers and suggests a weakness in Lewis' argument, but because in 1941 Australia had no machinery for moving workers to

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<sup>44</sup> NAA(ACT) CP39/1;BUN 2 LEWIS to MRSC Melbourne 24.3.1941 transcript, p. 388.

<sup>45</sup> *ibid.*, p. 389.

where the economy needed them, Lewis' position carried influential weight.

### THE QUESTION OF WORKFORCE PRIORITIES

In isolating munitions production and elevating it above equally essential civilian industry, the Commonwealth created a system of workforce management that became the largest single contributor to Australia's labour crisis of 1942 and 1943: it had encouraged producer self-interest to the point of non-compliance with War Cabinet policy. At the heart of this problem lay the issue of relative priority. Sectional interests see their own work as pre-eminently important and are, to some degree at least, inclined to compete for essential resources rather than share them. Political systems are almost universally bent to the task of modifying frank competition and instituting mechanisms designed to implement their political decisions. Relative priority of public projects is, and was, considered to be a proper subject for political debate, with the body politic responsible for deciding priorities. Munitions production was an essential war-time public good and needed a steady flow of labour. However, agricultural labourers, nurses, dairy workers, teachers, parents, police officers, textile workers, bootmakers, and many others, were also required to produce essential public goods. Munitions production's prior call upon national man and womanpower contributed to dangerous crises in several areas of civilian life. For example, by the end of 1943, Prime Minister Curtin's Cabinet was moved to relieve some war-time pressure and issued the following statement:

It was fully realised by Cabinet that there was no substantial unused surplus either of materials or

manpower [but] ... Cabinet took the view that the housing shortage had now become so acute that relief on a limited scale was imperative if the civil life of the community was not to be disrupted to an extent which we were no longer prepared to accept.<sup>46</sup>

Lewis' "mandate" was not greeted with full accord by everyone who worked with him. Arguments arose at a Department of Munitions director's meeting in August 1940. Lewis claimed that the Department should treat the preliminary lists of service requirements (approved, in principle, by War Cabinet) as firm orders and distribute them to manufacturers.<sup>47</sup> He contended that the Prime Minister supported his claim. His opponents argued it was not correct to treat preliminary lists as orders until they had been ranked in order of priority. The minutes record that Lewis undertook to seek clarification from the Prime Minister and, although no response is minuted, Menzies' memorandum, discussed above, suggests he would have agreed with Lewis. The matter dropped from the Board's agenda until February 1941. Then, Sir Philip Goldfinch, Chairman of the Departmental Board of Area Management in New South Wales, proposed that the time had now arrived when "serious consideration should be given to the establishment of priorities".<sup>48</sup> He cited the position at the Clyde Engineering Company in Sydney, where the Board of Area Management had allocated contracts far in excess of the company's industrial capacity, with the result that urgent work was

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<sup>46</sup> NAA(SA) D358;30/1/1 Cabinet Agendum 553A/1943. Relayed by the Prime Minister for "communication to authorities associated with the control of supply of various materials and manpower", 24.2.1944.

<sup>47</sup> NAA(Vic) MP392/18 Bundle 1;M36 notes of meeting of directors of Department of Munitions, 13.8.1940.

<sup>48</sup> Loc. cit., 3.2.1941. Sir Philip Goldfinch, KBE, had been recruited to the Board of Area Management from the position of General Manager at the Colonial Sugar Refining Company.

being delayed. Delays could be prevented, he suggested, if the relative importance of the various jobs was indicated as contracts were distributed. Lewis responded that it was the job of the Services, not the Munitions Department, to declare priorities and that it was "too early" to follow up Sir Philip's idea of appointing a committee composed of Service representatives and an independent chairman to determine priorities.

At the next meeting, without prior discussion, Lewis "cordially welcomed" representatives of the Services and expressed the hope that by attending directors' meetings they could indicate their priorities in order that the Department could coordinate their requirements.<sup>49</sup> Lewis' action successfully circumvented Goldfinch's suggestion for an independent decision-making body and, with the advantage of having appropriate personnel in attendance, he proposed the Munitions Department as the coordinating agent. Between this and the next meeting, Lewis discussed the matter in War Cabinet and in April announced War Cabinet's decision that, while priority was not a matter for the Department of Munitions to deal with in isolation, as the Services were now represented at the directors' meetings, the question should be dealt with at those meetings—a coup for Lewis. In cases where conflicting interests made agreement impossible, War Cabinet decreed that the Defence Committee—of which Lewis was also an influential member—was competent to make a decision and was to be the medium for referring any priority questions to War Cabinet. By this decision, War Cabinet supported the Prime Minister's apparent aim that Lewis' role of deciding which war contracts would be allocated and to which manufacturers, should be unfettered by public service

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<sup>49</sup> Loc. cit., 3.3.1941.

scrutiny. Further, it effectively gagged the Munitions Board of Directors in their collective role as advisers to Lewis.

J.P. Brigden, a highly respected professor of economics and secretary of the Department of Supply,<sup>50</sup> attempted to bring the discussion of priority back to its wider implications. At the April Board meeting, he pointed out that priorities determined by the Services in collaboration with the Munitions Department might still conflict with priorities indicated by other departments. Lewis' response was unequivocal. Priority decisions by the Services, he averred, "overruled any priorities that may be fixed by other departments".<sup>51</sup> Doubt continued and it was agreed that Brigden should follow-up the matter in discussion with his minister. At the Board's next meeting, Brigden explained that regulations had been gazetted giving to the Ministry of Munitions the "right of enforcing priorities for production in particular works".<sup>52</sup> In this way, even the nominal responsibility for setting priority was removed from Cabinet and given as a "right" to a body composed of men who would also allocate the contracts and, in most cases, potentially benefit personally or professionally from them.

#### ARMAMENT AND LABOUR REGULATION

Australia's war-time labour crisis was predictable from the priorities debate. The nation's tiny population could only spread so far. As the munitions programme moved towards full implementation, it drained labour from other endeavours and dragged labour supply into political debate. Shortage of workers with requisite industrial skills reignited old arguments as it emphasised the paucity of Australian

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<sup>50</sup> Later secretary to the Department of Munitions.

<sup>51</sup> NAA MP392/181 Bundle 1;M36 directors meeting, 7.4.1941.

<sup>52</sup> Loc. cit., 5.5.1941.

technical training and made skilled tradesmen more mobile than they had been for a generation. It is difficult to show, except by inference, that labour was tangibly scarce during the first half of 1940. Even Butlin, official historian of Australia's war economy, prefaced his own work with the warning:

In many cases it is not only true that they [war-time statistics] did not exist at the time, but that it would be a very difficult task now [January 1954] to provide good estimates of the missing data, as for example, in the case of manpower in 1939-40.<sup>53</sup>

Industry's problems with labour supply are best indicated by the emergency regulations promulgated to control the war effort workforce.

In 1940, factory-based production depended on highly-skilled tradesmen who functioned as leaders for teams of less-skilled workers. This meant that even though unemployment continued at a politically significant level, without proficient team-leaders, unskilled workers could not be employed and consequently only limited expansion of productive capacity could be achieved. This skill differentiation accounts for some of the confusion that arises when people remember war-time unemployment, or when researchers try to reconcile records of labour shortage with others showing unemployment. Differences were easily skated over by newspaper reports and other sources of public information. When referring to unemployment in his November 1940 budget speech, Treasurer Fadden recognised the dichotomy:

Employment has so increased that there is little of our normal labour force unemployed, and what is still

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<sup>53</sup> BUTLIN *op. cit.*, p. xi-xii.

unemployed cannot be easily or quickly brought into productive activity.<sup>54</sup>

### **The Employment Regulations**

In the second half of 1940—after the military collapse of Western Europe, the appointment of Lewis and the creation of the Department of Munitions—labour policy struggled to maximise munitions production by stabilising its workforce. Implementation was effected through two sets of emergency regulations and a new working arrangement between the Commonwealth and the several state governments. The National Security (Employment) Regulations controlled skilled workers' mobility.<sup>55</sup> Urgent need for skills in short supply had driven employers to compete with each other by offering increasingly attractive rates of pay. Where employers were working under contract to the Department of Munitions they had no economic incentive to curb this escalation themselves because their wages bills were absorbed by the cost-plus system of payment and even served to increase the percentage of cost they would receive as profit. Rapid turnover of skilled men, however, was an incentive to action. Manufacturers, accustomed to tight control over their workforce, sought a solution in regulation. They claimed that movement of skilled workers between jobs was "disturbing the flow of work already in progress and preventing or delaying the initiation of fresh, urgent munition orders".<sup>56</sup> The Munitions Department relayed their complaint to the Prime Minister. Brigden, now secretary of Munitions, wrote that it had "been decided" that the Department would use emergency regulations to curtail the movement and asked the Prime

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<sup>54</sup> CAPD:HR FADDEN volume 165, 21.11.1940, p. 84.

<sup>55</sup> SR 128/1940, 5.7.1940.

<sup>56</sup> NAA(ACT) A1608/1;127/1/4 part 1 Brigden, secretary of Ministry of Munitions to secretary of Prime Minister's Department, 3.7.1940.

Minister's Department to indicate its concurrence by sending telegrams to all state premiers announcing:

Prime Minister desirous of taking immediate action all states to ensure proper allocation of skilled labour to essential munition projects ...<sup>57</sup>

Transmitted over the Prime Minister's name, this telegram showed that the regulation's target group was skilled labour and, more, was the skilled labour required for munitions work.

The means by which the Employment Regulations tried to "ensure proper allocation" can be broadly categorised as pegging desirable workers to their positions, freezing wages, and adjusting some skilled workers' customary workplace protections. Under regulation 3(1), employers could not engage workers in highly desirable categories without a certificate, signed by their last employer, indicating approval of the employee's movement. The regulations also favoured munitions work more generally because, whereas the Department or its contractors could refuse to give a transfer permit to an employee they did not wish to lose, a special provision allowed the Department to issue transfer certificates to workers it wanted, even when the worker's employer opposed the move. J.B. Chifley, the Department's controller of labour until his resignation in September 1940,<sup>58</sup> later told a parliamentary investigation that the Department had the "whip hand" in any case where an employer was reluctant to release a desirable worker.<sup>59</sup>

Regulation 3(1) was altered in September 1940 to increase the power of munitions still further in relation to other industries by specifically restricting the customary rights of non-munitions

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<sup>57</sup> *ibid.*

<sup>58</sup> NAA(Vic) MP392/181 Bundle 1; M36 notes of meeting of directors of Munitions Department, 9.9.1940.

<sup>59</sup> NAA(ACT) CP39/1; BUN 2, CHIFLEY to MRSC Sydney 3.3.1941 transcript, p. 35.

manufacturers. It reads: "an employer not engaged in the manufacture of munitions shall not engage any employee to whom this regulation applies except in pursuance of a permit issued to the employer by the Director of Labour, Department of Munitions," or by other authorised persons.<sup>60</sup> The new regulation also shifted the onus for operation from employees to employers but, except where open dispute erupted and someone lodged a complaint, the regulation's operation could not be checked.

Regulation 4 controlled wages. Rapidly rising living costs had agitated society during World War I and were a focus for political action throughout the Second World War. Between May and August 1940, a number of employees' organisations approached the Arbitration Court for a review of the basic wage. The Court, explaining that its decision was based on "the uncertainty attending the economic future of the Commonwealth in the existing circumstances of the war", decided not to grant a general wage-rise for at least another year.<sup>61</sup>

Workers, who the Court acknowledged were being paid a basic wage that offered only a "meagre existence" to a family of four and "hardship" where there were more than two children<sup>62</sup>, then turned to increased margins as a way of increasing wages. The most immediately attractive was the war loading. Usually paid at the rate of six shillings a week, it attached to the category of work rather than skill and, happily, was most appropriate where employers were most able to pay it. Nevertheless, employers and governments looked askance at their spiralling costs. In mid-1940, the Munitions Department's labour controller reported metal trades' wages were "mounting out of proportion to skill" and that turn-over of skilled engineering

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<sup>60</sup> SR 206/1940, 20.9.1940.

<sup>61</sup> NAA(ACT) A472/1;W12376 Judgment of Commonwealth Court of Conciliation and Arbitration in NS (Industrial Peace) Rs, Number 103 of 1943, 17.6.1943, p. 14.

<sup>62</sup> *ibid.*

tradesmen was a serious problem.<sup>63</sup> Engineering manufacturers urged the Department of Supply to peg wages as a way of controlling inflation.

New regulation 4 attempted to break the rapid wage-rise and turnover cycles by pegging rates and forbidding payment of higher-than-normal wages. It dictated that employers manufacturing war goods, or the machine tools or other materials necessary to their production, should not offer to pay employees at higher or lower marginal pay rates than those specified. However, it did guarantee a six-shilling skill loading to certain classifications of employee and, where people were already being paid a higher marginal rate, the regulations provided for it to continue.<sup>64</sup> Wages were not only subject to direct control. All contracts with the Department of Munitions insisted that employers paid Award rates to their employees and that, in accordance with regulation 4, they could not offer higher margins in order to entice workers from one job to another.

A large portion of the Department's own workforce was shielded from regulation 4 by the Munitions Agreement. This was a private arrangement between 13 relevant unions and the appropriate Commonwealth department—now the Department of Munitions—that had been struck (for the third time since 1931) on 4 December 1939 for a term of three years. At the start of the war the agreement was in force at Maribyrnong and Footscray, but not Lithgow where the small arms workers were employed under a Public Service Award. As further munitions establishments were developed through the war years, the Department tended to arrange payment of its workers by combining the local basic wage (as notified by the Federal Arbitration Court) with the margins and other conditions granted by

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<sup>63</sup> NAA(Vic) MP392/34;122/10/352 R.J. Murphy to J.P. Brigden, 29.5.1940.

<sup>64</sup> NS (Employment) Rs 4(2), SR 128/1940, 5.7.1940.

the Munitions Agreement (which was not registered under the Commonwealth *Conciliation and Arbitration Act*). Agreement conditions included two weeks recreational leave and 11 paid public holidays a year, two weeks accumulative sick leave and generous overtime arrangements. At the time, awards generally provided only one week of recreational leave, ten public holidays and four days of sick leave. Describing the Agreement to a parliamentary investigation in March 1941, Chifley, who had been the Department's director of Labour through June, July and August of 1940, said there had been no need to compel workers into munitions factories because the Munitions Agreement and regulation 128, between them, offered "what was virtually a bribe" to men working under metal trades awards.<sup>65</sup>

The third means by which the Employment Regulations attempted to stabilise the munitions workforce was by adjusting some of the customary protection that unions and Awards afforded skilled workers. The major form of adjustment was "dilution" of skill. This meant easing the training or other conditions normally required before a worker could be designated a "tradesmen". As early as January 1940, the Assistant Minister for Supply and Development informed Cabinet that "substantial agreement" between employers, employees, and the Government had been reached on the use of diluted labour and he intended to give effect to the agreement under the *National Security Act*.<sup>66</sup> But, dilution scheme proposals continued under discussion throughout 1940. Plans were based on an English scheme but with an additional "novel and significant feature".<sup>67</sup> The Australian plan allowed the relevant provisions in all Awards and Agreements to hold

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<sup>65</sup> NAA(ACT) CP39/1;BUN 2, CHIFLEY to MRSC Sydney 3.3.1941 transcript, p. 11. Using the words: "Regulation 128", Chifley clearly meant Statutory Rule 128 of 1940 by which the Employment Regulations were promulgated.

<sup>66</sup> Cabinet Minutes 17.1.1940, Agenda Item 273.

<sup>67</sup> NAA(Vic) MP392/34;122/10/304 outline prepared by J.P. Brigden, 22.4.1940.

continued sway, while insisting that variations would not be referred to industrial courts or tribunals for decision, but remain subject only to the Minister's authority.<sup>68</sup> The flexibility afforded by this "novel feature" was considered necessary because of the contemporary labour shortage combined with ignorance of future directions. As Brigden reported, "it is impossible to forecast the needs of civil industries during or after the war".<sup>69</sup>

Unions and government representatives both wanted the dilution agreements entrenched in specific regulation in order to control their reach and effects. In July 1940, the National Security (Employment) Regulations had provided for dilution agreements as follows:

If it appears to the Minister of State for Munitions that the production of munitions of war or supplies required for the efficient prosecution of the war is likely to be seriously prejudiced by reason of a shortage of persons skilled in any particular trade, he may make such arrangements as he considers necessary for the training of a sufficient number of persons skilled in any particular trade or in any branch of that trade, and for the employment of persons so trained in connexion with the production of munitions of war or supplies.<sup>70</sup>

Continued inconclusive debate on the subject unsettled unions until they threatened industrial action. In August 1940, assembled members of the Australasian Society of Engineers and Amalgamated Engineering Union at a stop-work meeting in Adelaide "emphatically protest[ed] against the delay in gazetting the proposed regulation to

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<sup>68</sup> *ibid.*

<sup>69</sup> *ibid.*

<sup>70</sup> SR 128/1940, 2(1), 5.7.1940.

control dilution".<sup>71</sup> The union organiser who conveyed this resolution to the Prime Minister warned him frequent stop-work meetings would be held until the unions were assured of a satisfactory regulation.<sup>72</sup> Continued delay prompted Lewis to write to Menzies reminding him of the urgent need for a government decision and concluding: "So far [I] have not received your advice and I am ...wondering whether you are awaiting the opportunity to discuss the matter with me, or desire further comments from this Department".<sup>73</sup>

Uniformity was the major obstacle in drafting the required regulations. Representatives of relevant trades unions were involved in an Advisory Panel assisting the compilers of the dilution arrangements. This group told the Prime Minister its aim was: "the greatest degree of uniformity ...throughout the munitions industries generally in regard to the marginal rates of pay".<sup>74</sup> Even when the Panel had reached satisfactory agreement, moulders, an important—and militant—group of metalworkers had not been consulted and negotiators agreed not to press on until they had been brought under the proposed regulation.<sup>75</sup>

Finally, a dilution agreement was made between employers and unions allowing for a rapid increase in the numbers of certain tradesmen by means of unusually intensive training. Clauses 8 and 9 of the agreement provided that the scheme would be administered by a series of Dilution Committees which were duly established. The Central Committee comprised its chairman, R.J. Murphy, controller of labour in the Munitions Department, M. Eady, representing employers,

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<sup>71</sup> NAA(ACT) A1608/1;127/1/4 part 1 telegram A.B. Thompson, organiser ASE, SA, to Menzies, 23.8.1940.

<sup>72</sup> *ibid.*

<sup>73</sup> NAA(ACT) A1608/1;127/1/4, part 1, Lewis to Menzies, 5.9.1940.

<sup>74</sup> NAA(ACT) A1608/1;127/1/4, part 1, Trades Union Advisory Panel meeting minutes, 8.11.1940, paragraph 6.

<sup>75</sup> *ibid.*

and N. Roberts, representing employees. In South Australia, D.G. Conigrave, superintendent of the labour exchange, was chairman; W. Queale of Kelvinator (Australia) and B.V. Newland of General Motors-Holden represented employers, with P.A. Elliott, an organiser of the Amalgamated Engineering Union in Adelaide and E. Dawes of the Australasian Society of Engineers in Adelaide, representing the interests of employees. Special training courses, both on-the-job and in technical schools, were a constant feature of attempts by government and industry to expand the skilled workforce in areas as diverse as industrial machining and industrial welfare. Dilution and other forms of special training was an immense and important feature of war-time labour-market intervention but, as a specialist facet of employment policy, it will not be discussed further.

### **State-Commonwealth Cooperation**

It was one thing to promulgate National Security Regulations, quite another to implement them. In mid-1940, labour regulation was entirely a state responsibility. Each state had its own labour department and industrial court; before promulgation of the Employment Regulations, the Commonwealth labour administration had dealt only with its own employees and with industrial matters whose effect transcended state boundaries, such as setting the basic wage. There was no national organisation dedicated to labour planning or regulation, so a significant feature of the Employment Regulations was that they intruded on the customary demarcation between state and federal governments. The ground they broke weakened the distinction and paved the way for the Commonwealth's more comprehensive regulation of labour that began in 1942.

To achieve its ends, Commonwealth labour organisation infiltrated state administration at every level. Communication between Commonwealth and State was maintained throughout by formal correspondence between prime minister and premiers but state public servants deputised for central policy makers in each locality and hordes of clerical workers and technical officers added Commonwealth duties to their customary schedules.

Initially, the states were asked to help by issuing Commonwealth permits through local labour departments and by providing the services of a public servant suitable for appointment as deputy controller of labour. South Australia offered D.G. Conigrave, already functioning as superintendent of the state labour exchange.<sup>76</sup>

The permit system, revived from the First World War, was cumbersome. It needed extensive administrative support but exerted only weak control and then only in individual cases. The Department of Munitions desired more direct control over entire worker categories. In July 1940, a fortnight after establishing the first state-commonwealth arrangement, Chifley, Director of Labour to the Department, recommended extension of the states' anticipated role.<sup>77</sup> His plan comprised three departures from customary practice. First, state organisations should receive applications for munitions employment, register and classify the applications, and allot suitable workers to the annexes and contractors engaged in munitions work; second, state officers should co-operate with the Department in providing "welfare and industrial hygiene"; and third, state officers should conduct inspections in matters that concerned Commonwealth labour control. At the same time, state officers were co-opted into implementing

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<sup>76</sup> NAA(ACT) A472;W1209, 10.7.1940.

<sup>77</sup> NAA(ACT) A1608/1;127/1/4 part 1, 24.7.1940.

labour dilution arrangements at the local level. Playford, in common with other state premiers, replied to Menzies:

You can rest assured that we are at all times prepared to co-operate with the Commonwealth Government by making the services of state officers available to assist in the national effort.<sup>78</sup>

To the superintendent of South Australia's labour exchange, war brought entirely new problems. His pre-war duties were related to unemployment rather than procurement and allocation of workers. His prior experience and his relative ignorance of national labour-market issues did not fit him to recognise the limitations inherent in the existing system. State government interest in employment had hitherto been limited to recruitment of their own labour force and provision or supervision of temporary relief to unemployed people (men) who were in demonstrable, extreme poverty. State labour exchanges functioned less as departments helping to allocate jobs to the unemployed and more as places of last resort where unemployed men could register for relief. Apart from government departments, which engaged all their workers through the labour exchange, employers rarely approached the exchange for workers.

In 1940, South Australia had one established labour exchange in Adelaide with a branch at Port Adelaide and arrangements with country police stations, which conducted labour exchange agencies throughout the state.<sup>79</sup> The majority who registered were unskilled. Most unemployed, especially the skilled, did not register at the labour exchange because they were accustomed to a system of job allocation

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<sup>78</sup> NAA(ACT) A1608/1;127/1/4 part 1, 30.7.1940.

<sup>79</sup> NAA(Vic) MP574/1;700/1/6 F.K. Dwyer, Secretary of the Unemployment Relief Council, Adelaide, to F.R.E. Mauldon, economist and research director of the Commonwealth Bureau of Census and Statistics, 28.9.1939.

where they were either picked up at factory gates or recommended to employers through their unions, friends or fellow workers. There was no provision at all for female workers to register at the labour exchange, but during the Depression a loose arrangement had developed within the Children's Welfare and Public Relief Department that received applications for relief from single unemployed women and tried to help them to obtain work.

### **The Machinery for Industrial Peace**

The *tour de force* that established 1940 as the munitions producers' domain was the promulgation of the National Security (Industrial Peace) Regulations. As noted above, war wages destabilised parts of the workforce. Also, some industrial conflicts with long histories resurfaced as workers saw their employers making record profits while they were denied improvement in the basic wage. The widespread coalmining disputes are a good example. War-time industrial disputes caused embarrassment to the Government and to the Labor Party opposition alike, and were an easy focus for public dissent.<sup>80</sup>

In November 1940 the Menzies Government used the Governor-General's opening address to Commonwealth Parliament to argue that Australian workers had no justification for direct industrial action because the arbitration system was available to settle any dispute:

The Government feels strongly that, in a country in which there is adequate and accessible machinery for the settlement of industrial disputes and the adjustment of grievances, there can be no justification for direct action.<sup>81</sup>

Further, the Governor-General's speech accused workers in essential industry who resorted to strike of attacking national security.

<sup>80</sup> In later years they embarrassed the Australian Labor Party in government too.

<sup>81</sup> CAPD:Joint GOVERNOR GENERAL volume 165, 20.11.1940, p. 6.

Opposition parliamentarians in both houses objected to the speech's tone. J.S. Collings, opposition leader in the Senate, described the speech as "highly provocative" and a "slander on the class of men who alone, so far as Australia's effort is concerned, can bring this war to a successful conclusion for the Empire Forces". He was outraged, not only at the veiled suggestions of treason, but because the statement was "untrue": he believed there was no "adequate and easily accessible machinery for the settlement of industrial disputes". "Men do not go on strike for fun", he asserted.<sup>82</sup> Collings' sentiments were echoed in the House of Representatives. Evatt described the Governor-General's references as "unreasonably provocative" and said, "I do not believe that the Governor-General's Speech is the proper vehicle to deal with this problem".<sup>83</sup>

In truth, Menzies' Cabinet had noted that the conciliation and arbitration system needed urgent reform—especially in relation to the delays before problems could be heard—even before the war began.<sup>84</sup> Hoping to avoid escalation of industrial dispute similar to that experienced during the First World War, the Government was determined to take action under emergency law provisions, but preferred to justify such measures by publicly blaming strikers rather than the defective arbitration system.<sup>85</sup>

Later the same afternoon, Menzies rose to introduce his Government's "machinery of industrial peace". The Advisory War Council—a bi-partisan group formed on 28 October 1940 to consider the national war effort and offer advice to the executive government—had considered war-time strikes, he said, and unanimously agreed upon

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<sup>82</sup> CAPD:S COLLINGS volume 165, 20.11.1940, pp. 52, 53.

<sup>83</sup> CAPD:HR EVATT volume 165, 22.11.1940, p. 127.

<sup>84</sup> Cabinet Agendum 493/1940 Submission by HOLT, Minister for Labour and National Service, 18.11.1940.

<sup>85</sup> *ibid.*

several principles it hoped would reduce them. These principles it intended to entrench in regulations.<sup>86</sup> The “machinery” itself was a legal and administrative structure designed to implement the Council’s first principle: “that the machinery for the adjudication of industrial disputes should be made adequate for the prompt consideration of grievances and their settlement”.<sup>87</sup> Two significant changes would be applied to industrial law. First, while the Commonwealth Court of Conciliation and Arbitration must continue to be structurally central to the arbitration system, the Council deemed it should be made more flexible and extensive. In particular, where escalation of a dispute might be detrimental to the war effort, prompt and decisive conciliation should be possible. Secondly, the customary limitation of the Commonwealth Court’s jurisdiction to matters that extended beyond one state would cease. When promulgated the National Security (Industrial Peace) Regulations instituted significant changes to labour law and constituted serious incursions on the independence and sovereignty of individual workers, unions, employers, and the individual states of the Commonwealth.

Structurally, the machinery increased the number of conciliation commissioners—whose prime duty would be prompt, on-the-spot investigation of disputes—from one to four and abolished the cumbersome system of standing committees in favour of *ad hoc* groups of employers’ and union representatives coming together to investigate particular matters.<sup>88</sup> The commissioners would function as conciliators within the committees and report to the Arbitration Court whose Judges would then decide whether the commissioner should

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<sup>86</sup> War Council 30.10.1940, cited by MENZIES in CAPD:HR volume 165, 22.11.1940, p. 143.

<sup>87</sup> CAPD:HR MENZIES loc. cit.

<sup>88</sup> CAPD:HR Machinery of Industrial Peace proposals, volume 165, 22.11.1940, p. 143.

arbitrate or whether the parties to the dispute should be heard in court.<sup>89</sup> The Court's authority was extended in several key areas: customary limits on its jurisdiction were removed, it gained power to make common rules and industry awards, it was authorised to act on its own initiative, to interpret government regulations affecting industrial conditions, and to empower boards of reference to investigate, report on, recommend with respect to, or decide any industrial matters referred to them by the Court.<sup>90</sup>

The most significant change to the normal principles of arbitration was that there did not have to be an actual dispute under way before the machinery was activated. In the interests of expedited investigation, any organisation or employer aware of any matter likely to lead to a strike or stop-work meeting should inform the registrar of the court.<sup>91</sup>

Indicating his policy of resisting permanent change, Menzies announced the institution of the machinery to state premiers, saying: "the main object of the proposed alterations is to adapt existing institutions to the needs of the present situation".<sup>92</sup> This statement ignored the fact that Menzies' Government thought the system should have been improved even without the war and skated over the incursions of the Industrial Peace Regulations on a customary arena of state power. His letter pointed out that as the proposals had received unanimous endorsement from the Advisory War Council he expected full co-operation from the states.

Armed with advice from the President of South Australia's Industrial Court and the state's Public Service Commissioner, Playford replied that no new machinery was necessary, because the

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<sup>89</sup> *ibid.*

<sup>90</sup> *ibid.*

<sup>91</sup> *ibid.*, p. 144 .

<sup>92</sup> SR(SA) GRG24/6;1534/40 Menzies to Playford 3.12.1940.

Commonwealth already commanded the power to instruct the local industrial court to act on behalf of the Commonwealth Arbitration Court.<sup>93</sup> He was ignored.

The Regulations contained two new principles in industrial law: they recognised potential industrial trouble as a precipitating factor for action, and they empowered the Commonwealth to avoid both Commonwealth and state industrial court systems. This meant that some industrial disputes could be settled by administrative arrangement rather than judicial determination. It also meant that matters in which states had only limited interest were not at the mercy of the local industrial courts and their procedures.

The Industrial Peace debate that followed Menzies' announcement, allowed a parliamentary airing to more general dissatisfactions. For example, debate focused on the apparent unfairness of denying wage increases to working men while large companies, industrial and commercial, were making record profits in war conditions. Evatt put a common grumble into words:

I believe that the people have been impressed enormously by the fact that, although in times of emergency money and credit can be found to prosecute a war ...no similar action is taken to deal with social problems in times of peace. The people are puzzled and anxious about the matter.<sup>94</sup>

This oft-repeated sentiment was attractive to those who felt untouched by the "equality of sacrifice" jingoism that dominated 1940 propaganda. Resentment over munitions production's primacy over rural industry was also boiling up. J.P. Breen, member for Calare, a rural district of

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<sup>93</sup> SR(SA) GRG24/6;1534/40 W.R. Kelly, President of Industrial Court, to Minister of Industry and Employment (SA) 13.10.1940, L.C. Hunkin, Public Service Commissioner, to Minister of Industry and Employment (SA) 17.12.1940, Playford to Menzies 24.12.1940.

<sup>94</sup> CAPD:HR EVATT volume 165, 22.11.1940, p. 129.

New South Wales, told parliament that "the primary producer is of more importance to this country than the armaments manufacturer".<sup>95</sup> Decrying the financial losses of the apple and pear acquisition scheme and the poverty and suffering the scheme had caused in his electorate, Breen criticised enterprises like the Broken Hill Proprietary Company, which, he claimed, had made £1,500,000 profit the previous year yet, he said, had to be bribed by the cost-plus system of payment and government labour conscription promises before it would engage in war work.<sup>96</sup> E.J. Ward also used the industrial peace debate to accuse big business of making profits at the expense of the "sacrifices made by the people".<sup>97</sup>

A few days later, Curtin's speech in the budget debate also mentioned the Broken Hill Proprietary Company. His more reasoned approach acknowledged the Company as a significant contributor to the Australian economy but, nevertheless, argued that the Government should heavily tax its shareholders rather than allow them to become the Government's creditors.<sup>98</sup> Upon resumption of the budget debate, opposition members attacked the Government's position of anti-inflationary rectitude by cataloguing connexions between parliamentarians, government officials and thriving businesses whose inflated profits were due to war contracts.<sup>99</sup> Episodes in which senior public servants had been removed from their positions because their decisions had offended private manufacturers were also discussed.<sup>100</sup>

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<sup>95</sup> CAPD:HR BREEN volume 165, 22.11.1940, p. 141.

<sup>96</sup> *ibid.*

<sup>97</sup> CAPD:HR WARD volume 165, 22.11.1940, p. 142.

<sup>98</sup> CAPD:HR CURTIN volume 165, 28.11.1940, p. 265.

<sup>99</sup> CAPD:HR G.W. MARTENS volume 165, 5.12.1940, pp. 484-485. See also CPD:HR WARD volume 165, 5.12.1940, p. 497-500.

<sup>100</sup> CAPD:HR WARD volume 165, 5.12.1940, pp. 495-497.

## SUMMARY

Australia's great need in 1940 was rearmament. For this, the Government enlisted the productive skills of manufacturers such as Lewis who, in return, were assisted by Government regulation of the labour market. Government embrace of industrialists was entirely predictable. International and historical studies of war production show that marriage of business and state is a universal response to war but that the relationship's detailed forms have varied widely from one regime to another. In fact, according to Frans van Waarden's argument discussed in chapter one, organisational forms, rather than philosophical positions, were where the greatest difference between national responses was manifest. In some cases, the state was strong enough to insist that commercial enterprise repaid the Government for the inducements it offered by loyalty to state policy and some form of self-regulation and regulation of associated branches of the economy. In others, the arrangement included labour. The now-familiar tripartite agreement that resulted, contributed fairly stable self-regulatory machinery to particular productive or commercial sectors. In other regimes, the working relationship leaned in favour of businesses that received privileged treatment from government without accepting associated responsibilities. Australia was one of the latter. Commercial manufacturers were gathered into a government department and Cabinet gave them the tasks of both managing Australian rearmament and producing the munitions required. Later, when expected to perform those tasks from within the context of the overall war effort, manufacturers and their associates resisted government guidance.

This chapter has shown that in creating the Department of Munitions, Menzies and his Cabinet built a structure that could get on

with the job in hand but, because it was carved away from public accountability, it could not fit into the priorities of a broader war effort. Discussion about contentious issues such as labour rationing and industrial priorities was restricted because the Department of Munitions, through its Director-General, was designated as the body responsible for making significant decisions about those issues. Lewis' attitude was clearly demonstrated in the way he circumvented the concerns expressed by important members of the Munitions Board of Directors. He believed that he should be free to make production decisions without worrying about where they fitted into the priorities of the war effort. This assumption of control over an important—and expensive—area of public policy was administratively established by Menzies whose instructions to his Cabinet colleagues make clear his intention that Lewis and his associates were to enjoy complete and unfettered control. The munitions production programme had its special labour needs met by National Security Regulation and by adjustments in the contiguous roles of the Commonwealth and the States, which ignored labour requirements of non-munitions employers.

# 3

## Parliamentary Review of Government Employment Policy, 1941

The Australian Government appointed the Manpower and Resources Survey Committee in March 1941 and asked it to review national resources of industrial plant and labour with a view to quieting criticism and extending the industrial war effort. Similar surveys were conducted by the Treasury and the Attorney-General's Department,<sup>1</sup> but the Committee's survey produced the first organised and independent criticism of Australia's war-time labour policy. Its terms of reference presupposed that significant amounts of labour and other resources were unemployed, but the survey soon found evidence that while pockets of unemployment remained (mainly in country and urban New South Wales) other parts of the country (notably South Australia) were overloaded with war work and the unemployed were almost completely absorbed. According to the Committee, the obstacle threatening "to delay war production and restrict the fighting

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<sup>1</sup> BUTLIN *War Economy 1939-1942* (1955) Australian War Memorial, Canberra, pp. 475-6.

services",<sup>2</sup> was war production's inefficient management and its uncoordinated employment of labour. The Committee advised the Government to appoint a Director-General of Manpower and empower him to coordinate worker procurement, allocation and technical training in conformity with centrally determined Government policy.

Conflict accompanied the Committee throughout the survey, but three positions stand out in the historical record. Prime Minister Menzies, in Britain when the survey began, was furious to find it had even taken place and refused to discuss the reports outside War Cabinet. Paul Hasluck, official historian of Australia's civilian war, supported Menzies' position and decried the survey as almost worthless, and finally, Dr Roland Wilson, the administrative head of the Department of Labour and National Service threatened to resign his position if the Government appointed a coordinating labour director. Menzies' Government put enormous effort into preventing the Committee's work from becoming public and that effort has influenced Australian historiography. In combination, the three positions identified have obscured features of the war-time relationship between business and state. They indicate that the industrial *modus vivendi* was already settled and guarded by powerful protectors. Using the Committee's evidence, this chapter argues that, by mid-1941, localised control of industry and its workforce had shown itself incompatible with total war and that the centralising ideas ensconced in the regulations of 1942 were already afloat, although actively resisted by national decision makers.

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<sup>2</sup> NAA(ACT) CP3/1/1 BUNDLE 8 War Cabinet Agendum 171/1941, Supplement 1, Section 1(iv).

## THE SURVEY

Political impetus for the investigation hardened at War Cabinet's meeting on 14 February 1941, when two embarrassing inconsistencies were discussed: continuing shortage of service equipment and unyielding civilian unemployment. War Cabinet members were well aware that a "considerable number of employable men" were out of work while, at the same time, many men were working overtime in government and private factories.<sup>3</sup> Also, while the Australian Imperial Force was begging for supplies, Australia maintained a considerable amount of non-essential industry, using material and labour resources that critics believed should be applied to the war effort. The War Advisory Council had requested War Cabinet to redress material shortages by facilitating the "full-time employment of every able bodied man in the community"<sup>4</sup> and Cabinet had agreed. But, while plausible in political debate, the proposal was impossible to implement without statistical information, planning and political will.

Many Australians agreed with the Council; the problem's solution appeared simple. More people in employment would produce more war material. At its most simple, the purpose of the investigation was to test this popular theory. Records of Advisory Council's deliberations show that its members seemed unaware that the problem might be the shortage of particular skills and the overall scarcity of labour. Their suggested limited labour-market adjustments or redistribution indicated that the idea of workforce planning was strongly associated, in their minds, with unemployment reduction. This approach was borne out in the survey team's terms of reference

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<sup>3</sup> War Cabinet Minute 809/1941, 14.2.1941, paragraph 1.

<sup>4</sup> *ibid.*

(see below), which indicate that Arthur Fadden and his advisers expected solutions to fall within a familiar, fairly narrow range of options.

Fadden, acting Prime Minister while Menzies was visiting friendly governments overseas between 21 January and 24 May 1941, instituted the survey in an attempt to forestall further criticism of the Government's war effort. The form of the investigation shows his concern was primarily with the complaints rather than the underlying problems themselves. Following War Cabinet's decision, he issued a statement to the press emphasising the survey's role in reducing problem unemployment. Although acknowledging problematic unemployment, Fadden's newspaper statement was careful to avoid pessimism, saying only: "for some time the Government had felt that ... there might remain a possible unemployed reserve". He confidently asserted that the surveyors' intention was to link men and resources with productive work.<sup>5</sup>

Cabinet had been adamant that, alongside its more general investigations, the survey team should examine a particularly distressing site of unemployment—garages and small manufactories in country towns. Many of these businesses had applied to the Government for war contracts but the Ministry of Munitions' policy rejected them. Fadden's press statement did not pursue that line. Employment for the "possible unemployed reserve" was a politically newsworthy item, whereas munitions work for country workshops might look, to some influential firms, like government interference. The military supply problems were completely lost in this publicity.

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<sup>5</sup> NAA(ACT) CP3/1/1 BUNDLE 8/14, Manpower and Resources Survey Committee minute book. Fadden's statement appeared in the *Advertiser* 15.2.1941, p. 14.

Despite what the acting Prime Minister said to the newspapers, War Cabinet determined the Committee's specific tasks. They were:

- 1) To inquire into Australia's resources of idle or partially employed manpower and to examine the extent to which they could be utilised in the manufacture of munitions or upon other works associated with the war effort;
- 2) To inquire into the practicability of using for the manufacture of munitions or other works associated with the war effort, equipment in areas which are not now used in connection therewith; and
- 3) To report to the government the results of such inquiry.<sup>6</sup>

The objective tasks clearly identify the two contemporary concerns. High unemployment, confusing and unacceptable at a time when munitions work was being advertised as vital and demanding of labour, and the many factories and workshops whose proprietors and workers had been under-employed for years and now hoped for revivifying munitions contracts.

Under these instructions, the Manpower and Resources Survey Committee set about its task. The terms of reference are clear statements of War Cabinet's policy and the political philosophy that informed it: centralised labour planning was both an arm of social security in its contribution towards reducing unemployment, and in its role of surveying unused plant, a necessary precursor to efficient industrial development. Evidence heard by the Committee and the responses to its recommendations indicate wide variations in what "efficient industrial development" might entail. However, innocent of

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<sup>6</sup> War Cabinet Minute 809/1941, 14.2.1941.

future debate and armed with its mandate, the Committee embarked on a progress around the country, officially endorsed by War Cabinet and the acting Prime Minister, examining work-sites, reading written depositions, and listening to the evidence of hundreds of witnesses.

### OPPOSITION

Almost immediately, the survey struck obstacles and became a subject of debate in Commonwealth parliament. The Premier of the first state visited, New South Wales, refused to allow the committee to interview its employees freely.<sup>7</sup> Fadden assured parliamentary questioners that "power, adequate and appropriate, will be taken to ensure that a committee set up by this parliament shall be able to function in the way intended",<sup>8</sup> but he did not initiate appropriate action. Seizing on Fadden's reference to parliament, Falstein asked if the committee would be reporting to parliament. "No", replied Fadden, "it will report to the government".<sup>9</sup> A week later, when the subject was revisited in parliament, Morgan, the initial questioner, again lamented the Committee's lack of power to compel witnesses to give evidence and reminded the Government that the House had not yet been informed of the Committee's constitution or its anticipated powers and functions.<sup>10</sup> The systematic secrecy galled Morgan. Estimating there were between two and three thousand unemployed men in his electorate, he believed the survey could help to expose the unfair practices in allocating war contracts that some firms had reported to him. "Smaller employers", he claimed, could not get war

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<sup>7</sup> CPAD:HR MORGAN, volume 166, 19.3.1941, pp. 116 and 132-3.

<sup>8</sup> CAPD:HR FADDEN, volume 166, 19.3.1941, p. 116.

<sup>9</sup> CAPD:HR FADDEN and FALSTEIN, *ibid.*

<sup>10</sup> CAPD:HR MORGAN, volume 166, 26.3.1941, p. 294.

contracts, whereas "a few big firms" had received help in the form of government construction of annexes and privileged access to credit.<sup>11</sup>

J.S. Rosevear, a member of the Committee, entered the debate in order to explain its powers and functions. He said:

I have no illusions about the task ... The Committee has been asked, in short, to solve a problem that the seven governments of Australia have failed to solve. That problem is most important, not only to the war effort, but also to the Government and the Opposition. In short, the Government has been challenged that it has not used the available manpower and machinery resources of the Commonwealth, and we have been given the task of applying the men to the job and of discovering whether suitable machinery is in fact available for use in the war effort.<sup>12</sup>

This statement indicates Rosevear's belief that the survey had wider application than its service to the war effort. His response also contains a misrepresentation. The Committee had not "been given the task of applying men to the job".<sup>13</sup> While it is possible that Rosevear's tongue slipped in the heat of parliamentary debate, the mistake also indicates his conviction that the Committee's work would affect the nation's labour organisation. He expected results. It is also indicative of the popular impression of the survey, and reminiscent of Fadden's earlier comments to the press.

Prime Minister Menzies returned to Australia on 24 May. Hasluck, the official historian of Australia's civilian war experience,

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<sup>11</sup> *ibid.*

<sup>12</sup> CAPD:HR ROSEVEAR, volume 166, 26.3.1941, p. 298.

<sup>13</sup> Redolent of Fadden's press statement referred to above.

records that he was unhappy to find the survey already under way.<sup>14</sup> Part of the Committee's most recent interim report had been leaked to the newspapers, although it did not appear in Adelaide's *Advertiser*. The publicity sparked an irritating new round of embarrassing questions in parliament. The most contentious part of the report published was the Committee's recommendation, in response to intense lobbying from representatives of the local unemployed, that the Government establish a munitions annexe in Broken Hill. The Broken Hill Proprietary Company had resisted expansion of munitions production into Broken Hill, possibly fearing reduced bargaining power in its own works where industrial trouble had been brewing for months.<sup>15</sup> The leaked report added fuel to this fire. Lewis' twin role as managing director of the company and Director-General of munitions production fanned the flame. Responding to a question by J.J. Clark, the Labor member for Darling, Fadden assured parliament that an annexe for Broken Hill was under Cabinet consideration.<sup>16</sup>

Regional development has long been a divisive issue in Australian politics and debates about distribution of war work were a particularly bitter forum for its discussion. Broken Hill was a good example. The survey heard evidence that the Department of Munitions refused to give war contracts to the town because its remote location would add to the cost of finished items. However, the Committee felt this was poor economical logic when the cost of providing unemployment relief to the town—from which no war production could be expected—and the cost of housing workers who

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<sup>14</sup> HASLUCK *The Government and the People 1939-1941* (1952) Australian War Memorial, Canberra, p. 391.

<sup>15</sup> This story can be read in SHAW "The Australian War Effort" *Australian Quarterly* 1941 March, pp. 5-15.

<sup>16</sup> CAPD:HR CLARK and FADDEN, volume 167, 29.5.1941, p. 53.

migrated to already overcrowded centres, far outweighed the slightly raised component cost.<sup>17</sup>

The Government's response to the leaked findings incited the parliamentary opposition to renewed attack. Next day, the Labor Member for Reid, Charles Morgan, asked the Prime Minister directly if the government intended to give effect to the Committee's recommendations. "Or", he asked,

Will the report merely be shelved, as have many other reports that different committees have made in the past?

Menzies dodged the question, replying only that he had not yet seen the report.<sup>18</sup>

Maurice Blackburn, radical lawyer and civil-rights activist, asked the Prime Minister, on notice, whether the Committee's reports would be made public? Menzies replied that the Government had both the first and second interim reports under consideration but that neither would be tabled or published.<sup>19</sup> During the next day's supply debate, Blackburn restated his opinion that the reports should not only be available to parliamentarians but that they "should be printed and circulated to the public".<sup>20</sup> He was supported by Ward, who asked the rhetorical questions:

What has happened to the recommendations submitted to the government by the Manpower and Resources Survey Committee? Is the government afraid to publish them?<sup>21</sup>

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<sup>17</sup> NAA(ACT) CP3/1 BUN 2 CHIFLEY to MRSC Sydney 3.3.1941 transcript, p. 47. Chifley concluded: "What they lose in administration costs would only be a flea-bite compared with what they [would] save in housing costs".

<sup>18</sup> CAPD:HR MORGAN and MENZIES, volume 167, 30.5.1941, pp. 59-60.

<sup>19</sup> CAPD:HR BLACKBURN and MENZIES, volume 167, 25.6.1941, p. 428.

<sup>20</sup> CAPD:HR BLACKBURN, volume 167, 26.6.1941, p. 509.

<sup>21</sup> CAPD:HR WARD, volume 167, 26.6.1941, p. 486.

Similar questions peppered federal lower house debates over the next few weeks. Not until 21 August did Menzies give a reasoned explanation. Responding to a question from Arthur Calwell, Menzies replied:

The reports of the committee were made to War Cabinet, not to parliament, and the question of whether reports dealing with defence matters and organisation, which are normally confidential, ought to be laid on the table of the House is one which I shall discuss with my colleagues in the War Cabinet.<sup>22</sup>

Thus, Fadden's original intentions were dealt a death-blow. Not only had the survey not silenced the Government's critics but the team's findings were not politically useful. As requested, the Committee had conscientiously investigated Australia's management of its war effort but found problems that were not susceptible to solutions of the sort Fadden had originally hoped for. Menzies was determined that the Committee's call for change would not be widely heard.

The official historian's published account is highly critical of Fadden. Ignoring the intense interest parliament and newspapers showed in the survey, Paul Hasluck dismissed it as a "false start".<sup>23</sup> "As an instrument for making a survey and expertly examining the results of such a survey," he wrote, "the committee was not well planned". His evaluation completely opposed the opinions of distinguished Labor politicians like Blackburn, who told parliament:

I believe that this report was the work of capable men who did very interesting and useful research work. Valuable

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<sup>22</sup> CAPD:HR CALWELL and MENZIES, volume 168, 21.8.1941, p. 73.

<sup>23</sup> HASLUCK op. cit., p. 391.

facts have been obtained, and the recommendations should be circulated to the public.<sup>24</sup>

From Hasluck's point of view, there was only one possible benefit of the Committee's work:

As a means of silencing critics, promoting cooperation and stimulating interest in the problem it may have had something in its favour.<sup>25</sup>

He was wrong.

The survey aired and amplified criticism, promoted division and exposed the avid interest in the political implications of war work that already excited the community. The Committee reported on matters central to the Australian endeavour both in war-time and in more peaceful years: full employment, for example, and the possibilities created by state-owned manufacturing; industrialisation and its role in developing outlying regions; the relationship between the state and business as illustrated in war production and questions about its distribution and financial arrangements; population drift from rural areas to the cities; women in paid work; workers' housing schemes; arbitration and conciliation law; systems of taxation and profit, and so on.<sup>26</sup> Hasluck's disapprobation of the Committee has hidden these aspects from post-war historians. As an official historian and well-respected Australian leader, both within and outside parliament, his voice has been heard loud and clear and his opinions have carried disproportionate weight.

My evaluation of the survey's impact leads to different conclusions. Between 26 February 1941 and its disbandment on 17 June

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<sup>24</sup> CPAD:HR BLACKBURN, volume 167, 26.6.1941, p. 509.

<sup>25</sup> HASLUCK *op. cit.*, p. 391.

<sup>26</sup> By the time Hasluck wrote his assessment it had become clear that many of them continued as central issues in post-war politics too.

1941, the first Committee visited Sydney, Melbourne, Adelaide, Brisbane and Ipswich; held 59 meetings; and examined 148 witnesses.<sup>27</sup> This indicates a great deal of public interest in the Committee's task. It issued two interim reports. The first was submitted to Fadden as acting Prime Minister on 8 May 1941, and the second to Prime Minister Menzies on 31 May 1941.

The Committee interviewed, sometimes at great length and frequently more than once, the cornerstones of Australian war industry and labour organisation: Essington Lewis, Director-General of Munitions; Harold Clapp, Director of Aircraft Production; Ben Chifley, Director of Labour for the Department of Munitions (soon to be Treasurer and <sup>later</sup> Prime Minister); Professor J.B. Brigden, economist and Secretary of both the Department of Supply and Development and of Munitions; Sir Carl Jess, Chairman of the Defence Manpower Committee; Doctor Roland Wilson, Secretary of the Department of Labour and National Service; R.J. Murphy, his assistant, responsible for industrial relations, and many others. In addition, the list of witnesses included representatives of other interest groups, both private and government. In South Australia, for example, as well as interviewing prominent commercial manufacturers like F.T. Perry, head of an engineering firm, and J.R. Holden, motor-body builder and car assembler, the Committee examined Premier Playford and senior state government officials such as the Auditor-General, J.W. Wainwright, and D.G. Conigrave, superintendent of the state's labour exchange and area controller of labour for the Department of Munitions, as well as managers and engineers from the South Australian Railways whose workshops were fulfilling large contracts for both the Department of

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<sup>27</sup> NAA(ACT) CP3/1/1 BUNDLE 8/14 notes of Gerald Whiteford.

Munitions and the Aircraft Production Commission.<sup>28</sup> This combined expertise has authoritative weight. These were neither crackpots nor enemies of government or industry. Yes, their responses do show the biases of their interests—as do the questions—but they are an authentic voice from their own time. Their interest in responding to the survey does not indicate they approved of it or agreed with its aims, but it does indicate they thought it important that the Committee should attend to their testimony.

Anyone who believed the evidence gathered might have guided a more effective war effort, was frustrated by Menzies' insistence that the reports should not enter public debate, even within the bounds of parliament. The reports remained in a low-key, not because they were insignificant, but because Menzies determined that they should and because senior public servants, offended by the reports' apparent criticism and supported by their ministers, chose to block them rather than argue them out.

As noted above, when the Prime Minister returned to Australia he was irritated by the whole survey idea, but, according to Hasluck, he was particularly annoyed by Fadden's choice of personnel. The original Committee comprised two members from the government, United Australia Party member E.S. Spooner, who was also its first Chairman, and J.A. Abbott of the Country Party (both had been critics of the government), and three members of the opposition: E.J. Holloway, appointed vice-Chair, A.S. Drakeford of the Australian Labor Party, and Non-Communist Labour Party member J.S. Rosevear. Hasluck's history records that Menzies, complaining to his colleagues that the press was already forecasting critical conclusions, remarked that it appeared to be rather risky to constitute a committee that was loaded

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<sup>28</sup> NAA(ACT) CP3/1/1 BUNDLES 5 and 6 MRSC transcripts of evidence.

against the Government.<sup>29</sup> Future changes in membership allowed Menzies to redress the political balance.

Promotion of Abbott and Spooner to Cabinet late in June 1941, necessitated reconstruction of the Committee. The new Committee, under newly appointed Chair, A.W. Coles, comprised the continuing members Holloway (vice-Chair), Drakeford and Rosevear with the addition of George J. Bell and Duncan-Hughes, a South Australian senator, well-known for his lack of sympathy to labour.<sup>30</sup> Coles' appointment to the chair aroused parliamentary ire. Jack Beasley suggested that, as the Committee had been working together for some time and done "a lot of good work", it should be permitted to elect its own chairman.<sup>31</sup> Conelan and Blackburn supported him but Menzies and Fadden both resisted.<sup>32</sup> This configuration met for the first time on 3 July 1941 and proved far less stable than the original group. Holloway resigned and was replaced by T. Sheehan from 17 July 1941, and Bell resigned and was replaced by Senator B. Sampson from 23 August 1941. Following the collapse of the Menzies-Fadden Government, Duncan-Hughes' resignation and Drakeford's promotion to Cabinet left two vacancies, filled from 7 November 1941, by the appointment of Senators E.J. Harrison and R. James.<sup>33</sup> These two were appointed under the auspices of the incoming Labor Party government and shifted the political balance again. The new Committee returned to South Australia at the beginning of January 1942 to examine the country centres of Port Pirie, Peterborough, Whyalla and Port Augusta,

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<sup>29</sup> HASLUCK *op. cit.*, pp. 391-392.

<sup>30</sup> His contribution to an earlier parliamentary debate about unemployment was that the Australian Government should take a lesson from "Herr Hitler" and gather the unemployed into camps. See chapter two.

<sup>31</sup> CAPD:HR BEASLEY volume 167, 26.6.1941, p. 510.

<sup>32</sup> CAPD:HR volume 167, 26.6.1941, p. 511.

<sup>33</sup> These details of membership are taken from the notes of Gerald Whiteford cited above.

and to reassess the situation in Adelaide.<sup>34</sup> The results of this second visit to the state were issued in the Committee's sixth interim report.

The official historians did not only criticise the constitution and poor planning of the Committee. Both Hasluck and Butlin wrote disparagingly about its findings. Hasluck dismissed the second interim report: "It was remitted to the new Department of War Organisation of Industry for observations, and languished there"; and writing of the third interim report he repeated, "this report was also remitted ... and also languished".<sup>35</sup> Languishing in government departments is not convincing evidence that the reports themselves were faulty. Menzies' attitude in parliament indicated his wish to keep the reports away from the public eye and their languishing is more likely to indicate that critical reports cut government departments too close to the bone and that government tried to quash them. Hasluck's written assessment gives no credence to the possibility that the Committee's work may have been unpopular because its criticisms were, even in part, deserved, or that its findings and recommendations may have been valuable even though unwelcome. That criticism was deserved is supported by Hasluck's own assertion, noted above, that the Committee's investigations deflected criticism of government policy, thus indicating that a significant—if unidentified—body of opinion disagreed with the Government and, quite possibly, agreed with the Committee's findings.

Neither Hasluck nor Butlin mentioned the contemporary interest in the reports or parliament's resentment about the secrecy shrouding them. This silence supported and continues to support Menzies' position. The Committee, especially that configuration

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<sup>34</sup> NAA(ACT) CP3/1/1 BUNDLE 6 MRSC transcripts of evidence, Series H.

<sup>35</sup> HASLUCK *op. cit.*, pp. 393-394.



which began the survey and made the first two reports, comprised members of four different political parties who, nevertheless, shared significant political principles. Its members began, as instructed by their terms of reference—endorsed by War Cabinet and Fadden—from the point of view that there were problems in Australia's war production and they conscientiously sought them out. They reported what they considered harmful to the war effort, such as uncoordinated contracting machinery and inadequate housing arrangements for war workers, to the Government as they had been instructed to do. They believed their findings would assist Government in planning future policy strategies. Unhappily for the Committee members, executive and administrative government members inclined, as Hasluck did, to ignore the reports' contents and attack the reporters instead.

Butlin's history does not analyse the Committee's findings. His one comment is interesting:

Anything they might have achieved by their discussion of the organisation required for manpower priorities was ruined ... by the very sweeping nature of their administrative proposals, which centred on the appointment of an authority over all organisations that now administered labour problems in Australia, including the Commonwealth and State departments of Labour.<sup>36</sup>

His short paragraph concluded that it was "natural that nothing more should be heard of this 'dictator' of labour". Butlin's analysis is mystifying; given the Committee's recommendation that the Government appoint:

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<sup>36</sup> BUTLIN *op. cit.*, p. 476.

A co-ordinator-general of labour and technical training who should be responsible directly to the Minister for Labour and National Service in the control of employment, unemployment, technical training and industrial relations,<sup>37</sup>

Since the Commonwealth Department of Labour and National Service, assisted by several other Commonwealth departments, already wielded these powers, and that the Committee's "co-ordinator-general" was to be directly responsible to the Department's Minister, it is hard to see how this recommendation "ruined" the Committee's work. It is even harder to understand when considered in the light of the Manpower Regulations, promulgated in January 1942 and discussed in chapter five below. These regulations created the Manpower Directorate and the position of Director-General of Manpower: "who shall have and may, subject to the control and direction of the Minister, exercise such powers and functions as are conferred on him by these regulations".<sup>38</sup> What powers and functions might be conferred? The objects of the regulations were comprehensive:

to secure that the resources of man power and woman power in Australia shall be organized and applied in the best possible way to meet the requirements of the Defence Force and the needs of industry in the production of munitions and the maintenance of supplies and services essential to the life of the community.<sup>39</sup>

In short, the 1942 regulations seem to implement the Committee's 1941 recommendation.

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<sup>37</sup> MRSC first interim report, paragraph 144 (1).

<sup>38</sup> NS (Man Power) Rs, regulation 8(1).

<sup>39</sup> *ibid.*, regulation 3.

The Committee's survey was more extensive than its masters had anticipated and, even though its terms of reference restricted its investigations, the evidence it heard covered wide interpretations of the category "manpower and resources". Its interviewees spoke from their own evaluations of war industry and labour organisation in terms that were meaningful to them and did not always restrict themselves to answering the questions asked. In fact, the Committee's approach invited people to speak freely. For example, when greeting Roland Wilson, Secretary of the Department of Labour and National Service, whose evidence is examined below, the Chairman referred to the "problem" of female labour and the use of dilution schemes to absorb unemployed men, and then said:

We thought that at this stage you might speak generally on these subjects and we shall perhaps ask questions to inform our minds before we have another talk.<sup>40</sup>

This approach, which solicited expansive answers and produced unexpected results, may help account for Menzies' annoyance.

The survey period covered the most difficult months of Menzies' parliamentary career (including his enforced resignation as Prime Minister)<sup>41</sup>. Instead of returning the expected brief and relatively useless report, the Committee investigated some of the most contentious aspects of Australia's civilian war and found the Government wanting. Furthermore, it recommended sweeping changes in organising war work and obtaining workers, recommendations that offended government's influential production partners and senior policy advisers.

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<sup>40</sup> NAA(ACT) CP3/1 BUNDLE 2 WILSON to MRSC Canberra 13.3.1941 transcript, p. 207.

<sup>41</sup> 29.8.1941. The fall of the Menzies-Fadden Government followed on 3.10.1941.

The recommendations eventually became part of the standard political response to war in Australia and elsewhere, but the parliamentary bickering described above indicates that Menzies did not want to hear them at the time. This thesis does not suggest the ideas were original or unique to the Committee. Versions of them can be found in the war policy of all belligerent nations. Rather, by moving outside the accepted "business as usual" war economy, criticising delegation of such unfettered power to the munitions programme and perceiving the labour-market as nationally significant, the Committee opened an important debate, not the least in Cabinet itself, as the next chapter shows. Hitherto, this broader view had been obscured in Australia because economic conditions both before and since federation commonly combined to emphasise regional and sectional differences. Ideological differences between capital and labour had also clouded perception of the workforce as a national asset.

### LABOUR-MARKET CONDITIONS

About 450,000 Australians—or about 15 per cent of the working population—were already engaged in direct war work by the end of June 1941.<sup>42</sup> About 317,000 of them were men on continuous service in the armed forces, where there had been only about 12,000 in June 1939. Over the same period, the numbers employed in government munitions, shipbuilding and aircraft manufacture had increased from 11,500 to 56,000. Private factory employment had also increased by about 77,000 workers, attributable in the main to war-related manufacture, and an estimated 20,000 men were engaged on

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<sup>42</sup> The following statistical information applies to the position at the end of June 1941 and was quoted in a report from the Department of War Organisation of Industry to its Minister: NAA(Vic) MP1/1;1/1/10 "Notes on the Man Power Position" 8.12.1941.

construction work associated with the war. The numbers required to fulfil the anticipated war production were completely unknown. Roland Wilson, secretary of the Department of Labour and National Service told the Committee that, although the Munitions Department had estimated its labour needs up to 30 June 1941, those projections were, nevertheless,

very rough and ready estimates derived very largely from the amounts they propose to spend if they can get the necessary materials and factories built by a certain time.<sup>43</sup>

Wilson told the Committee that his Department had "whittled down" the Department of Munitions' "rather staggering figures" in the weeks since it had assumed some labour-related responsibilities from that Department. He admitted that thinking beyond the estimates for immediate requirements was to enter "speculative realms".<sup>44</sup> This lack of useful information, especially in relation to projects that were still in planning stages, was a major obstacle to labour supply coordination.

When asked whether the Commonwealth should establish a labour bureau of its own to combat this problem, Wilson expressed doubt, saying that the first response to his Department's employment division had been a "rush of protests from the state governments".<sup>45</sup> When the Committee asked Chifley a similar question he replied: "It is full to the neck with political repercussions."<sup>46</sup> "Quite frankly", he said, "I think there is grave danger of conflict".<sup>47</sup> In his opinion, appointment of a coordinator of labour would incite conflict between "Essington Lewis as head of the Ministry of Munitions, Mr Holt as

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<sup>43</sup> NAA(ACT) CP3/1 BUNDLE 2 WILSON to MRSC Canberra 13.3.1941 transcript, p. 211.

<sup>44</sup> *ibid.*

<sup>45</sup> *ibid.*, p. 217.

<sup>46</sup> NAA(ACT) CP3/1 BUNDLE 2 CHIFLEY to MRSC Sydney 17.4.1941 transcript, p. 730.

<sup>47</sup> CHIFLEY *loc. cit.*, p.731.

Minister for Labour, and the state labour departments and ... quite a number of private organisations which in some cases do not realise that there is a war on".<sup>48</sup>

The Manpower and Resources Survey Committee linked poor labour supply coordination with poor production coordination and concluded that while the production programme was managed on the *ad hoc* basis implied in Wilson's statement and described by other witnesses, labour could never be logically allocated. The Committee found many contractors and suppliers who did not know what relative priority to place on the various orders they received and, while some factories were overloaded with orders from more than one government authority, some manufacturers complained that they could not get contracts at all.<sup>49</sup>

The Contracts Board, situated in Melbourne with branches in the other states, was the Government's principal buying authority but requirements for munitions contractors and government annexes were bought directly by the Ministry of Munitions.<sup>50</sup> The Committee heard of many instances where the Contract Board and the Ministry of Munitions both ordered similar goods, frequently from the same provider.<sup>51</sup> Other buying organisations, including the Aircraft Production Commission, the Department of Commerce, the Navy, and the several Directorates of the Department of Munitions also freely vied with each other in placing orders or contracts. State branches of the Contract Board and the Munitions Department's Local Boards of Area Management were supposed to coordinate orders so that misunderstandings and competition would not lead to inefficiency, but

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<sup>48</sup> *ibid.*

<sup>49</sup> MRSC second interim report, paragraphs 144 and 145.

<sup>50</sup> *ibid.*, paragraph 149.

<sup>51</sup> *ibid.*, paragraph 150.

the Committee heard that they were frequently circumvented as contractors made direct arrangements with central bodies. The Committee heard complaints that an Adelaide firm had done just that. Furthermore, in the words of Sir Phillip Goldfinch, chair of New South Wales' Board of Area Management, "the Ministry of Munitions did not have the guts to tell us [they had done it]",<sup>52</sup> indicating his irritation with the administration of munitions orders. When the Committee asked John Jensen, the Department of Munitions' production controller, about General Motors, a firm about which similar rumours circulated, he brushed the stories aside:

General Motors is very good at getting into the press and it probably creates the false impression with the public that General Motors is doing everything.<sup>53</sup>

Interestingly, at the Cabinet meeting held on 14 May 1941, the Minister for Supply and Development was instructed to confer with firms other than Holden's before contracting for the manufacture of Army trucks in Australia.<sup>54</sup>

The Committee's reports gave several examples of irregular contracting arrangements and the second concluded:

It is impossible for this Committee to recite all cases ... that came to its notice. They were numerous and convincing. The Committee regards the whole [contracting] position as unsatisfactory and considers these conditions should not exist.<sup>55</sup>

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<sup>52</sup> NAA(ACT) CP3/1 BUNDLE 6 GOLDFINCH to MRSC Sydney 23.5.1941 transcript, p. 261.

<sup>53</sup> NAA(ACT) CP3/1 BUNDLE 5 JENSEN to MRSC Melbourne 22.4.1941 transcript, p. 497.

<sup>54</sup> Cabinet minutes 14.5.1941, agendum 643/1941.

<sup>55</sup> MRSC second interim report, paragraph 165.

When asked a question about contracting liaison between the Departments of Munitions and Aircraft, Jensen made a statement that, at the direction of the Committee's chair, was not included in the transcript. It is impossible to know what he said, but he undoubtedly influenced Committee members' opinions.<sup>56</sup> It seems reasonable to assume that his comments were critical of the liaison between the two organisations.

The Committee inclined to blame the cost-plus system for the imbalance in contract allocation. As well as giving preference to large manufacturers who could carry the operating costs of large contracts and act as sub-contracting agents for orders that were too large for them to manage in their own workshops, the cost-plus system also encouraged labour hoarding because it obscured labour costs. The Committee heard of several examples but complaints were rife throughout society. For example, Sidney McHugh, a Labor member representing a depressed copper producing district of South Australia, complained in state parliament that a firm had "engaged men by the hundred in excess of its capacity" because it anticipated shortage of labour in the near future.<sup>57</sup> In Adelaide at the same time as the Committee, Dr H.V. Evatt vigorously attacked the cost-plus system during an election speech. The "real cause" of delays and failures in munitions production, he opined, lay in "the fact that the control was vested in a number of executive heads or representatives of powerful Australian corporations". While he acknowledged that "a few of these had done good work", he pointed out that their prime duty was to gain the maximum advantage for their shareholders. Cost-plus, he claimed, was one of the ways they did this when companies were paid all costs

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<sup>56</sup> NAA(ACT) CP3/1 BUNDLE 5 MRSC Melbourne 22.4.1941 transcript, p. 488.

<sup>57</sup> SAPD:HA McHUGH 16.7.1941, pp. 128-129.

and guaranteed profit irrespective of the quantity and quality of their work. And, he stressed, heedless of whether the labour paid for was fully occupied on munitions production.<sup>58</sup> The rules of merit payment also influenced labour supply. Cost-plus accountants were instructed not to allow merit payments unless they had been approved prior to the promulgation of the Employment Regulations. This meant that some employers were prevented from offering an incentive payment to efficient employees. These employees were vulnerable to poaching tactics from manufacturers who had prior arrangements with the Department of Munitions. Paradoxically, some of the manufacturers authorised to pay merit awards were performing only limited war work or war work of relatively low priority, and men so poached frequently ended up engaged on lower priority projects but receiving higher pay.<sup>59</sup> This effect was especially damaging to government factories where over-award payments were forbidden. Their trained employees were enticed into annexes or private factories that paid merit payments, worked more favourable shifts and appointed men to higher classifications not applicable in government factories. In other words, the arrangements favoured commercial munitions manufacturers but not government factories. Illustrating the problem, the manager at Maribyrnong told the Committee that turn-over in the previous 16 months had been 3,820 out of a total strength of 7,028. When broken down into factory sections, the turn-over was even more clearly disruptive. In the unpopular fuze section, for example, turn-over amongst male employees was 1,040 out of the total strength of 1,432.<sup>60</sup>

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<sup>58</sup> EVATT quoted in the *Advertiser*, 20.5.1941, p. 14.

<sup>59</sup> MRSC second interim report, paragraph 186(d).

<sup>60</sup> *ibid.*, paragraph 188.

War loadings were another form of payment that unsettled the working population. Initially, the Department of Munitions awarded an extra six shillings a week to certain munitions employees with the intention of attracting labour to munitions production. This supplement was extended to metal tradesmen in munitions factories and later embodied in the Employment Regulations.<sup>61</sup> As the war months dragged by it outraged other civilian workers whose working conditions had changed equally radically and who thought their work was equally essential. From May 1941, war loadings were awarded by the Arbitration Court but excited considerable confusion as to their nature and purpose. Chief Justice Piper even warned that workers were asking for them: "merely because of the existence of the war".<sup>62</sup> Judge Drake-Brockman, of the Commonwealth Arbitration Court, decried this trend and told a group of railways employees:

Let me stress that this Court does not grant war loadings merely because the men concerned think they would like them.<sup>63</sup>

Evidence of unsettled workplaces convinced the Committee's members that government coordination between workers and war work would improve Australia's war effort. Demarcation problems between the Departments of Munitions and of Labour and National Service, labour allocation schemes that gave unnecessary priority to the armed forces, indications that manufacturers were hoarding labour, disputes between Commonwealth and State Governments, and attitudes that restricted women's employment, all combined to paint a

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<sup>61</sup> SR 128/1940, 5.7.1940.

<sup>62</sup> FOENANDER *Wartime Labour Developments in Australia*, p. 75.

<sup>63</sup> *Commonwealth Arbitration Reports* (1941) 45, p. 35, NS(Industrial Peace)Rs—Australian Railways Union v. Victorian Railways Commissioners and others, 331 and 332 of 1941, NS 90 and 115 of 1941, judgment 25.7.1941.

picture of wastefully half-hearted and uncoordinated employment practices. Although the Committee found several government bodies with responsibility for some branch of labour administration, they found no central government policy coordinating labour recruitment, allocation and training with the national objectives in the war or post-war development. Consequently, the Committee's major recommendation to government was adoption of a policy of central direction and allocation of labour. Pivotal to its recommendations, the Committee's first report suggested:

That the Government should proceed forthwith to appoint a co-ordinator-general of labour and technical training who should be responsible directly to the Minister for Labour and National Service in the control of employment, unemployment, technical training and industrial relations.<sup>64</sup>

Noting the inter-agency disputes the Committee had seen, the report recommended promulgation of National Security Regulations to clothe the "co-ordinator-general" in the authority required to direct all organisations "that now administer labour problems in Australia, including the Commonwealth and State Departments of Labour so far as their activities relate to the administration of employment, unemployment, technical training and industrial relations".<sup>65</sup> To help him, the report suggested an advisory board comprising employers' and employees' representatives.<sup>66</sup> These recommendations, which would have resulted in one coordinating institution, reflect the Committee members' impatience with the jostling they had observed

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<sup>64</sup> MRSC first interim report, paragraph 144 (1).

<sup>65</sup> *ibid.*, paragraph 144 (2) and (3).

<sup>66</sup> *ibid.*, paragraph 144 (1).

between various interest groups keen to control labour in their own narrow field.

### MANPOWER AUTHORITIES

At the time of the survey three major Commonwealth institutions were administering labour allocation: the Manpower Committee; the Department of Labour and National Service; and the Department of Munitions. Organisations within the several state governments assisted them all to some extent and with varying degrees of enthusiasm. The Manpower and Resources Survey Committee were frequently dismayed and sometimes shocked by evidence of poor liaison between groups and the obvious confusion about where the boundaries lay between them.

#### **The Munitions Department's Directorate of Labour**

The Directorate of Labour was one of the foundation divisions within the Munitions Department. Given the job of managing Australia's rearmament programme, the Department immediately turned to expanding its workforce to staff the growth and duplication of the three munitions establishments. Its first Director of Labour was J.B. (Ben) Chifley who resigned in September 1940 to take a seat in federal parliament. The appointment of his successor was not announced to the Munitions Department's Board of Directors until 7 July 1941.<sup>67</sup> This long interval at a time when munitions employment was rapidly expanding and the Commonwealth was establishing its Department of Labour and National Service is rather curious, but even the

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<sup>67</sup> NAA(Vic) MP392/18 BUNDLE 1;M36 "Notes of meeting of the directors of the Department of Munitions", 7.7.1941.

Department of Munitions claimed to be ignorant of its cause. When interviewed in April 1941, Jensen told the Manpower and Resources Survey Committee that the Department was still without a head for its own labour department "for some reason that is a bit obscure to us".<sup>68</sup>

R.J. Murphy, controller of labour under Chifley, headed the Labour Supply and Regulation section of the Department's Labour Directorate.<sup>69</sup> This controlled all matters relating to recruitment, wages and other conditions of employment in the munitions establishments. It also introduced the dilution schemes, supervised the appropriate use of available skilled labour, and policed the movement restrictions and wage pegging ordered by the National Security (Employment) Regulations. Of course, the Munitions Labour Directorate did not attempt to allocate workers between one employer and another, although the Department frequently arranged transfers of its own employees between establishments. Before 1942 these were mostly professional staff. For example the new Salisbury explosives factory in South Australia relied on staff imported from elsewhere. The manager, J.R.S. Cochrane, had been an assistant manager at Maribyrnong for thirteen years<sup>70</sup>, New Zealand provided seven chemists, and the foundation group of process workers were first trained at Maribyrnong and then transferred to Salisbury.<sup>71</sup>

The Department's Labour Directorate was its point of contact with the Commonwealth's other labour allocation instruments. Arrangements made between the Prime Minister and the Premiers of all the states created munitions employment bureaux where special

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<sup>68</sup> NAA(ACT) CP3/1 BUNDLE 5 JENSEN to MRSC Melbourne 24.4.1941 transcript, p. 682-3.

<sup>69</sup> The information in this paragraph is derived from NAA(SA) D3613/1;EB1, Box 0, "Department of Munitions and Department of Supply and Development, Confidential Dossier", Chapter 12, no date.

<sup>70</sup> MELLOR op. cit., p. 341.

<sup>71</sup> NAA(Vic) MP438/3;S51 "recruitment".

registers of applicants for munitions work were maintained, in conjunction with their own labour exchanges. In the state of Victoria, the Department's home, the Munitions Department ran its own labour bureau where hopeful employees could apply direct.

### **The Manpower Committee**

The Labour Directorate was also the point of contact with the Manpower Committee, a body of the Department of Defence Co-ordination, which, through its List of Reserved Occupations, controlled the loss of skilled workers to military enlistment. Men called-up for home defence or volunteering to enlist were interviewed by a Department of Defence Manpower Officer who checked them against a list of occupations and age ranges the Manpower Committee had decided were exempt from military service because arms manufacturers or other high-priority employers needed their skills. Men being conscripted for the militia might then be rejected but those volunteering for overseas service were rarely refused. Other men were exempted from military service on the grounds that it would cause undue hardship to them or their families.

The Survey Committee found two major problems obstructing coordination of this Committee's work with that of the Munitions Department. First, skilled workers did enlist in military forces. Some were permitted to enlist because their technical skills were needed by the Services, but many who enlisted had lied about their occupations in order to evade the Manpower Committee. Lewis, Director-General of Munitions told the Manpower and Resources Survey Committee that: "a lot of boys just left their occupations for a week and enlisted as

unemployed".<sup>72</sup> Sir Carl Jess was the chairman of the Manpower Committee. When interviewed, he told the Committee that lying was common in the "first rush of patriotism and enthusiasm", but that, "when [the men] received a shilling a day they realised their mistake".<sup>73</sup> Compounding this leakage into the forces was the fact that even men who had enlisted in their trade capacity were often employed by the military on work not requiring their trade skills. Complaints were repeatedly voiced through unions, employers and members of parliament. Chifley, as Director of Labour, dealt with many of these complaints. He told the Committee the Army and Navy had been very helpful about releasing these men, sometimes "on no more than a telephone call" from the Munitions Department. The Air Force, on the other hand, had been very difficult.<sup>74</sup> The Air Force was a special case. It was highly mechanised and notoriously recruited men qualified for ground staff training when positions were not available for them. On entering, technical tradesmen found themselves far from the glamour attached to flying, perhaps working as drivers or clerical workers. On the other hand, because of its popular image, the Air Force was also a well-known escape route for men and women unwillingly trapped in war industry.

The second major problem was lack of follow-up. The Committee was astonished to hear that once it had reserved a worker, the Manpower Committee had no means of ascertaining where his skill was being used. The chairman, checking his understanding, asked:

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<sup>72</sup> NAA(ACT) CP3/1 BUNDLE 1 LEWIS to MRSC Melbourne 24.3.1941 transcript, p. 402.

<sup>73</sup> NAA(ACT) CP3/1 BUNDLE 5 JESS to MRSC Melbourne 21.4.1941 transcript, p. 407.

<sup>74</sup> NAA(ACT) CP3/1 BUNDLE 2 CHIFLEY to MRSC Sydney 3.3.1941 transcript, p. 25.

If a fitter and turner enlisted for service and stated his proper occupation he might be refused enlistment, but there is nobody to see whether he is a fitter and turner employed making luxury commodities or munitions[?]<sup>75</sup>

“No”, replied Jess.

Exemptions from home defence call-up were more likely to be checked. Where employers claimed a man should be exempt, the claim was frequently examined, especially if complaints were received. Jess’ response had a hard rind of pragmatism: “A man may continue to be employed”, he said,

Merely because there is no shortage of labour [in the services] in his particular line. We have no wish to throw him out of work, and his wages must come from somewhere.<sup>76</sup>

Some men were exempted and then left their essential employment. These men could not be traced, Jess explained, because “That would be conscription of labour”.<sup>77</sup>

Direction and allocation of labour, according to Jess, involved principles of citizenship that were beyond the competency of his Committee to decide. He read to the Survey Committee an excerpt from a review prepared by his Manpower Committee. It clearly indicated his philosophical position.

The right of an employer to select his workmen and the right of a labourer to engage himself where he pleases, are fundamental principles of British citizenship, and therefore before labour can be directed and allocated to the

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<sup>75</sup> NAA(ACT) CP3/1 BUN 5 CHAIRMAN, MRSC to JESS Melbourne 21.4.1941 transcript, p. 400.

<sup>76</sup> Loc. cit., JESS, pp. 400-401.

<sup>77</sup> Loc. cit., JESS, p. 403.

best channels for balanced production, both the employer and employee would have to agree to relinquish these principles for the common good, if not the existence, of the Commonwealth.

The solution of this problem is well outside the range of possibilities of any Service Board, or of the Man Power Committee to find, being definitely in the realms of higher politics, and if found, would be the panacea for the ills of democratic government which each political party is endeavouring to find.

....

The patriotism of individuals or their desire to best serve their country, finds no solution to the problem of how best to utilise their intelligence and abilities, as the individuals cannot place themselves in required positions.<sup>78</sup>

Jess told the Committee he had given this advice to the Government in January 1939. Jess' statement gave voice to a major obstacle to greater labour market intervention. Change in the employment arrangements was not possible without government policy to that effect. As he rightly pointed out, individuals could not coordinate their own placement and boards or committees could not allocate them without direction from the "realms of higher politics".

### **The Department of Labour and National Service**

The third body charged with responsibilities in the employment field was the Commonwealth Department of Labour and National Service. The Survey Committee was highly critical of it. Already six months

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<sup>78</sup> Loc. cit., JESS, p. 402.

old when its Director-General gave his evidence, the Committee judged it had not done nearly enough to institute coordinating principles among the three labour bodies and the state governments.<sup>79</sup> The response of the Department of Labour and National Service was that its secretary, Dr Roland Wilson, threatened to resign.

If the Government accepts the Committee's report I suggest that what is wanted is not a co-ordinator general, but a new Secretary to the Department. The Prime Minister and the Minister for Labour and National Service are acquainted with my views on this question.<sup>80</sup>

They certainly were. On receipt of the Committee's first interim report, Wilson had written to the acting Prime Minister—emphasising that he was not writing from the perspective of his own personal feelings—to accuse the Committee of “making light” of the obstacles the Department had overcome since its establishment. Interestingly, Wilson does not say the Committee's observations were wrong, only that they did not take his Department's difficulties into account and, further, that many of the Committee's suggestions had been implemented by that time. His response seemed related less to the Committee's brief and more to his own position. Wilson's letter offered a frequently used defence:

More weight could be attached to the Committee's criticism if it could be demonstrated that lack of labour generally was holding up the munitions programme at present.<sup>81</sup>

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<sup>79</sup> The Committee's observations are discussed below, p.

<sup>80</sup> NAA(ACT) CP3/1/1 BUNDLE 8 War Cabinet Agendum 171/1941, Supplement 7, comment of Department of Labour and National Service.

<sup>81</sup> NAA(ACT) CP3/1/1 BUNDLE 8 War Cabinet Agendum 171/1941, Supplement 9, statement of Wilson, secretary, Department of labour and National Service, 20.5.1941. Underlining is Wilson's.

This was a common argument in support of the *status quo*. Even in conditions of acute labour shortage it was hard to demonstrate that munitions production was actually being held up or that labour shortage was the determining factor. In its privileged position, munitions production procured most of the labour it required while other industries struggled. Wilson's response shows that he was unaware that a general shortage of labour was starting to creep over Australia, hidden behind high unemployment figures in places like New South Wales but already evident in the agricultural crisis of rural South Australia. To be fair, the Manpower and Resources Survey Committee too, underestimated the extent of future problems being laid up in South Australia by the steady drift of agricultural labourers to the great munitions factories in Adelaide.<sup>82</sup> However, Wilson was the Secretary of the Department of Labour and could be expected to have a wider view. His role involved coordinating all Australia's labour needs, whereas the Committee's survey concentrated on unemployment and war industry.

In paragraph 129 of its first interim report, the Committee directly criticised the organisation of Wilson's Department, saying that since its creation it had "not yet brought about that condition of co-ordination which is essential to the efficient administration of labour problems".<sup>83</sup> The Committee identified two main reasons: difficulty securing the cooperation of the state labour departments; and delays in setting up the federal organisation.<sup>84</sup> Wilson denied poor coordination. Even where problems had existed, he protested, his

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<sup>82</sup> MRSC second interim report, paragraphs 11-13.

<sup>83</sup> NAA(ACT) CP3/1/1 BUNDLE 8 War Cabinet Agendum 171/1941, Supplement 7, report paragraph 129.

<sup>84</sup> *ibid.*, paragraph 131.

Department had solved them since the report was issued. However, it was the Committee's job to report their findings to the Government regardless of how recently the Department of Labour and National Service had been created. Item three of the Committee's terms of reference instructed it to report the results of its survey to the Government, not to predict how conditions might change over forthcoming months.

The Committee believed demarcation disputes between Wilson's Department and the Munitions Department had hindered employment policy coordination. Paragraph 135 of its first report indicated that the Department of Labour and National Service had only lately settled which parts of labour administration it would take over from the Department of Munitions and concluded: "there are indications that this was not agreed upon without some misgivings on the part of the Ministry of Munitions". Claiming the indications had come from his own evidence given before the Committee, and implying that the Committee had misunderstood him, Wilson pointed to a statement from the Ministry of Munitions for rebuttal. "It is desirable in justice to the Department of Labour and Industry", wrote the representative of the Department of Munitions, "that it should be recorded that any discussions which have taken place between the respective departments have not been founded on misgivings, but have been designed rather to promote co-ordination and demarcation of interests".<sup>85</sup> This spirit of cooperation did not come through in Wilson's evidence. On 30 April, he told the Committee that the two Departments had "tried to define on paper where the functions of the two departments would meet", but had found it "almost impossible to

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<sup>85</sup> NAA(ACT) CP3/1/1 BUNDLE 8 War Cabinet Agendum 171/1941, Supplement 7, comment of Ministry of Munitions re. paragraph 135.

do so".<sup>86</sup> A verbal agreement was reached of which Wilson said: "We hope for co-operation and that there will be no clash".<sup>87</sup> The Munitions Department concurred. Although the discussions had "taken time", the Department's representative agreed that the two had now reached agreement on how they would share the functions and wrote: "cordial co-operation is assured". Pleading that the Munitions Department could not express an opinion on whether a coordinator-general was needed, its representative "hoped" that if an appointment was made, "the functions allotted to the Director-General of Munitions under the National Security Regulations will be borne in mind". This sounded like a similar threat to that made by Wilson. It was certainly not a promise of cooperation, an offer of help, or even an acknowledgment that greater coordination was needed, but a clear signpost to the Department's territorial boundaries. The Department of Munitions was endowed with extraordinary independence at its creation and had guarded it jealously. Jensen's understanding of the agreement indicated this demarcation. "We have made an agreement", he told the Committee, "that, as regards to our own labour matters (that is in the government factories) we shall attend to our own affairs but all other matters shall be handled by the Department of Labour and Industry".<sup>88</sup>

An interesting reflection on this opinion can be found in the official economic historian's comment on the establishment of the Department of Labour and National Service.<sup>89</sup> The Department of Munitions, Butlin wrote, continued to think of labour as a munitions issue and, consequently, obstructed the new department's task. The

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<sup>86</sup> NAA(ACT) CP3/1 BUNDLE 5 WILSON to MRSC Sydney 30.4.1941 transcript, p. 739.

<sup>87</sup> *ibid.*

<sup>88</sup> NAA(ACT) CP3/1/1 BUNDLE 5 JENSEN to MRSC Melbourne 24.4.1941, p. 681.

<sup>89</sup> The opinions reported in this paragraph can all be found in BUTLIN *op. cit.*, p. 251.

state governments also, he opined, were "exceedingly jealous" of their functions. These diverse factors were further complicated, according to Butlin, by the new department's own staff. "It was unfortunate", he wrote, "that the senior staff of the new department were not temperamentally equipped for the difficult and tedious negotiations necessary to establish a basis of cooperation". He concluded: "Apart from all this there were difficulties of personalities".

The Committee reported evidence showing that inter-departmental confusion limited the effectiveness of the List of Reserved Occupations and prevented the effective use of men exempted from military service on health and other grounds. The report remarked on the apparent lack of liaison between labour departments of States and Commonwealth, the fighting services and the Department of Defence Co-ordination's Manpower Committee.<sup>90</sup> Wilson claimed that because the assistant secretary of his Department, a representative of the Ministry of Munitions and the chief personnel officers of the three services were all on the Manpower Committee, liaison was guaranteed. However, he admitted that the group had only recently realised that inadequate labour supply was a problem. "The existing organisation", he said, "was regarded as adequate for its tasks". Wilson also admitted that he had proposed re-organisation of the Manpower Committee to the secretary of the Department of Defence Co-ordination, but been rebuffed. "It was agreed", Wilson wrote, "that our Department could hardly take the Committee over as it consists chiefly of high officers of the services".<sup>91</sup> Wilson also denied any difficulties with state government bodies but he did admit that some state governments had shown "considerable disinclination ... to allow

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<sup>90</sup> NAA(ACT) CP3/1/1 BUNDLE 8 War Cabinet Agendum 171/1941, Supplement 7, report, paragraph 137.

<sup>91</sup> *ibid.*

transfer of a nucleus of staff" to his Department.<sup>92</sup> His statement to the Survey Committee had been much plainer. The first response to his Department's employment division was a "rush of protest from the state governments", he told the Committee, and continued: "I have had to proceed warily since then because the state governments seem to be afraid that we want to run them out of business".<sup>93</sup>

So the Committee's survey found the major war employers—munitions and military forces—entrenched in separate camps, concerned only to make sure no-one encroached on their preserves. The main obstacle to greater coordination was that, as no organisation had an effective overview of the whole employment field, the major employing bodies did not perceive national manpower coordination as necessary. The experience of the inchoate Department of Labour and National Service indicated that coordinating the work of such powerful interests required something more than an administrative body.

#### WAR CABINET'S RESPONSE

The Committee's reports were split up and their observations and recommendations under each heading were individually parcelled out to interested departments. Then, together with the appended observations of the relevant departments, they were submitted to War Cabinet by Menzies, as Minister for Defence Co-ordination.<sup>94</sup> A small

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<sup>92</sup> NAA(ACT) CP3/1/1 BUNDLE 8 War Cabinet Agendum 171/1941, comment of Department of Labour and National Service re. paragraph 135.

<sup>93</sup> NAA(ACT) CP3/1 BUNDLE 2 WILSON to MRSC Canberra 13.3.1941 transcript, p. 217

<sup>94</sup> NAA(ACT) CP3/1 BUNDLE 8 contains copies of the agenda supplements to the first interim report and shows the variety of the topics under review: 1. Summary of the Report; 2. Strategic and other Works and Strategic Roads; 3. Sydney Graving Dock; 4. Proposed annexe at Broken Hill; 5. Railway Workshops; 6. Skilled and Semi-skilled Workers; 7. Co-ordination of the administration of Labour and Technical and Other

group of agenda supplements relating directly to work force organisation was separated from the others and appears not to have been presented to War Cabinet, but considered instead by the Economic and Industrial Committee of Cabinet. The Department of Defence Co-ordination informed Whiteford, the Manpower and Resources Survey Committee's secretary, that:

Manpower aspects involving questions of policy will, however, continue to be submitted to War Cabinet in view of the primary interest of the Services therein.<sup>95</sup>

This indicates the Department's belief that the only employers with legitimate interests in labour supply were munitions manufacturers and the Services. The Department's approach restricted the Government's scrutiny of labour policy to its military and military-industrial effects and ensured that Full Cabinet, where the Committee's comments on civil society may have informed a wider perspective, did not discuss the supplements. This treatment certainly shrouded those hints of wider labour shortage which the reports did contain.

Supplements relating to the Survey Committee's second interim report (that concerning South Australia) were discussed in War Cabinet more than a year after its appearance in May 1941. It is no wonder that Hasluck described the reports as languishing, because they certainly did that, but evidence suggests it was government departments that held them up. After initial consideration by War Cabinet, on 23 July 1941, the second report was submitted to relevant departments for comment. A significant recommendation of this report was that the Department of Munitions should refrain from

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Training; 8. Housing and Welfare Conditions for Munitions Workers; 9. Statement by the Secretary, Department of Labour and National Service; and, 10. Tanks.

<sup>95</sup> NAA(ACT) CP3/1 BUNDLE 8 War Cabinet Minute 1150/1941, 2.7.1941, in letter from Department of Defence Co-ordination to Whiteford, Secretary of Manpower and Resources Survey Committee, 21.8.1941.

giving any more contracts to South Australian industrialists until some of the projects already under way were fully operational.<sup>96</sup> When the Committee visited Adelaide again in January 1942, its report re-emphasised this point:

This Committee can find little evidence that any heed was paid to the warning contained in its second interim report regarding further extensions of work in this state. This committee, after reviewing the situation, regrets this and so perhaps will the authorities responsible for the extension.<sup>97</sup>

Collected departmental comments, together with the Committee's recommendations, were presented to War Cabinet in September 1942.<sup>98</sup> Both could have helped workforce forecasting and training coordination but, even where proposals were endorsed, they were heard too late to be useful. By the second half of 1942, the Manpower Directorate was already in operation and the labour-market as a whole was under extensive investigation from yet another committee. Its evaluation will be analysed in chapters seven and eight.

## SUMMARY

The Manpower and Resources Survey Committee's recommendation that Australia's Government adopt a policy of central direction and coordination of labour use cut a swathe of criticism through war organisation. The Government had appointed commercial munitions manufacturers to manage national rearmament through the

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<sup>96</sup> MRSC second interim report, paragraph 29.

<sup>97</sup> MRSC sixth interim report, paragraph 78. Underlining in the original.

<sup>98</sup> NAA(ACT) CP3/1/1 BUNDLE 8 War Cabinet Agendum 215/1941, Notes to supplements, 5.9.1942 and 8.9.1942.

establishment of the Department of Munitions in June 1940. Four months later, it created the Department of Labour and National Service and asked it to supplement the Munitions Labour Directorate by coordinating its work with Australia's overall labour needs. The privileged and influential position of both munitions manufacture and Services recruitment isolated the new Department, leaving it without room to manoeuvre. It established itself only very slowly. The Survey Committee was dismayed by evidence of bad management and poor coordination among Australia's labour users and advised the Government to start afresh with a new institution and an adequately empowered director. This recommendation came to fruition in the Manpower Directorate and its Director-General of Manpower, but not until January 1942.

It is impossible to predict what might have come out of this debate had the federal government not changed. The incoming Australian Labor Party was ideologically more inclined to pursue labour-market policy through mechanisms of central control than the outgoing conservative coalition of Menzies and Fadden. However, it is significant that Menzies had been removed from office before his government met electoral defeat, one ground being he had not offered strong enough war direction. The fragments of his party may have followed a similar path to more central employment regulation if they had retained power. Cabinet records at least partially support this idea. On 26 May 1941, a move to devise integrated employment policy was introduced to Menzies' Cabinet by Harold Holt, its Minister for Labour and National Service. It is discussed in the next chapter. Interestingly, the British government—albeit supposedly non-party—was led into similar organisation by its conservative war leader, as was the extremist right-wing German Government. Certainly, the change of

government helped the Australian state to change direction. Old policies had become discredited along with the old Government and Australians were hungry for change. When the new Prime Minister, John Curtin, announced his plans to revitalise the war economy completely, all but his avowed enemies seemed to greet them with enthusiasm.

The next chapter shows that, despite the furore incited by the Committee's recommendations, Cabinet gradually showed its agreement with them. Members realised that the power to set their own labour-market priorities would be a war-fighting asset. Most important, Cabinet realised that its policy needed flexibility. Elevating munitions production to such heights had made it impervious to change and Cabinet wanted to avoid similar mistakes. Cabinet needed, then, not a general approach to relative priority but a system that institutionalised their recognition that priorities would *inevitably* change in war conditions and that Cabinet must control national resources such as labour in order to control the nation's responses to those changes.

# 4

## Identifying the need for change, 1941

During the long months of 1941, the debate given a public voice by the Manpower and Resources Survey Committee refused to die. Unbridled contest between recruiting bodies and production departments was unsettling the labour-market, encouraging both worker mobility and inefficiency in employers. This chapter shows employment difficulties led Cabinet to two new propositions. First it would take upon itself the task of determining which war and civilian projects were of high enough priority to merit labour supply protection and then adjudicate between competing employers. Second, it decided to endorse, even encourage, employment of women in jobs normally restricted to men.

In April 1941, the Manpower and Resources Survey Committee recommended the appointment of a “co-ordinator-general of labour and technical training who should ... control ... employment, unemployment, technical training and industrial relations” in order to create a logically managed labour supply programme.<sup>1</sup> The previous

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<sup>1</sup> MRSC first interim report, paragraph 144.

chapter has shown the Government greeted the report with reserve but, before the end of the month the Minister for Labour and National Service, Harold E. Holt, addressed Cabinet, saying: "the necessity for urgent action in regard to the Man Power problem ... [is] sufficiently well known to Cabinet" to need no further demonstration.<sup>2</sup> Holt did not recommend appointment of a "co-ordinator-general" but clearly identified two things he believed were desperately needed to coordinate labour supply: central policy and a means of implementing it. According to Holt's analysis, labour supply competition was restricted to two protagonists—armed forces and munitions supply. He thought Australia could easily meet "present commitments".<sup>3</sup> The future held different problems.

Eventually, "More serious competition for bulk man power", Holt reported, would combine with "an accentuation of the competition already experienced for men with special skill and experience", and produce problems intractable even to a revised List of Reserved Occupations.<sup>4</sup> Noting the claim of the existing Manpower Committee's Chairman, Sir Carl Jess, that the Committee was unqualified to advise government on the needs of industry,<sup>5</sup> Holt suggested formation of a more widely representative body, a Man Power Priorities Board, that could advise on the wider implications of government employment policy. He specifically warned against a committee composed of ministers, saying it would merely duplicate War Cabinet and eliminate the opportunity for independent opinions to be heard.<sup>6</sup>

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<sup>2</sup> Cabinet Agendum 666/1941 HOLT 26.5.1941, paragraph 1.

<sup>3</sup> *ibid.*, paragraph 4.

<sup>4</sup> *ibid.*, paragraph 7.

<sup>5</sup> *ibid.*, paragraph 8. See also Jess' statement to MRSC, reported in chapter three above.

<sup>6</sup> Cabinet Agendum 666/1941 HOLT 26.5.1941, paragraph 10.

Describing how “an intelligent dictator with a war on his hands would approach the general man power problem”, but assuming “that we are not yet willing—if, indeed, we ever shall be—to introduce ‘industrial conscription’”, Holt concluded that there were only four means of expanding the workforce.<sup>7</sup> These were, to re-employ retired men capable of war work, to persuade men to move from civil work to war work, to employ women and girls wherever possible, and to prevent employment in non-essential industries. Of these, the first two were under way to a certain extent but not expected to produce a vast increase, while the second two, which had already been suggested by the Manpower and Resources Survey Committee, could substantially increase labour supply to military forces and essential industries. But even though they were potentially effective ideas, they could not be implemented unless mechanisms for distinguishing and disseminating an order of importance among labour users were available. According to Holt, none of the institutions already active in the field was “equal to the task”, and action was impossible until Cabinet devised a policy.<sup>8</sup>

Organisation ... however, would be only a first step, although an important one. Mere organisation is not enough: organisation must be backed up by, and help to produce, a policy.<sup>9</sup>

The strength of the Department of Defence’s Man Power Committee lay in its nation-wide system of manpower offices. Everyone enlisting or called up for citizen’s defence was interviewed and assessed using the List of Reserved Occupations at a local office.

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<sup>7</sup> *ibid.*, paragraph 17 and 18.

<sup>8</sup> *ibid.*, paragraph 19.

<sup>9</sup> *ibid.*, paragraph 16.

Although there were problems associated with the List itself, the network was fairly effective and if augmented by a similar network on the civilian side could exert almost universal influence. Labour exchanges maintained by the state governments were obvious nuclei for civilian employment offices, and Cabinet minutes for 14 May 1941 record approval given to Prime Minister Menzies to ask state premiers to transfer some state employees to Commonwealth direction.<sup>10</sup> At its next meeting, Cabinet instructed the Minister for Labour and National Service to ask the states for even more staff, "sufficient ... to carry out the functions of the Department of Labour and National Service in connection with the Commonwealth Man Power policy".<sup>11</sup> Remembering Wilson's rejection of the Manpower Survey Committee's observation that his new department had found the states uncooperative, it is interesting to note that the minutes of this meeting record Cabinet's decision to establish a "Commonwealth Employment Bureau" of its own, if the states would not cooperate.<sup>12</sup>

Thomas Playford, Premier of South Australia, was outraged by the new arrangements. Prime Minister Menzies had informed him that the new Department of Labour and National Service had been designated by the Commonwealth as "the responsible authority for determining the relative importance of services in the national interest". In Playford's opinion, the proposal did not meet the "urgent need of co-ordination in the utilisation of manpower".<sup>13</sup> Claiming he had "daily illustrations" of wasteful employment practices, Playford told Menzies "the time ... [was] overdue for this vital matter to be dealt with".<sup>14</sup> He disparaged the Department's method of handling labour

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<sup>10</sup> Cabinet minutes, 14.5.1941, Agendum 652/1941.

<sup>11</sup> Cabinet minutes, 6.6.1941, Agendum 666/1941.

<sup>12</sup> *ibid.*

<sup>13</sup> NAA(ACT) A1608/1;I27/1/4 part 1 Playford to Menzies, 23.5.1941.

<sup>14</sup> *ibid.*

allocation "by correspondence from ... Canberra" when, as he complained, there were already six Commonwealth authorities engaged in recruitment in South Australia, each acting, apparently, independently and dogged by "the inevitable overlapping and conflict inseparable from the lack of co-ordination".<sup>15</sup>

In the meantime the Manpower and Resources Committee had released its second report—a copy of which was found filed with this correspondence between the Prime Minister and the State Premiers—and Holt's submission described above had been discussed in Cabinet. On 2 July parliament was informed that the war effort was to be re-organised and four days later, Cabinet minuted the decision, noted above, to develop its own labour bureau if the states did not cooperate.

### SELECTIVE ALLOCATION

In July 1941, Menzies wrote to all state premiers acknowledging that increasing military forces and the expanding munitions programme had drained the pool of both skilled and unskilled labour to such an extent that Australia needed a "more comprehensive and detailed marshalling of labour resources than the existing machinery is designed to deal with".<sup>16</sup> Menzies confirmed what the Manpower and Resources Survey Committee had told him: registration and placement of unemployed workers and attraction of labour into munitions work were no longer the primary needs. The wider issue of personnel management and selective allocation was far more important. Success, he wrote, would depend on unified direction of the "whole of the

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<sup>15</sup> *ibid.*

<sup>16</sup> NAA(ACT) A1608/1;I27/1/4 part 1 Menzies to Playford, 15.7.1941.

activities bearing on the question of utilizing our labour resources efficiently in the war effort".<sup>17</sup> Thus the Prime Minister publicly acknowledged that labour shortage had escalated to a point beyond the reach of the existing labour allocation machinery. The new system, his letter announced, would rely on a National Employment Office in each state functioning, under direction from the Department of Labour and National Service, as a controlling nexus between the several Commonwealth departments concerned with war employment, private industry, and certain state government agencies. The Office was to function in collaboration with (or perhaps under the advice of—the Prime Minister confessed the plan was not complete) a local coordination committee on which the superintendent of each state's labour exchange would serve as the state representative. Because the Commonwealth was determined not to build up a large permanent staff to perform war-time duties, it expected the experienced staff required by the Office to be transferred from state government offices.

State governments were reluctant. Playford again assured the Prime Minister of his state's desire to cooperate but insisted that the Commonwealth proposals were an unnecessary duplication of functions already offered by the state government and urged "that even at this late hour, the establishment of this new office be reviewed".<sup>18</sup> The Australian Public Service Federation were among many organisations that expressed the same fears to the Prime Minister.<sup>19</sup> Makin, later Minister for Munitions in the Labor Government, telegraphed Holt and, from his opposition standpoint, criticised the expansion of Adelaide's labour exchange, predicting that the

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<sup>17</sup> *ibid.*

<sup>18</sup> NAA(ACT) A1608/1;I27/1/4 part 1 Playford to Menzies, 30.7.1941.

<sup>19</sup> NAA(ACT) A472;W3652 General Secretary of Australian Public Service Federation to Menzies, 3.6.1941.

“unwarranted” expense would cause “serious duplication and confusion”.<sup>20</sup> Holt’s response was blunt. The arrangements had been strongly recommended by the Manpower and Resources Survey Committee and were a supplement to, rather than duplication of, state machinery.<sup>21</sup>

During the next few weeks, the Commonwealth established National Employment Offices in all capital cities. Employers immediately deluged Adelaide’s office with requests for labour. P.J. Sheehan, the Department of Labour and National Service’s chief employment officer, thereupon, called a meeting of representatives of munitions, unions, Army, and private employers to discuss the city’s labour scarcity.<sup>22</sup> Sheehan was surprised by the response. The conference “grew to immense proportions”, attended on the day by about 50 delegates. The discussion, which lasted all day, was driven by the concerns of those who attended; it ranged far from the set agenda. Five major recommendations emerged: men working on construction or machine placement at Salisbury, Finsbury or Hendon must not be called up for military training; leave from munitions and aircraft production should be granted to farm hands required for harvesting on the same conditions as leave from the Army; when interpreting the List of Reserved Occupations, *current* occupations of the men being assessed should be taken into account, and decisions should be made by manpower authorities, not the Army; to avoid taking employees from one munitions factory to another, the Adelaide Employment Office should supply workers to private contractors such as General Motors-Holden and Richards as well as the Commonwealth factories; and, a

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<sup>20</sup> NAA(Vic) MP574/1;200/2/6 telegram Makin to Holt, 8.8.1941.

<sup>21</sup> NAA(Vic) MP574/1;200/2/6 telegram Holt to Makin, 9.8.1941.

<sup>22</sup> NAA(Vic) MP574/1;26/4/3 Minutes taken by DoLNS at Employment Conference in Adelaide on 23.10.1941, 28.10.1941.

local Manpower Priorities Board (which should be set up as soon as possible) should deal with general labour supply matters.<sup>23</sup>

The November meeting of the directors of the Munitions Department discussed the conference.<sup>24</sup> Sheehan assured the directors that Adelaide could meet their anticipated labour requirements with male and female workers diverted from non-essential industry and females not normally engaged in paid work. E.J. Kavanagh, recently appointed Director of Labour in the Munitions Department—a position vacant since Chifley's resignation in September 1940—warned that if women were employed on work normally done by men, they would claim men's wages on the ground of equal pay for equal work.<sup>25</sup>

#### EMPLOYMENT PRIORITIES

Following Menzies' announcement that new machinery to manage labour supply was necessary, evidence of uncoordinated competition continued to flow. Not until December did the Commonwealth decide to impose centralised control on the nation's labour force, so that every potential worker could be identified and moved to the position where their work would be the most valuable to the overall effort. But even then, Australia was still without an authority capable of formulating a useful war labour policy and of planning its effective implementation. The second half of 1941 was dominated by the attempt to find such a body in the confusing milieu created by leadership and other battles within the Government, culminating in the replacement of Menzies' and Fadden's conservative coalition by the social-democrat Australian Labor Party under John Curtin. The whole was overshadowed by

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<sup>23</sup> *ibid.*

<sup>24</sup> NAA(Vic) MP392/18 Bundle 1, minutes of meeting held 11.11.1941.

<sup>25</sup> *ibid.*

deeper military engagement in an ever more frightening war which gave the obvious labour shortage the hue of imminent crisis. Sheehan's conference (mentioned above) had shown that Adelaide's employers and employees were alive to problems created when available men were shared between the forces and industry, leaving building and other ancillary trades and rural industries short of workers. Australia had to decide which of its objectives should be sacrificed.

F.G. Shedden, Secretary of the Department of Defence Co-ordination, had proposed the formation of what he called a "Production Executive of the Economic and Industrial Committee" in July 1941.<sup>26</sup> The Menzies Government did not act on the idea and soon after the change of government, the plan was resubmitted to the new Prime Minister.<sup>27</sup> Curtin decided on 16 October to constitute a Production Executive of Cabinet because, he announced publicly, "Higher machinery is needed to give effect to war production policy, involving the allocation of raw materials, production capacity and manpower".<sup>28</sup> This was followed by the short-lived War Planning Board. The Department of War Organisation of Industry had been created on 26 June 1941 but did not make its mark until after the change of government when the highly energetic J.J. Dedman became its minister.<sup>29</sup> These bodies were all designed to marshal available resources not just of manpower, but of resources, production capacity and finance too. Prime Minister Curtin described their combined job as

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<sup>26</sup> HASLUCK *op. cit.*, p. 429.

<sup>27</sup> *ibid.*, p. 430.

<sup>28</sup> Public statement by Curtin, 6.11.1941, quoted in HASLUCK *op. cit.*, p. 430.

<sup>29</sup> It is important to note that valuable work had been going on in the Department. One of Dedman's early submissions to Cabinet acknowledged: "in framing these recommendations, I incorporate views expressed by Sir Harry Brown, Director of War Organisation of Industry, who has made extensive enquiries into the problems of supply and the organisation of industry for war during recent months. Cabinet Agendum 68/1941 DEDMAN "War Organisation of Industry" 24.10.1941.

assessing "as accurately as possible Australia's capacity to attain the objectives that have been set as a nation and to estimate before further new commitments are undertaken the margin, if any, that exists in the attainment".<sup>30</sup> Between them, these bodies would evaluate war-production objectives in terms of their cost to the whole war effort. That is, the Prime Minister hoped they would.

Not counting the Departments of Munitions and Aircraft Production, which still ran their own independent labour bureaux, three major bodies were engaged in civil employment late in 1941: the Man Power Priorities Board, the Services Man Power Committee and the Department of Labour and National Service. The Man Power Committee in the Department of Defence Co-ordination was the oldest. Its functions, determined early in 1940, reflected ignorance of the likely extent of Australia's eventual labour needs. Its instructions were simple but, given the eventual size of the problem, impractical to obey. The Committee's job was to "consider and report on the man power question in all its aspects, to indicate the action considered necessary, and to suggest steps to ...carry such action into effect".<sup>31</sup> By mid-1941, establishment of newer labour authorities had left it administering and implementing the List of Reserved Occupations. Its Commonwealth-wide organisation suited it to this task. However, its chairman had already indicated that it was not suitably constituted to offer comprehensive advice to the Government.

The Department of Labour and National Service, in operation since October 1940, was hampered by its confused relationship with the Department of Munitions and had not developed any policy-making

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<sup>30</sup> Quoted in NAA(Vic) MP1/1;1/1/10 "Notes on the Manpower Problem", prepared in the Department for War Organisation for the minister, 8.12.1941.

<sup>31</sup> Cabinet Agendum 666/1941 HOLT "Man Power Priorities and Organisations" 26.5.1941, p. 3.

organ. Its allotted roles were important but remained diverse and loosely coordinated. It had established labour bureaux, collated registration cards, and supervised agreements on wages and other working conditions in essential industries. It was deeply involved in the provision of welfare and housing to munitions workers and the development of training schemes that would provide skilled labour to war industries.

The Man Power Priorities Board was created at the suggestion of Harold Holt whose May 1941 submission to Cabinet had called for the creation of a body that could advise the makers of manpower policy. Its identified functions were to "review the whole field of man and woman power in the light of demands made by the war programme and essential civil needs, and the potential supply available, and to report and advise thereon".<sup>32</sup> Being an advisory body only, it had no executive or administrative functions. Its work informed the ultimate policy bodies of Cabinet, Department of War Organisation of Industry and other government agencies, including state instrumentalities, and the Services Manpower Committee. It operated under the ministerial control of the Department of Labour and was restricted to the consideration of problems which had been referred to it from such sources as the Services Manpower Committee, the Ministry of Munitions and other consultative committees.

The major strength of this body was its personnel. They were neither military men nor Department of Labour employees, but state public servants with long labour-management experience. Wallace Charles Wurth, its Chairman, was Public Service Commissioner for New South Wales, and his deputy in South Australia was Lesley Claude Hunkin, also Public Service Commissioner. These men and

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<sup>32</sup> Loc. cit., p. 4.

their companions became the backbone of the Manpower Directorate when it was formed, bringing with them the wealth of their state experience and what they had learned on the Priorities Board.

In the second half of the year, significant changes in government personnel resulted from the change in government. Thus the Priorities Board reported in November to E.J. Ward, the new Minister for Labour and National Service. The Board's chair, W.C. Wurth, acquainted the incoming Minister with the fears of its members. "The problem of Manpower is at present in its incipient stage", his report began, "it will soon be of vital urgency".<sup>33</sup> From this unequivocal beginning he reported the Board's position: the extensive munitions programme, military recruitment, commodity manufacture for export, and high standards of civilian consumption were being maintained without regard to the nation's "ultimate capacity". At some stage, he said, the "simple arithmetic of population" would determine the limits. The burden of the Board's warning was that separate recruiting and employing departments tended to solve their own problems as though they existed in isolation. Hence, solutions often consisted merely of dipping into each other's pools. Only urgent consultation with all the various authorities could facilitate coordinated policy.<sup>34</sup>

### PRINCIPLES OF PRIORITY

Pointing out the immediate, serious shortages of rural labour, the unwillingness of employers to make suitable provisions for employing women, and the systematic defects in the policy of reserving occupational classes practised by the Defence Manpower Committee,

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<sup>33</sup> NAA(ACT) A663;0130/1/751 To Minister for Labour and National Service from Wurth, Chairman of Manpower Priorities Board, 5.11.1941.

<sup>34</sup> *ibid*, p. 2.

Wurth urged Ward to accept his conviction that Cabinet must abandon the static principle of reservation of categories of labour and substitute a dynamic principle of reserving actual workers in the place where they would be the most use.<sup>35</sup> However, before any change in this direction could occur, Wurth insisted, Cabinet would have to decide which projects it wanted to support. At its meeting on 1 December, the Production Executive put the problem in bald relief:

Does the Commonwealth want to extend her fighting forces rather than her ability to produce fighting equipment? If the former, then some of the supplies must be provided, as in the last war, from somewhere else; if the latter, then obviously there must be a relatively smaller fighting force than in the last war.<sup>36</sup>

This question continued to arise in different forms through the remaining war years but, at the time, the devastating turn in the war swept it aside.

Dedman, head of the Production Executive and the new Government's Minister for War Organisation of Industry, asked his Department for help. His advisers also agreed with the Manpower Priorities Board that greater central planning was essential and that a means must be developed whereby the relative importance of different parts of the war effort could be determined. Thus far, direct war production had appeared to be, not only the greatest need, but such a great need when compared to any other, that it had been elevated above the whole. Dedman's advisers wrote:

From its limited studies to date [the department] has reached the conclusion that there may be a measurable

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<sup>35</sup> *ibid.*, paragraph 16.

<sup>36</sup> Production Executive Agendum 4/1941 DEDMAN 2.12.1941, presented 8.12.1941.

risk that we have been setting up a production scheme which in a year or eighteen months' time will be so avaricious for man power within the age groups on which the services, especially the Army, will require to draw, that we shall face an acute man power shortage.<sup>37</sup>

Not only would there be serious shortage but without improved management it would be impossible to control. As the report's writer pointed out, "the Defence Services, the Department of Munitions and Aircraft Construction Commission, and private industry" were all competing for labour from the same sources with no consideration for what the rest of the war programme might need. The report continued: "It is apparent that projects are being developed in numerous watertight compartments and are being put in hand without adequate regard to the effect they are likely to have on the man power resources of the Nation as a whole".<sup>38</sup> This was the same conclusion the Manpower and Resources Survey Committee and the Manpower Priorities Committee had come to and it led to a very similar recommendation: "This state of affairs has focussed attention on the need for a competent authority to deal with the co-ordination and direction of man power policy generally". However, in this case, the report's writer believed the solution was at hand. In accordance with the Prime Minister's instructions, the Production Executive, under direction of the Department of War Organisation of Industry, and with the War Planning Board as the expert advisory body, would be responsible for coordinating the approach.<sup>39</sup> Thus, the machinery

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<sup>37</sup> NAA(Vic) MP1/1;1/1/10 "Notes on the Man Power Problem" 8.12.1941.

<sup>38</sup> *ibid.*

<sup>39</sup> *ibid.*

was, at last, available for the federal Government to use for devising and implementing its own labour use policy.

Dedman's department planned to initiate its work by immediate action on a specific list of nine "pressing problems".<sup>40</sup> First, the various manpower authorities needed their functions and responsibilities clarifying to avoid over-lap and to ensure that the Department of War Organisation of Industry could coordinate them into a complete plan. Second, information was uneven. Labour authorities needed a means of gathering essential data and a system to ensure future information collection and assembly would be more orderly and useful. Third, those responsible for administering the labour supply needed government policy to classify industries as essential or not. Fourth, the vexed question of women was becoming urgent. Should the government endorse the wider employment of women in an effort to increase the overall labour resource? If so, how should they be paid? Fifth, having decided that an industry was inessential, to what extent and by what means could its labour allocation be restricted? The final four "pressing problems" were problems of movement. Mobility of labour characterised war-time and, in order to more efficiently coordinate the nation's work force, the government needed power to fix workers in their allocated positions. The first problem the department identified was the reserved occupation list. It was a clumsy instrument. Men could be doing work that was necessary to a particular process in a munitions factory but, because they were not members of identified trades, the List could not reserve them. Dedman wanted to introduce the English system of protecting the factory rather than the worker. This would mean that necessary workers could be prevented from leaving the work even if they were not qualified

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<sup>40</sup> *ibid.*

tradesmen. The next was the necessity of analysing the training schemes that had been instituted to increase the numbers of skilled workers. Had these been effective? Were the men trained being appropriately used? The eighth task on the agenda was the drift of labour from rural districts to the cities. Rural and other seasonal industries were showing the strain of extreme labour shortage and an overall plan for labour must take this into account. Finally, not all skilled tradesmen had been reserved to industry. The military services needed a large contingent of skilled men. However, reports abounded that these men were not all being efficiently used in their trade capacity. An overall labour plan could investigate these reports and address any imbalance.

#### SUMMARY

During 1941, the Government significantly shifted its attitude to labour supply. Between Menzies' declaration in the middle of the year, that current labour policy could not ameliorate the nation's imminent labour shortage, and Cabinet's acceptance that self-interested competition between employers had exacerbated the crisis, the Government developed new policy grounded in two new propositions. First, that Cabinet would have to determine the relative priority of the various war projects, both in hand and in preparation, and then adjudicate the allocation of workers among them. Secondly, that Cabinet would have to support—and control—measures to bring women into the workplace when men were unavailable. Implementing this policy would require a change in the organisational configurations of the Australian state so that labour use could be centrally ordered rather than controlled by employers. This meant a

significant change in two distinct parts of the citizen-to-state relationship. It constituted industrial conscription, a move feared—for different reasons—by many influential Australians. And in making labour supply a political rather than an economic concern, the Government assumed the right to adjust the labour-market until it supported Government priorities. The change, seemingly so simple, was radical. Civilian employment policy, which had been devised and managed by industrialists with the aim of attracting operatives to their factories, underwent such change that by the middle of 1942 nurses and teachers, for example, were forbidden by National Security Order to leave their jobs.

There can be no doubt that Australia's military crisis, extending from Japan's entry into the Pacific War at least until its defeat in the Coral Sea, made implementation of regulations coordinating labour supply more acceptable than it would otherwise have been. In fact, it is tempting to assume that the Pearl Harbor event precipitated government intervention, so close was the timing. This is a compelling explanation for Curtin's reluctance to admit that Australia was no longer in danger after the Battle of Midway: he feared a relieved public might withdraw its support for labour regulation. However, the military disaster cannot account for the regulatory impulse itself. First, need for central labour control had been noted as early as mid-1940 when the Employment Regulations were first promulgated. Second, government advisers had consistently warned that uncontrolled competition between employers, including the military, was predisposing Australian labour supply to a time of critical shortage if continued unchecked. As Cabinet became convinced that this was true, its members accepted the change in their employment principles described above.

## **Section II**

### **Implementing Employment Policy**

# 5

## **The Manpower Directorate, 1942**

Advice from several sources in 1941 convinced Cabinet that Australia's labour supply was too scarce to satisfy all the freely competing employers and that, unless Cabinet itself decided Australia's war and civil priorities and worked out a means of implementing them, the various employing bodies—Departments of Labour and National Service, Defence Co-ordination, War Organisation of Industry, Munitions, Aircraft Production, and the Army, Navy and Air Force, which all operated labour selection sections, the several state governments and a number of private employment agencies—would continue to employ Australia's workforce according to their own interests. The Manpower Directorate was the mechanism chosen to implement Cabinet's new redistribution policies. This chapter not only explains the Directorate's functions, but also includes a case study showing that it was bedevilled by extraordinary inefficiency and confusion.

Dedman's Department of War Organisation of Industry investigated labour supply at Cabinet's request in December 1941 and

concluded that conditions called for drastic action. Cabinet agreed. Government must intervene in the labour-market at the point of supply of each worker and, for that, needed an instrument capable of analysing each individual and allocating them to work wherever they would best serve the nation's war effort.

On 15 December 1941, only a few days after Australia's war horizon expanded terrifyingly into the Pacific, Production Executive discussed a draft scheme for central organisation and coordination of the labour force that had been prepared in the Department of War Organisation of Industry. The engine that would drive it harked back to the reports of the Manpower and Resources Survey Committee, cavalierly denigrated and rejected by important government departments only months earlier: a Director-General of Manpower. The draft suggested the Director-General should implement policy decisions made in War Cabinet and Production Executive and the necessary power should be given to him—under the supervision of the Minister for Labour and National Service—by regulations made according to the *National Security Act*.<sup>1</sup> This arrangement became reality when the Manpower Directorate was created on 31 January 1942.

In preparation, the Prime Minister called a Premiers' Conference to discuss the states' relationship with the projected Directorate. The premiers resolved:

This conference approves of the principle of one Commonwealth Man-power authority and the States agree to carry out in detail the decisions of that authority through a delegated authority to the respective State Ministers of Labour.<sup>2</sup>

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<sup>1</sup> Production Executive Agendum 10/1941 Dedman 15.12.1941, paragraph (f).

<sup>2</sup> NAA(ACT) A1608/1;127/1/4 part 2 "Minutes of Conference of Commonwealth and State Labour Ministers" 19-20.12.1941.

Although the matter was urgent, three weeks elapsed before Dedman's labour scheme received Cabinet attention. After lengthy consideration and discussion, Production Executive decided not to commit itself. The plan should go to War Cabinet for ministerial comment. War Cabinet, at its 31 December meeting, decided the far-reaching scheme affected several ministers' portfolios and, therefore, it should be referred to full Cabinet—not scheduled to meet until Tuesday, 6 January 1942.<sup>3</sup> This tossing from group to group indicates the political significance of the suggested changes to employment customs. While Cabinet found agreeing to the principles relatively easy, issuing the central command required for their implementation proved much harder.

War Cabinet was given the job of deciding the policy's institutional form. Several conferences were held over the next few days and parliamentarians and public servants listened alertly for damaging controversy. Hearing none, the Attorney-General's Department started to give the ideas legal form. The Minister for Labour and National Service, not normally a War Cabinet member, attended its 19 January meeting to help iron out the last difficulties.<sup>4</sup> Sir Carl Jess, chairman of the Services Manpower Committee, later noted:

The Agenda contains a comprehensive outline plan which is sound, practical and for the proper utilization of civil labour, long overdue and vitally necessary.<sup>5</sup>

His notes record that, on behalf of the Manpower Committee, he recommended the scheme be adopted.

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<sup>3</sup> War Cabinet Minute 1646, Agendum 446/1941 "Manpower" 31.12.1941.

<sup>4</sup> NAA(ACT) A472/1;W11000 Attorney-General's notes on War Cabinet Agendum 446/1941, Supplement 1 "Manpower" 19.1.1942.

<sup>5</sup> NAA(Vic) MP24/163;1 Jess' notes on War Cabinet Agendum 446/1941, Supplement 1 "Manpower" 19.1.1942.

War Cabinet's acceptance of the scheme transferred the authority for labour coordination from the Minister for Defence Co-ordination to the Minister for Labour and National Service. Late in January 1942, with the National Security (Manpower) Regulations approved by Cabinet but not promulgated, E.J. Ward, Minister for Labour and National Service, eagerly called state and Commonwealth labour ministers and officials into conference so he could explain the government's intentions. Ward enthusiastically supported increased centralisation of labour control and vigorously proclaimed the purpose of the Manpower Regulations, taking a broad sweep across the whole picture of regulation. Announcing that the Commonwealth intended to do more to "secure the maximum war effort than just regimenting manpower", he explained that the preamble of the regulations mentioned both manpower organisation and the requirement that all persons place themselves and their properties at the disposal of the Commonwealth. This, he said, "covers everything, although the terms of the regulation deal with manpower."<sup>6</sup>

The Manpower Regulations were, indeed, part of a complete economic plan by which the Commonwealth hoped to gain power of disposition over Australia's economy, but their stated objective actually did not cover anything but effective organisation and application of "man power and woman power". Manpower Regulation 3 reads:

The objects of these regulations are to secure that the resources of man power and woman power in Australia shall be organised and applied in the best possible way to meet the requirements of the Defence Force and the needs of industry in the production of munitions and the maintenance of supplies and services essential to the life

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<sup>6</sup> NAA(Vic) B551;1942/61/2866 WARD Conference minutes 29.1.1942.

of the community and these Regulations shall be administered and construed accordingly.<sup>7</sup>

The preamble with which the Governor-General introduced the Manpower Regulations quoted from section 13(A) of the *National Security Act, 1939-1940*, and it was from that section that Ward's enthusiasm claimed wider power than the Manpower Regulations actually gave. Section 13(A) authorised the Governor-General to make regulations requiring "persons to place themselves, their services and their property at the disposal of the Commonwealth" if it appeared to him necessary under the conditions of the *Defence Act*. But, the Governor-General's promulgating assent to the Manpower Regulations clearly announced the Government's intention to restrict its application to the field specified in regulation 3:

Whereas it appears to me to be necessary and expedient ... that Regulations should be made requiring persons, *to the extent specified in the following Regulations*, to place themselves, their services and their property at the disposal of the Commonwealth.<sup>8</sup>

Ward's eagerness to "get down to action"<sup>9</sup> caused him to ignore the preamble's qualification printed in italic type above and possibly led many Australians to view the regulations with suspicion.

### NATIONAL SECURITY (MAN POWER) REGULATIONS

The National Security (Man Power) Regulations were promulgated at the end of January 1942. Their effects can be separated into three

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<sup>7</sup> NS(Man Power)Rs. SR 34/1942, 31.1.1942.

<sup>8</sup> *Commonwealth Gazette*, 31.1.1942. Italics added.

<sup>9</sup> NAA(Vic) B551;1942/61/2866 WARD Conference minutes 29.1.1942.

categories. First and most obviously, they created the Manpower Directorate and prescribed its institutional form. Secondly, they gave a precise group of powers to the Minister for Labour and National Service and the Director-General of Manpower. Third, most significant but most difficult to demonstrate, they informed Australian workers (potential and actual) and their employers that Australia's labour shortage was too severe to be left to customary labour supply arrangements. Promulgation of the regulations indicated the end of "business as usual" and the beginning of government by regulation. Australian workers and their employers were henceforth required, under threat of sanction, to hold themselves ready for allocation by the state to meet:

the requirements of the Defence Force and the needs of industry in the production of munitions and the maintenance of supplies and services essential to the life of the community.<sup>10</sup>

The normal competition of the labour-market, which had threatened national security, would be regulated.

The Manpower Directorate was the selected institutional form, no longer a board or committee but an instrument of policy headed by its own Director-General and supported by the sanctions of the National Security Regulations. All this was precisely as the Manpower and Resources Survey Committee had recommended. The man appointed as Director-General was Wallace C. Wurth, Chairman of the New South Wales Public Service Board and Chairman of the (now defunct) Manpower Priorities Board. On hearing of his appointment, Sir Carl Jess, Chairman of the Manpower Committee, wrote to Wurth

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<sup>10</sup> NS(Man Power)Rs. SR 34/1942, 31.1.1942.

and his words give a valuable insight into the extent and urgent nature of the task and part of the spirit of the time. He wrote:

May I first congratulate the Government on its wisdom in selecting you for Director-General of Man Power and for its luck in getting you to accept the appointment.

I, as an official who (like you) knows the magnitude of the task, the difficulties to be surmounted and the urgent but thankless nature of the vital decisions that have to be made at once, thank you on behalf of the rest of the nation for shouldering the burden.

...

I would have liked the title of your appointment to have been "Director-General of National Service", as being more expressive of its scope and responsibility. The term "man power" like "horse power" is a much abused abstract term, whilst "national service" is something tangible, visible and which it is vitally necessary to direct.<sup>11</sup>

Wurth's national assistant was W. Funnel, formerly Chief Staff Superintendent of the New South Wales Railways, and a Deputy Director-General was appointed in each state. Leslie Hunkin, South Australia's Public Service Board Commissioner, was appointed in that state. Like Wurth and most of the other state appointees, Hunkin had held a similar office on the Manpower Priorities Board and was an experienced and well-respected labour administrator. Between them, these officers controlled the nation-wide network of National Service Offices, which had been established by the Manpower Committee in

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<sup>11</sup> NAA(Vic) MP24/163;1 Jess to Wurth, 22.1.1942.

every military district in the country. South Australia's central office was situated in Currie Street in Adelaide; there were suburban offices at Toorak Gardens, Hyde Park, Port Adelaide, Hindmarsh, Glenelg and Nailsworth. The state's regional centres were served by offices located in Oakbank, Murray Bridge, Wallaroo, Port Pirie, Peterborough, Port Augusta, Mount Gambier, Barmera, Gawler, Clare, Minlaton, Victor Harbour, Port Lincoln and Alice Springs—situated in the Northern Territory but serving part of South Australia. At Whyalla, there was a branch office under the jurisdiction of the National Service Officer for Port Augusta. Broken Hill, originally part of the South Australian Line of Command, was realigned to conform with state boundaries in December 1943 and the South Australian portion of the former Broken Hill Area attached to the Peterborough National Service Office.<sup>12</sup> In each of these offices a national service officer, assisted by manpower officers, employment officers, investigating officers and clerical assistants, implemented the Manpower Regulations in accordance with policies and priorities determined by Cabinet.

### FUNCTIONS OF THE DIRECTORATE

The Regulations charged the Directorate with three distinct groups of functions. These related to: exemption from service in the armed forces; civil registration; and civil employment.

#### **Exemption**

During World War II, all male British subjects who were between 18 and 60 years in age and resident in Australia were required by the

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<sup>12</sup> NAA(Vic) MP39/1;1944/170 "notes on National Service Offices", no date but responding to a request from Wurth, 15.6.1944.

*Defence Act 1903-41*, to ready themselves for call-up into the Citizen's Military Forces where they were trained for home defence. Exemption from service was guaranteed to men in some social and occupational categories such as members and officers of parliament, clergymen, the medically unfit and others specified by the List of Reserved Occupations. Under the Manpower Regulations, the mechanism of exemption was more finely targeted, aimed less at a man's occupational calling or social standing than at his current value to the war effort. Regulation 6(1) empowered the Minister or Director-General to grant exemption only on the ground that exemption appeared to them necessary in the interests of public safety or defence of the Commonwealth. This meant that a skilled tradesman, a boilermaker for example, was not automatically reserved unless he was currently engaged on essential work and, similarly, that a man with no formal training but holding a key position in an essential industry could be protected from call-up. These changes immediately addressed the features of the List of Reserved Occupations that had been most persistently criticised. Writing in September 1943, Wurth complained that regulation 6(1) occasioned a lot of work for the Directorate, some of it, he said, based on misapprehension.<sup>13</sup>

Although the regulation gave the Manpower Directorate very wide powers of exemption on public interest grounds, if a person had private grounds for seeking exemption, their appeal could only be decided by a magistrate. Therefore, manpower authorities were not responsible for exemption applications which claimed that service would cause personal hardship.

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<sup>13</sup> WURTH "Man-power—Principles and Problems" *Australian Quarterly* September 1943, p. 21.

## Registration

Lack of information had been the biggest obstacle to coordinated employment policy since the war began. Australia's most recent census had been taken in 1933 and moves towards national registration in 1939 had been disappointing. The Manpower Regulations called all British adult civilians to register by 25 March 1942. The Director-General of Manpower noted in May of that year, that the registration had been planned and achieved in only six weeks and the response had exceeded 97 per cent of the registrable population.<sup>14</sup> Wurth anticipated: "with the advent of rationing, the few remaining defaulters will lodge their registration forms".<sup>15</sup> Following registration Australians were issued with identity cards, which manpower officers were authorised to check at their own discretion. These cards structurally tied labour control to rationing and other security issues and encouraged most people to comply.

## Civil employment

The most important and apparent of the Manpower Directorate's roles related to civil employment. The Directorate was the executive instrument of the Government's decision to make sure that whatever labour was available for the war effort would be "organised and applied in the best possible way"<sup>16</sup>. Two mechanisms, in particular, attempted to guarantee that when labour moved, it always moved into more essential work. First, the system of "protection". Essential industries were granted the status of "protected establishments" and special rules applied to them and their employees. Employers operating protected undertakings could not dismiss workers for other than "serious

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<sup>14</sup> NAA(Vic) B4934/1;2/05 Director-General of Manpower to Ward, 21.5.1942, p. 4.

<sup>15</sup> *ibid.*

<sup>16</sup> NS(Manpower)Rs, SR 34/1942, regulation 3.

misconduct" without a permit. Nor could they change any workplace "customs or usages".<sup>17</sup> Similarly, clause 2 of the same regulation forbade a person to leave a job in a protected undertaking without permission from the Director-General of Manpower. Munitions employers complained immediately. Regulation amounted to "job control", they grumbled, and its restrictive effects on employers should be modified.<sup>18</sup> "Protection" was an idea borrowed from the British system. It was greatly feared by workers and advance notice of its application caused serious disruption in some government munitions works.

### **Direction**

The term "direction" refers to government intervention in the labour market at the level of the individual worker. Legally, direction occurred when a government official decided where a person would work and induced that person, under threat of legal sanction, to comply with the decision. However, social, economic, or other (even implied) sanctions could just as effectively shape employment behaviour. Writing in June 1945, the (then) Director-General of Manpower, W. Funnell reported that the power of direction had been resorted to only 12,371 times in the period 29 January 1943, to 30 April 1945. These directions represented less than one per cent of the people the Directorate had placed in employment in the period. Explaining the tiny proportion, Funnell wrote:

The real value of the Regulation is that its existence, in conjunction with the other labour controls, has been sufficient to secure the selective movement of labour

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<sup>17</sup> *ibid.*, regulation 14.

<sup>18</sup> NAA(Vic) MP 392/18 Bundle 1 meeting of directors of Munitions Department, 3.3.1942.

without the necessity for its formal exercise, save to the limited extent mentioned. The power is in practice being chiefly exercised to remedy deficiencies of staff in civilian hospitals, and to provide labour for short term projects such as clearing seasonal crops in canning factories etc.<sup>19</sup>

The war-time Government's power of labour direction has become one of the breeding grounds for myths about war work and state control. It is a recurrent theme in memoirs of former war workers and was especially evident in the *Australia Remembers, 1945-1995* project. Anecdotal evidence overwhelmingly implies that labour direction was both insistent and widespread. Persistent half-truths embroider the stories. For example, direction is remembered as though everyone was directed regardless of age, gender, or occupation and the memories do not distinguish between one phase of the war and another. A second, very interesting—and common—feature of memory narratives is that people were directed into non-essential work. Written histories have tended to repeat the misunderstandings. The case study which comprises the second half of this chapter, offers explanations for some of the confusion. In analysing the progress of an actual redirection project, it provides a benchmark for popular anecdotes, particularly their tendency to be partly true while harbouring misinterpretations. The case study shows that, although the legal structure to support the success of the plan was available in early 1942, it was ineffectively applied and fraught with personal disagreements. In particular, the Manpower Directorate was trapped

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<sup>19</sup> NAA(Vic) B551;45/82A/12744 part 1 D-G of Manpower minute "Relaxation of Controls" 19.6.1945.

into inefficiency because hedged around by the various commonwealth departments that each controlled at least part of its arena for action.

## CASE STUDY

### Redirecting Adelaide's Shop Assistants, 1942

Early in 1942 the Commonwealth Government decided to use its emergency powers to divert women *from* work in Adelaide's retail shops *into* work at Salisbury and other munitions factories. Analysis of this episode shows that implementing the Manpower Regulations was not a simple matter of legal coercion, but a task beset on all sides by conflicting interests. Although the legal structure to support the success of the plan was available, it was ineffectively applied and fraught with political and personal disagreements. L.C. Hunkin, South Australia's Director-General of Manpower, was driven to express frustration. "If I did not believe I was doing real work", he said after about nine months of trying to re-direct shop-assistants, "I would walk out of this position."<sup>20</sup> This comment is especially interesting given the abundant anecdotal evidence that the Manpower Directorate routinely directed Australians into specific work.

The ambiguous use of the word "direct" helps to explain some of this misapprehension. Understood in the same way that, say, the Directorate of Small Arms Ammunition was assumed to direct its sphere of influence, then the role of the Manpower Directorate was to direct the nation's labour resources. However, the term "direct" also had a meaning within the provisions of the regulations. It referred to the regulatory power to compel an individual into work of the state's

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<sup>20</sup> NAA(Vic) MP39/1;1942/377 Hunkin to conference between representatives of employers and employees to consider the use of part-time labour, Adelaide, 19.11.1942.

choosing, under threat of sanction. Government ministers were very reluctant to delegate the directive power to Australian public servants and their ambivalence limited direction's legal effect. However, there seems to be no doubt that, even before the power to direct was fully available, direction exerted enormous psychological influence. Because it is so hard to reconcile the regulations, the anecdotes and the official records into a coherent history, a case study is the most appropriate vehicle to study the implementation of direction policy.

The story of a few shop assistants may seem insignificant in the context of total world war, but the eyes of workforce planners all over the country watched Adelaide with avid interest.<sup>21</sup> Although the problems were most intense in the small southern city, nearly every region in Australia suffered some degree of labour shortage. Shop assistants were the only suitable pool of working women. They were women with experience of the paid work place and whose employers could be enjoined to register them, thereby exposing their existence to the authorities. This made them the most accessible source of women for essential industry. The retail trade itself was an easy target for re-direction. There was a ready assumption that the women could be moved without causing too much damage to trade. Production Executive anticipated that consumer rationing would reduce retail labour needs and, furthermore, any women withdrawn could be replaced with men and women who were too old, too young, or too infirm for industrial work and by part timers whose domestic responsibilities made them shy of factory employment.

The shop assistants' redirection did not go according to plan. The regulations proved inadequate to control the competition between

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<sup>21</sup> NAA(Vic) B551;1942/19B/1437 Report of the Commonwealth Committee of Advice—Manpower, 3.7.1942, p. 3.

arms of government which allowed women to escape their reach and frustrated their administrators. Following an account of the shop assistants' story, the study will examine one specific frustration: the case of "Sarah" of Cowandilla. The decision to redirect working women in Adelaide was made by the Production Executive.<sup>22</sup> Dedman, who instigated the debates leading up to this decision, favoured the scheme on three grounds. The first was the "acute shortage of labour", most urgently felt in Adelaide. Expanding munitions factories, especially Salisbury, needed new workers in large batches. Because these factories scheduled production capacity to increase section by section, a dependably "regular flow of labour" was essential. Too few would be almost as bad as none. Secondly, he reasoned that, whereas the recent prohibition on selected inessential manufacturing had effectively released labour in Victoria—a state with a comparable labour shortage—it had been less effective in South Australia where there was no extensive pre-war manufacturing work force to manipulate. Similarly, the Production Executive did not expect the recently applied restrictions on retail deliveries of goods, such as meat, to liberate an appreciable amount of labour in South Australia because the numbers engaged were too small. Only the retail arm of trade harboured a useful number of inessential workers. Dedman's main argument was simply that the women were there. His Cabinet submission described retail stores as a "most important reservoir of labour". If young workers could be prohibited from working in shops, he advised, older people could take their places and their effort applied to the munitions industry.<sup>23</sup> Production Executive agreed with him and, on 10 March 1942, empowered him to make regulations to

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<sup>22</sup> NAA(Vic) MP39/1;1942/69 Production Executive decision No. 23, 10.3.1942.

<sup>23</sup> Loc. cit., PE Agendum 14/194, "withdrawal of labour from retail shops", 7.3.1942.

“prohibit, in South Australia, the employment of male and female [shop] workers of any specified age group”.<sup>24</sup> Effectively, the direction orders would apply to women because most men still working in shops were either aged or invalid, or otherwise unsuitable for employment elsewhere.

A group of men, comprising the South Australian Director of Manpower, L.C. Hunkin, and the State’s Director for War Organisation of Industry, J.W. Wainwright<sup>25</sup>, in conference with other members of the local labour bureaucracy, devised a plan to call-up all unmarried women, including widows without children, born in the years 1916 to 1923 inclusive and employed as shop assistants in Adelaide and, wherever necessary, to use the Manpower Regulations to direct any who were suitable into employment in local munitions works. The group estimated that their plan would make about 4,000 women available.<sup>26</sup> They believed that implementing the measures allowed by Manpower Regulations 15, 17 and 20 would facilitate the transfer.

Regulation 20 dealt with information. It directed every employer to:

- (a) keep such records relating to his employees ... as the Director-General, by order, directs;
- (b) produce, on demand, the records so kept to the Director-General or to an officer authorised by him ... ;
- (c) furnish to the Director-General or to an officer authorised by him ... such information or returns relating to his employees ... as is specified by the Director-General by order, not later than a date specified in the order and in

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<sup>24</sup> PE decision No. 23, 10.3.1942.

<sup>25</sup> Also the state’s Auditor-General.

<sup>26</sup> NAA(Vic) MP39/1;1942/69 Wurth to Hunkin 16.4.1942.

accordance with the instructions and in the form prescribed by the order; and

(d) permit any persons authorised by the Director-General in that behalf to enter and inspect any premises for the purpose of ascertaining whether the provisions of these Regulations and of any order thereunder are being complied with and to question any person for the time being thereon.<sup>27</sup>

With these powers the Manpower Directorate could determine the current whereabouts of any women who might be useful to munitions. Once the retail employers had given the women's names, together with other information such as their identity card numbers, addresses, and details of the capacity in which they employed them, the manpower authorities could simply cross-match the information with the registration cards the women had already completed in response to earlier regulations, and then select those women most likely to be useful to the munitions drive.

Having sorted the women, manpower authorities could compel them into essential work through regulations 17 and 15. Regulation 17 required "any person of either sex" to furnish information about themselves, their addresses, their place of employment, and the sort of work they did there. Regulation 17 also compelled anyone to attend an interview at a National Service Office upon request of the manpower authorities, while regulation 15 allowed the Director-General of Manpower (with some qualification) to "direct any person registered as unemployed at any National Service Office to accept such employment in Australia as the Director-General thinks fit". Thus, women could be compelled to attend an assessment interview and be identified as

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<sup>27</sup> NS(Man Power)Rs, SR 34/1942, regulation 20.

candidates for higher priority work. When a sufficient number in any age group or other category had been so identified it would be a simple matter for the Minister for War Organisation of Industry (in accordance with the authority he had been given) to issue a "disemployment order": an order to prohibit employers in retail shops in defined areas from continuing to employ or engaging unmarried women or widows without children in that age group or category. Women who showed at interview that factory work would seriously aggravate their personal circumstances or that their withdrawal would unreasonably damage their employer, could be granted a permanent or temporary certificate of exemption. The anticipated effect of the order was that the identified women would be made unemployed and therefore eligible for direction into gainful employment.

A serious flaw remained in the plan. Despite the regulatory power, the success of the programme depended on women being willing to take up the jobs they were offered. The regulations left a legal escape route for women affected by the order who wanted to avoid call-up to munitions: they could not be obliged to register as unemployed and, unless they did, they could not be directed into any employment. If women preferred to help at home or to engage in activities such as commerce, which were not the subject of disemployment orders, the regulations could not prevent them. Although Hunkin suggested several ways of closing this obvious loop-hole—for example, thwarting the women by restricting other occupations or by an order prohibiting anyone from employing women in the eligible age group who were employed as shop assistants on a given date—none of his suggestions were taken up.

The project was destined to be frustrated, not primarily because the women themselves were unwilling (although most were), but

because inefficient and uncoordinated administration allowed them to flout the order. On 23 April 1942, the Adelaide manpower office placed an advertisement in the newspaper.<sup>28</sup> It asked employers to provide, within a fortnight, the information the office needed before the disemployment could get under way. The advertisement (as might be expected) alerted the shop employees and Hunkin, predicting that they were likely to be uncooperative, asked the Minister to back-date the regulation 17 order so as to “cover those females who, on seeing the press notice, immediately change their employment”.<sup>29</sup> He felt there was no point in beginning to interview the selected women unless they knew that an order was definitely forthcoming that would prohibit them from continuing employment in shops; without such an order, his officers could not wield even moral suasion over the women. As it turned out, the Minister did not even sign the anticipated order requiring the designated shop assistants to report for interview and certainly did not back-date it.<sup>30</sup> Hunkin recorded that this had allowed “quite one half” of the suitable women to slip out of range of the Directorate’s power.

Despite the missed opportunity, the Adelaide Manpower Directorate went ahead with a voluntary canvass of shop assistants during the five weeks following the appearance of the advertisement and achieved what it called “heartening results”.<sup>31</sup> In the same month, about 1,300 women were placed in essential employment—90 per cent of them into commonwealth munitions production, aircraft production, and army inspection—and, the office noted, a “considerable proportion” of the voluntary placements was of ex-shop

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<sup>28</sup> *Advertiser*, 23.4.1942, pp. 5 and 6.

<sup>29</sup> NAA(Vic) MP39/1;1942/69 Hunkin to Wurth 23.4.1942.

<sup>30</sup> Loc. cit., Manpower Directorate, SA to DoWOI 29.5.1942.

<sup>31</sup> *ibid.*

assistants. However, it also noted that more than a quarter of the shop assistants who transferred enlisted in the women's auxiliaries.<sup>32</sup> This was despite the fact that the manpower office had asked the auxiliaries to suspend recruiting while they were dealing with the shop assistants.<sup>33</sup> A note from a female placement officer sent in the same month described an industrial position that was still inadequate: the munitions factories were demanding 1,000 women a month and were only obtaining between 300 and 400.<sup>34</sup>

Wainwright added his voice to Hunkin's. The "heartening results" certainly did not satisfy him. He saw the plan's potential evaporating as employers competed for the few available women. In his role as the Director of War Organisation of Industry in South Australia, he petitioned the national Director-General in letters and telephone calls, urging him to appreciate the desperate labour shortage in Adelaide, the "rapidly degenerating" recruitment of female labour, and the frustration felt by the authorities charged with supplying labour to essential industry. He wrote despairingly of the competing interests vying with each other for the services of South Australia's women.

A report Wainwright made in mid-1942 listed several employers competing for the finite resource. The list is reproduced below because it is an interesting contemporary summary of the diverse demands made on the diminishing number of women available for employment and explains why shop assistants felt free to resist direction to Salisbury's explosives factory.

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<sup>32</sup> *ibid.*

<sup>33</sup> *ibid.*

<sup>34</sup> NAA(Vic) B551;1942/27C/277 Ruby Board to Director-General of Manpower: memorandum "On the subject of organisation of women in SA". The memorandum is undated but has been signed as seen, 11.5.1942.

1. The Airforce. The Airforce is making a strong appeal for girls to do all kinds of work. They get a nice blue uniform which is very attractive to the girls and many of them seem to get nice easy jobs.
2. The Army. The Army also has stirred itself up in the manner of obtaining female labour for various clerical and other jobs.
3. Other auxiliaries are also active in recruiting girls.
4. The tramways Trust has stated its intention of obtaining girls for conductors.
5. The railways have also started employing girls in large numbers.
6. The Aircraft Production Commission are also extending their employment of women.
7. Two shell annexes are coming into operation and both these are intending to employ women on new machining.
8. The Finsbury factory policy is to employ a great many more girls than ... originally intended.<sup>35</sup>

This list shows why Wainwright's earlier labour forecasting had gone awry. Since he had assured Premier Playford in 1940 that at least 14,500 women would be available to serve the production plans for the Salisbury factory, several large employers had unexpectedly entered the arena, all competing for labour to fill positions that had not been there at the time he made his predictions.<sup>36</sup> Wainwright was particularly bothered by the numbers of women who were escaping war industries by enlisting in seemingly attractive military services. He warned his head office that there were no unemployed women in Adelaide "and",

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<sup>35</sup> NAA(Vic) MP39/1;1942/69 Wainwright as Deputy Director-General DoWOI, SA to Director-General DoWOI 6.6.1942.

<sup>36</sup> SR(SA)GRG1009/1940 Wainwright report to Premier 12.9.1940.

he added, "have not been for more than 12 months".<sup>37</sup> Women enlisting were leaving jobs to do so. Wainwright described the redirection as a "haphazard, voluntary, unorganised system". It irritated him primarily because he knew it was damaging recruitment for Salisbury. He reported: "it seems clear that the labour for Salisbury cannot be obtained because there will be none left".<sup>38</sup>

In his role as Auditor-General of South Australia, Wainwright had long advocated the development of a planned economy, with state control over labour and manufacturers, to protect the state from the return of the damaging unemployment and associated poverty it had suffered during the Great Depression.<sup>39</sup> He was a staunch believer that war industries, particularly the explosives works at Salisbury, would bring long-term benefits to the state. In June, seeing the redirection plan in chaos, he wrote an urgent plea to Chippendall, the Director-General of War Organisation of Industry, dramatically concluding:

The Director-General of Manpower has drawn the attention of his Minister to the position which has developed, and I now do my duty and draw your attention. Having done this the responsibility of meeting the situation rests entirely upon the government. The Manpower Authorities have already pointed out what is necessary to be done but no action has been taken. Unless the government takes positive action in this matter, I warn you that Salisbury will not be staffed except by women brought from another state.

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<sup>37</sup> NAA(Vic) MP39/1;1942/69 Wainwright as Deputy Director-General DoWOI, SA to Director-General DoWOI 6.6.1942.

<sup>38</sup> *ibid.*

<sup>39</sup> HUGH STRETTON "An Intellectual Public Servant. William Wainwright, 1880-1948." *Meanjin* 50(4) 1991, pp. 565-78.

Having made this report, I disclaim all future responsibility for the chaotic nature into which the supply of female labour has developed in Adelaide.<sup>40</sup>

Bitter disappointment is palpable in this disclaimer, a clear denunciation of the government's inaction in a situation where the regulatory provisions could have guaranteed the plan's success, but where the government seemed willing to allow the plan to fail.

Finally, four and a half months after Production Executive had approved the action, and nearly two months after Wainwright's frustrated outburst to head-office, E.J. Ward, Minister for Labour and National Service, signed an order under regulation 17 requiring selected shop assistants, working in South Australia, to attend an interview with the Manpower Directorate.<sup>41</sup> Hunkin greeted the news without enthusiasm. "Quite one half" of the available women had already avoided re-direction and he wanted to be sure that his office could direct the remaining women to new employment following the interviews.

Since the promulgation of the Manpower Regulations in January 1942, the Directorate had controlled employment in undertakings that were officially "protected". Protected or "pegged" workers could not leave their jobs, nor could their employers dismiss them, without the Manpower Director's permission. Hunkin wanted this authority of the Directorate extended to enable it to prevent the free transfer of women from non-protected industries as well. Amendments to the Manpower Regulations designed to effect this change were in preparation. These would give monopoly over civil placement of men and women to the manpower office. Hunkin, still

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<sup>40</sup> NAA(Vic) MP39/1;1942/69 Wainwright to DoWOI 6.6.1942.

<sup>41</sup> Loc. cit., Order under regulation 17, signed 30.7.1942.

hoping to minimise leakage of shop assistants, proposed to delay interviewing until the new regulation gave him the power to prevent women from moving freely into other inessential work.<sup>42</sup> The new regulation would mean that the women (who would have to attend an interview before being employed *anywhere* in South Australia) could be strongly encouraged to take up work at places like Salisbury even though they would not necessarily be compelled—a step Hunkin said he was reluctant to take before the full effect of the new regulation could be evaluated.<sup>43</sup>

Hunkin particularly wished that he could stop the flow of women into the Service auxiliaries. He was adamant that the plan's success depended on his office being given power over military recruitment. He added his warning to Wainwright's, saying "the conclusion is inescapable that this state cannot possibly meet its commitments in womenpower for vital factories if the present high-powered recruiting for the auxiliaries is continued."<sup>44</sup> Recruitment into the Services offered women some real benefits over factory work: uniforms in an environment of clothing shortage; pay and conditions that were considered good; repatriation arrangements and other benefits; stability; glamour; and social approval. Hunkin wrote: "when this is coupled with patriotic approbation for 'doing a man's job' then factory work in the production of munitions, or really doing a man's job on the land or in civil industry takes a very minor place in the young woman's comparative valuation of jobs."<sup>45</sup> Without authority to control enlistment, he believed, the restriction on employing shop assistants and other curtailments of commercial employment, was

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<sup>42</sup> Loc. cit., Hunkin to Wurth 5.8.1942.

<sup>43</sup> Loc. cit., Wurth to DoWOI 15.8.1942.

<sup>44</sup> Loc. cit., Hunkin to Wurth 5.8.1942.

<sup>45</sup> Loc. cit., Hunkin to Wurth, 8.9.1942.

causing an "exodus which is more and more to the auxiliaries, to whom it is manna from heaven".<sup>46</sup>

During August, the anticipated amendment to regulation 13 was proclaimed, giving monopoly over the civil placement of women to the Manpower Directorate. It became illegal to employ a woman without the permission of the Directorate but it remained legal for any woman to enlist in the Services. The auxiliaries' recruitment campaign was also causing discontent in protected undertakings such as factories, hospitals and public utilities, from which many "pegged" women (and men) would have moved if they could. Responding to the suggestion that women be brought in from other states to operate Salisbury, Hunkin responded irritably: "Women for the Salisbury explosives factory cannot be brought from the other states in their thousands", he said, "but the recruitment for the auxiliaries can be restricted to those states which have a surplus of available women."<sup>47</sup>

Hunkin believed that another serious obstacle hampered the redirection of shop assistants to Salisbury. South Australian women were unwilling to volunteer for factory work, for social reasons. He perceived a "strong prejudice among young women and their parents against factory work". Before the war very few Adelaide women worked in factories and those who did were described by Hunkin as "largely of the coarser type".<sup>48</sup> Evidence shows that even among factory workers there was prejudice against the Salisbury factory. For example, during a war-time dispute at Rossiter's footwear factory in Adelaide the women workers wanted to convince the Conciliation Commissioner that their foreman was intimidating them. One of the

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<sup>46</sup> *ibid.*

<sup>47</sup> NAA(Vic) MP39/1;1942/69 Hunkin to Wurth 5.8.1942. A year later women were brought from NSW to work at Salisbury but the effects of the transfer were disappointing.

<sup>48</sup> *Loc. cit.*, Hunkin to Wurth 8.9.1942.

women accused him of threatening that he would have her sent into munitions work.<sup>49</sup> The Commissioner asked her if that was a serious punishment and she replied that she didn't suppose it was.<sup>50</sup> When pressed the women explained that the threat concerned "one certain factory, which was Salisbury; we did not want to go there, because we had heard so much about it".<sup>51</sup> During the same period the Ministry of Munitions was trying to establish a core workforce at Salisbury by transferring some of its own female operatives from Hendon but several women had refused to go.<sup>52</sup> Essington Lewis, the Director-General of Munitions, complained to the Prime Minister, accusing the Manpower Directorate of hampering the effort to transfer women to Salisbury by its obstructive policy.<sup>53</sup> It seems clear that there was an underlying aversion to working in (at least) some of the munitions industries. Hunkin felt that his office had been "moderately successful" in counteracting that prejudice, but more serious competition came from the intensive propaganda generated by the military services.<sup>54</sup>

On Monday 12 October 1942, John Dedman, Minister for War Organisation of Industry—seven months after he, himself, had argued in Production Executive for the power to do so—finally signed an order that actively disemployed all female shop assistants working in Adelaide who were born in the years 1916 to 1923, inclusive—that is, women aged from about 19 to 26 years. A fortnight earlier the Director-General of Manpower had written to the recruiting directors of the

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<sup>49</sup> NAA(SA) AP14/1;NS(SA)5/1942 Commonwealth Court of Conciliation and Arbitration hearing before Commissioner Rowlands in an industrial matter in which the Australian Boot Trades Employees' Federation, SA, and Rossiters Ltd are concerned under NS(Industrial Peace)R, 18.11.1942, transcript, p. 36-8.

<sup>50</sup> *ibid.*

<sup>51</sup> *ibid.*

<sup>52</sup> NAA(Vic) MP39/1;1942/447 Welfare Officer's Report, Hendon, 15.9.1942.

<sup>53</sup> *Loc. cit.*, Lewis to Curtin, 25.9.1942.

<sup>54</sup> NAA(Vic) MP39/1;1942/69 Hunkin to Wurth, 8.9.1942.

Women's Auxiliary Air Force and the Australian Women's Army Service asking them to desist from tempting the women so that they would remain available for diversion into munitions work, but he had no power to insist that they complied. Amendment of regulation 13 in August<sup>55</sup> had already more than doubled the rate at which females were registering at the National Service Offices for placement. October's disemployment order boosted it again, as the following list shows:

<u>Date</u>	<u>registrations</u>	<u>placements</u>
July 1942	402	491
August	832	1131
September	1075	1384
October	2729	2466
November	1231	1931 <sup>56</sup>

Although things had improved and the new regulation 13 had, according to Hunkin, resulted in more women moving into essential industries, the number of registrations remained quite small and the number of actual placements was even smaller. The figures seem to belie this but some people were placed more than once, making the number of placements deceptively high.

Desperate labour shortage continued in endeavours which traditionally employed large numbers of women, such as food processing, clothing manufacture, hospitals and textile work, as well as the Salisbury explosives factory. For example, Hunkin estimated in November that many hospitals were operating with only 40 per cent. of

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<sup>55</sup> 8.8.1942.

<sup>56</sup> The numbers are compiled from returns contained in reports of the Women's Employment Section of the Manpower Directorate, SA. The reports are filed in NAA(Vic) B551;1842/110/2906.

their normal staff.<sup>57</sup> The shop assistants were a mixed blessing. Hunkin reported that most of those compulsorily called-up for interview "accepted the change of employment cheerfully" but 856 of the 2729 women registered received permits to remain in their jobs, either permanently or for a restricted period,<sup>58</sup> and an unknown number chose to remain unemployed. During the months of October and November (when women working in food shops were disemployed) over one thousand women were permitted to engage in non-essential industry, mostly shop work.<sup>59</sup> Most of these were married women who could not be induced into more essential industry and could not be compelled. Wurth pounced on the discrepancy. On 11 January 1943, he wrote to Adelaide complaining of the large percentages of placements into commercial jobs and suggesting that women be refused positions as shop assistants thereby forcing retail employers into accepting part-time workers.<sup>60</sup>

Hunkin's response was a very useful assessment of the problems attendant on calling-up women for service without the power to allocate them according to a centralised policy. First of all he interpreted the high percentage of placements in retail: "these engagements were almost wholly married women, girls of 14 to 15 years of age (and even under 14), and many ...were for part-time work only."<sup>61</sup> He then offered an explanation for the resistance of married women. They were, he said, reluctant to go to work at a protected industry where they feared they would be "pegged". Married women were, under the regulations, eligible for release from protected

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<sup>57</sup> NAA(Vic) B551;1942/110/2906 Report of the Women's Employment Section, Manpower Directorate, SA, 9.12.1942.

<sup>58</sup> Report of the Women's Employment Section, 16.11.1942.

<sup>59</sup> Report of the Women's Employment Section, 9.12.1942.

<sup>60</sup> NAA(Vic) B551;1942/110/2906 Wurth to Hunkin, 11.1.1943.

<sup>61</sup> Loc. cit., Hunkin to Wurth, 29.1.1943.

undertakings and Hunkin claimed that he had always been "most considerate and sympathetic" when considering their applications. Nevertheless, among the women, the idea that once they took on such a job they were pegged irrevocably was, he believed, "very prevalent". He illustrated married women's willingness to work in non-protected industries, by citing the fruit canning industry. During the first two weeks of January 1943, canning factories had requested 232 female workers. The Directorate had supplied all the women needed and most of them were married.<sup>62</sup> Elsewhere, Hunkin credited January's success to "urgent appeals [he had made] through the press and radio" to induce married women to undertake urgent food processing,<sup>63</sup> but this does not disprove his point that women were wary of being pegged in munitions work.

The impact of the disemployment order was restricted because the regulations remained incapable of compelling women into work they did not want to do. It was not until July 1943 that any South Australian woman was successfully called-up from non-essential work and compelled to work in an essential industry. A shop assistant and window dresser in a "retail frock shop" was sent to General Motors- Holden's factory at Woodville to do process work in the aircraft fabrication department.<sup>64</sup> Overall, notwithstanding the persistent popular "memory" to the contrary, the Adelaide office directed only 42 women in the two years and four months that regulation 15 remained in force.<sup>65</sup>

Despite the increased number of women registering for employment and being placed during October and November of 1942,

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<sup>62</sup> *ibid.*

<sup>63</sup> NAA(Vic) B551;1942/110/2906 Hunkin to Wurth, 15.2.1943.

<sup>64</sup> NAA(Vic) MP39/1;1943/56 Report on notices of direction, 29.5.1943-14.7.1943.

<sup>65</sup> Women's Employment Section reports.

the Department of Munitions levelled trenchant criticism at the Manpower Directorate in Adelaide. McGregor Reid, the Department's South Australian business administrator, sent complaints through Lewis to the Prime Minister himself, accusing Hunkin's office of deliberate obstruction.<sup>66</sup> The situation was further mired. Lewis informed Prime Minister Curtin that the Minister for Labour and National Service, E.J. Ward, had assured the Munitions Department on 1 August 1942 that he had signed an order "which [would] enable the transfer of women shop assistants in South Australia to munitions industries".<sup>67</sup> This was not strictly true and contributed only further confusion to the labour situation at Salisbury. The Director-General of Manpower, W.C. Wurth, responded to Lewis in defence of the Adelaide office. He expressed himself as "astonished at the terms of [McGregor Reid's] letter", and said "it is perfectly obvious that he, in attempting to attribute the blame for difficulties in connection with the staffing of the ...Salisbury factory to me and this Directorate, is either ignorant ... or prefers to remain oblivious, to the real position".<sup>68</sup> Wurth's letter restated all the well-known obstacles in the way of recruiting for Salisbury; reminded Lewis that "the establishment of the factories in South Australia in disregard of the population problem" had been the work of the Munitions Department; and re-asserted that the Directorate still had no power to direct women anywhere adding that even when the powers were conferred "the fundamental difficulties which have already been encountered in persuading ex-retail shop employees to accept employment at Salisbury will still

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<sup>66</sup> NAA(Vic) MP39/1;1942/447 See correspondence 10.9.1942, 15.9.1942, 25.9.1942, 3.11.1942, 16.11.1942.

<sup>67</sup> Loc. cit., Lewis to Curtin 25.9.1942

<sup>68</sup> Loc. cit., Wurth to Lewis 16.11.1942.

largely exist." Clearly, the Director-General of Manpower held the Munitions Directorate responsible for some of their own woes.

Hunkin was disheartened by the direction debacle. Speaking to a group of employers at a conference in November 1942, he allowed some of his exhaustion to show:

I have commenced to lose confidence in people. They have not a proper appreciation of the position. Parents come in and object and girls cry and frankly defy us. We have come to the conclusion that amongst a considerable body of Australians there is no appreciation of the fact that in the Japanese attack on Australia we are faced with the greatest danger we have ever faced and if we fail it would mean the destruction of our civilisation by Barbarians. The pressure put on my office to relieve individuals has made life in the office a misery. They even write to the Minister. I had two letters last week from the minister. One said that an old lady was to be taken from munitions. In the same mail Mr Makin [the Minister for Munitions] wrote and asked me why a girl had been sent to Salisbury. If I did not believe I was doing real work, I would walk out of this position.<sup>69</sup>

### **The "girl" [who] had been sent to Salisbury**

The "old lady" has, so far, been impossible to trace in the records but the "girl sent to work at Salisbury" appears to be Sarah<sup>70</sup> of Cowandilla.<sup>71</sup> Sarah was a female shop assistant who had been

<sup>69</sup> NAA(Vic) MP39/1;1942/377 Report of a Conference between representatives of employers and employees to consider the use of part-time labour, Adelaide, 19.11.1942.

<sup>70</sup> Sarah was not the woman's real name.

<sup>71</sup> NAA(Vic) MP39/1;1942/520 contains the following letters: Sarah's father, Charles, to Minister for Munitions, 13.11.1942; Minister for Munitions to Minister for Labour and

interviewed by the Manpower Directorate according to the order made under regulation 17 on 30 July 1942. She was then, in accordance with the priorities of the office, offered placement at Salisbury. Her unhappy father (Charles) first protested at the office and then wrote directly to the Minister of Munitions (Makin) to complain. The father explained that his daughter had accepted the placement at Salisbury because,

The girl, being a shop saleswoman for 10 years, was much in doubt as to her own capabilities and could give no decided answer.<sup>72</sup>

This "girl" who could not give a decided answer was 25 years old. Furthermore, far from being in doubt as to her ability to perform factory work, she had followed up her interview at the National Service Office by applying for work in the shell annexe of the Perry Engineering Company, situated relatively close to her home. Because she had already been allocated to the higher priority work at Salisbury, the Directorate refused to give her clearance to accept the job at Perry's thus prompting her father's intervention. In writing to Makin he introduced Sarah's mother into the picture. Her mother's rheumatism meant that shift-work was impossible for Sarah but neither she nor her father had mentioned it during their interviews. The ground for objection that Sarah's father referred to twice in his letter to Makin was that the Directorate had offered other women employment at establishments other than Salisbury. Without the records of Sarah's interview (which I believe no longer exist, and may not be conclusive if they did) it is impossible to know whether she was treated differently to other women and it is impossible to determine on what grounds the

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National Service and forwarded to DD-G of MP, SA, 20.11.1942; DD-G of MP, SA, to Minister for Labour and National Service, 25.11.1942; from which the following information is gleaned.

<sup>72</sup> Loc. cit., Sarah's father to Minister for Munitions, 13.11.1942.

decision to treat her differently might have been made—especially when the details of the sick mother were not disclosed by her or her father at their interviews.

This series of correspondence clearly demonstrates three responses to the regulatory power. First, that the father believed his domestic arrangements were more important than the government policy that decreed Salisbury to be the highest priority work in the Adelaide area and that he expected the health status of his wife to override decisions already made in response to his own and his daughter's interviews even though his wife's health was not compromised enough to have been mentioned at either interview. Charles made a normative statement about his perception of the relative value of his family life and national security. Clearly his evaluation was different to Hunkin's.<sup>73</sup> Secondly, Sarah's father showed a deep sense of injustice. It is not clear whether he felt unjustly done by because of the unfair treatment he claimed his daughter received or because he was feeling the effect of the National Security Regulations on a personal level where they expected him to sacrifice some of his customary autonomy and serve the common good. The reason is now relatively unimportant but the grievance he nursed is historically significant. In it is a possible account of the birth of a war-time myth: the implacable Manpower Directorate who sent his daughter to Salisbury regardless of her sick mother. Actually, his daughter was not directed: merely interviewed. Even if she had been disemployed (which is not clear from the correspondence) she was, at that time, free to remain unemployed and help her mother at home. Third, this episode shows even Ministers of State unwilling to command individual citizens to comply with the spirit or the letter of

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<sup>73</sup> See Hunkin's comments to the conference above.

National Security Regulations. This was infuriating and disheartening to the public servants who were dedicating their energy to trying to fulfil government policy. The last word in Sarah's government file is from Hunkin to the Minister for Labour and National Service:

In view ... of this new claim, and as the Minister of Munitions has personally taken up the matter, I propose to allow the woman to work at the Perry Engineering Company.

However, I respectfully suggest that you point out to the Minister of Munitions that if women disemployed for the purpose of staffing the expanding munitions programme at Salisbury are permitted to choose jobs nearest their homes without the best of reasons, then it will be impossible to get staff for that programme.<sup>74</sup>

#### COMMENT

This story of Adelaide shop assistant redirection helps to explain the existence of popular misapprehension and exaggeration about the use of National Security Regulations. Most significantly, as Hunkin wrote, the existence of the regulations had a psychological effect. It is impossible after 55 years have passed to know how strong that effect was but I feel confident in trusting Hunkin's judgment. During the months following the advertised Production Executive decision, it is likely that many people really did not know that the manpower authorities lacked the power to direct them. This confusion and consequent insecurity would have added to the psychological effect. Then there are those people who changed jobs just in case they were

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<sup>74</sup> Loc. cit., Hunkin to Ward, 25.11.1942.

directed. They would say that they moved because of the Manpower Regulations, either because the psychological effect was so strong they really felt they had no choice—they felt compelled—or because they thought that accounting for their behaviour in terms of the regulations put them in a morally stronger position than moving for money or security from call-up for the forces, for example.

There is a further twist to this story. It graphically illustrates one of the tragic flaws in the discipline of history. Historians have expended massive effort, especially over the past two decades or so, to tease the lives of women out of the available sources. The above account is tantalising. There are women galore, together with evidence that some of them acted in opposition to state policy: “girls cry and frankly defy us”, Hunkin complained. The problem is that they so rarely speak for themselves. People write about them describing them as “heartening results” for example, or as people who don’t understand the implications of their actions. They are, quite simply, evidence in someone else’s story. The frustration drove both manpower officers and the women they interviewed to tears but the tears were recorded in government records only because they were a burden to the story-teller. From the evidence examined here, it is possible to write with authority about some of the problems of administration but it is almost impossible to account reliably for the behaviour of the subjects of that administration.

Even Sarah, with a name and address and a set of circumstances that can be verified and tracked through government documents, never speaks for herself. Her “historical event” is really her father’s “event” and, by extension, is really Hunkin’s “event”. The conclusions that historical imagination can draw from this record are about her father and his attitudes and about Hunkin and his problems. An

historian may hope that Sarah went on to enjoy and benefit from working at Perry's but almost irresistibly feels a passivity in her: a sort of, "I don't mind what happens". This is the rub. For all that we can know, Sarah may have been avid to work at Perry's. Perhaps she mercilessly nagged her father until he, poor man, goaded beyond resistance, reluctantly went to the manpower office to do his best! To anyone with imagination (or experience of daughters) there are several possible truths available in the account, but the one truth is not discernible. Unfortunately, the nature of the records makes Sarah appear to be the subordinate actor.

The account of the redirection of Adelaide's shop assistants is a story of frustration. The regulatory machinery necessary to support the action was all in place but at several significant junctions the cogs just did not mesh. Inter-departmental sniping and ministerial resistance characterised the unfolding fiasco that left senior public servants like Hunkin and Wainwright, wallowing in ineffective frustration. The Cabinet decisions and government policies they were charged with bringing to fruition melted into air because of the political listlessness of their ministerial leaders. Both men were, before and during the war, very experienced and competent managers of state government programmes and of labour-related issues. But, the direction project drove them both to public expressions of distress and irritation and to attempt to distance themselves from the mess.

An obvious obstacle, built into the structure of the Manpower Directorate was that, although it was legislatively responsible to the Department of Labour and National Service, the Department of War Organisation of Industry controlled some of its functions. Both ministers—Ward and Dedman—at different times delayed the process by not signing orders that their departments prepared (at their request)

for them. It seems too, that Ward added to the confusion by telling the Department of Munitions that he had already signed orders that he had not signed. On top of this, although the Manpower Directorate was in no way accountable to the Department of Munitions, evidence suggests that it too was able to directly influence Hunkin's actions and indirectly reduce the effectiveness of the Directorate. Certainly, the Munitions Directorate made the decision to build and operate the huge explosives factory at Salisbury with inadequate regard for its inevitable labour problems. Another inter-departmental divide is evident between Manpower and the women's service auxiliaries. Women shaken loose from retail jobs flocked into the services where they avoided factory work and gained social approval at the same time. True control over labour could not be achieved while recruiting continued independently. Study of this episode is particularly interesting for its graphic demonstration that a form of non-compliance at ministerial level undermined government policy.

#### SUMMARY

When Wallace Wurth wrote his review to Ward in May 1942, he was pleased with the work of his Directorate. In four months he had overseen the transformation of Australia's labour-market from a relatively private and local system that recognised employers' and employees' rights to self-determination, to a centrally directed one that respected the Government's right to marshal its resources, including its citizens' labour, and direct them to the state-determined common good, in this case to the security of the Commonwealth. The transformation reflected a wider war principle. Labour distribution was no longer the sole responsibility of the Department for Defence Co-

ordination, but was a function of the Manpower Directorate under the Department of Labour and National Service, a transfer of authority that recognised the essential nature of the "home front" and followed the general trend of total war. In addition, the transformation heralded a more fundamental change. Henceforth, active employment policy undergirded government intervention in the war-time and post-war labour-market.

This chapter shows the change-over was not all plain sailing. The process itself was vulnerable to the vagaries of individuals as government manoeuvred the rough ground between unfettered freedom and government command. Influential employers resented the incursion on their preserves. For example, representatives of the Munitions Department, who objected to the very idea of external control of their labour supply, took every opportunity to undermine the Manpower Directorate, as when McGregor Reid blamed the Directorate for his Department's inability to recruit sufficient operatives for the unpopular Salisbury factory.

The Directorate's experience with Adelaide's shop assistants was watched closely by Cabinet's assessment and advisory bodies, especially the Departmental Manpower Committee and the Manpower Advisory Committee. Wallace Wurth, Director-General of Manpower, was an influential member of the first and chair of the latter, and staunchly supported his staff's requests for greater powers of direction. As evidence of Australia's labour problems mounted, policy began to shift; Wurth became chair of the War Commitments Committee, the body that was able, finally, to insist that Cabinet authorise wider use of direction. Chapter eight below discusses this policy "re-direction".

# 6

## The Women's Employment Board, 1942

In the realm of civilian compromise, few issues except, perhaps, conscription itself, have raised as much contemporary and historical interest as the widespread employment of women in war-time. Australia's labour shortage rose to crisis point through the months of 1941. But not until mid-December did Cabinet finally announce that "as a war measure" it had decided "to approve of the principle of the extensive employment of women in industries where men were not available in sufficient numbers to attain the scale of war production approved as a war objective".<sup>1</sup> This decision indicates that Cabinet members acknowledged the industrial mores restricting certain occupations to male workers were potentially damaging to war production. However, agreeing to their relaxation in principle did not mean that women could simply be employed. Entrenched gender separation in the workplace was heavily protected by the bargaining system that joined employers and unions in legally binding arbitration agreements. Introducing women during the period of emergency

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<sup>1</sup> NAA(ACT) A1608/1;F35/1/2 Memorandum from Cabinet secretary, 16.12.1941.

meant suspending many of those agreements. Promulgation of emergency law seemed to be the only mechanism that would effectively meet the situation.

The Women's Employment Board was the means chosen to usher this change into the Australian workplace. This chapter describes the Board's constitution and the turbulence of its first year of operation, 1942. It shows that while the Board was the institutional face of government war policy, its powerful enemies largely ignored that, limiting themselves to its ideological features (as most historians have done). The second half of the chapter includes a case study that allows for closer analysis of an early decision of the Women's Employment Board, that permitting women to work in Adelaide hotel bars. On the face of it, this was just the kind of transfer the Women's Employment Board was constituted to facilitate. But it unleashed a fury. Powerful interests, already involved in debate over whether hotel bars should employ women, did not stand aside or accept that the Board had made its decision in the public interest and that only for the duration of the war. The evidence suggests that the Licensed Victuallers' Association applied to the Board *because* it saw in the regulations a chance to satisfy its ambitions. On the other hand, the anti-liquor lobby obstructed the Board's decision *because* it did not want to lose the old fight. Neither party cared enough about the war effort to modify its stance.

The Board's tribulations demonstrate many features of the relationship between labour and capital, and of patriarchal production and its uneasy partnership with women, but they also show an interesting facet of the relationship between business and state. Through a time of trial by almost constant petty obstruction, the Australian state struggled to regulate the labour market in the service

of the war effort while remaining obedient to the rule of law, sensitive to society's demands, and resisting the temptation to rule by administrative fiat. The Women's Employment Board was vulnerable (and visible) because its role was to regulate an area of social life where competing social and economic values met—the employment of women and the wages paid to them—but it is important to leave analysis of the Board open to wider implications. Employers who attacked the Board obstructed women, but they also obstructed the political actions of a nation-state at war. The Board was an inchoate political institution whose temporary war role was confounded by the contest for power in its field of action. Powerful interests controlled the employment status quo and were determined to defend their positions. Their determination ignored the primary function of the Board, which was to enlarge the workforce by incorporating more women.

#### REPLACING WORKING MEN WITH WOMEN

In the months prior to the Board's creation, labour shortage had been hidden in many regions by residual pockets of high unemployment; employing women while men were unemployed was potentially unsettling. For example, a staff manager at the Islington, Adelaide, aircraft project said that he anticipated a future need for more women workers but felt "the general question should ... be the subject of political decision".<sup>2</sup> He reported that union leaders recognised the inevitability of increased employment of women but while male labour continued available they were reluctant to push their members

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<sup>2</sup> NAA(SA) D1743/18;356/1940 Memorandum from industrial and staff manager to F.J. Shea, 2.5.1941.

for an agreement. The Department of Munitions at the same time was employing a large number of women. Its factories broke down men's jobs and handed them to women in discrete fragments. Women employed under these conditions were, technically, not doing men's jobs and that meant their employment was less confrontational in the work place. Even so, Harold Holt, Minister for Labour and National Service, confessed to Cabinet that "whether the unions will continue to accept these 'new' jobs as 'women's work' cannot be confidently predicted".<sup>3</sup>

The matter became politically significant when J.V. Fairbairn, the Minister for Air, raised it in War Cabinet.<sup>4</sup> War Cabinet recognised the implications of his concern and asked Holt to prepare a submission for full Cabinet. In a broadcast address on 17 June 1941, Prime Minister Menzies also referred to the matter and only a fortnight later, he told parliament he was re-organising the whole war effort.<sup>5</sup> The Government embarked on an extensive investigation but, before this got very far, it was halted by political defeat and a new Government was appointed. In the meantime, small but significant changes had been made to the conditions of employment for women in the Commonwealth Public Service. But it was not until November that Cabinet was faced with the urgent necessity to adopt a distinct position in relation to women in the labour market.

W.P. Ashley, the Postmaster-General, introduced the women's wages conundrum to Cabinet on 17 November 1941. He was concerned about conditions for women his Department hoped to employ as telegraphists—hitherto a male occupation. Prime Minister Curtin,

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<sup>3</sup> Cabinet Agendum 690/1941 HOLT "Employment and remuneration of women in industry and the forces" 25.6.1941.

<sup>4</sup> 3.6.1941, described by HOLT *op. cit.*

<sup>5</sup> CAPD:HR MENZIES volume 167, 2.7.1941, p. 686.

agreeing the matter was pressing, asked him to prepare a briefing paper for Cabinet. Ashley's paper was distributed a few days later and discussed in Cabinet on 2 December.<sup>6</sup> Briefly, it recommended Cabinet to authorise him to employ women to replace men on work recognised as men's. Thus he introduced the new principle of deliberately employing women on men's jobs with the intention of making men available for placement elsewhere, rather than simply employing women because men did not offer.

The Postmaster-General's telegraphists were included on the List of Reserved Occupations but many of them had applied for permission to enlist—so far denied because it would be impossible to replace them. The armed forces desperately needed telegraphists but, because the war was increasing its own telegraph load, the Department had felt unable to supply them. The Postmaster-General predicted that, as demand would not ease while the war continued, normal channels would not produce these telegraphists. All suitable retired men had already been re-employed and willing, suitably qualified men from elsewhere had been given temporary appointments: the only untapped source of possible relief was women. Ashby assured Cabinet:

The duties are regarded as well within the scope and physical capabilities of females and are already carried out by female labour in Postal Administrations in other parts of the world.<sup>7</sup>

It is significant to note that the female telegraphists working in other parts of the world were operating machines that had so far not been introduced in Australia. This added the implication that women could

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<sup>6</sup> Cabinet Agendum 109/1941 ASHLEY "Release of telegraphists for war service—employment of females", 20.11.1941.

<sup>7</sup> *ibid.*

manage the work because machines had simplified it. It also intimated that the work might not be "men's" when the men returned.

Technically then, the work the women would do was not men's work because men had not been doing that actual work: a useful loophole. This was an obvious encroachment on customary workplace arrangements and called for sensitive collaboration with unions if it was to be successful. The Postmaster-General discussed his proposal with the federal executives of the Public Service organisations concerned and was able to assure Cabinet of their general agreement with the scheme provided that women would only be used if suitable men were unavailable. He had reassured the unions on this point. Only the rate of pay for the women remained to be settled. "In this connection", Ashley wrote, "The telegraphists' organisations have suggested that the male rates of pay should be granted".<sup>8</sup> In addition to their own specific concerns, the unions had urged Ashley to tell Cabinet that the general question of payment to females employed on men's work because of the war emergency needed settlement. He had promised to do as requested.

So Cabinet faced an urgent question: should female telegraphists employed by the Postmaster-General's Department be paid at the award rate for male telegraphists? Ashley was well aware of the weight of the issue and pointed it out to his Cabinet colleagues:

This raises the question of equal pay for the sexes in the Commonwealth Service and also has important implications upon outside industry.<sup>9</sup>

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<sup>8</sup> *ibid.*

<sup>9</sup> *ibid.*

Concerted government policy was required to effect employment of women in place of men. Other than its call-up arrangements, Australia's federal government had never made policy with such a significant effect on the labour market. The alternative, obviously untenable, was that each classification of worker would, like the telegraphists, have to be taken before War Cabinet and receive individual attention and a separate decision.

Early in December 1941, before Japan's air-raid on Pearl Harbor, Cabinet had directed the Department of War Organisation of Industry to make an urgent survey of the vexed question: would employment of women in hitherto gender-restricted occupations ease the nation's acute labour shortage? The Department's Minister, J.J. Dedman, desiring to protect himself from a political minefield, warned Cabinet that its own urgency had made it impossible for him to conduct an exhaustive investigation. On that understanding, he quizzed production departments, and workplace and economics experts on various aspects of women's employment. Their responses were collated in Dedman's office and were presented by him to Cabinet on 13 December.<sup>10</sup>

The statistical evidence he gathered worried him: war conditions had hardly affected the proportion of women in the total workforce. Government munitions factories, which employed about 6,000 people at the start of the war, were employing 22,000 men and 7,000 women at the time of his survey.<sup>11</sup> Among these workers the percentage of women had increased from 17.4 to 25.2 per cent and was expected to continue its rise. Other sections of munitions production employed fewer women. Annexe and aircraft production staffs comprised less

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<sup>10</sup> NAA(Vic) B551;1942/27C/277 Dedman "Information for Cabinet on the employment of women" 13.12.1941.

<sup>11</sup> NAA(Vic) MP1/1;1/1/10 "Employment of females under war conditions", p. 6.

than 10 per cent women and in general engineering firms, where much munitions work was done, less than 5 per cent of the employees were women and most of those were office workers. Analysis of all factory workers showed the trend even more clearly. South Australian factory employment had increased by 20,000 since June 1939 to a total of 65,000.<sup>12</sup> The percentage of women in that net increase had hardly changed, rising only from 18.4 to 20.6 per cent. This rise was tiny indeed when the fact that more than 200,000 male employees had enlisted for overseas service and nearly another 100,000 had been taken into camp for home service is taken into account. The number of enlisted men can be partially cancelled out by the decrease of about 170-180,000, in the numbers of unemployed. Even so, the alarming evidence remained: the increase of 2 per cent represented only 20-30,000 women.<sup>13</sup>

Dedman pressed Cabinet for an early decision because he believed urgent action was required. The question he asked was twofold. Should the Government make a concerted effort to secure the maximum employment of women in appropriate avenues—in which he included the armed forces, government munitions and aircraft supply, the public service, and other industry—and, if any or all of these avenues were deemed appropriate for government action, what policy should the Government follow in regard to payment to these women? Should the principle of equal pay for equal work be endorsed by immediate implementation or by promises of introduction as soon as practical after the war? If not, what measures could be introduced

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<sup>12</sup> *ibid.* No date was given for the later figures but is clearly between June and November 1941. Similar figures were compiled from tax returns which are a likely source for the statistics given here.

<sup>13</sup> *ibid.*, p. 7.

that would quickly and effectively establish women in jobs for which no women's rates had been determined?

### EQUAL PAY FOR EQUAL WORK?

Australia's wages arrangement had been institutionalised in the famous Harvester Case of 1907 which laid down a minimum wage based on the cost of living. Under this principle a man should be paid with a view to the fact that he maintained a woman (his wife) and two or three children. Social welfare (such as it was) therefore became the responsibility of employers in cooperation with the male heads of households. The matter of female wages was not addressed until 1912 when Arbitration Court President H.B. Higgins awarded equal wages for women whose occupations placed them in direct competition with male workers, and about 66 per cent of the male rate for women in predominantly female occupations.<sup>14</sup> Harold Holt had earlier referred to gender-based wage differences as an "error into which wage-fixing tribunals have been led in their desire to find a plausible justification for decisions which economic circumstances have forced them to make"<sup>15</sup> and, in June 1941, when speaking of enlisting women into service auxiliaries, he had said that "justice" demanded some parity of pay rates between single men and women.<sup>16</sup>

World War I and the Great Depression had seen employers, the world over, resisting the social role the state had foisted upon them. Resenting the coupling of wages (and therefore their profit

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<sup>14</sup> MARGARET GARDNER and GILL PALMER *Employment Relations: Industrial Relations and Human Resource Management in Australia* (2nd edition, 1997) Macmillan Education Australia, Melbourne, p. 395.

<sup>15</sup> Cabinet Agendum 690/1941 HOLT "Employment and remuneration of women in industry and the forces" 25.6.1941, p. 1.

<sup>16</sup> *ibid.*, p. 2.

opportunities) to the living costs incurred by their workers, employers pushed for a different link: a correlation between wages and their perceived ability to pay them. During the Depression years Australia's Arbitration Court had clearly stated that it was guided not only by the cost of living of individual workers but also by the broader economic implications of the decisions. Thus, the old order was being undermined almost as soon as it began. The Commonwealth's 1941 child endowment legislation indicated that it supported releasing employers from obligations to provide a living wage to their workers.

Dedman's file, "Employment of Women in Industry",<sup>17</sup> is a very interesting collection of documents. It contains copies of the advisory submissions from which he produced his own position paper cited above. Although some are anonymous and some undated, all are framed to give an opinion on at least some of the questions he asked Cabinet to answer. It is easy to see where Dedman used notes from the file, both as supporting evidence and in direct (but unacknowledged) quotation. It is interesting that the document Holt used to support his June submission to Menzies' Cabinet on the same subject is the document Dedman's paper relied upon most heavily.<sup>18</sup> Clearly, some continuity marked their advisory staffs.

The most striking feature of Dedman's collection is that although most of the writers approved of the principle of equal pay for equal work, none recommended its implementation. The Commonwealth Government was under rising pressure from its own party rank-and-file to implement wage gender-equality. This had been an important platform of the Federal Australian Labor Party for many

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<sup>17</sup> NAA(Vic) MP1/1;1/1/10.

<sup>18</sup> Cabinet Agendum 690/1941 HOLT 25.6.1941 appendix "The employment and wages of women in industry", and NAA(Vic) MP1/1;1/1/10 "The employment and wages of women in industry", no date.

years and groups like the Council of Action for Equal Pay had seized on the changed conditions of 1941 as an opportunity to engage in increasingly vocal and active agitation.<sup>19</sup> The campaign drew influential attention and, as early as April, a conference of 24 federal unions with women members had asked the Australian Council of Trade Unions to present a case to the Commonwealth Arbitration Court for raising the female basic wage to equality with the male basic wage. This was a complicated issue for a party in government—a political hot potato. Embarrassing questions were frequent in the house<sup>20</sup> and, when pressed, Prime Minister Curtin assured parliament his Cabinet was in the process of making a decision.<sup>21</sup>

The Commonwealth itself was a large employer of women (almost certainly the largest in 1941) and, according to the adviser of both Holt and Dedman, that brought three different issues into the debate.<sup>22</sup> Its huge female workforce gave it an inescapable financial interest. Also, it seemed incumbent on the Commonwealth to treat its female employees consistently even though they were in diverse occupations in munitions works, departmental offices and military services. Third, and carrying the most immediate significance, the commonwealth government's "treatment of its employees has a large influence on the position of women in industry generally, not only because it is a big employer but also because it is the Government."<sup>23</sup> Significant numbers of women were employed in private factories working under contract or in some other form of collaboration with government supply departments. Another warning from the same

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<sup>19</sup> *ibid.*

<sup>20</sup> See for example, CAPD:HR volume 169 STEWART 13.11.1941, p. 376; BLACKBURN 14.11.1941, p. 469; McEWEN 18.11.1941, pp. 484-485.

<sup>21</sup> CAPD:HR CURTIN volume 169, 18.11.1941, p. 485.

<sup>22</sup> NAA(Vic) MP1/1;1/1/10 "The employment and wages of women in industry", no date.

<sup>23</sup> *Ibid.*

writer concerned the arbitration system: "the Commonwealth Arbitration Court has been dealing with women's wages since 1913, and the Government should not lightly take action which would affect the prestige of the Court."<sup>24</sup> With momentous issues like these at stake, government reluctance is understandable; with the war at a critical stage, decision was imperative. A settlement had to be made.

Arguments advanced in support of equal pay for equal work were two-fold. "The claim has the appearance of commonsense justice", Dedman's submission borrowed from the writer cited above<sup>25</sup>. Notes prepared by the economist N.G. Butlin also described equal pay as a matter of justice for women.<sup>26</sup>

The writer of "The employment and wages of women in industry", supported the position with Article 427 of the Treaty of Versailles:

[that article] adopts as a "principle which all industrial communities should endeavour to apply so far as their special circumstances will permit, that men and women would receive equal remuneration for work of equal value."<sup>27</sup>

This, the writer suggested, "would probably be thought to endorse the claim", although the contention that women's work had the same economic value as men's work was complicated by the restrictions on the entry of women into many better-paid occupations. Holt, who had received the same position paper, had told Cabinet that even where it was clear (as in the military Services) that working conditions were not

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<sup>24</sup> Ibid.

<sup>25</sup> NAA(Vic) B551;1942/27C/277 DEDMAN "Information for Cabinet on the employment of women—rates of pay" 13.12.1941.

<sup>26</sup> NAA(Vic) MP1/1;1/1/10 BUTLIN "Rates of pay for women" 23.12.1941.

<sup>27</sup> Loc. cit., "The employment and wages of women in industry", no date.

identical, "only a Solomon could decide what would ...represent a fair assessment of their relative value".<sup>28</sup>

The paper also recognised the claim of "some sections of male workers" who feared lower female rates because they could be used to depress male rates, and because lower rates would make it easier for females to retain certain positions when the war was over. It is interesting that, whereas his advisers put the cause of justice first, Dedman's submission positions it second to equal pay as "a safeguard against the invasion of men's work by cheap female labour",<sup>29</sup> a well known argument for equal pay. For similar reasons, the departmental adviser opined, equal pay could be an important protection against war-profiteering by discouraging employers from dismissing male workers in order to increase their profits. This sound political position took precedence over social justice.

Despite persuasive arguments in support of the claim, the writer common to Holt and Dedman and other government advisers resoundingly advised that: "the principle of 'equal pay for equal work' should not be adopted." Why not? The principal objection was that paying a man's wage to women who happened, merely through accidents of war, to be doing men's work, would create a dangerous anomaly. Immediate discontent among women workers doing women's work might destabilise industry rather than relieve its labour pressures.<sup>30</sup> The paper "The Employment and Wages of Women in Industry" suggested avoiding this by letting the Arbitration Court gradually erode gender differences in pay rates as more women joined

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<sup>28</sup> Cabinet Agendum 690/1941 HOLT "Employment and remuneration of women in industry and the forces" 25.6.1941.

<sup>29</sup> NAA(Vic) B551;1942/27C/277 DEDMAN "Information for Cabinet on the employment of women—rates of pay" 13.12.1941.

<sup>30</sup> NAA(Vic) MP1/1;1/1/10 "The employment and wages of women in industry", section 8, no date.

the workforce, and by adjusting the margins payable to certain munitions workers by National Security Regulation.<sup>31</sup> These tactics would effectively shift the focus of the basic wage and its insistence on male breadwinners and so weaken the logic which kept women's wages comparatively low. Thus, the paper's writer suggested, the Government should work at widening the field of employment open to women and leave the Court to adjust women's wages.<sup>32</sup> When this opinion was tested, Judge O'Mara of the Arbitration Court, refused to use wage increases to attract women into employment unless the policy was fixed in legislation. However, as the war months went by, low wages became such an obstacle to recruiting women into essential industries like textiles that the Arbitration Court eventually came to agree that it would award more attractive rates for "women's jobs". The debate is examined more closely in chapter nine below.

The adviser's point of view is very interesting because it considered rising rates of pay would naturally follow increased female engagement in the workforce and offered a way to avoid the head-on confrontation that equal pay legislation might invoke. It is, however, a position that was liable to embarrass a government whose war plans depended on the sympathy of the militant metals sector unions (so far mollified by promises that arrangements to entice women out to work would be dismantled at war's end) and their employers who, while willing to weaken the unity of the male workforce, were not keen to do it by giving concessions to women. Dedman's adviser concluded that the demise of male workplace privilege was a natural companion of progress and foreshadowed the post-war full-employment policy:

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<sup>31</sup> *ibid.*, section 9.

<sup>32</sup> *ibid.*

If we are not fighting for the status quo, we should have no regrets at seeing the end of that type of privilege of men against women. It may be suspected that these privileges came down from a time before women had voting rights. Their removal may mean that certain sections of male workers will not be able to return to their old occupations at the old pay, but if this is a genuine hardship it is a hardship that is inseparable from progress. The general welfare would undoubtedly be greater on account of the greater freedom of women. It may be assumed that it will be part of post-war government policy to ensure a reasonable level of employment, i.e. in general, employment for all those wanting it.<sup>33</sup>

Holt's June Cabinet submission had advised the Government to relax as many gender restrictions as possible from Commonwealth working conditions, thinking "it might also help to divert ...women's organisations ... from misguided but embarrassing propaganda in favour of equal pay for equal work to constructive activities which would ultimately bring them more substantial and lasting benefits".<sup>34</sup> However, although large parts of "The Employment and Wages of Women in Industry" appear verbatim in Dedman's December Cabinet submission, the suggestion to allow a change in the way wages were structured to evolve from a change in attitudes to women at work is absent. Dedman did advocate promulgation of regulations, where necessary, to enable women to be employed in occupations and under conditions that might be contrary to existing peace-time

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<sup>33</sup> *ibid.*, section 10.

<sup>34</sup> Cabinet Agendum 690/1941 HOLT "Employment and remuneration of women in industry and the forces" 25.6.1941, p. 2.

determinations, but only in conditions “where men [we]re not available in sufficient numbers to attain the scale of production approved as a war objective”.<sup>35</sup> But he also counselled the Government to give an undertaking that the changes were a “war measure only” when announcing the proposal. Women’s wages remained the most contentious issue. While suggesting that wages of women employed on work customarily done by men should be reviewed by special tribunals, Dedman recommended that they be paid “at least 66 2/3 per centum of the basic wage for men plus the full margin for skill”<sup>36</sup> pending tribunal decision. Attaching women’s wages to the basic wage would ensure that, even with a higher than usual percentage, their wages would remain comparatively low. In return for agreeing to such wage restraint, Dedman advised Cabinet to “give an undertaking that, as a measure of social justice, the question of equal pay for the sexes will be favourably considered immediately after the war.”<sup>37</sup> However, in another forum he advised the Government to promise that employment of females in men’s occupations would be actively restricted after the war.<sup>38</sup>

Significant amendments were made to these suggestions before they passed into Government policy. The principle of employing women “where men were not available in sufficient numbers to attain the scale of production approved as a war objective” was endorsed. As expected, the arrangement was to be announced as “for the duration” only. The suggested consideration of the question of equal pay after the war was ignored. The vague tribunal recommendation was rejected

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<sup>35</sup> Cabinet Papers, Agendum 109/1941 attachment to Dedman’s memorandum, “Employment of Women”, 13.12.1941.

<sup>36</sup> *ibid.*

<sup>37</sup> *ibid.*

<sup>38</sup> NAA(Vic) B551;1942/27C/277 DEDMAN “Information for Cabinet on the employment of women—rates of pay” 13.12.1941.

and replaced with an alternative that had appeared in the conclusion to Dedman's memorandum:

A sub-Committee of Cabinet consisting of, say, three Ministers to be set up to confer with representatives of the Trade Union movement and Employers in order that an acceptable plan may be developed immediately to ensure the smooth introduction of the proposal by the most expeditious means available, and so that regulations may be promulgated where necessary to enable the employment of women in occupations and under conditions which might be contrary to existing peace-time determinations, etc.<sup>39</sup>

The Prime Minister asked Attorney-General Evatt, Ward, the Minister for Labour and National Service, and Dedman, the Minister for War Organisation of Industry to form the Cabinet sub-committee.

Thus Cabinet rejected normal arbitration procedures as the means of controlling conditions applicable to war work for women, preferring instead to promulgate regulations which would be characterised as temporary by their war focus. It also refused to promise women that wage restraint in the immediate future might be repaid by consideration of equal pay as a social justice issue at the end of the war. These points indicate Government's hope that it could introduce temporary and well contained changes and limit their effect on the post-war world.

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<sup>39</sup> Cabinet Papers, Agendum 109/1941, Cabinet Secretary to DoLNS, 16.12.1941.

## REGULATING EMPLOYMENT OF WOMEN

The nation at large had to be convinced that the idea of using women to augment the supply of men in the work force was an essential war move. The next weekend, a conference of Commonwealth and state ministers provided an opportunity to advertise the policy. Dedman told the assembly that it was now government policy to expand the employment of women, "in principle". As far as South Australia was concerned, Playford embraced the suggestion firmly. "There could be no hostile reaction in my state", he said.<sup>40</sup>

### **Ward's proposal**

In looking for a means of converting policy into effective action, E.J. Ward, Minister for Labour and National Service, came up with a scheme that, although faulty and eventually rejected, identified the problems demanding solution. His idea rested on extending the functions of the Arbitration Court, providing standard protection for the male workers replaced and compensating women war workers. The females employed would be paid only the female basic wage (plus the full skill margin) but the employer would pay the difference between that and the male basic wage into a special fund to benefit women who would leave or be forced out of employment at a designated date some time after war's end. Therefore, even though women would not receive higher wages, employers would be prevented from replacing men with cheap female labour. The exact

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<sup>40</sup> NAA(ACT) A1608/1;F35/1/2 "extracts from report of conference" Canberra 19-20.12.1941.

form of the benefit was not settled, but Ward suggested some "form of unemployment benefit, dowry, etc."<sup>41</sup>

This was an interesting suggestion. It offered compensation to all women working at the end of the war rather than reward to those women who did the work. From Ward's socialist point of view, it spread the benefit among all working women; nevertheless, it clearly missed the mark, treating women and men as separate categories and treating women as chattels to be rewarded out of gift rather than by right. Ward claimed the action was justifiable because it would prevent competition between women employed on men's work and the women already employed on women's work.<sup>42</sup> This stance is plausible but unfair. It was based on ameliorating the effects of two institutionalised inequalities: first, men's work was, merely by definition, higher paid than women's; and second, women would naturally be forced out of industry at the end of the war. Cabinet approved, in principle, of Ward's recommendations and asked for regulations embodying the proposals to be drafted.<sup>43</sup> However, in the event, the scheme was not pursued.

### **The National Security (Employment of Women) Regulations**

Meanwhile, the need to regularise the situation was becoming urgent because, in the absence of government direction, employers such as the Department of Munitions were determined to employ women on their own terms. For example, workers at the Lithgow small arms factory threatened industrial trouble unless the introduction of women was accompanied by an act of parliament providing for their removal at

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<sup>41</sup> Loc. cit., Cabinet Agendum 197/1942, 17.2.1942, Cabinet secretary's memorandum 19.2.1942.

<sup>42</sup> *ibid.*

<sup>43</sup> *ibid.*

war's end.<sup>44</sup> The Department promised the men they had nothing to fear. Although, "owing to the necessities of the war effort", there was no alternative to putting the women into the factory on the following Monday, the women would be "terminated at the end of hostilities".<sup>45</sup> It is probable, judging by the Department's behaviour in other contexts,<sup>46</sup> that their hurry was precisely because they knew the regulations were imminent and wanted to avoid being bound by them.

Within a fortnight, the anticipated regulations appeared, bearing little resemblance to those prepared by Ward. Gone was the dependence on the Arbitration Court and gone too was the proposed unemployment benefit or dowry savings plan. However, the Lithgow workers got their wish, since the regulations guaranteed women would be displaced as soon as men were available.

March 1942 saw two sets of National Security (Employment of Women) Regulations issued, one temporary and interim and the second intended to be semi-permanent. The first set, gazetted on 6 March 1942, opened the gate to the employment of women on "men's work". Regulation 3 allowed the Directors-General of Munitions and Aircraft Production to employ in their departments or give approval to any other employer to employ, "Any female ...on work, not requiring the skill of a tradesman, customarily performed by males, or, ... on work not requiring the skill of a tradesman, which is work reserved to males by any ...law or [legal] instrument".<sup>47</sup> Clause (2) heralded the regulations that were to follow, providing that anyone employing a woman under this regulation must pay her the amount that forthcoming regulations would dictate and, in the meantime, an

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<sup>44</sup> NAA(ACT) A1608/1;F35/1/2 telegram Wickham, AEU organiser, Sydney, to Curtin 20.2.1942.

<sup>45</sup> Loc. cit., telegram Jensen to Wickham, no date shown.

<sup>46</sup> See case study in chapter nine, for example.

<sup>47</sup> SR 92/1942, regulation 3(1).

amount fixed by either the Director-General of Munitions or of Aircraft Production. The second set was notified in the Gazette on 25 March 1942.<sup>48</sup> They were comprehensive, far-reaching, and confronting and the instrument of these features was the Women's Employment Board.

### **The Women's Employment Board**

The Board was empowered to regulate the whole field of women in "men's" jobs—suitability for women, their wages, hours and other working conditions—and to remove certain decision making powers from the Departments of Munitions and Aircraft Production. The Board, appointed by the Minister for Labour and National Service, consisted of a chairperson, one special representative of employers, one special representative of employees and, in addition, two other members to be appointed from time to time according to the special subject matter being dealt with. Again, each special member represented either an employers' or an employees' organisation. The Board's constitution allowed that the chair and half the members should constitute a quorum and, significantly, that it could function even if the representatives of one side or the other did not attend a hearing.<sup>49</sup> At first glance, this appears to be a war-time committee like so many others: employees' and employers' representatives meeting and agreeing to compromises that cost neither side more than they were willing to pay. Or, failing that, one group or the other stalling and obstructing until change became impossible and the committee became a mechanism for making sure nothing changed.

The Women's Employment Board was different in three startling ways. First, its chairman was a judge, Justice A.W. Foster of

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<sup>48</sup> SR 146/1942. By these rules 42 and 92 of 1942 were repealed.

<sup>49</sup> SR 146/1942, regulation 5.

the Victorian County Court, rather than a representative of industry. Its inquiries and decisions would be judicial rather than the outcome of self-interested confrontation. Second, its constitution *required* it to act. Non-appearance or other delaying tactics on one side or the other could not hold it up. Once it had received an application the Board was obliged to make an investigation and come to a decision. Finally, it was obliged to make its decisions according to the intentions of the regulations—to augment the workforce by permitting women to fill men’s jobs temporarily. Although its critics attacked it on many grounds, they rarely evaluated its performance against its legislated terms of reference.

The Women’s Employment Board was activated by regulation 6 of the Women’s Employment Regulations.<sup>50</sup> Under that regulation, if an employer was using women on work customarily performed by women, and an award rate for women had already been decided by the Arbitration Court, no action was necessary. If, on the other hand, an employer, because of “shortage or impending shortage of male labour”, wanted to employ women on work for which no female rate had been determined, then the employer or an organisation to which the employer belonged must either pay the women at the full male rate or *before they employed women on the work*, apply to the Board for a decision.<sup>51</sup> Two months later, this rather awkwardly constructed regulation was amended to read, “where an employer ... desires to employ females on work ... which is customarily performed by males, the employer shall not employ females on any such work at a rate of payment less than that so determined for male employees, unless the

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<sup>50</sup> SR 146/1942.

<sup>51</sup> NS(Employment of Women)Rs, made 25.3.1942, SR 146/1942, regulation 6(1). Italics added.

employer or an organisation to which he belongs has made an application to the Board."<sup>52</sup>

### Breaking the "living wage" tradition

The Board's role was to consider the detailed application and then decide: first, that there was indeed no award or agreement for women—that it was "men's" work—and, if not, decide whether females might be employed on the work at all and if so, what percentage of the male rate they should receive in payment. In addition, it was empowered to prescribe suitable hours and other working conditions, and set any period and conditions of probation it deemed appropriate.<sup>53</sup> Apart from its institution under the Board and the obvious intention to expand the practice, paying women at the same rate as men was not a new principle. Some women had long done work that was designated as "men's"—such as women telegraphists in remote South Australian outposts—and it was customary to protect the male preserve by paying those women at the full male rate. The real innovation was clearly set down in regulation 5 which instructed:

In deciding the percentage referred to ... there shall be taken into account the *efficiency of females in the performance of the work* and any other special factors which may be likely to affect the productivity of their work in relation to males.<sup>54</sup>

This was a distinct break with the tradition of the living wage. As mentioned above, special arrangements had been made from time to time in relation to women's wages, but this was the first

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<sup>52</sup> *ibid.*

<sup>53</sup> *ibid.*, regulation 4.

<sup>54</sup> *ibid.*, regulation 5. Italics added.

announcement of a government policy that encouraged a change in attitude that might be predicted to open the way to equal pay for equal performance. This clause gave the Women's Employment Board an opportunity to realise the assumption made by the government adviser cited above, that expanded work-place opportunities for women would lead to gradual increases in their rates of pay. Regulatory insistence that the percentage paid could not be more than 100 per cent of the male rate offered some protection to the industrial status quo, and that it should not fall below 60 per cent (or the prevailing rate if that were higher) protected women from confinement behind a new pale. The special factors referred to, most frequently meant absenteeism. Women's Employment Board decisions often awarded a slightly reduced rate to offset women's customarily higher rate of casual absence.

### **The munitions loophole**

An interesting exemption from the normal regulation 6 procedure was carried over from the initial regulations and reserved for certain munitions workers. Regulation 11 reads in part:

(1) ...any female may be employed in the Department of Munitions or the Department of Aircraft Production, or with the approval of the Director-General of Munitions or the Director-General of Aircraft Production, by any employer, on work, not requiring the skill of a tradesman, which is work reserved to males ...or work for which a rate of payment for female employees less than the rate for male employees has not been determined under any industrial award, order, determination or agreement.<sup>55</sup>

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<sup>55</sup> *ibid.*, regulation 11(1).

This rule did not leave payment to the discretion of the Director-General of Munitions or Aircraft Production and further subsections of the regulation insisted that the department concerned notify the Women's Employment Board within 14 days of the women starting work. The notification was then to be dealt with as though it were an application under regulation 6.<sup>56</sup> This regulation, presumably preserved to expedite important munitions work, proved to be a loophole for employers. It allowed them to employ women where they may not otherwise have been permitted. An example of contentious use of regulation 11 will be discussed, as a case study analysing the battle between the Perry Engineering Company and the moulders' union, in chapter nine below.

#### ATTACK IN PARLIAMENT

Before the Board had a chance to make a significant impact, George McLeay, the South Australian senator who led the opposition in the federal Senate, moved to disallow the regulations.<sup>57</sup> On the day the regulations (92 of 1942) were announced, McLeay had accused the government of "implement[ing] the policy of advanced socialism ... under the guise of war emergency"<sup>58</sup> His major objection to the rules was they appeared to allow political interference in the business of the Arbitration Court. In the House of Representatives, the attack was led by Menzies who, on 16 March, pointed out that industrial arbitration had enjoyed bi-partisan support and lamented:

I profoundly distrust the suggestion that wages and conditions should be fixed by regulation, or that, pending

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<sup>56</sup> *ibid.*, regulation 11(2) and (4).

<sup>57</sup> CAPD:S McLEAY volume 170, 26.3.1942, p. 438.

<sup>58</sup> CAPD:S McLEAY volume 170, 6.3.1942, p. 210.

the issue of such regulations, two Ministers should be given power to lay down the law on matters which involve the most difficult points of principle.

Prime Minister Curtin responded simply: "There was a prohibition of the employment of women in certain avenues of industry. We had to get over that hurdle and this is how we did it".<sup>59</sup>

A few days later, the Government responded by repealing Statutory Rule 92 of 1942, which contained the regulation giving authority to Ministers, and substituting a new Rule, 146 of 1942. The debate was accordingly adjourned. Next day, Menzies announced that his party found the Women's Employment Board, provided for in the new regulations, just as obnoxious as regulation 2 of the previous rules. Saying he did not wish to discuss the matter just then, he gave warning that when the regulations were tabled, he would "test the matter in the House".<sup>60</sup>

Parliament resumed and a motion to disallow the Employment of Women regulations was read.<sup>61</sup> The argument for the Board largely rested on the justice of wage parity and the inconvenience of a slow and limited arbitration system.<sup>62</sup> The opposition attacked the Board's personnel for their alleged pro-Labor bias. McLeay opened his attack by decrying the "evidence of partisanship, political bias and party politics of the lowest order" he claimed to find in the Women's Employment Regulations.<sup>63</sup> His attack had been foreshadowed during question time a week or so earlier.<sup>64</sup> Senator O. Uppill, McLeay's South Australian fellow, had asked a question of the Senator Ashley, representing the

<sup>59</sup> CAPD:HR MENZIES and CURTIN volume 170, 6.3.1942, pp. 280-1.

<sup>60</sup> CAPD:HR MENZIES volume 170, 27.3.1942, p. 544.

<sup>61</sup> CAPD Order of the Day 2, volume 170, 29.4.1942, p. 577.

<sup>62</sup> See for example, volume 170 CAMERON, p. 1086 and ARTHUR, pp. 1082-3.

<sup>63</sup> CAPD:S McLEAY volume 170, 13.5.1942, p. 1079.

<sup>64</sup> CAPD:S UPPILL 1.5.1942, volume 170, p. 770. Senator Uppill was, later, an employee's representative on the Board.

Minister for Labour and National Service, which implied that appointments to the Board had been political choices and that the Government should prevent the Minister for Labour and National Service from making appointments on that basis.

Specifically, critics attacked the integrity of various Board members: the chair, Judge Foster, because he had previously stood as a Labor candidate for election to parliament and two other members because they had been "closely associated with the labour movement".<sup>65</sup> It was true that Foster had stood in 1917 as an unsuccessful candidate in a parliamentary election before his appointment as judge of the Victorian County Court by the Victorian Government. Of the other two, one was a trade union official and the other, E.I. Cashman, a "servant of the Crown who was appointed by the late government" and nominee of the Minister of Munitions, the major employer of women. In short, the response to Senator Uppill was:

The Government [did] not regard—

- a) unsuccessful Labour party candidature for Parliament,
- b) membership of a trade organisation, or
- c) appointment to a public position by a non-Labor government, as disqualifications for any public position.<sup>66</sup>

Nevertheless, when McLeay led debate on his motion to disallow the regulations, his position continued firmly critical of the members of the Board rather than of the regulations themselves.

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<sup>65</sup> The Board comprised E.I. Cashman who represented the Commonwealth as a major employer and A. Upjohn who represented non-government employers. Employees were represented by A.R. Wallis and A.W. Henderson.

<sup>66</sup> CAPD:S ASHLEY volume 170, 6.5.1942, p. 852.

The final few minutes of his speech criticised the regulations. He described them as an unnecessary and political interference in the system of conciliation and arbitration and predicted that, by raising some women's wages, the regulations were liable to stimulate industrial trouble amongst women. These valid subjects of debate were overshadowed by his persistent personal criticism, primarily of Cashman. He described her appointment as "a deliberate slight to the employers of Australia", and the object of the regulations as "deliberately to introduce working conditions and rates of wages that will be in conformity with the wishes of the Labor Government."<sup>67</sup> As the Labor Government was the duly elected parliamentary incumbent it is hard to imagine what their task should have been if not to "introduce [regulations] ...in conformity with the[ir] wishes"! Senator T.C. Arthur immediately responded with praise of Cashman. She was an experienced inspector under the Commonwealth Conciliation and Arbitration Act and he considered her well-fitted for appointment to the Board.<sup>68</sup>

Senator E.B. Johnston, a Country Party member from Western Australia, expressed surprise that the Senate had devoted so much time to "matters so unconnected to the war effort". When challenged that the Women's Employment Board was important to the war effort, he replied: "the disallowance of these Regulations will not help the war effort in any way". He even went so far as to suggest that, had it remained in government, the opposition would have promulgated similar regulations.<sup>69</sup> When the Senate voted, the results were very

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<sup>67</sup> CAPD:S McLEAY volume 170, 13.5.1942, p. 1082.

<sup>68</sup> CAPD:S ARTHUR volume 170, 13.5.1942, p. 1082.

<sup>69</sup> CAPD:S JOHNSTON volume 170, 13.5.1942, p. 1096.

close but the motion was defeated by a majority of one. Johnston had voted with the Government.<sup>70</sup>

Menzies moved again to disallow the regulations in the House of Representatives on 20 May. Next day debate resumed. From opposite sides of the House, Rosevear and Holt were keen to discuss the “needs” basis of wage-fixing but Menzies, in summing up, reminded them that the case did not “turn upon what wage ought to be paid to a woman for doing a particular job”.<sup>71</sup> The attack on the regulations, he said, was launched on two grounds. They undermined the Arbitration Court—something Menzies himself had previously done by establishing a special tribunal to deal with coal mining interests and in setting up the Industrial Peace Regulations—and the appointments to the Board were politically motivated. When the motion was put to the vote, it was defeated by a majority of five.

In September, the motion to disallow the regulations was reinstated in the Senate.<sup>72</sup> McLeay reminded parliament that since the earlier motion had been defeated some of the regulations had been repealed, some amended, and others left unaltered. He now objected to Statutory Rules 236, 263, and 294 of 1942<sup>73</sup> on several grounds: the Board’s appointees were political, the Board’s powers were too wide—the Board had been granting wage rises when the Economic Organisation Regulations had officially pegged wages at their February rates—and the Board was “a political set-up designed to sabotage the arbitration system”.<sup>74</sup> The Senate, where the opposition enjoyed a

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<sup>70</sup> CAPD:S JOHNSTON volume 170, 13.5.1942, p. 1104.

<sup>71</sup> CAPD:HR volume 171, 21.5.1942, ROSEVEAR, pp. 1465-69, HOLT, pp. 1469-72, MENZIES, pp. 1487-1488.

<sup>72</sup> CAPD:S volume 172, 23.9.1942, p. 755.

<sup>73</sup> SR 236, 22.5.1942; SR 263, 10.6.1942; SR 294, 30.6.1942.

<sup>74</sup> CAPD:S McLEAY volume 172, 23.9.1942, pp. 755-6.

small majority, voted and—Johnston having died a fortnight earlier—agreed to disallow the Regulations.<sup>75</sup>

## CASE STUDY

### **Employing Women in Adelaide's Hotel Bars, 1942**

This episode began long before the Board's creation. An Act of State Parliament had prohibited women from working (and drinking) in South Australia's hotel bars since 31 March 1909<sup>76</sup> and ever since then powerful economic and social interests had ranged themselves on opposing sides of the consequent debate. War conditions gave liquor traders an opportunity to reinvigorate the fight. Seizing on the unprecedented circumstances of early 1942, their peak industrial representative, the United Licensed Victuallers Association of Australia, asked W.C. Wurth, the Director-General of Manpower, to authorise a relaxation of the restriction on employing barmaids—which was in place in Victoria as well as South Australia—as a war measure.<sup>77</sup> Using war-time rhetoric to support their request, its secretary suggested that if barmaids could be employed, barmen could be released for more urgent, more manly war service. The Association's action provoked a new round of the debate. In addition to the pre-existing conflict, war-time conditions brought Cabinet, the Department of Munitions, the Manpower Directorate, the Women's Employment Board, the Prime Minister and State Parliament, into the confrontation. Significantly, most of these new

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<sup>75</sup> CAPD:S volume 172, 23.9.1942, pp. 796-7.

<sup>76</sup> SAAP 970/1908, *Licensing Act, 1908*.

<sup>77</sup> NAA(Vic) MP39/1;1942/137 Wurth to Hunkin 10.2.1942.

players fought against each other rather than against the traditional protagonists.

Wurth communicated the Association's request to the Adelaide manpower office and Hunkin ordered scrutiny of the industry to assess the size of its pool of potential manpower for the war effort. In March, the investigating officer reported that the Liquor Trades Union estimated there were between 700 and 800 registered barmen employed in Adelaide. Not surprisingly, the Licensed Victuallers' Association's estimates were even more optimistic: there may be as many as 1,000 barmen and a number of licensees who would enlist or take up war work if "suitable female assistants" could be engaged.<sup>78</sup> Thus, Hunkin established, there was a useful number of potential war workers.

The second set of Women's Employment Regulations created the Women's Employment Board later in the same month and the Licensed Victuallers' Association in Adelaide made one of the earliest applications to it.<sup>79</sup> Announcing its decision on 10 July, the Board agreed the application should be granted on the ground that if male bar workers were called up or otherwise moved into war work, the liquor trade might be damaged and employing females to replace the men would reduce that risk. As the Board's judgment said:

There are hundreds of men in this industry who might be released for war but if the industry is not to cease, and there is no official suggestions anyway that the industry should cease, then it must be carried on with the aid of females.<sup>80</sup>

Predictably, the Board dictated that its order should not extend beyond the duration of the war.

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<sup>78</sup> Loc. cit., investigation officer's report, 13.3.1942.

<sup>79</sup> WEB No 7 of 1942.

<sup>80</sup> Quoted by A.J. Lee, letter to the editor, *Advertiser* 17.7.1942.

The Women's Employment Board's industrial provisions for the women were simple. All parties at the Board's hearing had agreed that the work of barmaids was equal in productivity and efficiency to the work of barmen and, in accordance with regulation 6 (4) and (5), their rate of payment should be 100 per cent of the rate of payment made to adult barmen. The Board determined, too, that other conditions should follow those pertaining to males in the industry: no probation period; a 44 hour week; and the same overtime provisions. "In order to safeguard the interests and well-being of the women to be employed" the Board ordered that they should become members of the Federated Liquor and Allied Trades Employees Union of Australasia, South Australian Branch and, "as a matter of further safeguard", women employed as barmaids must be over 21 years of age. All that notwithstanding, the Board also decreed that, in any case, no licensee could employ a woman as a barmaid without the permission of the state's Deputy Director-General of Manpower.<sup>81</sup> This last condition became very significant as the episode unrolled. It virtually endowed Hunkin with the power of veto.

South Australia's Industrial Court proposed a three-part procedure to ensure barmaids would be employed only in accordance with manpower policy.<sup>82</sup> Most importantly, potential employers had to provide a statement of the personal details of all employees together with an indication of which men the hotel would release if women were available to replace them. In addition, each woman interviewed for a bar position was to be asked if she would take work in munitions or hospitals or other high priority work if her application was unsuccessful.

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<sup>81</sup> WEB No 7 of 1942, order 10.7.1942.

<sup>82</sup> NAA(Vic) MP39/1;1942/137 Officer of SA Industrial Court to Chambers, Manpower Officer, 15.7.1942.

Although the Women's Employment Board's investigative hearings had been open to the public and advertised in the press, no significant public objections were raised before the Board. Nevertheless, its decision (to allow employment of barmaids) occasioned public furore. Feeling ran high against the liquor trade in some, relatively easily mobilised, quarters. Arthur J. Lee, the president of the Licensed Victuallers' Association, wrote to the newspaper defending his organisation's position. He assured the editor that the application to the Women's Employment Board "had not the remotest connection with the desire to enable hotel keepers to employ young women so as to attract men to the bars" and, further, that all they required of the women was efficiency in their work.<sup>83</sup> This was hard to assert convincingly. No doubt the right woman was capable of serving both ends and the Licensed Victuallers' Association had long railed against the state government's prohibition against barmaids. Also, Lee asserted, working in bars would not harm the women because half of those required would come from married women who were already employed in hotels—as cleaners and kitchen assistants, for example—and they would only be used behind the bar in busy periods. "In most cases", he wrote, "The nature and environment of their occupations will not be affected."<sup>84</sup>

At about the same time, Hunkin made a survey of the applications received by the Adelaide office from women seeking work as barmaids. It seems to bear out Lee's opinion.<sup>85</sup> The following is a summary made from his notes.

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<sup>83</sup> *Advertiser*, 17.7.1942.

<sup>84</sup> *Advertiser*, 17.7.1942.

<sup>85</sup> NAA(Vic) MP39/1;1942/137 no date but filed between folios dated 18.7.1942 and 14.8.1942. It seems likely to have been prepared in response to the letter from A.J. Lee to the newspaper.

	<u>married</u>	<u>single</u>	<u>total</u>
employed	27	10	37
unemployed	36	5	41
	<u>63</u>	<u>15</u>	<u>78</u>

Hunkin had jotted the following two comments at the end of his notes: "Most of these apparently suitable for munition work"; and "several previously registered for munitions now withdrawn applications". These jottings clearly indicate he was aware that the munitions industry's need for women workers conflicted with their supply for work in hotel bars. It is possible that he was already feeling pressured by munitions manufacturers over this issue. He was not alone in that. In mid-July he received the following telegram from his Director-General:

Re: Women's Employment Board approval employment  
barmaids.

Subject your approval. Pending further consideration by  
Cabinet do not issue any permits in terms of order.

Wurth.<sup>86</sup>

The Board had made employment of barmaids contingent on Hunkin's approval. This telegram forbade him to give approval. Over the next few months Hunkin was to find himself the local scapegoat, mired by the impasse created when he received conflicting instructions.

A significant problem for Commonwealth regulation of labour in general and the Women's Employment Board decision to allow the employment of barmaids in particular was its encroachment on state law. A premier's conference held in August discussed the matter at length and the Prime Minister agreed to amend the National Security (Employment of Women) Regulations so that the Board's decisions

<sup>86</sup> Loc. cit., telegram Wurth to Hunkin, 18.7.1942.

would not be able to override state law. In closing the conference, Curtin was reported to have said:

I undertake that amendment will be made in respect of Victoria and South Australia, and will continue as long as it is physically possible to maintain it. If, however, we do need the services of men employed in hotel bars for other purposes, we shall discuss the matter with the government concerned, in which event that state will have the choice of closing the hotels or of employing women in them.<sup>87</sup>

Earlier in the proceedings, the Prime Minister, speaking about the situation in Victoria, had promised that no infringements on the state's law would be allowed unless the Women's Employment Board could guarantee that employment of women in bars "would not affect the supply of female labour available for war factories", and, further, that their employment "would have the immediate effect of releasing men for the purpose of engaging in a direct war effort".<sup>88</sup> Although the Prime Minister's opinions seem firm enough, they did not take the form of law or regulation and action on them in the face of the Board's legitimate order appears unjustifiable.

Wurth wrote to inform Hunkin of the conference's decisions but without mentioning the Prime Minister's interest.<sup>89</sup> It is difficult to see what action Hunkin should have taken. Wurth told him that, in the Commonwealth's view, "the Women's Employment Board, in overriding any state law, should see that the munitions industry was not deprived of women labour", but did not tell him how to decide exactly what that meant in terms of action. The statement left the

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<sup>87</sup> Cabinet Agendum 329/1942, WARD, 10.9.1942.

<sup>88</sup> *ibid.*

<sup>89</sup> NAA(Vic) MP39/1;1942/137 Wurth to Hunkin, 14.8.1942.

Board in an unworkable position. If it decided that hotel bars could employ women then the logic of the Prime Minister's comments dictated that the women so permitted should be sent to work in munitions until the munitions industry was satisfied! Further, Wurth told Hunkin of the Government's decision to amend the Women's Employment Regulations to ensure that the Board did not encroach upon those laws in Victoria and South Australia which forbade women to do bar work. He also reported the Commonwealth's assurance that it "would adhere to that decision until the stage was reached when the male labour in the bars was required." Another promise impossible to administer because, surely, the Women's Employment Board's decision was already predicated on their opinion that the male labour was required. Wurth's message concluded: "the real meaning of these decisions is not clear, nor is it known what form the proposed amendment of the regulation will take". Such open-ended statements made definitive administrative interpretation impossible.

Notwithstanding his ambiguous position, Hunkin became the victim of the Board's outrage at having its instructions blocked. The Board's Chairman, Judge Foster, was reported in the newspaper as saying

The Board is unanimously of opinion that its original decision [had] been frustrated by the failure of the Deputy Director of Manpower (in spite of his assurance of cooperation).<sup>90</sup>

A formal accusation of Hunkin followed, and the Board commanded Hunkin to be ready to appear at its next public hearing of the matter.<sup>91</sup>

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<sup>90</sup> Referred to, loc. cit.

<sup>91</sup> NAA(Vic) MP39/1;1942/137 C.M. Toop, secretary WEB to DD-G of Manpower, SA, 22.8.1942.

Meanwhile, the United Licensed Victuallers' Association of South Australia wanted action on its initial application. It asked for a variation of the Board's July decision so that the all-important words, "and otherwise shall not be so employed unless she first obtains the authority of the Deputy Director-General of Manpower in the state of South Australia", could be removed from the original order. In other words, the Association applied to the Women's Employment Board for the right to circumvent regulated manpowering procedures and recruit their own female labour. Their application came up for hearing on 12 August but the Board permitted the Commonwealth Attorney-General—who wanted time to prepare an effective amendment to the regulations—to intervene and, at his request, the hearing was cut short and adjourned until 1 September.

This did not stop the attack on Hunkin. The Board's secretary, C.M. Toop, wrote to him:

The reasons submitted by the applicant for variation of the order was that the order had been rendered inoperative by the fact that you had refused to grant authority for the employment of barmaids in your state under the delegation given to you by this Board.<sup>92</sup>

Toop based this very serious accusation on evidence given before the Women's Employment Board at its hearing of 12 August. Powlesland, a witness for the Licensed Victuallers' Association, had reported: "he [Hunkin] has informed me personally that he declines to register any females for barwork in South Australia".<sup>93</sup> When asked what grounds Hunkin had given, Powlesland replied: "He said that he had instructions but the sources of his instructions were never

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<sup>92</sup> *ibid.*

<sup>93</sup> *ibid.*, fragment of transcript included.

communicated to us, but he did say in the press and also in a broadcast, that under no circumstances would he register the employment of females in bars or concur in that."<sup>94</sup> Judge Foster added that Hunkin's present attitude surprised him because the Board had taken great care to secure his co-operation before making its decision. Ryan, another witness for the Licensed Victuallers' Association at the hearing, spoke as though Hunkin was at the heart of a government conspiracy and cover-up:

Apparently, a gentleman appointed by this Board to act under the directions of this Board with the authority of it, decides he won't do it because some governmental pressure tells him not to do it. I say the whole thing is very unfair and definitely not right. The Board is set up to make a decision, it does so and, when it does that either a proper order should be made revoking what has been done or else the officials appointed to do the work should do it without the say so of someone quietly and covertly doing something they should not. ...The decision of this Board should have been permitted to operate forthwith instead of being hung up by devious methods.<sup>95</sup>

Hunkin's response was scathing. He denied making the statement Powlesland referred to and added:

It is a matter of great astonishment to me that the Chairman of the Board should make such a statement on the ex parte submission of an interested person without hearing my explanation.<sup>96</sup>

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<sup>94</sup> *ibid.*

<sup>95</sup> *ibid.*

<sup>96</sup> NAA(Vic) MP39/1;1942/137 Hunkin to Toop, 31.8.1942.

He explained that on receipt of a copy of the order he had instructed his office to receive applications from women wanting to work in hotels. Altogether, 106 women had applied and he, in accordance with the discretionary power delegated to him by the order, had interviewed them for suitability. Then, on 18 July, he had received the telegram quoted above which instructed him not to issue any permits under the order. He claimed to have advised the Licensed Victuallers' Association of this instruction and concluded his response: "No further communication passed between us and I was unaware of the application to vary the order until I saw the newspaper paragraph embodying the Chairman's remarks."<sup>97</sup>

This battle engaged very powerful political agents. The Women's Employment Board had delegated a function to Hunkin as Deputy Director-General of Manpower but his authority to act came through the Director-General, Wurth, from the Minister for Labour and National Service and it would have been an abuse of that authority to obey the Board and disobey the Minister. However, it was an abuse of ministerial authority to cripple the Women's Employment Board by clandestine sabotage of its legitimate decisions.

Even the South Australian parliament, with no authority in the matter whatsoever, became a forum where interested parties could air their grievances over the Board's decision. This debate is interesting because, divorced from legislative responsibility, the contestants plainly argued from their own bias. Framing his grievance as an attack on the constitutional legitimacy of the Women's Employment Board, F.A. Halleday led the charge in the South Australian Parliament with the following motion:

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<sup>97</sup> *ibid.*

That in the opinion of this House [Council] the action of the WEB in authorising the employment of barmaids is invalid and trespasses upon the right of this State in that—

1. It is unconstitutional in that it is outside the scope and meaning of the National Security Regulations which are framed for the purposes of providing a maximum war effort, and for the adequate defence of Australia.

2. It vitally affects the morale of the people and will thereby impede our war effort and be a factor in defeating the very purpose of the National Security Regulations.

3. It will have a demoralizing effect on the life of the community.

4. It will absorb labour that could be better used in other essential industries.<sup>98</sup>

Halleday immediately launched his supporting statement with a new argument, that South Australians opposed the employment of women in bars and that the Prime Minister supported them in their opposition. He quoted from the *Adelaide News* of 11 August 1942, which reported Curtin as having said: "I believe that the proper thing to do is to prevent women from being employed as barmaids. ... There was infinitely more use for women at present than behind a bar."<sup>99</sup> He also repeated Curtin's earlier statement that the Commonwealth would not authorize employment of women in South Australian hotel bars without consulting the State Premier.

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<sup>98</sup> SAPD:C HALLEDAY, 27.8.1942, p. 466.

<sup>99</sup> *ibid.*

Halleday's speech rapidly ranged over the ground of manpower shortage and states' rights and dissembled into a tirade against the community immorality he believed would follow women into bars. He cited several supporting statements from an unidentified "report in the press", which included a barrage of opinion that women were weakly liable to spend their free time (unsupervised because their husbands were away at the war) in hotels drinking to excess and picking up men and venereal diseases.<sup>100</sup>

F.J. Condon spitefully interjected, "It would be far better if they could attend racecourses on Saturday afternoons".<sup>101</sup> Halleday resisted the invitation to engage in that other well-worn moral debate of the South Australian parliament. He continued with his exposure of the evils of the hotel trade until his fellow-conservative, the industrialist E.W. Holden, reminded him: "Your resolution deals with barmaids."<sup>102</sup> "Yes," replied Halleday, "but incorporated with it is the question of manpower and that is the very ground upon which the licensed victuallers brought the matter before the Women's Employment Board."<sup>103</sup> This was true but not the basis of Halleday's argument. Sir Wallace Sandford had already argued that the people, men and women, drinking in hotels were not doing it instead of work but as a form of relaxation in their spare time.<sup>104</sup> Condon reiterated that reminder:

Your complaint is about the number of women going to hotels on Saturday afternoons. If you place restrictions upon people you must drive them somewhere.<sup>105</sup>

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<sup>100</sup> *ibid.*, pp. 466-472.

<sup>101</sup> SAPD:C CONDON, 27.8.1942, p. 470.

<sup>102</sup> SAPD:C HOLDEN, 27.8.1942, p. 470.

<sup>103</sup> SAPD:C HALLEDAY, 27.8.1942, p. 470.

<sup>104</sup> SAPD:C SANDFORD, 27.8.1942, p. 469.

<sup>105</sup> SAPD:C CONDON, 27.8.1942, p. 470.

"Not necessarily", retorted Halleday, "The proper place for most of them is at home".<sup>106</sup> "The best method to safeguard our women", he concluded, "is to take drastic measures to put liquor as far away from young people as possible." Barmaids, he believed would only entice other women into bars as customers and once there, their weakness was that young women "in the company of others who are smoking and drinking ... feel out of it if they do not do the same."<sup>107</sup> E. Anthony attempted to refute this logic, saying, "The honourable member would not do the same. Why should they? They should have the same force of character as he".<sup>108</sup> Halleday's resolve did not shake.

E.W. Castine seconded Halleday's motion on the ground that the women hotels proposed to employ should be recruited into auxiliary Services. The motion was carried without dissent.<sup>109</sup> It is interesting that, although framed as an attack on the validity of the Women's Employment Regulations, the debate was allowed to meander the byways of the evils of drink and women's weaknesses. The philosophical grounds of the argument appear to have been class and gender and, even if it helped to change this one decision, did not damage the Women's Employment Regulations, although it did weaken the Board politically.

The whole debate ignored the Board's purpose. Even though its decisions clearly had a socially deterministic potential, the Women's Employment Board was not charged with making moral judgments about the liquor trade or women. The job of the Board was simply to decide whether women could suitably be employed in occupations

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<sup>106</sup> SAPD:C HALLEDAY, 27.8.1942, p. 470.

<sup>107</sup> SAPD:C HALLEDAY, 27.8.1942, p. 472.

<sup>108</sup> SAPD:C ANTHONY, 27.8.1942, p. 472.

<sup>109</sup> SAPD:C CASTINE, 27.8.1942, p. 473.

where they were hitherto precluded and if so, set appropriate working conditions for them.

Significantly, section one of Halleday's motion accused the Women's Employment Board of acting outside its constitutional power by permitting licensees to employ women. It read: "It is unconstitutional in that it is outside the scope and meaning of the National Security Regulations which are framed for the purposes of providing a maximum war effort, and for the adequate defence of Australia".<sup>110</sup> This criticism that the Women's Employment Board's action lay beyond the Defence Power was one that, to judge by its success in damaging the Board in other contexts, may have influenced this case. That this part of the motion was virtually ignored in the subsequent debate adds further evidence that the attack was not on the Women's Employment Board *per se* but on the liquor industry's attempt to reinstate barmaids under the guise of a patriotic action.

Castine's comment that women should be recruited into the auxiliaries is noteworthy when, precisely at the same time, manpower authorities trying to re-direct shop assistants were complaining that women they needed for work in munitions factories were finding it all too easy to slip away into the Services.<sup>111</sup>

### **The Board's new decision**

A few days after State Parliament passed its motion of censure of the Women's Employment Board, the Board announced its new decision in the barmaids' case. The new decision varied the original only by deleting the words that gave the Manpower Directorate final authority over where women could be employed and which women could be

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<sup>110</sup> SAPD:C HALLEDAY, 27.8.1942, p. 466.

<sup>111</sup> See chapter five and its discussion of the problems associated with directing shop assistants into munitions work.

employed there. The Board continued unequivocal in its criticism of Hunkin. Its new judgment concluded:

The protection which it believed it was securing when it placed those words in the decision is now taken care of by National Security (Man Power) Regulations and the ministerial orders made thereunder.<sup>112</sup>

In that, the Board was mistaken. It was not the Manpower Regulations that were being amended to give protection to the Board's decisions, but the Employment of Women Regulations that were being amended to weaken the Board's power.

On the very day the Women's Employment Board announced its variation, 2 September 1942, the Attorney-General amended the National Security (Employment of Women) Regulations and inserted a new sub-regulation 4(a) into regulation 6 of the principle regulations, which read, in part:

Where by or under any law of a State or Territory of the Commonwealth, the employment of females on work in or about any bar-room of any licensed premises is prohibited ... any decision of the Board (whether given before or after the commencement of this sub-regulation and whether given unconditionally or subject to conditions) that females may be employed on that work shall not, in so far as it is inconsistent with that law, have any force or effect unless and until the decision is approved by the Minister of State for Labour and National Service by order published in the Gazette.<sup>113</sup>

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<sup>112</sup> Cabinet Agendum 329/1942 WARD, 10.9.1942.

<sup>113</sup> SR 381/1942, regulation 6 (4)a.

The new sub-regulation meant that responsibility for endorsing the Board's decision to permit employment of barmaids where state law forbade it, was retrospectively removed from manpower officials and placed under the direct authority of the Minister for Labour and National Service. This meant, as Wurth pointed out in a letter to Hunkin, "the latest decision of the Board will, of course, be over-ridden by the sub-regulation".<sup>114</sup> In fact, without the gazetting of a ministerial order, the Women's Employment Board could not authorise women's employment in bars. The regulatory portcullis had dropped: the anti-liquor lobby in South Australia had won the day.

On September 8 the Licensed Victuallers' Association changed tack and applied to the Women's Employment Board for permission to employ females in Victorian bars. The Board's judgment in that case acknowledged that its decision would remain inoperative until given ministerial assent, but pointed out:

This does not of course mean that we should not make an order if in our opinion one should be made but that the minister should be left to deal with those matters of State beyond the powers of the Board.<sup>115</sup>

The Board defended its decision by pointing out that it unanimously believed bar work was suitable for females; that there was a serious shortage of males; and, without labour (of some sort) the industry would collapse. It placed two conditions on its own decision. First, that women should only work in bars between the hours of 10 in the morning and 6 in the evening; and second, that bars could not employ women under the age of 30 years. These conditions, the Board asserted, would "tap a source of female labour power not at present available for

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<sup>114</sup> NAA(Vic) MP39/1;1942/137 Wurth to Hunkin 14.9.1942.

<sup>115</sup> WEB 57 of 1942, filed with Cabinet Agendum 329/1942.

munition making" and, therefore, they expected the Minister would grant permission readily.<sup>116</sup>

Of course, the new sub-regulation had not removed the ambiguity, it merely moved responsibility for negotiating it from the Deputy Director-General of Manpower and onto the Minister. Following the Board's Victorian decision, Ward appealed to Cabinet. "I desire to know what action, if any, Cabinet desires me to take", he wrote.<sup>117</sup> No Cabinet reaction is filed with the papers attached to the relevant agenda and, therefore, Cabinet's immediate response is unknown. But, it was not until more than five months later that Ward signed an order permitting Victorian bar-keepers to employ women who were over the age of 35 years (five years older than the Board's order prescribed).<sup>118</sup> On that same day, the Prime Minister contacted Premier Playford with a proposal to grant similar permission to licensees in South Australia.<sup>119</sup> Playford was unyielding. He replied that employing barmaids would only exacerbate the state's shortage of female domestic staff, and that the proposal was unfair as it involved paying barmaids at a rate nearly double that which some munitions workers were receiving. Playford was a strong supporter of the anti-liquor lobby group. His reply to Curtin concluded: "Whilst it is very difficult to form a reliable estimate of public opinion upon any matter, I feel that very much public opposition will arise if your government proceeds with the proposals".<sup>120</sup>

Curtin became impatient with the intractable Playford. On the bottom of the letter from Playford, he wrote this comment:

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<sup>116</sup> *ibid.*

<sup>117</sup> Cabinet Agendum 329/1942, WARD, 10.9.1942.

<sup>118</sup> NAA(Vic) MP39/1;1942/137 Order 23.2.1943.

<sup>119</sup> *Loc. cit.*, referred to in Wurth to Hunkin 4.3.1943.

<sup>120</sup> *Loc. cit.*, Premier Playford to Prime Minister 25.2.1943.

As the South Australian Government is opposed to the employment of women in bars, it would appear that the bars should put up with the shortage of man power ... should the men cease to be available the bars can close.<sup>121</sup>

It seems that Curtin would have supported the liquor industry, at least to some degree, if Playford had agreed. In relaying Curtin's comments to Hunkin, Wurth directed him to comply with the Prime Minister's instructions.<sup>122</sup> Soon after, regulation 8(a) of the Manpower Regulations was amended with the result that men working in bars were stringently examined for call-up into the military. Hunkin, as instructed, applied the regulation strictly, and on 15 March 1943, reported that the only men remaining were those deemed physically unsuitable for other occupations. His report concluded: "I emphasise the fact that no special exemptions have been granted for this class of work."<sup>123</sup>

Thus the campaign to replace the men working in Adelaide bars with women came to a (temporary) halt. The anti-liquor campaigners had proved strong enough to mobilise a state Premier and a Prime Minister on their side and to defeat the liquor traders in their attempt to gain opportune advantage from the war exigency that created the Women's Employment Board. They had also proved strong enough to immobilise both the Women's Employment Board and the Manpower Directorate and to manipulate them into directing their frustration at each other. Significantly, they had done so, not by proving the Women's Employment Board's decision was invalid but by invoking the well-worn argument of states' rights against the Commonwealth Government and by attacking the decision on irrelevant grounds. This

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<sup>121</sup> Loc. cit., quoted by Wurth to Hunkin 4.3.1943.

<sup>122</sup> Loc. cit., Wurth to Hunkin 4.3.1943.

<sup>123</sup> Loc. cit., Hunkin to Wurth 15.3.1943.

debacle foreshadowed the disorder and resistance that beleaguered the Women's Employment Board throughout its life.

### SUMMARY

This chapter shows that increased employment of women was not a simple response to war conditions. During the second half of 1941, Dedman's investigation uncovered worrying statistics indicating that war conditions had hardly affected the proportion of women in the total workforce. Despite the large numbers of women employed in government munitions factories, the 300,000 men in military service, and the decrease of 170-180,000 in the numbers of unemployed, the percentage of women had risen by only two per cent. Because greater employment of women was not following naturally upon the shortage of male labour, the Government—seeking to expand its war programme—was faced with two urgent questions: should it actively encourage greater employment of women, and if so, what policy should it follow in regard to women's wages?

Having determined its policy in principle, the primary task of 1942 proved to be the establishment of a means by which it could be implemented. Several ideas were mooted and rejected. The Government needed a method that was as universal in application as it was possible to be but responsive to individual circumstances, a method that could avoid the pitfalls of social morality and custom while concentrating on the job at hand—enlarging the nation's war effort. The Women's Employment Board was the policy form selected. Its terms of reference instructed it only to ask: is this work within the ability of women; and, in setting their wage rates, what is the relative efficiency of women in their performance of the work?

Objections to the Board were directed from diverse but predictable interest groups such as traditionally occupied women (or their spokespersons) and the churches and other organisations that supported them, and the employers who, while keen to employ more women, wished to employ them under customary conditions. The case study is an interesting illustration. It shows the Board's ability to usher women into the workforce was undermined by the self-interest of powerful stakeholders, supported by the federal government's reluctance to unleash the full weight of the regulatory machinery. In this example, the central dispute was between the governments of state and Commonwealth and shows that the state government, in parliament and in the person of Premier Playford, supported local custom against the national interest.

The Board's detractors had a significant voice in federal parliament, particularly in the Senate where the Opposition exercised a small majority. They were able to bring down the Board through the parliamentary process. They did not reckon with the Government's determination to maintain the Board. The next two chapters show that labour shortage generally intensified through 1942 and 1943, and chapter nine returns to the Women's Employment Board's story at its September 1942 disallowance. Reinstated by a Government that regarded "the Board as an integral part of ...total war in Australia"<sup>124</sup>, the Board's opponents regrouped for renewed attack.

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<sup>124</sup> CAPD:HR CURTIN volume 172, 24.9.1942, pp. 855-7.

## **Section III**

### **Employment Policy Review and Revision**

# 7

## Labour Supply Review, 1942

Creation of the Manpower Directorate and the Women's Employment Board gave institutional form to the Government's desire to redistribute Australia's workforce according to centrally determined war objectives. But Cabinet soon realised it would have to do more. The mixed achievements of the two bodies, discussed in chapters five and six above, showed that Holt had been right in May 1941: even good organisation could not employ labour to the best advantage of the war programme unless it was directed by higher policy.<sup>1</sup>

Policy development since Holt's warning was furthered largely through the comprehensive reviews carried out by the Manpower Priorities Board during the last quarter of 1941 and the self-evaluation made possible by the Directorate and Board's administrative organisation in the first half of 1942. Nevertheless, for all its structural innovation, policy development merely followed a well-worn track in the road: deciding priorities and adjusting the principles already governing employment. Looking back on policy's concentration on

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<sup>1</sup> Cabinet Agendum 666/1941 HOLT "Man Power Priorities and Organisations", 26.5.1941, p. 6. See chapter four, p. 130.

employment priorities, Wallace Wurch, the Director-General of Manpower, wrote that "priorities" could be seen as "a method of deciding what our next step should be when we do not know where we are going".<sup>2</sup> In his view, solution of "the manpower problem required a more fundamental solution, and decisions at higher levels of policy".<sup>3</sup> The campaign to find a "more fundamental solution" on which to base policy decisions is the subject of this chapter.

### COMPREHENSIVE EMPLOYMENT REVIEW

Before April 1942, fear of invasion overrode all other defence considerations and made War Cabinet's labour supply decisions relatively simple: military Services and defence industries were expanded without question. As early as October 1941, War Cabinet had authorised the Department of Munitions to manufacture war goods at its own behest, even when it had received no Service order.<sup>4</sup> That change extended the contentious process, discussed in chapter two, whereby the Department's production directorates treated preliminary indications of service requirements as though they were firm orders.<sup>5</sup> In consequence, the first quarter of 1942 saw a vast wave of munitions manufacturing, aircraft production and ship-building projects reaching their production phases just as expanded military and defensive works programmes absorbed huge numbers of young, fit workers and the summer harvest of December, January and February demonstrated serious rural labour shortage.

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<sup>2</sup> W.C. WURTH *Control of Manpower in Australia* (September 1944) Commonwealth Government, Canberra, p. 28.

<sup>3</sup> *ibid.*

<sup>4</sup> War Cabinet Minute 1425, 23.10.1941.

<sup>5</sup> NAA(Vic) MP392/181 Bundle 1;M36 "Notes of meeting of directors of Munitions Department" 13.8.1941. See chapter two, p. 64.

S.J. Butlin and C.B. Schedvin, the official economic historians of Australia's war described the armament plans as "too readily adopted" and as "mutually self-defeating".<sup>6</sup> In their opinion, during 1942 an already unbalanced programme became increasingly unmanageable. In a range of "at least the simpler forms of munitions", the historians wrote, there was surplus capacity and even surplus production of some commodities by the end of the year. On the other hand, when it came to "more technically demanding weapons", delays were often "so long that the weapons were no longer needed, or were obsolete by comparison with alternatives which became available from overseas".<sup>7</sup> They cited the torpedo programme, which "was in the end a technical triumph, but it did not produce torpedoes for use in battle", and the tank programme, which they described as an "outstanding example of what applied to other plans" when the Department of Munitions "attempt[ed] to produce weapons not previously produced of a type beyond immediate capacity".<sup>8</sup> Chapter three of Butlin and Schedvin's economic history analysed the unbalanced munitions programme in detail. Their criticism admitted that many of the individual projects undoubtedly appeared justified in the prevailing conditions of early 1942, but lamented:

Even so, with all allowance for the fog of war, the slowness with which the implications of their total were recognised and assessed is remarkable.<sup>9</sup>

By April 1942, significant Australian and American military successes in the Pacific had turned the war around, and a period of

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<sup>6</sup> S.J. BUTLIN and C.B. SCHEDVIN *War Economy 1942-1945* (1977) Australian War Memorial, Canberra, p. 48.

<sup>7</sup> *ibid.*, pp. 48-49.

<sup>8</sup> *ibid.*

<sup>9</sup> *ibid.*, p. 50.

labour supply review began. Overall, it concentrated on employment priorities but, happily for Wurth, War Cabinet agreed that a “more fundamental solution” was needed and should be looked for in the “higher levels of policy”.

### **Inter-departmental manpower review**

Even in the changed circumstances, plans to expand the military Services and war industry were both still current and, hoping to adjust national labour use to match current needs, on 9 April War Cabinet appointed a sub-committee of relevant ministers (Army, Navy, Munitions, Supply and Development, War Organisation of Industry, and Labour and National Service—subsequently extended to include Commerce) to review Australia’s labour resources and needs. The sub-committee was given two specific fields of inquiry. These clearly show War Cabinet’s awareness that labour supply was so tight that further expansion, or even maintenance, of some war projects might be impossible. The group was asked:

- (i) [To] re-examine, with such expert assistance as may be necessary, the proposed additions to the strength of the Fighting Forces in the light of the man power required for essential industries, including munitions and Allied Works, in the next few months; and report to War Cabinet on any changes rendered necessary by altered conditions; [and]
- (ii) [To] review all major long term projects for munitions, aircraft, shipbuilding and civil works, and consider whether any of these projects should be abandoned or postponed in order to speed up the production of

equipment and supplies, and works which may be needed in the next few months.<sup>10</sup>

These terms of reference explicitly acknowledge that, far from extending the programme, even projects already rated as essential might have to be abandoned or postponed.

The sub-committee of ministers handed the task over to a review committee comprising representatives of the Departments of War Organisation of Industry, Army, Air, Navy, Munitions, Aircraft Production, Supply and Development, together with the Director-General of Manpower and with the later addition of the Director-General of Allied Works, the Co-ordinator-General of Works, and representatives of the Departments of Commerce and Transport.<sup>11</sup> This Committee submitted an interim report on 2 May, and presented its most telling report, its second, in August after reviewing the sources from which labour could be drawn, analysing employment patterns in the period up to the end of June 1942, and calculating Australia's potential needs for the next six months.

The report consisted of 28 pages containing 76 major subject paragraphs together with six pages of conclusions and recommendations and seven pages of annexure. It is one of the most important documents relating to war-time labour management. Not only did it compellingly demonstrate a widespread and damaging shortage of labour but it also suggested (in addition to the familiar workforce expansion measures, including contentious increases to the Director-General of Manpower's powers of direction) a brand new approach. Parts of the nation's direct involvement in the war would

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<sup>10</sup> War Cabinet Agendum 197/1942 Supplement 3 DEDMAN "Review of War Commitments in the Light of Altered Conditions" 27.8.1942.

<sup>11</sup> *ibid.* Known variously as the Inter-Departmental Manpower Committee; Departmental Committee, Manpower Committee; etc.

have to be abandoned: either armed Services reduced, war industries restricted, or both, and the workforce re-distributed according to revised Commonwealth policy.<sup>12</sup>

### **Labour supply**

Apart from an amendment to the Manpower Regulations, which obliged everyone except workers in narrowly specified categories (such as agricultural labourers) to register at a National Service Office before they could gain employment,<sup>13</sup> the Committee discovered that its May suggestions for easing labour supply pressure had been ignored: thus exacerbating the shortages. The Committee announced:

The plain fact is that the man power situation is less favourable than it appeared to be at the time of the previous report.<sup>14</sup>

Its new estimations concluded that the planned expansion of Government war industry required 153,000 workers to join the workforce between July and December while, in the same period, commercial war industry would absorb at least another 20,000 men and 10,000 women, making a total of 183,000—or, “if hostilities deplete the Army’s pool of reinforcements, the total requirements may reach 223,000 persons”.<sup>15</sup> Also, other essential services needed extra workers:

These figures do not include any allowance for extra man power needed for the production of essential supplies of food, clothing, etc., for the civil populations of Australia, Britain or our Allies, or for the accretions of labour which will be required in rural industries at the seasonal peak.<sup>16</sup>

<sup>12</sup> *ibid.*, p. 21.

<sup>13</sup> The context of this amendment was discussed in chapter five.

<sup>14</sup> “Second Report of Departmental Committee” 20.8.1942, p. 1.

<sup>15</sup> *ibid.*, p. 5.

<sup>16</sup> *ibid.*, p. 5. Underlining in the original.

The services and direct war industries were not the only important projects looking for employees.

The Departmental Manpower Committee's recommendations were two-fold. First, there was a demonstrable shortage of labour and, in the light of the insignificant numbers of unemployed, unoccupied and expected normal net increase, redistribution was the only way to increase numbers available for essential employment. Secondly, redistribution to the extent necessary to make a real difference would require the Government to institute almost universal labour regulation and civilian consumption controls. The Department of War Organisation of Industry calculated that "some thousands" could be squeezed out of civil factories by rationalisation schemes and prohibitions and restrictions on non-essential production, but only "provided that these measures can be implemented regardless of any opposition which will be offered".<sup>17</sup> Adelaide's experience with the shop assistants, described in chapter five, where many fewer than the anticipated 4,000 were actually placed in war industry, indicated that effective opposition could be expected. Also, non-war activities such as clothing manufacture (military and civil), food processing, and essential services such as hospital work, stood ready to absorb people released. Power to adjudicate between these demands and determine where each person would work would have to be given to an agent of the Commonwealth Government. In addition, in order to release the workers the Commonwealth would need to restrict some trades and industries as a matter of policy. Even then, a firm policy of brooking no refusal would release only about 145,000 men (who, having been

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<sup>17</sup> *ibid.*, p. 6.

rejected by earlier reviews, would not be ideal workers) before the end of 1942 and at least half would need replacement with women.<sup>18</sup>

Women were a significant source of potential labour: about 800,000 were officially counted as "unoccupied". Pressing men into essential occupations would be more effective if the Commonwealth was prepared to compel women to replace them in the positions they left. Learning from the precedent set in the United Kingdom, compulsory call-up of women was entirely possible, but would be wasteful unless industry was ready to employ them. Accordingly, at the Committee's recommendation, publicity campaigns and measures to ensure industry was ready to employ women were put in train.

Rural industry was a special case. Unattractive working conditions were compounded by local consumption levels. Workers had left the land in droves but many of those remaining were producing only for their local markets. "Australian consumption levels, even of luxury goods", the Committee lamented, "are little altered from those of pre-war days, even though most of the Allies, including the United States, have instituted at least some measure of food rationing".<sup>19</sup> This raised the principle of rationing as a labour-conserving measure. Committee members recognised that: "the social and other obstacles to this redistribution [were] formidable ...but must be attempted".<sup>20</sup> Home consumption was cutting into Australia's supply of basic food to Britain. Without increased rationing, the Committee feared:

It [would] be necessary either to curtail the shipment of primary products to the United Kingdom or to withdraw

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<sup>18</sup> *ibid.*, p. 10.

<sup>19</sup> *ibid.*, p. 7.

<sup>20</sup> *ibid.*

large numbers of men from the Army in order to provide man power for rural industry.<sup>21</sup>

This suggestion was not followed up as a major policy issue until later in the year when Cabinet ordered the munitions industry as well as the Army to release men and women for rural work.

Expecting strong resistance to greater regimentation from sectional interests, Committee members sympathised with the "very real social difficulties which groups such as these will experience", but insisted that "resistance and the difficulties must be overcome".<sup>22</sup> Two overarching measures were recommended by the Committee. First, extension of the Director-General of Manpower's powers to enable him to direct women as well as men and to direct people who were already in paid employment into jobs he considered more vital. Second, reinforcing War Cabinet's authority to decide which war effort projects the Government should promote.

The Minister for Labour and National Service, Ward, was philosophically reluctant to institute industrial conscription and, although Cabinet approved the principle in September 1942,<sup>23</sup> the idea was not put into practice until early in 1943. This was one of many labour supply measures that, although approved in Cabinet, took several months to reach the implementation stage.

### **Containing war industry**

The Departmental Manpower Committee believed that continued implementation of all military and direct war-proposals would sabotage other war objectives such as the food supply to Britain because of their privileged, Commonwealth-assisted, access to labour. In May,

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<sup>21</sup> *ibid.*, p. 8.

<sup>22</sup> *ibid.*, p. 13.

<sup>23</sup> Cabinet Agendum 327/1942, 22.9.1942.

the Committee advised Cabinet to change the way projects involving further demand on the labour pool were assessed and approved by insisting they were first evaluated by the sub-committee of ministers that had activated the Departmental Committee. With a minor amendment favouring Allied Works projects, War Cabinet approved this recommendation immediately.<sup>24</sup>

War Cabinet's minute was ignored by production departments. Accordingly, the Committee refined and repeated the recommendation in its second report:

Every new project, and every further increase in Service programmes, will involve sacrificing some project already approved. Before endorsing any new proposals which make further calls on man power, therefore, War Cabinet should in every instance decide which portions of the present programme are to be abandoned in order to make the necessary man power available for the new projects.<sup>25</sup>

These measures would control the war programme's growth. War Cabinet passed this politically divisive matter to Full Cabinet and, at its meeting on 22 September, Cabinet approved the principle even though its members knew that production departments with their close ties to commercial manufacture were not likely to welcome it.<sup>26</sup> Commercial factories engaged on war-related production were earning fortunes for their shareholders in direct profits, government-assisted plant expansions, and large orders. Even government production fed work in the form of component manufacture, sub-contracting, building, general supplies, transport and various workforce support

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<sup>24</sup> War Cabinet Minute 2160, 26.5.1942.

<sup>25</sup> "Second Report of Departmental Committee" 20.8.1942, p. 21. Underlining in original.

<sup>26</sup> Cabinet Agendum 327/1942, 22.9.1942.

mechanisms, back into the private sector. Thus, a powerful body of influential opinion was liable to resist Cabinet's order to slow the rate of production.

### WAR COMMITMENTS COMMITTEE

Despite the approval of War Cabinet and Full Cabinet, the principle of containment was not seriously addressed until the new year. On 6 January 1943, a new committee composed of ministers, Service heads, and departmental directors-general met at Victoria Barracks, Melbourne. Its stated purpose was "to review Australia's war commitments in terms of Full Cabinet Agendum 327 of 1942", the September decision discussed above. The Minister for War Organisation of Industry, the Chief of the General Staff, the First Naval Member, the Chief of Air Staff, the Directors-General of War Organisation of Industry, the Allied Works Council, Manpower, Munitions and Aircraft Production, and the Chairman of the Standing Committee of the Allied Supply Council attended the meeting.<sup>27</sup> The Prime Minister himself presided.

This group, which became known as the War Commitments Committee, avoided Agendum 327's implications and, instead, agreed: "that, while recognising that all demands cannot be met, there should be no slackening of the measures being taken to provide the maximum amount of man power for essential requirements".<sup>28</sup> This attitude ignored the notion of relative importance and the advice to limit the war programme. The hope that improved labour administration

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<sup>27</sup> Cabinet Agendum 424/1942 Appendix A "Review of War Commitments in terms of Full Cabinet Agendum 327/1942" notes of meeting, 6.1.1943

<sup>28</sup> *ibid.*

would, somehow, produce *more* workers still lived in influential quarters.

Butlin and Schedvin have remarked that the Director-General of Munitions did not accept that labour shortage was a supply problem rather than an administrative problem until 1943.<sup>29</sup> They wrote:

Relations between Munitions and Manpower became increasingly strained and correspondence at times verged on the acrimonious. Lewis in particular appears to have been genuinely convinced, even to the end of 1942, that the labour sought by Munitions could be supplied if labour administration were more efficient.<sup>30</sup>

An example of this acrimony was illustrated in chapter five where Munitions Department officers blamed the Manpower Directorate for its failure to compel diverted shop assistants to work at Salisbury: a groundless complaint taken all the way to Prime Ministerial level. Wurth, Director-General of Manpower, told Lewis at the time that his office in Adelaide was "either ignorant ... or prefers to remain oblivious, to the real position".<sup>31</sup>

According to the first meeting of the War Commitments Committee, what was needed was creation of yet another manpower authority: an "independent Commission" empowered to deal with the procurement and disposition of manpower by wider powers of direction. This Commission should operate in close collaboration with the Defence Committee, which was in the process of reviewing service and war industry expansion plans.<sup>32</sup> This interrelationship would

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<sup>29</sup> BUTLIN and SCHEDVIN *op. cit.*, p. 85.

<sup>30</sup> *ibid.*

<sup>31</sup> NAA(Vic) MP39/1;1942/447 Wurth to Lewis 16.11.1942. See above, chapter five, p. 176.

<sup>32</sup> The Defence Committee was created in May 1926 to advise the Minister for Defence on defence policy particularly where it required coordination between various bodies administering diverse parts. These included the separate Services, munitions and other supplies, and Treasury. During World War II, Australia made very few operational

make a group of men with vested interests in either military services or direct war industries responsible—without oversight from broader policy bodies because of the Commission's independence—for the Government's review of the planned expansion of both! This in the teeth of advice the War Commitments Committee had already heard from the Departmental Manpower Committee's executive sub-Committee (led by Wurth and Chippendall, Directors-General of Manpower and War Organisation of Industry).

The executive sub-Committee had pronounced the combined stated requirements of the Services and the Departments of Munitions and Aircraft production—89,000 workers by July 1943, plus a carry-over deficiency of 121,000—impossible to meet. In fact, they said, "it would be rash to base plans for the development of the war programme upon the assumption that more than 10,000 labour units per month can be provided during the first half of 1943".<sup>33</sup> Existing expansion plans called for another 35,000 direct war workers a month! Even the 10,000 would only become available, the executive sub-Committee explained, if extension of restrictive measures—including further prohibitions on non-essential goods and services, more drastic rationalisation of industry and direct withdrawal of labour from activities such as retail trades—was energetically pursued.<sup>34</sup>

The sub-Committee's report emphasised the heart of the crisis: hardly anybody remained in inessential work. Rural industries could be drained no more, civil factories had already contributed more than two thirds of their pre-war labour force and the remaining white-collar workers were either physically unsuited to the Services or war industry

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decisions and War Cabinet became the body that controlled inter-departmental communication and, consequently, directed the Defence Committee.

<sup>33</sup> Cabinet Agendum 424/1942 Appendix B "The Man Power Situation at the Beginning of 1943".

<sup>34</sup> *ibid.*

or could not be diverted because their firms were engaged in “commercial activities essential to the maintenance of the economic system and the distribution of war and essential supplies”.<sup>35</sup> For these and similar reasons, the elaborate “rationalisation of industry” developed by the Department of War Organisation of Industry was never implemented. Knowing all this, the executive sub-Committee was sceptical of the proposed expansion of the munitions and aircraft production programme.<sup>36</sup> Service and defence industry representatives were slow to accept the advice. The January meeting’s decision to circumvent the established manpower authorities by setting up the “independent Commission” can be understood in the light of the sub-Committee’s reluctance to approve a programme calling for even more labour.

### **The Manpower Commission**

A few days after the War Commitment Committee’s first meeting, John Dedman, Minister for War Organisation of Industry, explained its chosen instrument, a Manpower Commission, to Cabinet.<sup>37</sup> “The Committee was impelled to make this recommendation”, he argued, “because of conclusive evidence that the Commonwealth, in developing its war programme, is faced by a manpower situation of the utmost gravity”.<sup>38</sup> He did not mention that the grave situation was exacerbated by the expansion plans of the production departments which were not “impelled” but selected a Manpower Commission as a policy instrument for their own reasons, presumably because their representatives believed “an independent Commission ... subject only

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<sup>35</sup> *ibid.*

<sup>36</sup> *ibid.*

<sup>37</sup> Cabinet Agendum 424/1942 DEDMAN “Establishment of Australian Manpower Commission”, 13.1.1943, discussed in Cabinet 16.1.1943.

<sup>38</sup> *ibid.*

to Government policy" and "established by Act of Parliament", could procure and allocate the increased labour supply for the expanded programme they deemed essential. The recommendation, effectively supporting the expansion, completely ignored the May and September Cabinet decisions stipulating that war projects should be evaluated from outside the military and war industry sectors.<sup>39</sup> In recommending close collaboration between the Commission and the Defence Committee, the Services and production departments hoped to establish an agent that would be sympathetic to their ambitions. In this, the direct war interests were in opposition to Cabinet's national objectives.

Superficially, Dedman's endorsement of such a proposal is surprising. But, on close reading, his Cabinet proposal did not quite mirror the Commission of the War Commitments Committee. Gone was the implied collaboration with the Defence Committee. Dedman thought the Commission should itself command sufficient "power to give overriding directions regarding the call-up, direction, engagement or enlistment of manpower by the various authorities now exercising independent controls".<sup>40</sup> This position of coordinating ring-master, which would have undermined the Manpower Directorate, was an arrangement that Dedman had frequently proposed for his Production Executive with, of course, himself as chair. Wurth had also requested these powers to support his duties as Director-General of Manpower. He was already charged with the obligation to:

Secure that the resources of man power and woman power in Australia shall be organised and applied in the best possible way to meet the requirements of the Defence

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<sup>39</sup> War Cabinet Minute 2160, 26.5.1942, and Cabinet Agendum 327/1942, 22.9.1942.

<sup>40</sup> DEDMAN "Establishment of Australian Manpower Commission" 13.1.1943.

Force and the needs of industry in the production of munitions and the maintenance of supplies and services essential to the life of the community.<sup>41</sup>

Adding further insult to Wurth's position, Dedman saw the Commission's fulcrum as the power, long sought by the manpower authorities, to direct, not only the unemployed into useful work, but people already in gainful employment from one job to another—the power Cabinet had already decided should be bestowed on Wurth. Further, Dedman recommended the Commission's constitution should “enable it to work in close collaboration with interested Departments and with the Secretariat of Production Executive”.<sup>42</sup> Here was Dedman's personal agenda. Not only did his version of the Commission carve decision-making powers away from the Defence Committee, and—incidentally—the Manpower Directorate, but it added them to his own realm, the Production Executive (a body not mentioned at all in the War Commitment Committee's notes).

Dedman's dream did not last long. Cabinet recognised the futility of creating yet another manpower authority and instructed him *together with the Minister for Labour and National Service* to review all the data of both Departments “in light of the general views expressed at the ... sitting of Cabinet and the administrative experiences of [their] respective Departments”.<sup>43</sup> Three days later, Dedman reported to Cabinet. He and Ward had discussed the matter and, “it was not found possible to make any progress along the lines of a Man Power Commission”.<sup>44</sup> His analysis of the situation concluded that the

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<sup>41</sup> NS (Man Power) Rs, regulation 3. SR 34/1942, 31.1.1942.

<sup>42</sup> DEDMAN “Establishment of Australian Manpower Commission” discussed in Cabinet 16.1.1943.

<sup>43</sup> Cabinet Papers, Agendum 424/1942 Cabinet Secretary to Dedman, 19.1.1943.

<sup>44</sup> Cabinet Agendum 431/1943 DEDMAN “Optimum Utilisation of Labour Power”, 22.1.1943.

“optimum” use of labour required two different sorts of machinery: suitable bodies to formulate policies, and administrative agencies to implement them. Although this was a familiar conclusion, the machinery seemed, at last, to be to hand. The administrative agencies had been working for nearly a year and the War Commitments Committee, so recently convened, seemed the most competent body to advise War Cabinet on policy formulation and planning. In outline, this is the course the Government followed and, with the rigorous Wallace Wurth as its permanent chair (although meetings were often chaired by Prime Minister Curtin) the War Commitments Committee became a useful and active body gathering information and offering valuable advice to Cabinet. Dedman’s plans for the Production Executive were thwarted.

#### DIRECTION

Cabinet had already approved the principle of endowing a government authority with greater powers of direction in September 1942, and Ward had been working on a scheme that delegated those powers to the Director-General of Manpower. Dedman grudgingly admitted his proposals were “sufficient to meet the present position, provided they are pursued immediately with the utmost vigour and determination”.<sup>45</sup> Accordingly, on 20 January 1943, National Security (Man Power) Regulation 15 was repealed and replaced with a new regulation authorising the Director-General of Manpower to direct *any person* to engage in employment or to perform work of his choosing.<sup>46</sup> At last, Wurth and his deputies had been given the powers they had

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<sup>45</sup> *ibid.*

<sup>46</sup> SR 23/1943, 20.1.1943.

sought since the Manpower Regulations were first promulgated.<sup>47</sup> This removed the stipulation that only the unemployed (and other special cases) could be directed and meant that Wurth did not have to wait for Ward to sign Orders before he could act: both these restrictions were central frustrations in the story told in chapter five. Over the intervening year, the whole subject of direction had been approached with trepidation. Wurth, writing in 1944, remembered that when the original regulations were being drafted, the full authority to direct had been considered. At the time, it was not included for two reasons: because manpower authorities expected to achieve a high degree of mobilisation in the short-term without special powers; and because the Directorate, still not operational, would be fully occupied with its other duties for quite a while.<sup>48</sup>

A reasonably certain point can be established for the start of direction in South Australia. At the end of March 1943, Deputy Director-General Hunkin reported that he had "not yet found it necessary to exercise the powers of direction under Regulation 15".<sup>49</sup> He was clearly preparing to exercise them. His Directorate was at the time involved in a "close survey of persons ...engaged in what can be deemed non essential work" and reported that he expected directions to result from the survey findings. He also reported that, in his opinion, the very existence of the sanction of direction had exerted a psychological effect on the population and caused voluntary transfers in cases where regulation 15 might have been used, although he could not estimate the numbers involved.<sup>50</sup> Wurth, too, remarked on this factor.

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<sup>47</sup> SR 34/1942, 31.1.1942.

<sup>48</sup> WURTH *Control of Manpower in Australia*, p. 94.

<sup>49</sup> NAA(Vic) MP39/1;1943/56 Hunkin to Wurth 25.3.1943.

<sup>50</sup> *ibid.*

A simple count of the direction notices reported to have been served under regulation 15 by the Adelaide office of the Manpower Directorate gives a total of 172 persons in the period between the end of April 1943 and the end of August 1945: two years and four months.<sup>51</sup> Of the 172, 130 were men and 42 were women. Direction began slowly. Only six directions were ordered during 1943 (including one woman). The reasons given ranged widely. "Shortage of local labour" accounted for the cases of one man directed to a Lobethal farm to assist with the potato harvest and another man diverted from his job as a hotel barman to the shell annexe at Port Pirie. A woman window dresser sent to General Motors to work on aircraft manufacture, and a commission agent directed to similar work at Pope Products, were directed to "more essential work". For one man, no details were noted and another, who had become unemployed in the country, was directed for the purpose of using his essential timber-felling skills.

The relative scarcity of direction, particularly in the first ten months (including January 1944 when no directions occurred), is interesting in the light of the state's critical labour shortage. It demands explanation. Generally, two important administrative controls account for the small number. One was the complicated protection surrounding the regulation itself. Cabinet had instructed that direction was to be used only as a last resort and the Director-General relayed this warning to the states. In addition, Hunkin, South Australia's deputy, was an experienced and well-respected state Public Service Commissioner who had developed good relations with employers and employees. Second, in common with all the state Directorates, the Adelaide office had no real idea of where additional labour might be

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<sup>51</sup> These figures and the following details are drawn from the Monthly Reports referred to above and filed in NAA(Vic) MP39/1;1943/56.

obtained. Officers needed time to research potential sources of divertible labour. More to the point, by 1943 South Australia's labour supply had already been stretched to the limit. There were no sources of mass diversion such as the retail trade had provided in 1942. Even in June 1942, Wainwright, Adelaide's Deputy Director-General for War Organisation of industry, had warned his head office there were no unemployed women in Adelaide "and", he added, "have not been for more than 12 months".<sup>52</sup> The solution to Australia's labour supply problems must be sought in fields other than greater pressure on workers.

### SUMMARY

Government desire to determine workforce redistribution was given institutional form in the Manpower Directorate and the Women's Employment Board. However, during the early months of 1942 it became apparent that simply adjusting supply was not enough to effect real change. Redistribution could never be fully effective unless priorities for labour use were decided at the level of demand.

War Cabinet established an Inter-Departmental Manpower Committee and charged it with the task of reviewing the demands of the military Services and direct war industries with a view to adjusting the war programme. The Inter-Departmental Committee established beyond reasonable doubt that Australia's potential labour supply was not sufficient to meet the prevailing level of demand and advised War Cabinet to develop some means of containing the war programme's growth. Predictably, this recommendation was met with resistance.

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<sup>52</sup> NAA(Vic) MP39/1;1942/69 Wainwright as DD-G WOI (SA) to D-G WOI 6.6.1942. See chapter five, p. 157-8.

from Services and production departments. Powerful opinion argued that more workers would be forthcoming if labour administration was improved. Open tussling between the manpower authorities and production departments was the result, while the Defence Committee continued to plan expansions that demanded higher labour allocations.

Cabinet moved to strengthen the Manpower Directorate. Rejecting the influential call to create an "independent" Manpower Commission, Cabinet widened the Directorate's field of activity and delegated more complete powers of direction to the Director-General of Manpower, Wallace Wurth. Wurth also became the permanent chair of the War Commitments Committee. This body, first convened in January 1943, became a powerful and influential policy adviser to War Cabinet with a wider and more balanced outlook on the total war effort than the Defence Committee. The next chapter shows that, advised by this energetic new body, Cabinet began an extensive reform of its war commitments.

# 8

## **Changing Employment Priorities, 1943-1944**

Australia's military objectives changed in early 1943. Explaining this to parliament, Prime Minister Curtin said:

It is a plain fact that Australia's strength is not sufficient to meet all the contingencies of the military situation with which it may at any time be confronted.<sup>1</sup>

His Government was keen to consolidate resources within Australia and its territories and support the United States military forces in the region. To accomplish these aims in the light of the labour shortage, War Cabinet tried to assert greater control over the employers of Australia's labour resources. Notwithstanding the arrangements of the Manpower Directorate and its increased powers of direction, some members of the War Commitments Committee, whose chair, Wallace Wurth, was also Director-General of Manpower, realised that its redistributive influence over the labour market was limited because it could not check the production programme. Cabinet had, on several

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<sup>1</sup> CAPD:HR CURTIN volume 173, 3.2.1943, p. 268.

occasions, issued instructions for wider control over the evaluation and approval procedures but progress was imperceptible.

Cabinet took a new approach. Butlin and Schedvin point to three factors precipitating Cabinet's changed mood: the labour crisis was deeper, the war outlook was brighter, and War Cabinet was growing in experience and confidence.<sup>2</sup> All these contain truth. As labour supply became more constrained the need for production and military restraint became more self-evident in some quarters. As the war gloom lifted, War Cabinet was less dependent on the Defence Committee's goodwill. Also, under the stabilising influence of Curtin's skilled leadership War Cabinet had indeed developed. However, most significant of all the factors was simply that Cabinet had lost control of the war programme, especially through the gruelling months of 1942, and wanted to take it back.<sup>3</sup> Chapter seven related the production departments' disregard of Cabinet instructions in letter and in spirit and this chapter shows that, while not entirely successful, the Government vigorously reasserted its right to define national priorities by determining how the workforce would be distributed.

#### INVESTIGATING PRODUCTION EXPANSION

A major problem facing the Government was insufficient information. The Defence Committee, as noted above, was a collection of men with strong self-interest in maintaining the strength and status of military involvement and arms manufacture. Its role was to prepare matters relating to defence policy for presentation to War Cabinet and to examine particular questions referred to it by War Cabinet. Although

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<sup>2</sup> BUTLIN and SCHEDVIN *War Economy 1942-1945* p. 350.

<sup>3</sup> *ibid.*

the production departments it represented were vehicles of government administration, their significant personnel and their friends were frequently commercial magnates as well. Their reluctance to comply with War Cabinet's decisions is explicable in these terms. The Department of Munitions had been given enormous powers of self-determination but Cabinet believed that, given the critical labour shortage in every sphere of Australian life, the Department should modify its plans—particularly for export production. The Defence Committee had undertaken a lengthy review of munitions production but when its proposals for April and May of 1943 were announced it was clear the Committee had completely ignored the revised war plans and War Cabinet's changed emphasis; it had continued to plan for what Butlin and Schedvin described as an "excessive export of weapons and ammunition".<sup>4</sup> The Government lost its patience. According to the two historians, "War Cabinet issued a rebuke in the most uncompromising terms":

Notwithstanding the repeated directions over a prolonged period, it does not appear to War Cabinet that the actions of the Defence Committee and the associated Departments, particularly the Department of the Army, indicate an adequate realisation of the importance and urgency of the ... implications ... [on]: (i) The manpower situation; (ii) The grave delay in determining a firm basis for assignment of surplus productive capacity to other urgent needs.<sup>5</sup>

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<sup>4</sup> *ibid.*, p. 356.

<sup>5</sup> War Cabinet Minute 2714, 23.3.1943, quoted in BUTLIN and SCHEDVIN *op. cit.*, p. 356.

War Cabinet admonished the Defence Committee: "future assignments should be related to the allocation of our resources in accordance with our own needs and priorities".<sup>6</sup>

At about the same time, War Cabinet became aware that the Department of Munitions had accepted huge orders for export without Cabinet approval and without making appropriate labour supply adjustments. The manufactures, mostly flowing to the United States Forces as reciprocal lend-lease, were omitted from overall accounts. Contracts worth approximately £9,000,000 were found to have been left out of the reviews recently conducted by the Defence Committee. In addition, an order for small marine craft, valued at about £11,000,000, had also been placed with the Department of Munitions but had been subsequently "co-ordinated with the consolidated programmes of the services" and so not included in the assessment of the Department's commitment.<sup>7</sup> In the midst of total war manufacturers with vested interests, rather than government policy, were controlling the production programme and establishing employment priorities. Defence Committee seemed to have turned a blind eye or to have been incompetent.

Cabinet instructed that, in future, the United States Forces must order its munitions requirements through the appropriate Australian service department rather than the Department of Munitions. However, Cabinet knew its authority was limited and its instruction noted that the cooperation of America's Commander-in-Chief was necessary to give effect to this arrangement.<sup>8</sup> It could not rely on manufacturers to refuse orders because, as R.V. Keane, Minister for

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<sup>6</sup> *ibid.*

<sup>7</sup> NAA(Vic) MP24/163;6 "Decisions of the Australian Government relating to the nature, extent and balance of the Australian war effort in the light of the manpower position" 10.11.1943, Decision 46.

<sup>8</sup> *ibid.*, Decision 47.

Trade and Customs, reported after his extensive investigation some months later, "The Department of Munitions carefully examines the question from its own point of view before reaching a decision".<sup>9</sup>

Despite elaborate approval arrangements at Cabinet and Defence Committee level, the Department of Munitions had authorised capacity expansion even when its factories and contractors were short of workers. The explosives factory at Salisbury in South Australia, was a prime example: it was never staffed at the level its ambitious designers had anticipated. The Department's policy drove it to escalate production capacity in the teeth of the labour deficit and, as bitinglly inferred by Wurth, heedless of Directorate advice.<sup>10</sup>

The government ammunition factory at Port Pirie experienced similar difficulties. It was difficult to staff owing to its position in a "one-industry town" and because, the manager claimed, it was not operated as an annexe or under the Board of Area Management but as a fully-owned and operated government factory. Production was hampered, he said, when "several times after machines were received at Port Pirie, instructions were issued that they should be sent to another factory".<sup>11</sup> Explaining the Department's apparent lack of commitment, the manager wrote:

The Director of Gun Ammunition on one occasion stated that he would not send a machine into any Government factory if he could place it in a private factory, and the result was a conflict of interests which reacted against the factory.<sup>12</sup>

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<sup>9</sup> Cabinet Agendum 633A KEANE to Cabinet, 4.5.1944 p. 12.

<sup>10</sup> NAA(Vic) MP39/1;1942/447 Wurth to Lewis 16.11.1942. Chapter five, p. 176.

<sup>11</sup> NAA(Vic) MP438/3;S42 "Ammunition Factory, Port Pirie", no date but written after the last of the factory's shells had been delivered to Salisbury on 7.8.1945.

<sup>12</sup> *ibid.*

Wurth, Director-General of Manpower, member of the Departmental Committee and chair of the War Commitments Committee, feared that all the more recently constructed munitions factories would follow the trend set by Salisbury and become impossible to operate fully due to shortage of labour.<sup>13</sup> His plans were hampered by a familiar problem: insufficient information. Despite his new powers of direction, Wurth knew that only stricter regulation of production capacity would allow true control. War Cabinet's indirect rationing of construction labour did not adequately distinguish between projects because, while building projects for the Services were relatively short-term and absorbed only building labour, projects for production departments continued to draw operative labour from the civilian pool long after their building was complete. Once approved, Wurth knew the production departments would not suspend the projects willingly. He tried to influence the Government, assuming that if Cabinet had more information, compounded by advice from the newly created War Commitments Committee—of which Wurth was chairperson, it would act to stem the flow of new projects.

Lacking comprehensive statistics, he asked his state deputies to "initiate discreet inquiries" into the labour position of all new factories completed in their states for the Departments of Munitions, Aircraft Production, Supply and Shipping, and Commerce, during the previous 12 months.<sup>14</sup> Wurth explained the need for discretion:

While there is no need for us to be secretive about our objectives, you will understand that it is desirable to avoid misunderstanding amongst the representatives of the Departments concerned.<sup>15</sup>

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<sup>13</sup> NAA(Vic) MP39/1;1943/60 Wurth to all Deputies 12.2.1943.

<sup>14</sup> *ibid.*

<sup>15</sup> *ibid.*

Hunkin initiated a survey in South Australia and found that Actil, the Finsbury factory fuse section, government munitions factories in Mount Gambier and Port Pirie, the Wheatley and Williams munitions annexe and the Department of Aircraft Production establishments at Cavan and Northfield had all been built within the previous year.<sup>16</sup> Passing this information to Wurth, Hunkin described it as, nevertheless, "a most incomplete picture of this State's recent expansion".<sup>17</sup> His investigating officer had asked both the Contract Board and the Ministry of Munitions for information but they had evaded his questions, replying that very few new factories had been built. However, they admitted, established manufacturers had been equipped for larger war contracts by expansion of capacity with Munitions Department help. The officer reported: "In the Ministry of Munitions they make a statement that possibly there has been ten (10) times the amount of extensions as against the opening of new factories".<sup>18</sup> Thus, although statistics are hard to come by, the evidence shows that despite War Cabinet's instruction that new labour-intensive enterprises would not be approved unless they could be offset against completed projects,<sup>19</sup> a considerable amount of new factory capacity had recently been added to Adelaide's industry, without consultation or coordination with the manpower authorities. Dedman, Minister for War Organisation of Industry, complained to Cabinet and advocated changing appraisal procedures,<sup>20</sup> warning that the "piecemeal" war

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<sup>16</sup> NAA(Vic) MP39/1;1943/60 Chambers, Chief Employment Officer, Adelaide, report 25.2.1943.

<sup>17</sup> Loc. cit., Hunkin to Wurth 1.3.1943.

<sup>18</sup> Loc. cit., Chambers, Chief Employment Officer, Adelaide, report 25.2.1943.

<sup>19</sup> Cabinet Agendum 327/1942 attachment "Second Report of Departmental Committee" 20.8.1942, p. 21.

<sup>20</sup> NAA(Vic) B4934/1;2/20 described in D-G of DoWOI, Chippindall, to Wurth 11.5.1943.

programme was "satisfactory so long as the total war programme did not exhaust the total manpower reserves of the community".<sup>21</sup>

War Cabinet, rapidly losing faith in Defence Committee's ability to allocate labour in accordance with central decisions, gave adjudicating power to the Manpower Directorate by instituting a certificate system. On 14 May 1943, War Cabinet ordered that any submission from the Services or production departments must be accompanied by an assurance, signed by the Director-General of Manpower, that the necessary labour would come from within the Service or department's own resources, from transfer (with Defence Committee's permission) from one department or Service to another, or from the quota of newly available labour allocated by the War Commitments Committee—at that time, 10,000 people a month.<sup>22</sup> This move finally authorised the Manpower Directorate to allocate the nation's labour resources according to the recommendations of the War Commitments Committee and the decisions of the War Cabinet. The principle of labour rationing had been accepted and given an administrative forum.

#### "A MAJOR POLICY DECISION"

On 13 July 1943, War Cabinet gave to the War Commitments Committee the responsibility for overall labour supply policy. It asked the Committee to make periodic but regular reviews of the "continual adjustments that will be occurring in the strengths of the forces, and the increases or decreases arising in the works and production

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<sup>21</sup> Loc. cit., DEDMAN "Review of Current and New Projects", submission to War Cabinet, enclosed with D-G of DoWOI to Wurth 11.5.1943.

<sup>22</sup> War Cabinet Minute 2844, 14.5.1943, Agendum 228/1943, quoted in BUTLIN and SCHEDVIN op. cit., p. 357.

programmes as they are completed, added to or varied" and, based on that work, to co-ordinate the "whole manpower position".<sup>23</sup> By September, the Committee had sized-up the situation. "A point has been reached", it announced, "at which the planning of the Australian war effort in its manpower aspects requires major policy decision by the Government". This was a familiar cry but the War Commitments Committee had the authority and influence that came from knowledge and experience. According to its investigations, the Defence Committee's demand for approximately 100,000 extra workers between September 1943 and June 1944 was completely unreasonable. Ten thousand workers a month were just not procurable and those who could be found were needed in the second-level industries the direct war effort depended upon. Power, transport, timber, minerals, food and clothing industries, for example, were all hungry for labour.

In addition to the estimated 100,000 war workers, the Defence Committee's recommended operational plans called for Service recruitments of at least 9,500 a month, or 95,000 over the ten month period. The War Commitments Committee informed the Government that, in the face of these direct and indirect demands for about 200,000 additional workers, the expected supply was less than 70,000 men and women.

The "major policy decision" War Commitments Committee wanted from Cabinet was how the expected supply of *too few* workers should be allocated. Should the Government "sanction a consistently ruthless attitude in the regimentation of the civilian economy"?<sup>24</sup> Should it curtail the supply of food and other essential goods to the United Kingdom, withdraw people from military service or, perhaps,

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<sup>23</sup> War Cabinet Minute 2968, clause 25, "Australian War Effort", 13.7.1943.

<sup>24</sup> NAA(Vic) B4934/1;2/20 War Commitments Committee "Report on Man Power Situation", no date but internal evidence supports September 1943.

obey Cabinet's previous instructions and effectively rein in the war industries?

The Committee concluded that any additional labour would only come at the cost of "further civilian sacrifices".<sup>25</sup> Policy to "impose far-reaching restrictive measures", would, the Committee calculated, make some additional labour available, but warned that deciding whether such a policy was conceivable in a democratic society was a matter for political judgment.<sup>26</sup> Cabinet would have to decide.

The Committee objected to comprehensive regimentation, mainly because of its likely inefficiency. In view of the lengths to which the Government had already gone, the Directors-General of Manpower and War Organisation of Industry calculated that increased pressure would produce "substantially less" than 50,000 workers above the 70,000 already promised by existing policy. To make a real difference, new policies must produce at least 130,000 additional men and women. Compounding the shortage, this far into the war, manufacturing workers secured by greater regimentation were likely to be those overlooked in earlier recruitment drives, not fit and healthy men, prepared for hard work or military service. Also, squeezing civilians would weaken morale and undermine the war effort, possibly even precipitating political and social repercussions, both immediately and after the war. In a more pragmatic vein, the Committee warned the Government:

The implementation of the necessary measures would strain the administrative machine and the economic system generally to the breaking point.<sup>27</sup>

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<sup>25</sup> *ibid.*, p. 2.

<sup>26</sup> *ibid.*, pp. 3 and 4.

<sup>27</sup> *ibid.*, p. 4.

What could be done? Without more stringent recruiting methods, the monthly Service intake of 9,500, which the Defence Committee claimed was essential, would take all available men and women and leave other activities without their 100,000 over the next ten months. Even then the Service programme would be short by 25,000 recruits. If the available 70,000 were deployed the other way, the programme would be similarly unsatisfied. The Services would have to cease recruiting entirely and other essential requirements would still be 30,000 workers short. Somewhere between the two, a workable compromise had to be found. The Committee informed War Cabinet that "one of the following alternatives must be adopted as a matter of Government policy":

- a) a reduction in the strengths of the Services and of the establishments engaged in direct war production, e.g., munitions, involving the release of large numbers of men ...and the maintenance of the Services on the basis of a very much reduced intake; or
- b) a most drastic regimentation of the civilian economy, (which will, however, produce little more than half of the estimated requirements to maintain the existing strengths of the Services and other sections of the war programme, together with the vital indirect war activities) coupled with the elimination of services to our Allies and the restriction of our exports to Great Britain and elsewhere.<sup>28</sup>

### **Juggling the war effort**

Modified demand was the compromise path. The War Commitments Committee devised a six-part compromise plan and advised the

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<sup>28</sup> *ibid.*, p. 5.

Government to implement it immediately.<sup>29</sup> First, the combined Services should rearrange their plans, release 34,000 men (not including normal demobilisation) by June 1944, and reduce recruitment to 3,000 men and 2,000 women a month. The Chief of Air Staff, whose Service would provide a large percentage of these releases, registered disagreement with the recommendation. He advocated releases of only 20,000 (instead of 34,000) and that the total strength should be supported by larger monthly intakes than suggested. Second, the plan required the munitions and aircraft production bloc to release 16,000 men in the same ten month period. The Chief of Air Staff again dissented, suggesting that the bloc should release 20,000 men over the period rather than 16,000. Essington Lewis, Director-General of Munitions and Aircraft Production, was absent when this report was formulated so his opinions were not recorded. Next, the Committee recommended stabilisation of the Allied Works Council and a further curtailment of employment in the less essential industries. Fifth, the Committee recommended that, as employment of Prisoners of War would relieve many difficulties in rural industries, "action should be taken to accelerate the transfer from overseas of suitable prisoners of war on a large scale". Lastly, the Committee recommended a significant change at diplomatic level: consultation with American authorities with a view to adjusting the amounts of goods and services they were receiving. In the light of Australia's labour shortage and the food rations prescribed for Allied Forces generally—including United States Forces in other theatres of war—the Committee felt the Americans were being oversupplied.

The War Commitments Committee insisted that its plan was not for a reduction in the war effort, more a new war priority. "In

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<sup>29</sup> *ibid.*, p. 6.

lesser degree", the report concluded, "it implies recognition of the fact that, under pressure of emergency there has developed a lack of balance between direct military strength and the ancillary activities on which it depends".<sup>30</sup> Nevertheless, this was a turning point in Australia's war effort that called for new ways of thinking about essential production and the development of new relationships between producers and Government.

Cabinet agreed. It instructed the Army and what was referred to as the "munitions and aircraft bloc" to release 20,000 men each by June 1944 for purposes approved by the War Commitments Committee and administered by the Manpower Directorate.<sup>31</sup> Priorities for their employment were easily decided. The first 15,000 were earmarked for rural industries, notably dairying, and the next 5,000 men and requisite numbers of women for food processing.<sup>32</sup> War Cabinet did not determine which munitions projects would be wound back but decided it would not authorise outstanding labour requests to be met from the general pool. They "must be met by the diversion of labour already employed in the munitions, etc, 'Bloc'".<sup>33</sup>

#### IMPLEMENTING MANPOWER RELEASES

The Manpower Release Programme was only slowly implemented. Releases from the arms bloc were complicated by producers' export ambitions and releases from the Army, while somewhat more successful, were also fraught with confusion and departmental back-biting. The major factor was that which had driven rural workers into

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<sup>30</sup> *ibid.*, p. 7.

<sup>31</sup> Cabinet decision 1.10.1943.

<sup>32</sup> NAA(Vic) MP39/1;1943/412 Wurth to Department of Supply and Shipping 8.11.1943.

<sup>33</sup> *ibid.*

the Army and arms industries in the first place. In addition to very real and active patriotism in country Australia, wages and other conditions in agricultural employment were unattractive. People selected for release and return to their old jobs were released only if they agreed: many simply refused to leave their military positions. The official war histories deal with this problem from a broad perspective. This section will examine South Australia's Departmental Allocation Committee's records because they show some of the difficulties associated with the Manpower Release Programme through local experience.

Departmental Allocation Committees were formed in the Australian states early in 1943—that in South Australia met for the first time on 27 February 1943—as a forum where representatives of employing interests could observe and participate in implementing Commonwealth employment priorities through local allocation. In South Australia, the chairperson, watching the interests of Commonwealth policy, was the Deputy Director-General of Manpower, L.C. Hunkin, or his representative. Frank Perry, managing director of Perry Engineering Company, was a member of the Allocation Committee and of the Munitions Department's Board of Area Management. His attendance at the Munitions Board of Directors meetings gave him a close relationship with Essington Lewis and, even before Cabinet published its intentions, he confided to the Committee that "a drastic cut of the production programme was forthcoming".<sup>34</sup> He announced that his company intended to release about eighty men and women. But, although this action would release the employees it would not lessen his firm's munitions commitment (or profit). As he

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<sup>34</sup> NAA(Vic) MP392/36;239/360/2 "Minutes of meetings of the South Australian Departmental Allocation Committee" 17.9.1943.

later explained, the releases would follow from Perry's closing down one shift because of the high absenteeism that made it unprofitable. Production would remain unchanged.<sup>35</sup>

At the same meeting, L. Fenwick, representing aircraft production, asked for another 300 women to work on contracts recently signed by Holden's. The chairperson reminded him the priority decision was that no net additions would be made to the armaments bloc. Also, first preference was, at the time, being given to Adelaide's mental hospitals and other institutions where the staffing position was "desperate". Fenwick voiced the unease felt by commercial manufacturers in the teeth of the revised munitions programme when he replied: "[I] can foresee the time when this state will not have the labour to keep our machines in motion".<sup>36</sup> This is the fear that drove the Perry Engineering Company to the workforce restructuring that is the subject of the case study appearing in chapter nine below.

Fenwick's position was loyal to his own cause. As he spoke, machines in Adelaide were idle. Even the best informed (and that must include these members of the Allocation Committee) seemed blind or inured to needs other than their own. Adelaide's textile factories, for example, were desperately short of workers. The industry had expanded its local capacity but (like the Salisbury explosives factory) could not procure enough workers to reach its production potential. This industry (again, like Salisbury) was unpopular. It recruited only women—and preferred "girls"—its working areas were notoriously "dusty" (although Hunkin told the Director-General of Manpower that investigators found that a "mistaken impression"<sup>37</sup>) and wages were comparatively low. When the Manpower Directorate

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<sup>35</sup> *ibid.*

<sup>36</sup> *ibid.*

<sup>37</sup> NAA(Vic) B551;1942/110/2906 Hunkin to Wurth 1.11.1943.

inspected the Actil factory it found absenteeism high and machines idle.<sup>38</sup> Moreover, despite its obvious great need and high priority, the Directorate could not give relief. When the firm asked the Allocation Committee for “at least 30 females, preferably juniors”, it was told that hospitals and food processing were in even greater need and only people who asked for work in textiles would be allocated to Actil.<sup>39</sup> These traditionally “female” industries—hospitals and textiles—were soon to become the subject of an inquiry that led, eventually, to regulatory provision of higher wages discussed in the next chapter.

By the end of November the pendulum had described a full swing. Unemployment was “overshadowing all other matters”.<sup>40</sup> Under “prevailing government policy” several factories had applied to the Directorate to be relieved of workers, both men and women. Hunkin described the effects of the applications:

This move had, as its natural sequence, a disturbing effect on the employees of the factories concerned and the placement office has almost been besieged by numbers of women and girls who desire to transfer even though employed in sections where repressions of projects were not intended.<sup>41</sup>

Rumours of mass unemployment caused such pandemonium that the Directorate engaged in “press propaganda” to calm the public’s fears.<sup>42</sup> For the first time in approximately three years, the month of November saw no new engagements at any of the Commonwealth factories in Adelaide, and Hendon cancelled its large (still) outstanding

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<sup>38</sup> “Minutes of meetings of the South Australian Departmental Allocation Committee” 1.10.1943.

<sup>39</sup> *ibid.*, 7.1.1944.

<sup>40</sup> NAA(Vic) B551;1942/110/2906 Hunkin to Wurth 23.11.1943.

<sup>41</sup> *ibid.*

<sup>42</sup> *ibid.*

requisitions for female operatives. As Hunkin remarked to the Director-General, "the month's operations gave emphasis to the difficulties of transferring labour from the higher paid metal industries to the lower paid such as food production and processing".<sup>43</sup> This experience was important later when Cabinet decided to intervene in the wage-fixing arrangements in low-paid but essential industries such as textiles and food processing.

December saw another swing. The Munitions programme expanded and all three Commonwealth factories—Hendon, Finsbury and Salisbury—filed large requisitions with the Manpower Directorate in direct competition with the urgent demands for labour to process summer fruit and vegetables.<sup>44</sup> Upon reading Hunkin's report, Wurth, the Director-General of Manpower, urged him to remind his officers of the government's policy regarding the munitions bloc, encouraging them to "resist the claims of particular establishments in the munitions/aircraft bloc", and to consider the "war effort of the Commonwealth as a whole".<sup>45</sup>

Implementing the suggestion caused open conflict at a Departmental Labour Allocation Committee meeting. Fenwick, the aircraft production representative, advised the meeting that several aircraft contractors needed large numbers of workers, with the Beaufighter project at Holden's being the most urgent. The Chair, representing the Deputy Director-General of Manpower, informed him that drawing aircraft production labour from the general pool contravened War Cabinet's instructions to decrease employment within the bloc. The meeting agreed that Holden's only hope of recruiting extra workers was if the munitions programme could be

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<sup>43</sup> *ibid.*

<sup>44</sup> NAA(Vic) B551;1942/110/2906 Hunkin to Wurth 21.1.1944.

<sup>45</sup> *Loc. cit.*, Wurth to Hunkin 1.2.1944.

reduced overall and labour diverted from the less essential projects to aircraft. The meeting minutes reported:

The Chairman suggested that Mr. Fenwick advise Mr. Essington Lewis to that effect and further, that there is little hope of obtaining more than a small percentage of the labour requirements from the general pool because of other urgent labour requirements.<sup>46</sup>

Of course, there can be no doubt that Lewis already knew this, as did all employers and managers in the arms industry, but it was unwelcome news. They did not want to employ the rejected workers from other projects. The bloc was keen to filter its many substandard workers through the Manpower Directorate by regular releases and re-catchments. Intra-bloc transfer was unpopular among employees and it limited employers' opportunities to gain better workers from the pool. In addition, it diverted some of the administration burden from manpower to munitions authorities.

### RECIPROCAL LEND-LEASE

An important corollary to the manpower release programme was the review of reciprocal lend-lease. In presenting its compromise plan for allocating Australia's labour supply, the War Commitments Committee had recommended consultation with the United States authorities with a view to reducing the amount of munitions and other goods Australia was exporting.<sup>47</sup>

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<sup>46</sup>NAA(Vic) MP392/36;239/360/2 "Minutes of meetings of the South Australian Departmental Allocation Committee" 31.3.1944.

<sup>47</sup> NAA(Vic) B4934/1;2/20 War Commitments Committee "Report on Man Power situation", no date but internal evidence supports September 1943, p. 5.

The Lend-Lease Bill had been approved by the United States of America's Congress in March 1941 and Australia's acting Prime Minister Fadden had enthusiastically greeted the news in parliament:

Our profound thanks [he said] to President Roosevelt for the great gesture of friendship, and to the American people for the renewed strength which they have given us.<sup>48</sup>

When the United States became belligerent partners in the Pacific War at the end of 1941, a system of reciprocal aid was worked out with the result that Australia's task of growing and manufacturing the necessities of war for itself and its European Allies was expanded by the obligation to supply goods and services to the American forces. Labour supply difficulties throughout 1942 and 1943 provoked government advisers to question that obligation.

Cabinet's assessment of reciprocal lend-lease obligations was (predictably) hampered by insufficient information. Reciprocal lend-lease and other support to the United States Forces was particularly demanding of labour but, because manufacturers and growers (including government departments) were free to make provision promises according to their own criteria, its call on the work force was dispersed, unsupervised and unknown. Cabinet discovered that even those statistics which did exist did not show the true extent of lend-lease. The munitions projects referred to above were an example of work undertaken without War Cabinet approval and without inclusion in the Defence Committee's labour account. Because hidden behind a veil of secrecy, lend-lease's labour requirements were impossible to count or appraise adequately.

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<sup>48</sup> CAPD:HR FADDEN volume 166, 19.3.1941, p. 118.

During the winter of 1943 munitions production was under the Defence Committee review referred to above. War Cabinet asked the Committee to extend its assessment to see whether Australia could reasonably supply United States requirements and to establish some co-ordinating rules to regulate the transfer.<sup>49</sup> On 1 October 1943 Cabinet had minuted the following decision:

In view of the man power position disclosed, the Commander-in-Chief, S.W.P.A. [South Western Pacific Area], should be informed of the definite limits to which commitments can be accepted by the Commonwealth Government for United States Service requirements and of the alternative choices which such limits impose.<sup>50</sup>

In November 1943 Cabinet published its determination to establish a controlled approach to reciprocal lend-lease, set "precise limits" and decide for itself what form Australia's contribution should take.<sup>51</sup>

Unemployment brought the situation to a political crisis. Politically disagreeable employment instability provoked government investigation. Paradoxically, in some areas reciprocal lend-lease arrangements tied labour to projects the Government had not approved. In others the Department of Munitions—which had been ordered to release labour—dumped projects that were providing much-needed jobs, especially in rural districts like western New South Wales and in outback towns such as Port Pirie in South Australia.

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<sup>49</sup> NAA(Vic) MP24/163;6 "Decisions of the Australian Government relating to the nature, extent and balance of the Australian war effort in the light of the manpower position" 10.11.1943. Decisions 41 and 43.

<sup>50</sup> War Cabinet Minute 3065, 1.10.1943.

<sup>51</sup> NAA(Vic) MP24/163;6 "Decisions of the Australian Government relating to the nature, extent and balance of the Australian war effort in the light of the manpower position" 10.11.1943. Decision 38.

### SCRUTINISING LEND-LEASE

Clearly, local debates over the allocation of every worker would not alter the situation's structural problems. Reciprocal lend-lease had been suspected of covering excessive exports and, by extension, of employing workers who were needed elsewhere, but the release programme had tended to deflect attention away from production review. When lend-lease management seemed to be contributing to a disturbing resurgence of regional unemployment, the paradox provoked energetic discussion in both War Cabinet and Full Cabinet. Members ultimately decided to ask an investigatory body both to review lend-lease and to develop a means of making "adjustment of manpower transfers to meet unemployment resulting from depression of certain types of munitions".<sup>52</sup> By this two-pronged attack, Cabinet suggested that government manipulation of the arms industry might help control the vagaries of the labour market. This influential idea was at the heart of full employment policies the world over and is examined in chapter ten below.

Chifley had taken the issue to War Cabinet two months before this decision. As Treasurer, he believed the uncoordinated approach to lend-lease administration was damaging Australia's economy. He reminded his Cabinet fellows that War Cabinet had noted reciprocal lend-lease's pressure on labour supply as early as October 1943, and had minuted its decision to exert greater central control over it. Because of the *ad hoc* treatment of lend-lease ordering and approval, progress towards greater control had been imperceptible.

The Prime Minister took a special interest because of the matter's bearing on Australia's military involvement in the Allied push against

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<sup>52</sup> Cabinet Agendum 633A/1944 report of meeting held 13.4.1944.

the Japanese in the Pacific. He instructed Dedman, as Chairman of Production Executive (the sub-committee of Cabinet responsible for developing policy coordinating war use of raw materials, production capacity and labour) to collate the information necessary and put Cabinet's decision into action. Specifically, Curtin asked for information about the "procedure to be observed" when coordinating the "whole field of goods and services for the United States Forces"<sup>53</sup>. Curtin recommended that "PE [Production Executive] should coordinate the total picture of the position" after the War Commitments Committee had notified it of the labour supply details.<sup>54</sup> A month later, when writing to the Minister for Supply and Shipping about War Cabinet's decision to limit involvement in reciprocal lend-lease, the Prime Minister reiterated his opinion that the Government should develop "procedures" that would co-ordinate the "whole field of supply and services for the United States Forces".<sup>55</sup>

Chifley's February 1944 submission had pointed out to War Cabinet that neither its own earlier decision to review the employment implications of the agreement, nor the Prime Minister's explicit instructions to put the decision into action, could be carried out under the existing administrative arrangements because there was no co-ordinating procedure and no way of gathering the necessary information. No single authority knew what commitments all individuals and supply departments had made to lend-lease. Chifley urged Cabinet to create a central body and give it sufficient power to evaluate reciprocal lend-lease in the context of the total demand faced by Australian production and the available labour supply.

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<sup>53</sup> Prime Minister to Minister for WOI 5.10.1943. Quoted in CHIFLEY to War Cabinet 11.2.1944. Full Cabinet Agendum 633. Underlining added by Chifley.

<sup>54</sup> *ibid.*

<sup>55</sup> Prime Minister to Minister for Supply and Shipping 1.11.1943. Quoted in CHIFLEY to War Cabinet 11.2.1944. Full Cabinet Agendum 633.

Chifley explained the strain on the economy to Cabinet. Lend-lease was financially expensive, but the cost in food, general supplies, and labour was also high.<sup>56</sup> Furthermore, the expenditure in every category far outstripped the allocation fixed by War Cabinet and Production Executive.<sup>57</sup> Consequently, Cabinet was unable to accomplish its planned diversions of labour. For Example, the Treasurer complained:

Over-acceptance of U.S. demands by the Department of Munitions has necessitated a drastic review in the light of the man power position.<sup>58</sup>

Chifley told Cabinet that a sub-committee of Defence Committee had recommended that munitions orders worth more than £1,000 should be assessed by a central authority, but that no competent authority existed.<sup>59</sup> The Treasurer expected lend-lease demands to increase as the Pacific campaign intensified and, under prevailing conditions, to lead to production chaos. "We would be taking unnecessary risks if each department were left to handle demands in their own way", he warned, "I feel strongly that some Central Authority should be set up immediately."<sup>60</sup> Time passed. Chifley's proposal was on War Cabinet's agenda for March 6, but discussion was deferred to give members time to consider related reports.<sup>61</sup>

Cabinet was divided on the idea of curtailing lend-lease. During the deferment, Makin, Minister for Munitions, wrote to the Prime Minister expressing concern that the policy of combing through the munitions and aircraft factories for men to release for other war work

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<sup>56</sup> Cabinet Agendum 633 CHIFLEY to War Cabinet, 11.2.1944.

<sup>57</sup> *ibid.*

<sup>58</sup> *ibid.*

<sup>59</sup> *ibid.*

<sup>60</sup> *ibid.*

<sup>61</sup> War Cabinet Minute 3360, 6.3.1944.

“can only result, ultimately, in an embarrassment to the Government [which will] adversely affect our policy”.<sup>62</sup> His fear was unemployment, the pre-war nightmare being revisited in the munitions sector. Makin blamed the War Commitments Committee, saying their plan to withdraw 20,000 people from the “bloc” was forcing closure of munitions projects and worker unemployment. Restricting munitions export would exacerbate this problem. The looming unemployment disaster, said Makin, could be averted “quite simply by a reversal of present policy”.<sup>63</sup> He recommended that munitions projects should be “considered upon their merits and not merely as a means for releasing manpower”.<sup>64</sup>

#### LEND-LEASE EMPLOYMENT REVIEW

Finally, at its meeting of 4 April 1944, Cabinet directed R.V. Keane, the Minister for Trade and Customs, to “consider all matters relating to RLL administration and the manpower implications involved”.<sup>65</sup> A week later, Keane chaired a meeting of administrative officers from the Departments of Aircraft Production, Commerce and Agriculture, Manpower Directorate, Munitions, Post-war Reconstruction, Supply and Shipping, Trade and Customs, Treasury and War Organisation of Industry, and including F. Strahan, Secretary to Cabinet.<sup>66</sup> Keane reported that this group enjoyed a “full and frank” discussion from which he gleaned the information contained in his report.

#### **Reciprocal lend-lease: contracting**

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<sup>62</sup> NAA(ACT) A1608/1;127/1/4 part 3 Makin to Prime Minister 21.3.1944.

<sup>63</sup> *ibid.*

<sup>64</sup> *ibid.*

<sup>65</sup> *ibid.*

<sup>66</sup> Cabinet Agendum 633A KEANE to Cabinet 4.5.1944.

Keane's report, produced on 4 May 1944, separated lend-lease commitments into three categories: works; munitions; and general supplies. He found some differences in their ordering procedures. The particular difficulty with the last group, general supplies, was that it involved United States officers in relationships with several Australian government supply departments and control instrumentalities. The orders were varied and sometimes complex but, because there was no central point where proposals could receive integrated consideration, the cumulative result was that no central body had either the information or the authority necessary to advise individual departments what the overall effect of their involvement in a particular project might have on the national pool of materials and labour. Financial cost was likewise impossible to reckon with certainty.

On the other hand, the other two groups, works and munitions, were both subject to a limited procedure for screening and authorisation of individual projects.<sup>67</sup> In the case of works, American demands were first presented to the related service department (Navy, Army or Air) and then referred to the Defence Committee, which would evaluate the project and assign a priority rating to it. A.T. Ross, in his history of the Australian munitions industry, makes the point that it was customary for military advisers to categorise all accepted projects as top priority; otherwise, because of resource and time shortages, they would not get off the ground, a phenomenon known as "priority creep".<sup>68</sup> Evaluated proposals then passed to the appropriate service minister who submitted it to War Cabinet for approval. However, if he perceived the project as urgent, he could approve it

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<sup>67</sup> The description of the two procedures in the next paragraph is substantially taken from Keane's report, p. 4.

<sup>68</sup> ROSS *Armed and Ready* p. 357.

himself and obtain Cabinet confirmation later. The approved requisition then went to the Allied Works Council for fulfilment. The critical flaw in this system was that even though projects were prioritised, the priority rating given to a project did not rate it against other projects using Australian labour. Also, if a project was accepted and given a high priority rating, War Cabinet was unlikely to disapprove it. Even though War Cabinet was ultimately responsible for approving all labour allocation, its decisions were grounded on information given by approving authorities, albeit with War Commitments Committee recommendations.

Munitions requests were also submitted to Defence Committee, but directly by the requesting officer. The Department did not assess them. If the Defence Committee approved the proposal it notified the Department of Munitions and, subject to a manpower certificate and any financial limitations War Cabinet may have laid down, the Department was authorised to start work upon receipt of the notification.

Representatives of the surveyed departments assured Keane that they always considered general availability of manpower and other resources, both when approving the work and when allocating its priority. This consideration could not have been usefully extensive given the paucity of statistical and other information and the complete lack of coordinating administration. Despite the elaborate procedure, Keane was convinced that United States orders were frequently accepted without assessment. He wrote, "This is particularly so in the Department of Munitions, and the point has been reached where the Department is unable to give manpower certificates in regard to many new U.S. demands which have been received",<sup>69</sup> and, he continued,

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<sup>69</sup> Cabinet Agendum 633A KEANE to Cabinet 4.5.1944, p. 5.

similar problems would soon manifest themselves in the Department of Aircraft Production when the contracts in hand went into production.<sup>70</sup> The problem was that, even where central control did exist, it did not concern itself so much with oversight in the interest of effective allocation but more with procuring what it wanted from the central pool. For this reason, despite years of developing policy-making bodies, the situation remained strikingly similar to that which the Manpower and Resources Survey Committee had observed in 1941.

### **Reciprocal lend-lease: screening**

Cabinet discussed Keane's report on 10 May 1944 and approved of the principle of appointing a "final and absolute authority" to screen reciprocal aid to the United States of America, but decided that authority should be vested, "for the time being", in the Treasurer.<sup>71</sup> Taking into account the amount of time spent in War Cabinet and Full Cabinet on this subject and the direct instructions issued by Cabinet and the Prime Minister, this lukewarm response amounts to a refusal to use central power to coordinate reciprocal lend-lease orders with available labour.

The Director-General of Manpower felt that lend-lease appraisal should be coordinated with his organisation but Treasury disagreed, saying that departments submitting contracts for Treasury approval were free to discuss labour aspects with the manpower authorities "as may be necessary".<sup>72</sup> Following up the matter, the Directorate's controller of scientific personnel, J.G. Thornton, pointed out to Wurth that the biggest obstacle to the Directorate's involvement in lend-lease planning was Cabinet's refusal to establish a lend-lease authority,

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<sup>70</sup> *ibid.*

<sup>71</sup> Cabinet papers, Agendum 633A Cabinet Secretary to War Cabinet 13.5.1944.

<sup>72</sup> NAA(Vic) B551;44/57/9344 W.E. Dunk to D-G of Manpower 29.6.1944.

which, he believed, indicated that Full Cabinet wanted the "technical responsibility to remain with the Departments of Supply, Munitions and Aircraft Production".<sup>73</sup>

When Treasury "tentatively agreed" that it would ask production departments to submit a certificate from the Manpower Directorate with each application, Thornton approved the course but J.W. Manson, executive officer of the Director-General of Manpower's office, feared deeper implications. Treasury's only investigation in many cases was to ask production departments if they could fulfil the lend-lease contract being offered. As Manson wrote, "the natural and normal reaction of Supply is that they can fulfil every order" with the effect that Treasury had approved every order. Manson continued:

Naturally of course, this procedure leads supply departments to accept any and every order which is pushed their way, and after the acceptance of such orders they come back at the Manpower Directorate for additional labour forces to carry out these orders.<sup>74</sup>

Manson thought Treasury's agreement to ask for the Directorate's certification was a way of evading responsibility rather than a genuine attempt to coordinate the decision. "Knowing the attitude of production departments", wrote Wurth, the Director-General, it was best not to be visibly involved. Fearing that Cabinet may see the Directorate as developing a screening body in defiance of its position, he advised action only when Treasury asked directly for advice. Even then, Wurth recommended, advice must seem to come from the

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<sup>73</sup> Loc. cit., THORNTON "Notes of a Discussion with Treasury Officers Regarding Approval of RL-L Orders" 29.6.1944.

<sup>74</sup> NAA(Vic) B551;44/57/9344 Manson to Thornton 27.6.1944.

Director-General himself rather than risk embroiling officers in potential arguments.<sup>75</sup>

### SUMMARY

By 1943 Cabinet was convinced that, not only was Australia overcommitted to the war but that the Defence Committee was continuing to plan expansion of military Services and war industries “notwithstanding [Cabinet’s] repeated directions over a long period”.<sup>76</sup> In addition, mounting evidence indicated that production capacity was being expanded without proper authority and munitions orders for export had been accepted without being properly accounted. Cabinet searched for a means of reining in the defence projects and reallocating workers to essential work outside the direct war industries. The methods chosen—Manpower Release Programmes and reciprocal lend-lease review—proved difficult to implement. Even at the local level, competing employers showed little sympathy for each other and even less regard for the national priority-setting goals of the release programme. Lend-lease proved impervious to effective scrutiny. Prime Minister, Treasurer, and the inter-departmental investigation led by Keane, followed up War Cabinet’s periodic decisions that greater central control should be asserted over lend-lease exports, but no screening authority was established. A senior Manpower Directorate officer, frustrated by the attempt to control lend-lease’s labour demands, declared that Cabinet’s refusal to appoint such a body was the biggest obstacle to effective scrutiny of lend-lease.

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<sup>75</sup> Loc. cit., Wurth to Thornton 8.7.1944.

<sup>76</sup> War Cabinet Minute 2714, 23.3.1943.

This chapter shows, once again, that Cabinet's employment policies were weakened by inadequate instruments of scrutiny and evaluation of the interest groups that were developing public policy. The obstructive behaviour of senior members of the Government added to the confusion. After the next chapter examines the manifestation of similar impediments to the work of the Women's Employment Board through the years 1942 to 1944, chapter ten shows that within months of commencement the Release Programme and lend-lease review became overshadowed by the return of visible unemployment. This diminished the relevance of Cabinet's 1943 and 1944 instructions and led the Government to change its employment priorities again. Nevertheless, the obstruction and undermining of Cabinet's attempts to modify the most serious labour shortage of Australia's war, remains historically significant.

# 9

## **The Women's Employment Board 1942-1944**

Nowhere were employer's self-interested approaches to labour supply more apparent than in their attitudes to the Women's Employment Board. Chapters seven and eight discussed the manpower authorities' struggle to convince war producers to coordinate their efforts with Cabinet's war objectives, decided in the light of the labour shortage. Concurrent with the action described in those two chapters, manufacturers and other employers fought bitterly against the Government's other instrument of employment coordination, the Women's Employment Board. Chapter six left the Board impotent as the Commonwealth Senate had disallowed the regulations that created it. This chapter shows the conflict moving from parliament into the courts, where the Board's opponents claimed its actions outstripped the defence power itself and could not be supported by the Australian Constitution. After two and a half years of insistent attack, the Government disbanded the Board, choosing more direct regulation to control women's wages in the changed labour market of 1944.

Manufacturers took advantage of the new conditions: the second part of the chapter is a case study that describes an industrial dispute that flared in the foundry of the Perry Engineering Company when its management used the power hiatus left by the dismantled Women's Employment Board to employ women on its own terms. The chapter argues that manufacturers pursued the Board, heedless of its role in boosting labour supply, and that the Department of Munitions was aligned so much more closely with commercial manufacturers than with Cabinet's policy aims, that its identity as a government department was frequently blurred.

By the time the Senate disallowed the Employment of Women Regulations in September 1942, the Departmental Manpower Committee's review, discussed in chapter seven, had already pronounced Australia's labour supply as tighter than earlier estimations had feared. Hence, even more women were going to be needed to keep industry's wheels turning. Believing the Women's Employment Board an essential part of its employment policy, the Government attempted to restore its authority by direct legislation. It protected the Board by further National Security Regulations in the short term,<sup>1</sup> and introduced the Women's Employment Bill, which was aimed at restoring the Board's initial powers and functions (because the Employment of Women Regulations were embodied as a schedule within it) and validating all the Board's decisions made up to and including 23 September 1942, the date of its disallowance. The Government hoped the Act would strengthen the Board against its opponents. When presenting the bill, Curtin reminded parliament that without the Board's rapid and efficient ushering of women into men's jobs far fewer men would have been made available for military

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<sup>1</sup> SR 410/1942, 24.9.1942.

services and war industries. His eloquent speech concluded with a reminder that the Board symbolised a political position too:

We have to ensure that men who are displaced do not have their economic standards eaten into by the incursion of women as a permanent economic feature. We must also keep faith with the women of this country, and ensure that, if they are capable of doing as much war work as men they shall be paid as if they were men.<sup>2</sup>

Having promised unionists that the women's employment was only temporary, he feared that sophisticated debate focusing on the wider justice of equal pay would destabilise his Government's settlement with them. But, at the same time, he did not want to offend the women. The bill's second reading inspired debate that ranged over much wider ground before the bill eventually passed into law as the *Women's Employment Act* (55 of 1942).<sup>3</sup>

In November 1942, a group of employers headed by the Perry Engineering Company of Adelaide, unhappy the Board had been so readily re-instated and angry that it had made a common rule regulating women working in metal industries rather than for specific employers, applied to the Board for a variation on grounds they hoped would expose an "absurdity" in the Regulations<sup>4</sup>. The National Security (Economic Organisation) Regulations had pegged wage rates at the level prevailing on 10 February 1942, with the effect that arbitration authorities were prevented from granting wage rises for reasons other than anomaly.<sup>5</sup> Initially, the Women's Employment Regulations, which post-dated the Economic Organisation Regulations, had been

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<sup>2</sup> CAPD:HR CURTIN volume 172, 24.9.1942, pp. 1069-75.

<sup>3</sup> CAPD volume 172, 30.9.1942, pp. 1235-85.

<sup>4</sup> NAA(ACT) A472/1;W6039 Attorney-General's Department to DoLNS, 24.12.1942.

<sup>5</sup> *ibid.*

worded so that they applied only to work commenced after the formation of the Board and therefore after that date, but later amendments specifically referred to women who took up their work before the regulations were promulgated. This meant that Board decisions effectively defied the Economic Organisation Regulations, the circumstance pronounced an “absurdity” by the Perry Engineering Company and others, in their November appeal.<sup>6</sup>

Women employed in the metal industries had been granted a wage rise (back-dated to 2 March) on 23 September 1942. In appealing the Board’s decision, Perry’s counsel, S.C.G. Wright, claimed that as the regulations were disallowed on that day, the award was made without jurisdiction and was therefore void. Under the present Act, he argued, the Board could not make the award retrospective.<sup>7</sup> The Government instructed its own counsel to argue before the Board that the Government clearly intended the award to stand because it had validated earlier decisions through the *Women’s Employment Act*.<sup>8</sup> The argument was not wholly convincing. Even the Board was uncertain of its legitimacy. Judge Foster, its chairman, expressed doubts but pointed out at the appeal hearing that if the Board was not legally in existence no decision was actually given.<sup>9</sup>

The Government moved to protect its flank from the metals industry employers by having the Attorney-General’s Department rapidly re-draft the regulations giving the Board power to make a common rule.<sup>10</sup> At Foster’s suggestion, the new regulations included a penalty clause imposing a fine on employers who did not pay

<sup>6</sup> NAA(ACT) A472/1;W12872 Crown Solicitor to Attorney-General re. Perry Engineering Company and others—application for variation before the WEB, 27.11.1942.

<sup>7</sup> *ibid.*

<sup>8</sup> *ibid.*

<sup>9</sup> *ibid.*

<sup>10</sup> SR 548/1942, 23.12.1942.

Employment Board rates when they had been awarded. He asked for £50 a day but had to be satisfied with less.<sup>11</sup> Fines notwithstanding, many companies withheld payment of the new rates in the hope that the Board could be permanently invalidated, and knowing that fines would be difficult to recover. This matter is discussed below.

The Board's Cabinet designers had predicted that Board decisions would tend to create anomalous distinctions between groups of women who were working in the same workplaces but on different awards. As the Treasurer remarked in July 1944, the Government accepted them "as part of the price which had to be paid".<sup>12</sup> In January 1943, Ward, Minister for Labour and National Service, wrote: "the very success of the Board's operations and the more serious manpower position [have] exaggerated these anomalies".<sup>13</sup> To protect the work of the Board, which had, according to Ward, "fully lived up to the requirements of the Government", something would have to be done to iron out some of the anomalies before they became politically aggravating. Ward suggested either extension of the Board's jurisdiction to the employment of women in all industries, or removal of restrictions on the Arbitration Court's actions to "facilitate the immediate hearing of claims in respect of women's wages".<sup>14</sup> Ward's suggestions were discussed on 16 January 1943, but Cabinet decided to hold the matter over until it heard a pending Arbitration Court decision.<sup>15</sup>

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<sup>11</sup> NAA(ACT) A472/1;W10565 ATTACHMENTS DoLNS to Attorney-General's Department, 10.12.1942.

<sup>12</sup> Cabinet Agendum 696/1944 CHIFLEY "Female Wage Rates in Vital Industries", Discussed 14.7.1944.

<sup>13</sup> Cabinet Agendum 423/1943 WARD "Women's Employment Act" 11.1.1943.

<sup>14</sup> *ibid.*

<sup>15</sup> Cabinet Papers, Agendum 423/1943 Cabinet Secretary to Ward, 18.1.1943.

## DISPUTE IN THE SMALL ARMS AMMUNITION FACTORIES

While argument raged over the "absurdity", serious industrial strife was brewing in the munitions industry. The dispute began in the Commonwealth small arms ammunition factory in Footscray, Victoria, but threatened to spread to all factories working under the Munitions Agreement. Prior to the war, the only women munitions workers in Australia were employed at Footscray in Victoria. When the war started, there were about 450 working on .303 rifle bullet production under the Munitions Agreement. By the time their dissatisfaction flared into public dispute the picture was very different. In addition to nearly 600 women working in jobs classified as women's, the factory employed about 10,000 women on men's jobs (being paid at male rates) and about 39,000 males.<sup>16</sup>

Under the provisions of Industrial Peace Regulation 10, the Footscray management reported the dispute to the Court, which instructed G.A. Mooney, the Melbourne-based Conciliation Commissioner, to hear and settle it.<sup>17</sup> Mooney found the dispute simmering in all the Commonwealth small arms sections—Footscray, Victoria; Rocklea, Queensland; Welshpool, Western Australia; and Hendon, South Australia—and agreed that it had arisen from a Women's Employment Board decision. Prior to the Board's award, wages and working conditions in the Commonwealth factories had been prescribed by the Munitions Agreements, arranged between the Minister for Munitions and the appropriate unions. These had fixed

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<sup>16</sup> NAA(ACT) A472/1;W12376 Commonwealth Court of Conciliation and Arbitration, in the matter of Arms Explosives and Muniton Workers Federation and D-G of Munitions, (re rates for females in small arms factories) Melbourne, Monday 19.4.1943, transcript, p. 3.

<sup>17</sup> Mooney heard the dispute on 5.3.1943 and published his decision on 11.3.1943. The following summary is based on his decision found in NAA(ACT) A472/1;W12376, "N.S. No 126 of 1943" 11.3.1943.

female wages at about 60 per cent of the "needs basic wage", whereas the Board had determined that women doing "men's work" in the factories should be paid at a rate equal to 90 per cent of the wages customarily paid to the men doing, or formerly doing, the same class of work. According to a union representative's testimony, the difference could be as much as "£6 and over" for work which required no more skill than that of the women earning 60 per cent.<sup>18</sup> The fact that the work required no less skill than that of men earning 100 per cent was not mentioned.

The seeming anomaly left the women doing women's work personally dissatisfied and industrially volatile. Commissioner Mooney inspected the women's jobs, heard verbal evidence, and reported to the Court:

Each of these witnesses was very emphatic that all the women so employed were both resentful and dissatisfied and they all expressed the view that it was absurd to expect them to give of their best for a wage that was so much less than the wage being paid to other women for doing what was known as "men's work".<sup>19</sup>

Women employed under the Munitions Agreement were particularly incensed because the new Women's Employment Board rates were being paid to women who were, in the main, newcomers to industry and on that account of much less experience.

Mooney pronounced general agreement with the Union and its witnesses. In his opinion, there was no discernible difference in the nature of the work being done by the two groups of women.<sup>20</sup> However, according to the law, having established the existence of a

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<sup>18</sup> MOONEY "N.S. No 126 of 1943", judgment 11.3.1943.

<sup>19</sup> *ibid.*

<sup>20</sup> *ibid.*

dispute he could do nothing to settle it. The Arbitration Court was not empowered to satisfy the disaffected women. If they had expressed discontent with the Munitions Agreement prior to the Women's Employment Board decision their argument could have been referred to Arbitration for settlement but in the circumstances there were no grounds for altering the award unless a legal anomaly could be demonstrated. That being the position, the Union's case relied upon proving that the rates were anomalous and therefore deserving of Arbitration Court attention. Mooney's judgment indicated the Union was on shaky ground. He reminded them that the Full Arbitration Court had already decided: "that a determination of the Women's Employment Board is not of itself sufficient to render the rates of remuneration of female workers under an award of that Court anomalous".<sup>21</sup>

Because the circumstances left the matter outside the jurisdiction of the Arbitration Court and the Public Service Commissioner, the simplest way to have dealt with this problem would have been to allow the 600 women at the time employed under the Munitions Agreement to have their wages adjusted by the Board or to have re-worked the Munitions Agreement to incorporate a higher wage. The latter would have required amendment of the Economic Organisation Regulations but steps towards that end had already been taken.

The Union advocated the former course. Even before Commissioner Mooney's decision was published, the federal secretary of the Munitions Workers Federation of Australia, J.M. MacKay, contacted the Attorney-General by telegram and urged him to amend the regulations so that the female small arms ammunition operators'

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<sup>21</sup> *ibid.*

claims could be heard by the Women's Employment Board, saying that (because no-one else could examine the matter) only a Board determination would prevent further "industrial unrest".<sup>22</sup> Following Mooney's decision that he had no jurisdiction in the dispute, MacKay renewed his pressure for amendment<sup>23</sup> but the problem was not to be so easily resolved.

The Minister for Labour and National Service tried to force the Court to hear the case. On March 24, at the suggestion of the Crown Solicitor, he initiated an approach to the Arbitration Court under regulation 9 of the Industrial Peace Regulations.<sup>24</sup> The next Friday W.R. Dovey, K.C., and W.J. Dignam, on behalf of the Minister for Labour and National Service; Oliver for the Department of Munitions, and J.M. MacKay for the Union, appeared before Arbitration Judge O'Mara to examine the circumstances and establish whether there were grounds for further hearing.<sup>25</sup> During the short hearing, O'Mara emphasised the significance of the case:

Personally, I regard this as a very important case ... a very far-reaching issue may evolve from it .... This is not one of those cases that can just be brought before a Court and in which it is said "the girls in the chemical fuse section get male wages or the girls in the turret lathe or any other place get male wages. This work is very skilled and therefore it is unjust". Something more would have to be said about it than that.<sup>26</sup>

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<sup>22</sup> NAA(ACT) A472/1;W12376 Telegram McKay to Attorney-General 8.3.1943.

<sup>23</sup> Loc. cit., McKay to Attorney-General 15.3.1943.

<sup>24</sup> Loc. cit., Ward, notification under NS(IP)R 9, 24.3.1943.

<sup>25</sup> Loc. cit., Commonwealth Court of Conciliation and Arbitration, NSR No 103 of 1943, 26.3.1943.

<sup>26</sup> NSR No 103 of 1943, 26.3.1943 transcript, p. 6.

Dovey, to whom O'Mara addressed this reproach, concurred, "I agree that it is an important matter. It is a matter in which, of course, all the parties will be very glad to have assistance in determining their rights".<sup>27</sup>

Judge O'Mara could not be hurried into giving this assistance. He had other arrangements in train for the next fortnight and moreover, he said, these arrangements had been made "in respect of people who are remaining at work".<sup>28</sup> Whereas the Conciliation Commissioners' duties included settlement of industrial disputes by conciliation decisions even when matters had developed into outright strike, it was a principle of arbitration that people should stay at work until their case could be properly heard and decided. O'Mara was not moved by Union threats. "It is not my practice", he said, "to postpone and rearrange business because someone has threatened to strike".<sup>29</sup> As it happened, compared to the long delays that aspirants for arbitration frequently experienced, the matter came quickly to court. Within a month of the preliminary hearing, the matter of the Arms, Explosives and Munitions Workers Federation and the Director-General of Munitions was brought before the full Arbitration Court: Chief Judge Piper and Judges O'Mara and Kelly.<sup>30</sup>

As soon as the Court assembled it was apparent that more was at stake than the wage rates of the women working in government small arms ammunition production. The Department of Munitions, named in the case, was not represented but S.G. Wright, the metal industry's lawyer, stood and addressed the Court:

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<sup>27</sup> *ibid.*

<sup>28</sup> *ibid.*

<sup>29</sup> *ibid.*

<sup>30</sup> NAA(ACT) A472/1;W12376 Commonwealth Court of Conciliation and Arbitration, in the matter of Arms Explosives and Muniton Workers Federation and D-G of Munitions, (re rates for females in small arms ammunition factories) Melbourne, Monday 19.4.1943, 10.30 am, 19.4.1943 (henceforth: SAA female wages case).

If the Court pleases, I am present on behalf of the Victorian Chamber of Manufactures, the Metal Trades Employers Association, the Metal Industries Association of South Australia, and the group of master coachmakers for whom I customarily appear in this Court, and I am here to ask leave to intervene on behalf of those bodies. My clients have no immediate interest in the issue to be decided in this case, but many of them have the same combination of circumstances as I understand exist in this Munitions Department. I desire to be heard, if allowed to intervene, only in regard to any matter of principle which may fall for decision by the Court and which may possibly have an ultimate effect upon the plants and staffs of these employers for whom I am appearing.<sup>31</sup>

The Chief Judge asked the Labour Minister's counsel if he objected to Wright's request and Dovey replied that while he had no objection he could not see the relevance of Wright's interest.<sup>32</sup> The Union's representative did voice an objection: small arms ammunition manufacture in Australia was confined to Commonwealth factories and therefore was of no material interest to employers' groups. Nevertheless, Chief Judge Piper permitted Wright to appear.<sup>33</sup>

Judge O'Mara interrupted: "Before you go on, what has happened to the Department of Munitions? It appears one day and disappears the next."<sup>34</sup> This question was pertinent in the hearing of a case where the Director-General of Munitions was a principal respondent. O'Mara's question indicates he expected the Department to

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<sup>31</sup> WRIGHT, SAA female wages case, 19.4.1943, transcript, p. 1.

<sup>32</sup> DOVEY, SAA female wages case, 19.4.1943, transcript, p. 1.

<sup>33</sup> SAA female wages case, 19.4.1943, transcript, p. 2.

<sup>34</sup> O'MARA, SAA female wages case, 19.4.1943, transcript, p. 2.

have a representative in Court. The absence of such a representative—or the substitution of such by Wright—shows an unusually close bond between a government department and commercial employers' associations. Styles, an industrial officer of the Munitions Department, was in Court at the behest of the Department of Labour and National Service whose counsel intended to call him as a witness. He asked leave, and was permitted, to speak for his Department.<sup>35</sup> However, the fact remains significant that the Union and the Department of Munitions were the parties cited in the dispute but the Department was not represented at the hearing, apparently preferring to have its interests watched by a representative of commercial employers' groups.

#### RENEWED LEGAL CHALLENGE TO THE BOARD

In the meantime, despite amendment on 22 December by Statutory Rule 548 of 1942, the Women's Employment Regulations were again disallowed by the Senate.<sup>36</sup> This action left the Women's Employment Board without the statutory authority necessary to hear applications or to give decisions from 16 March 1943. Determined to prevail, the Government attempted to reactivate the functions of the Board without extensive and time-consuming legislative procedure and, a few days later, made a new set of Employment of Women Regulations (number 2).<sup>37</sup> These provided that the Women's Employment Regulations that existed *before* the promulgation of Statutory Rule 548 of 1942 (now disallowed) should have full force and effect. In addition, the new regulations validated all decisions, variations and

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<sup>35</sup> SAA female wages case, 19.4.1943, transcript, p. 2.

<sup>36</sup> Disallowance 16.3.1943.

<sup>37</sup> NS(Employment of Women)Rs. SR 75/1943, 25.3.1943.

interpretations the Board had given or made between the commencement of the *Women's Employment Act*, 1942, and the disallowance of Rule 548. Further amendments were gazetted on 8 April, 1943.<sup>38</sup>

In May, a group of employer bodies, led by the Victorian Chamber of Manufacturers, dismayed by the prompt re-validation, mounted a challenge to those rules and to the Act itself through the High Court. They claimed that the Women's Employment Regulations (number 2) were beyond the Defence Power, were contrary to the *Acts Interpretation Act*, 1901-1941, or both, and that decisions the Board made between its reinstatement on 6 October 1942, and its disallowance on 16 March 1943, were invalid either because of the promulgation and subsequent disallowance of Statutory Rule 548, or because none of the decisions was laid before each House of Parliament as required by section 48 of the *Acts Interpretation Act*, or both.<sup>39</sup> The immediate effect was that the Women's Employment Board suspended its business until the Court could announce a decision.

This case was part of a rash of legal challenges to the Commonwealth's authority under the defence power. In the first three years of war, the High Court had judged only four cases in which war-time legislation was challenged. In three (one of which was the South Australian Government's challenge to the Commonwealth uniform tax legislation) the challenge failed and in the other, the question was not decided. Then, between 8 April and 16 August 1943, nine cases involved questions about the defence power's validity. According to a comment in the *Australian Law Journal*, the dearth of constitutional litigation at a time when successive governments were making

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<sup>38</sup> SR 92/1943, 8.4.1943.

<sup>39</sup> *ALJ* volume 17, 15.10.1943, p. 196. *Victorian Chamber of Manufacturers and Others v. Commonwealth and Others (Women's Employment Board)*.

tremendous inroads upon liberty indicates that people generally felt that challenge would be impossible.<sup>40</sup> The turning point came with the decision in *Victoria v. Commonwealth*,<sup>41</sup> which was the first case to find the war-time regulations invalid. Over the next few months, the Attorney-General's Department, concerned by the trend to litigation, directed its advisers to analyse the cases and develop responses that would maintain the effect of the various regulations involved.<sup>42</sup>

When the Women's Employment Board case came to trial in May 1943, a majority of the High Court decided that the *Women's Employment Act* and the schedule of regulations it controlled were within the Commonwealth's defence power. However, because regulation 6, a vital part of the regulations, was no longer extant—having been removed by Statutory Rule 548 of 1942—the regulations were no longer valid. The High Court also ruled that the amending Statutory Rules 75 and 92 of 1943 had been promulgated in contravention of the *Acts Interpretation Act, 1901-1937* and so, they too, were invalid.<sup>43</sup>

Hundreds of female workers were trapped in a political hiatus when the Board ceased to function; their representatives lobbied the Government for action. Many employers had refused to pay Board-awarded wages to their female employees in the hope that further legal action would overturn the decisions. Adelaide's motor-car manufacturers were among them. Some of the women working at General Motors-Holden's and Richards were awarded Women's Employment Board Rates late in 1942 but the companies, claiming to

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<sup>40</sup> B. SUGERMAN and W. J. DIGNAM "The Defence Power and Total War" *ALJ* volume 17, 12.11.1943, p. 208

<sup>41</sup> *CLR* (1942) 66, p. 488.

<sup>42</sup> NAA(ACT) A472/1;W15151 "Recent High Court Cases" 30.7.1943.

<sup>43</sup> *ALJ* volume 17, 15.10.1943, p. 196. *Victorian Chamber of Manufacturers and Others v. Commonwealth and Others (Women's Employment Board)*.

fear industrial action, did not implement the wage-rises.<sup>44</sup> Knowing that the small arms ammunition case, due for hearing the next week, covered the question of women being paid different wage rates in the same workplace, Conciliation Commissioner Rowlands refrained from making a decision when he examined the situation on 16 April 1943.<sup>45</sup> In the meantime, the High Court challenge to the Board's validity had encouraged the employers in their recalcitrance. On 13 August, Adelaide's Vehicle Builders Union appealed to Prime Minister Curtin to make some public pronouncement of the Government's intention.<sup>46</sup> Federal elections being imminent, the Government's advisers recommended stalling for time.<sup>47</sup> Finlay, the union's secretary telegrammed Curtin: "Important see you when passing through Adelaide ... concerning serious industrial unrest", but was told to write to Canberra.<sup>48</sup> In the meantime, the female strikers had been encouraged to return to work on the grounds that Curtin was dealing with their case.<sup>49</sup>

A fortnight later, with no resolution in sight, A.B. Thompson, acting secretary of the United Trades and Labour Council of South Australia, directly approached Curtin again. He had been advised—it is not clear by whom—that unions should prosecute employers who had refused to implement Women's Employment Board decisions. But, fearing that "further litigation before any court or industrial tribunal would cause further undue delay", the Council had rejected that

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<sup>44</sup> NAA(SA) AP14/1/0;NS(SA)14/1942 Papers relating to GM-H Ltd and Richards Ltd v. Employers under Motor Body and Coachbuilding Awards.

<sup>45</sup> Loc. cit., Hearing before E.H. Rowlands in the matter of GM-H Ltd and Richards Industries Ltd and the Vehicle Builders' Employees' Federation of Australia and others (Under NSR 10, re rates for females) Adelaide, 16.4.1943, transcript, p. 5.

<sup>46</sup> NAA(ACT) A1608/1;F35/1/2 Telegram Vehicle Builders Union, Adelaide to PM, 13.8.1943.

<sup>47</sup> Loc. cit., Wilson, secretary of DoLNS to PM, 23.8.1943.

<sup>48</sup> Loc. cit., Telegram Finlay to PM, 30.8.1943; telegram PM's office to Finlay, 2.9.1943.

<sup>49</sup> *Advertiser* "Girl strikers to resume: Wage case to go to Mr Curtin" 31.8.1943, p. 3.

advice.<sup>50</sup> Women's industrial discontent had frequently been blamed on the Women's Employment Board and its tendency to create wage imbalances. Thompson's letter identified another cause of the tension:

Females in industry generally have become impatient in awaiting finality to be reached and, consequently, the unions fear that they will be unable to control their members. Unless something is done in the near future, wholesale stoppages of work seem inevitable.<sup>51</sup>

Again the Prime Minister was advised to stall. Roland Wilson, Director-General of the Department of Labour and National Service, was discussing Thompson's letter with officers of the Attorney-General's Department and planning "certain action which would meet the situation".<sup>52</sup>

Curtin was also subject to demands from industrialists. Economic interests in the United Kingdom, hearing that the industrial dissent had been caused by the legislation, urged the Commonwealth Government's accredited representative in London to petition the Government for settlement. Curtin's response was unequivocal. His cablegram plainly outlined the course of events and concluded: If the company, "amongst others instead of challenging validity of Act at instigation of Chamber Manufacturers had paid up promptly after rates which they are now required to pay were fixed, no strike would have occurred". Nailing his point home, he informed the representative that the company still had not paid all the wages due and the problem of enforcing Board decisions was under government consideration.<sup>53</sup>

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<sup>50</sup> NAA(ACT) A1608/1;F35/1/2 A.B. Thompson to PM, 14.9.1943.

<sup>51</sup> *ibid.*

<sup>52</sup> *Loc. cit.*, Wilson to PM, 22.9.1943.

<sup>53</sup> *Loc. cit.*, Cablegram Curtin to Commonwealth Government accredited representative in London, 23.9.1943.

A national conference of employers in the metal, engineering and allied industries was held in Adelaide on 27 September. These employers continued to blame the Board itself for causing the women's dissatisfaction. In their opinion, the legislation could "only result in odious comparisons and consequent vexatious reaction", and the functions of the Board should be revested in the customary industrial tribunals.<sup>54</sup>

When the Government finally moved to reinstate the Board, significant change was announced.<sup>55</sup> New regulation 7(e) struck at recalcitrant employers. Under it, interest could be charged to employers who refused to pay money due under a Women's Employment Board decision. Further pressure to comply was placed on employers by regulation 9(b) which provided for action by the Attorney-General in recovering wages and interest due to women under decisions of the Board, and regulation 9(d) which made it an offence for an employer wilfully to refuse, neglect or fail to comply with a decision of the Board. Thus, individuals and their unions could direct their problems to the Government for solution rather than fall back on strike action.

These last regulations directly challenged the many employers throughout Australia who had been holding on to Women's Employment Board-awarded wage rises in the hope that the Board would be found invalid and they would be excused payment. Specifically directed at some of these last, the new regulations also ruled that where a case was pending immediately prior to the disallowance of Rule 548 of 1942, it would now be heard as though it had been filed under the new regulations. Further, the new

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<sup>54</sup> Loc. cit., MacDonald, "for and on behalf of the circumscribing bodies" to Curtin.

<sup>55</sup> SR 251/1943, 30.9.1943.

regulations validated the fifteen decisions and seven variations of decisions the Board had made after the date of the disallowance.<sup>56</sup>

### CHALLENGE FROM THE STATE OF VICTORIA

The following year, the validity of the Women's Employment Board and its regulations was again subject to serious challenge in the High Court. In response, the Commonwealth decided to abandon the course of continuous forced regulatory amendment and dismantle the Board, henceforth using National Security Regulations to adjust the rates paid to all women classed as "vital" to the war effort.

A significant case was initiated by the state of Victoria. The Victorian Public Service Association had applied to the Women's Employment Board on 19 March 1943, for a determination on the wages, hours, and conditions of work that should be observed in the case of women employed in the Victorian Public Service as land tax assessors, work normally done by men. Ignoring, as it was legally required to do, the fact that the state of Victoria opposed the application, the Board heard the case and gave a decision.<sup>57</sup> When Statutory Rule 70 of 1944 repealed regulation 5(a) of the regulations because of its contestable wording, the Victorian Public Service Association realised that ambiguity might result and reapplied to the Board asking for another determination. Before the Board could hear the new application, the state of Victoria moved to the assault. Claiming that the 1942 Act that created the Board and the regulations promulgated from it could not be properly derived from the defence

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<sup>56</sup> NAA(ACT) CP461/1;BUNDLE 16/2122/45 Circular from D-G of Manpower, 10.11.1943.

<sup>57</sup> Decision given on 10.11.1943 and filed on 16.2.1944. For these and the following details, see *ALJ* volume 18, 16.6.1944, p. 52.

power, the state's representatives refused to comply with the order already given and brought action against the Women's Employment Board and against the secretary of the Victorian Public Service Association.

Victoria based its attack on two major grounds. First, it claimed the defence power did not give the Commonwealth the right to interfere with the legitimate business of a state. The women were, after all, Victorian public servants. Second, the Women's Employment Regulations were restricted, Victoria's counsel said, to women working in industry, but "the said female employees are not employed in industry"<sup>58</sup>. In the High Court, Chief Justice Latham drew attention to the ambiguity. "If the regulations ... were limited to industrial employment", he said, "the employees of the state could be affected by the regulations only in so far as they were engaged in industry."<sup>59</sup> The confusion was compounded by the insecure status of regulation 5(a). Originally, regulation 5(a) had stated the functions of the Board: "to fix the remuneration, hours and conditions of employment of certain women employed in industry during the emergency created by the present war."<sup>60</sup> However, on 21 April 1944, this regulation had been repealed.<sup>61</sup> The change moved the legal and social emphasis *from* the type of work the women were engaged upon and *to* its characteristic as men's work, thus restoring the earlier focus of the regulations.

The High Court disagreed about how much the amendment altered the operative meaning of the regulations. As Latham, C.J. pointed out, in the absence of regulation 5(a), regulation 6 became the principal regulation, and it operated only "where an employer

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<sup>58</sup> Quoted *ALJ* volume 18, 16.6.1944, p. 52.

<sup>59</sup> *ALJ* volume 18, 16.6.1944, p. 53.

<sup>60</sup> NS(Women's Employment)Rs, section 5(a).

<sup>61</sup> SR 70/1944, 21.4.1944.

proposed to employ, was employing, or had since 2 March, 1942, employed females on 'work' which was usually performed by males".<sup>62</sup> Because of the national policy of total economic warfare (which he said was not for the Court to approve or disapprove<sup>63</sup>) Latham declared the regulations valid if they were construed as applying to all work.<sup>64</sup> Justice Rich declared them invalid. He believed that if the regulations were construed as broadly as Latham had done then they would definitely move outside the scope of the defence power.<sup>65</sup> Starke, J. agreed with Latham that the regulations should be broadly construed as to the nature of the work but, that being the case, the regulation was bad: the Constitution, he opined, did not confer authority on the Commonwealth under the defence or any other power, to control the employment of state public servants.<sup>66</sup> Justice McTiernan agreed wholeheartedly with Latham.<sup>67</sup> Justice Williams' was the most conservative voice. He warned that the defence power might be used as an excuse "to intermeddle in the sovereignty of a state," and the defence powers could only reasonably be concerned with the "employment of women in work that had some connection with the prosecution of the war."<sup>68</sup> Thus, on 8 June 1944, the High Court, with Latham, C.J. and McTiernan, J. dissenting, again left the Women's Employment Board with its legislative structure destroyed.

The Attorney-General's Department turned for advice to the counsel who had represented the Commonwealth before the High Court, P.D. Phillips. Phillips pointed out that although the majority of judges had held that the work of the women in question lay outside

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<sup>62</sup> LATHAM C.J. *ALJ* volume 18, 16.6.1944, p. 53.

<sup>63</sup> *ibid.*, p. 52.

<sup>64</sup> *ibid.*, p. 54.

<sup>65</sup> RICH, J. *loc. cit.*, p. 53.

<sup>66</sup> STARKE, J. *loc. cit.*, p. 54.

<sup>67</sup> McTIERNAN, J. *loc. cit.*, p. 55.

<sup>68</sup> WILLIAMS, J. *loc. cit.*, p. 55.

the defence power, they had not (and could not) make an express statement of where the limits lay.<sup>69</sup> He warned the Attorney-General that employers would probably exploit the implied suggestion that the regulations, as they stood, were invalid. In his opinion, the judges had deliberately refrained from expressing definite views because they expected the Government to amend the regulations in line with their judgment and so avoid a "general challenge or far reaching contentions of invalidity"<sup>70</sup> Clearly, the majority of the judges would have found the regulations valid if they had been confined to work of women in industry, although they would then have certainly found the land tax assessors outside the regulation.

This was an unsatisfactory limitation on a government that felt it needed power to expand the field of women's employment. That was why regulation 5(a), with its restrictive insistence on "industrial" work, had been removed in April 1944. However, in the interests of making sure the regulations were valid, the simplest amendment would be the re-insertion of regulation 5(a). Phillips recommended the action. He perceived no legal difficulty and said: "it would have the advantage of precluding further litigation since it could be claimed with much force that there is a decision of the Court directly 'in point' on the question of validity".<sup>71</sup> The action would limit the jurisdiction of the Board, but Phillips believed it "unlikely that ...the present Court would admit a Commonwealth control over State Officers engaged in essentially governmental functions."<sup>72</sup> Other forms of amendment, notably redefining the word "work" or "industry" in the regulation, were suggested.

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<sup>69</sup> NAA(ACT) A472/1;W16754 memorandum of advice from P.D. PHILLIPS, 16.6.1944.

<sup>70</sup> *ibid.*

<sup>71</sup> *ibid.*

<sup>72</sup> *ibid.*

The Solicitor General's own office furnished him with similar advice, warning that: "It would ...be unwise to leave the question still open", as " ... to do so could only encourage employers to resist payments directed by the Board."<sup>73</sup> This adviser too, recommended urgent amendment of the regulations by defining the word "work" so that it clearly meant "work in an industry".

The advice of the Department of Labour and National Service differed slightly. Commenting on Phillips' recommendation, its officer I.N.G. Sharpe thought that while re-inserting regulation 5(a) might well protect the Commonwealth from further legal action, it would leave the Women's Employment Board itself bobbing in uncharted waters again.<sup>74</sup> This might not matter. Sharpe claimed Judge Foster had told him the Board's activities were nearly finished and uncertainty would have less impact than previously feared, although, if the Government wanted the Board's decisions to last to the end of the war, the regulation would have to be amended to support that.<sup>75</sup> Sharpe's preference was for re-insertion of regulation 5(a), believing that while it involved some "loss of face" on the Government's part, it would tell the Board "exactly where it stood". Further, Sharpe thought re-definition of "employment" and "work" was a "subtlety ... quite beyond the Board's practical application".<sup>76</sup>

#### REX v. McGRATH AND SINDERBERRY

In the meantime, the Manpower Regulations themselves had been the subject of significant legal challenge but with very different results. In

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<sup>73</sup> NAA(ACT) A472/1;W16754 memorandum for Solicitor-General W19566, 9.6.1944.

<sup>74</sup> Loc. cit. minute I.N.G. Sharpe, 24.6.1944.

<sup>75</sup> *ibid.*

<sup>76</sup> *ibid.*

March 1944, several people who were directed under Manpower Regulation 15 to high priority industry from a cash order company, refused to obey the directions.<sup>77</sup> Two of them, May McGrath, sent to the DeHaviland Aircraft Company as a stenographer-secretary, and William Sinderberry, sent to Kellogg (Australia) as a factory hand, were charged before a magistrate.<sup>78</sup> The defendants' lawyer argued that regulation 15 was invalid under the defence power because the National Security Act had insisted: "Nothing in this section shall authorise the imposition of any form of ... industrial conscription".<sup>79</sup> The magistrate was very concerned and wrote to the Attorney-General's Department:

The submissions raised by the defence are of the utmost importance as they strike at the root of direction orders issued under the regulations, and the adoption of these submissions would render negatory all such directions.<sup>80</sup>

The Attorney-General agreed with him and, after the pair had appealed through the courts until the New South Wales Supreme Court had supported them, the Commonwealth itself appealed to the High Court. The Commonwealth based its defence on precedent. The United Kingdom *Emergency Powers Defence Act*, Section 1, and regulation 58A of the Defence (General) Regulations promulgated under it, provided the same power.<sup>81</sup> After expressing very similar doubts to those expressed in the Women's Employment Board case, the High Court unanimously allowed the Commonwealth's appeal and set aside

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<sup>77</sup> WURTH *Control of Manpower in Australia* (1944), p. 107.

<sup>78</sup> NAA(Vic) MP39/1;1943/56 Stipendiary Magistrate's notes, no date.

<sup>79</sup> *ibid.* See *National Security Act* of 1939 section 5(7). See also introduction to this work.

<sup>80</sup> NAA(Vic) MP39/1;1943/56 Stipendiary Magistrate's notes, no date.

<sup>81</sup> WURTH *op. cit.*, p. 108.

the Order of the Supreme Court. Wurth's account of the case concluded:

The judgment of the High Court therefore removed not only any doubt about the validity of Regulation 15, but also established the validity of Regulation 13 which had been impugned in the Supreme Court of New South Wales. The same judgment also placed the validity of the Regulations governing protection beyond doubt and established the statutory basis of the whole system of manpower control during the war.<sup>82</sup>

The judges decided that although the power was wide and open to abuse, McGrath and Sinderberry had not been abused. They had been directed into work that was valuable to the war effort, the primary test of the regulation's validity. Thus, legal examination of the extent of the defence power found in favour of the Commonwealth's power to direct by almost the same logic that found against the Commonwealth's power to regulate female war workers' working conditions.

#### DIRECT REGULATION OF WOMEN'S WAGES

Employers' attacks through the High Court delivered a body blow to the Women's Employment Board. The advice it received convinced the Government that the Board would never be free to realise the spirit of its intentions. The whole question of women's wage rates had returned to the forefront of Cabinet's attention. When it met on 14 July 1944, Cabinet decided to dismantle the Women's Employment Board and approach the vexed question of raising women's wages

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<sup>82</sup> *ibid.*, p. 110.

through new National Security Regulations administered by the Arbitration Court.<sup>83</sup> The Board had been besieged by intractable problems. Industrial dissatisfaction, such as that which spilled over in the small arms ammunition case, was increasing and employers refused to renegotiate women's wages. Employers, government and commercial, had demonstrated their readiness to attack the Board in parliament, in the courts, and in slowness or refusal to comply with its decisions. These actions only inflamed industrial flashpoints. On top of that, as discussed in chapters seven and eight, the severest labour shortages were now in industries that normally employed women and were, consequently, outside the Board's jurisdiction. New priority work was in fields where females had traditionally been employed and had traditionally been the lowest paid. Transfer of women into these industries was, accordingly, slow and difficult, and without incentive, nearly impossible. This was a different labour-market problem from the one the Women's Employment Board was introduced to solve in 1942.

The Treasurer assured Cabinet that the technique of offering a "wage of attraction" was not necessary.<sup>84</sup> He had sought advice from Commonwealth arbitration judges and most of them had counselled against it. This principle was not strictly kept up. Recent arbitration decisions were changing the picture of women's employment. Women involved in important war work—metal trades, clothing trades, and the rubber industry, for example—but not working in men's jobs, had been awarded rates equivalent to 75 per cent of the male basic wage. Although these rates did not include a skill

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<sup>83</sup> Cabinet Papers, Agendum 696/1944, Cabinet secretary to Minister for DoLNS, 15.7.1944.

<sup>84</sup> Cabinet Agendum 696/1944 CHIFLEY "Female Wage Rates in Vital Industries". No date but discussed 14.7.1944.

allowance, they did represent a huge increase for women engaged on “women’s work”.<sup>85</sup> In these cases, the “wage of attraction” had been an element in the decision. Chifley defended this, saying the action was not so much offering an attraction as removing an obstacle (low wages) which had long “inhibit[ed] the voluntary transfer of labour or influence[d] the manpower authorities to use their powers of direction only with great reluctance”.<sup>86</sup> This was rather a fine splitting of hairs when looking for a practical difference. It seems likely that Chifley’s purpose was to emphasise the difference between his proposed Minimum Rates Regulations and the old Women’s Employment Regulations which had instructed the Women’s Employment Board to take this element into account.

Chifley proposed declaration of certain industries as “vital” and determining the minimum rate to be paid to the females working in them in the Commonwealth Arbitration Court. The classification “vital” would be awarded by Cabinet and the declared industries—as a group—would be referred to the Court by the Minister for Labour and National Service for one comprehensive hearing. This course was pursued by the Government and the National Security (Female Minimum Rates) Regulations were promulgated in July 1944, albeit with mixed results. Following an amendment to the Conciliation and Arbitration Act giving the Court power to determine a female basic wage, the 1949-50 Basic Wage Inquiry set a general female basic wage of 75 per cent.<sup>87</sup>

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<sup>85</sup> *ibid.*

<sup>86</sup> *ibid.*

<sup>87</sup> MARGARET GARDNER and GILL PALMER *Employment Relations: Industrial Relations and Human Resource Management in Australia* (2nd edn. 1997) Macmillan Education Australia, Melbourne, pp. 396, 420 note 14.

## SUMMARY

Legal challenge of the defence power was mounted in cases as diverse as the Universities Commission Case, where the High Court found the Commonwealth did not have the power to fix entrance quotas to university faculties, to the Christmas Advertising Case, where the Court found that measures to restrict inessential expenditure of money and materials were within the defence power.<sup>88</sup> In this environment, questions about the regulations controlling the Women's Employment Board and the Manpower Directorate were only to be expected. Three features of those challenges stand out.

The McGrath and Sinderberry Case left the Manpower Directorate with its powers affirmed and its status, if anything, raised, while the Employment Board Cases combined to undermine the Board. The two bodies had similar aims, maximising the effect of Australia's workforce in a situation of total war, but the targets of their activities were different. The Manpower Directorate acted on individual workers. Many of its duties were the burdens normally carried by employers: selection, disciplining and coordinating the training of their own employees, and employers welcomed the financial and other benefits conferred. In the main, because the Directorate's role was directed towards keeping people at work, its functions tended to support the position of employers. The Women's Employment Board, on the other hand, was a direct affront to the employing body. It ate into an age-old practice, the custom of employing women as cheap labour. Although the women it appraised were the subjects of its work, their employers were the Board's effective

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<sup>88</sup> NAA(ACT) A472/1;W15151 "Recent High Court Cases" 30.7.1943.

goal. This incensed some employers who, heedless of the Board's national security ambitions, strongly resisted it.

The second outstanding feature of the legal challenges is the role of the Department of Munitions in the attack on the Women's Employment Board. The Department was so closely linked with commercial manufacturers that it allowed a representative of a private manufacturers' association to watch its interests in a court case where it was the nominated respondent. As Judge O'Mara asked: "where is the Department of Munitions?" He expected the Department to be represented but his question drew no satisfactory answer. This raises the question: were the interests of the Department of Munitions identical to the interests of the commercial metal trades and coachbuilding employers? In the light of Cabinet's difficulties reining in the Government's production departments, discussed in chapters seven and eight above, and the Department's attitudes described in chapter five's case study, it seems safe to conclude that elements in the Department never surrendered their peace-time roles. Individuals, such as Frank Perry of the Perry Engineering Company (Member of South Australia's Legislative Council, Chairman and President of the Metal Industries Association of South Australia, and Chairman of the Department's South Australian Board of Area Management) who played significant roles in the Department of Munitions really did share the interests of commercial associates. This connects with the third outstanding feature of the Women's Employment Board's unhappy career: what it says about Cabinet control of the war effort.

The attacks on the Board undermined a war-fighting instrument of Australia's Cabinet. One of Perry's employees called Frank Perry a "saboteur" (because of the company's failure to improve working

conditions as previously promised) and was dismissed.<sup>89</sup> A very real question hangs over the relationship between some employers and the Women's Employment Board. If industry was essential to military success but rejected government leadership, was it not dangerously listing towards sabotage? Of course, the word sabotage is laden with emotion, particularly in war-time, and, as the Chairman of the Local (Manpower Regulations) Appeal Board told Perry in 1942, it was the recourse of the uneducated whose insulting resources were limited.<sup>90</sup> Nevertheless, the fact remains that this chapter has shown that certain groups of employers maintained resistance to Cabinet's war-plans on this issue even if it meant the Women's Employment Board was not as efficient as it might otherwise have been. A feminist hermeneutic might interpret the undermining of the Board as an attack on the position of women and I think that the economic role of women is an indisputable element of it. Nevertheless, that some businesses showed contemptuous disregard of Cabinet is equally significant, but more crucial to a nation at war. The case study that follows juggles these two elements. The industrial dispute it analyses clearly began as a response to Perry's employment of two women in its foundry but was never a fight about gender issues. The fight was about power relationships—legal, social and industrial—at a time when the war was nearly over but when powerful war institutions such as the Department of Munitions were still intact and willing to participate.

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<sup>89</sup> NAA(Vic) MP39/1;1942/229 Report of the Commonwealth investigation officer, 30.6.1942.

<sup>90</sup> Loc. cit., Report of Lamb's appeal hearing, 3.8.1942. The Board recommended that R. Lamb, a shop-steward of the Ironworkers Federation, be reinstated after tendering to F.T. Perry an "unqualified apology for the use of the word saboteur which led to Lamb's dismissal". (Loc. cit.) Perry refused to hear the apology.

## CASE STUDY

**Dispute at the Perry Engineering Company, Mile End,  
December 1944 to April 1945**

At 7.30 in the morning of Monday 11 December 1944, 20 male moulders walked out of the foundry of an Adelaide engineering firm in protest against the employment of two female moulders. The recent dismantling of the Women's Employment Board had left a power vacuum behind and the firm, the Perry Engineering Company, which had previously shown resentment and resistance to the Board's powers, was quick to seize the opportunity to restore the *status quo ante*.

Analysis of the situation at Perry's shows that the trouble began with what seemed to be simple dissent against the nature of workplace change: in this case, the introduction of women workers into a foundry. The dispute involved only one union (The Federated Moulders (metals) Union) but spread to at least ten workshops and, although the federal executives of the union supported the action of the local branch, the action was confined to South Australia. At the heart of the matter were anxiety and misgivings about the future. Employer and employees both feared the return of Depression-like conditions. Consequently, compromise between the parties was improbable because they were struggling to adjust the balance of power itself rather than to gain particular industrial advantages from each other. In this they were self-consciously addressing their behaviour to the "new world order". Both parties were keen to win and were willing to weather the costs of the battle.

The dispute was intensified by active confrontation on the part of the employer, but it maintained its confusing momentum because the argument became centred on the legitimacy or otherwise of Perry's use of a National Security Regulation. Although the strike occurred late in the war and the war is an essential part of its context, neither side invoked the rhetoric of war against the other. Because they were fighting for longer-term objectives, they preferred to argue about law. Both sides thought they were right and had the law on their side. Another vital feature is that Perry's, a firm that had challenged the Board during a previous period of suspension, would have conducted the argument differently if the Women's Employment Board was still active. Just before the women went into Perry's foundry, the Board was suspended. There is no doubt that, in this dispute, the government's decision to abandon the Board as a separate entity materially helped the company.

On 8 December 1944, under the legal requirements of Industrial Peace Regulation 10, representatives of the Perry Engineering Company notified the Department of Labour and National Service that an industrial matter had arisen that was likely to interrupt the firm's work schedule.<sup>91</sup> Briefly, the matter was that the company had obtained permission to employ females on core-making in their foundry, not from the Women's Employment Board, but from Essington Lewis, Director-General of Munitions, under an unorthodox use of regulation 11 of the Women's Employment Regulations. In response, the South Australian branch secretary of the Federated Moulders (metals) Union of Australia, W.S. Munday, had warned the company that if they put females in the foundry, the union members would refuse to work.

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<sup>91</sup> NAA(Vic) MP574/1;420/21/16 notification under regulation 10 to Deputy Industrial Registrar, Commonwealth Board of Conciliation and Arbitration, 8.12.1944.

Perry's decided to withstand the union. Next Monday morning two women started work in the foundry. Consequently, the moulders stopped work; declared all cores made by the women "black"; instructed their apprentices not to handle any cores the women made; and vowed not to return to work until the female core-makers had gone.<sup>92</sup>

This would not have been a surprise to the Perry Engineering Company, which was well aware that Adelaide moulders were very strongly opposed to change in their customary workplace rights. They had previously resisted not only the employment of women in foundries but also the imposition of dilution agreements on their skilled workers. The company knew, too, that the Metters Company in Adelaide had acquired permission from the Women's Employment Board to employ women in its foundry but had never done so, expecting resistance from its moulders. Frank Perry himself, managing director of the firm, was an experienced and well-respected industry manager who was not likely to act rashly. He was the Chairman of the Department of Munitions' Board of Area Management; Chairman and President of the Metals Industries Employers Association of South Australia; and an influential member of the South Australian Labour Allocation Committee. Perry's insistence on proceeding in the prevailing conditions indicates that the firm inclined towards driving the matter into open confrontation in an attempt to break the industrial power of the Moulders' Union while they could still use the National Security Regulations to legitimate their action.

On 22 September 1944, Perry Engineering applied to the Women's Employment Board for permission to employ women in its foundry. The firm was very keen to employ women on core-making

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<sup>92</sup> Loc. cit. industrial officer, Perry Engineering Company, to industrial officer, Department of Labour and National Service, 11.12.1944.

duties. Even before it lodged the application it had, with the permission of the Department of War Organisation of Industry (who had to approve all building projects) constructed a special core room next to its foundry to accommodate the anticipated women. But Perry's was keen to employ women on its own terms and had, in 1942 and 1943, been involved in complicated wrangling over Women's Employment Board decisions.

Information came out later (in court) that when the company's industrial officer, D. McLachlan, went to lodge the Women's Employment Board application in September, he was given some useful inside information. The Board's clerk in Adelaide, D.G. Conigrave, warned him that there might be a long wait before the Board would be available to hear the application because the recent High Court decision was liable to suspend the Board even though this event had not yet actually happened. He pointed out that the company could use another regulation, regulation 11 of the Employment of Women Regulations, instead.<sup>93</sup> Action on this advice precipitated the dispute. Regulation 11 had been designed as a protection for workplace arrangements that had been made before the Board became fully operational and under it, "any female may be employed in the Department of Munitions or the Department of Aircraft Production or, with the approval of the Director-General of Munitions or the Director-General of Aircraft Production, by any employer, on work, not requiring the skill of a tradesman, which is work reserved to males."<sup>94</sup> So it was legitimate for the Director-General of Munitions to give Perry's permission to put women on work in its foundry normally

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<sup>93</sup> NAA(Vic) MP574/1;420/21/16 YELLAND, appearing for Perry Engineering Company, Perry Engineering Company application before the Commonwealth Court of Conciliation and Arbitration (Judge Foster), Melbourne, 16.1.1945, transcript, p. 2.

<sup>94</sup> SR 146/1942, National Security (Employment of Women) Regulations, regulation 11. See chapter six.

reserved for males because the firm was engaged on munitions contract work. It seems likely, however, that if the application had gone before the Board, the Moulders' Union might have convincingly argued that core-making was a tradesman's job. But, the company's directors knew that the Board was in suspension when they lodged the application and rumour was abroad that it would not be reinstated in the same form.<sup>95</sup>

The significant feature of the regulation is that it allowed for the employment of women in an unconventional workplace without a hearing before an industrial tribunal where all the parties involved could air their concerns. If Perry's had waited for a Board decision on the employment of the women core-makers, there would have been a public hearing of appropriate evidence by the Board or its successor. This would have given the moulders an opportunity to try to convince the industrial tribunal (Board or Arbitration Court) that women were not suited to foundry work. There is evidence that theirs was not a forlorn hope. When this dispute went before the Arbitration Court late in January 1945, Judge O'Mara told Perry's representative, "I might have certain views about the employment of women in foundries. If it was left to me, I have never lined myself up with the idea of 90% for women in foundries or with their being employed there at all".<sup>96</sup> Of course, courts were not bound by judges' private views, but judges were remarkably influential in the whole field of war-time employment of women where legal precedent was thin.

The Women's Employment Board disbanded on 11 October 1944 and Foster, its Chairman was appointed as Judge to the

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<sup>95</sup> See, for example, the Attorney-General's analysis of the High Court's decision and Chifley's arguments in Cabinet discussed above.

<sup>96</sup> NAA(Vic) MP574/1;420/21/16 O'MARA, J. Perry Engineering Company v. Federated moulders Union, Commonwealth Court of Conciliation and Arbitration (Judge O'Mara), Sydney, 30.1.1945, transcript, p. 7.

Commonwealth Arbitration Court with the incidental task of finishing off any odd bits of Board business. The Perry Engineering dispute came before his court but he frustrated the union's drive for a public hearing by telling its representatives that the action of the Director-General of Munitions was legitimate and irrevocable and that the Court, being now an arbitration court, could only determine wages and similar conditions of women's employment. The Court was not competent to overturn the Director-General's approval and make a new decision about whether women should be employed at all. During an adjournment Judge Foster consulted with Judge O'Mara and they decided that as the latter was to hear part of the case because of his jurisdiction over the metal trades, and as there was no decision to make as to whether women should be employed in the foundry, he should hear it all.<sup>97</sup> Of course, the legal implications had not changed when Judge O'Mara heard the case two weeks later.

In the meantime, the company's moulders had been on strike since mid-December and the Commonwealth Investigation Branch had been collecting evidence. B.A. Shaw, the Branch's inquiry officer, reported that the attitude adopted by the Perry Engineering Company was "correct and reasonable" and he described the action taken by the Moulders' Union as "unwarranted and in fact, unlawful". He agreed with the company's industrial officer's opinion that: "the blame for the position rests entirely with Mr Munday".<sup>98</sup> He held this position despite the fact that Munday had contacted D.S. Yelland, secretary to the Metals Industry section of the Chamber of Manufacturers, Adelaide; McLachlan, industrial officer at Perry's; and Frank Perry, offering to

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<sup>97</sup> Loc. cit. FOSTER, Perry Engineering Company application before the Commonwealth Court of Conciliation and Arbitration (Judge Foster), Melbourne, 16.1.1945, transcript, p. 10.

<sup>98</sup> Loc. cit. SHAW, inquiry officer, Commonwealth Investigation Branch, report, 11.12.1944.

meet in conference and saying, "he thought that he would do something to settle the matter until Justice Foster dealt with it".<sup>99</sup> At this stage Munday clearly believed that he was protected by the right to have the union's case heard in court. His offer was rejected.

On Friday 15 December, representatives of the employers met with the Trades and Labour Council Disputes Committee and offered to take the women off the work until Judge Foster gave his decision. But it was too late. At a meeting next Sunday, the strikers rejected the proposal because, according to Shaw's report, the men refused to return if any conditions were stipulated.<sup>100</sup> Shaw's report also stated that the company had taken the women off core-making in the hope that the foundry workers would return, although Yelland told Judge Foster (much more convincingly) that the women had been removed for the time being because, without the men at work, there was nothing for the women to do in the foundry.<sup>101</sup> The Christmas vacation delayed the matter going to arbitration and antagonistic action by the Perry Engineering Company extended the dispute. Following a meeting of metal industry employers, Perry's sent the patterns for the disrupted work to other foundries in Adelaide. The result was that the Moulders' Union declared the work "black". The moulders at eight—later, ten—other foundries refused to handle the work. They were accordingly suspended and referred to the manpower authorities for re-allocation.<sup>102</sup>

At this point a different Commonwealth officer, A.C. Palmer, took over the Investigation Branch inquiry. His reports show a distinct

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<sup>99</sup> SHAW report 13.12.1944.

<sup>100</sup> SHAW report 20.12.1944.

<sup>101</sup> NAA(Vic) MP574/1;420/21/16 YELLAND, Perry Engineering Company application before the Commonwealth Court of Conciliation and Arbitration (Judge Foster), Melbourne, 16.1.1945, transcript, p. 3.

<sup>102</sup> Loc. cit. PALMER, inquiry officer, Commonwealth Investigation Branch, report, 12.1.1945.

contrast in attitude when compared to Shaw's. Reporting the latest action by the company, he wrote:

Although this move was apparently taken in good faith, with a view to having the work completed because of its extreme importance in connection with the war effort, it appears obvious that such a move was certain to extend the dispute to the other foundries and result in the work being declared "black" by the Moulders' Union.<sup>103</sup>

Escalation of this type was precisely the kind of industrial problem that regulation 10 of the Industrial Peace Regulations was introduced to prevent. The intention of notification was that it should be followed by compulsory conference where the parties would be encouraged to reach a manageable, if temporary, compromise so that war production would not be interrupted. These records show compromise to be a subjective condition. The earlier reports by Shaw, with their contrasting description of the company's attitude as "reasonable" and the moulders' action as "unwarranted" and "unlawful", and their allocation of blame to an individual—Munday—are in marked contrast to Palmer's more pragmatic evaluation of events. Palmer discussed the situation with Arbitration Inspector Sturcke and reported:

Sturcke and myself are agreed that it would perhaps have avoided the extension of the dispute if the authority responsible for the completion of this important contract had withdrawn the contract from the Perry Engineering Company and issued it to the other establishments direct.<sup>104</sup>

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<sup>103</sup> *ibid.*

<sup>104</sup> *ibid.*

In Adelaide's industrial circumstances, this was a highly unlikely action for those involved to take. Frank Perry was the Chairman of the Department of Munitions South Australian Board of Area Management, the authority responsible for allocating munitions contracts. Again, the conflict of interests inherent in the management of munitions production acted against the wider public interest.

The evidence shows that Perry's management was aware before the trouble began that the Women's Employment Board was going to be suspended and that the company might gain advantage from the complications of the regulatory interregnum. In court, the company's representative, D.S. Yelland, told Judge Foster:

I understood from the Managing Director [of Perry Engineering] that he knew something was about to happen to the Board; at any rate, our letter of the 29th September [to the Ministry of Munitions] was followed up by a letter from the Director-General of Munitions dated the 10th October, which was the day preceding the alteration of the regulation [controlling the Women's Employment Board]. I recognise that is a rather unusual step to take, in view of the fact that there was an application before the Board.<sup>105</sup>

When the matter finally came before Judge O'Mara at the end of January 1945, he was scathing in his attitude to the use of regulation 11 in this context. He told the company's representative in court, "you have got yourself into this mess by adopting a procedure by which you

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<sup>105</sup> Loc. cit. YELLAND, appearing for Perry Engineering Company, Perry Engineering Company application before the Commonwealth Court of Conciliation and Arbitration (Judge Foster), Melbourne, 16.1.1945, transcript, p. 3.

got approval on an ex parte application without a hearing".<sup>106</sup> Later in the proceedings he accused the company of "having taken a short cut to the Director-General of Munitions".<sup>107</sup> O'Mara's impatience, with the incompetence of the regulations and the company's self-serving attitude, pervades the court transcripts. At one point he even went so far as to accuse the regulations of denying natural justice because they permitted a decision to be given against a union without a hearing.<sup>108</sup>

Although the company continued to argue from the position that what it had done was legal, it seemed prepared to admit some moral responsibility when it offered to have the permission obtained under regulation 11 rescinded. The offer became worthless when the representative of Lewis, the Director-General of Munitions, refused to withdraw his permission.<sup>109</sup> This refusal, combined with the Department's initial readiness to give permission in what was clearly a contested arena, indicate that the Director-General (himself representative of extremely powerful metal manufacturing interests) was willing to support the manufacturers in competition against the moulders and was not going to be stopped by Industrial Peace Regulation 10.

In their arguments to justify participation in the ensuing strike, neither side relied heavily on the morality of "war work" as had been common in industrial wrangling earlier in the war.<sup>110</sup> The progress of the dispute indicated that both parties' eyes were on post-war

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<sup>106</sup> Loc. cit. O'MARA, *Perry Engineering Company v. Federated moulders Union*, Commonwealth Court of Conciliation and Arbitration (Judge O'Mara), Sydney, 30.1.1945, transcript, p. 5.

<sup>107</sup> O'MARA, *Perry Engineering case*, Sydney, 30.1.1945, transcript, p. 7.

<sup>108</sup> O'MARA, *Perry Engineering case*, Sydney, 30.1.1945, transcript, p. 8.

<sup>109</sup> YELLAND, *Perry Engineering case*, Sydney, 30.1.1945, transcript, pp. 7,8.

<sup>110</sup> Although Munday did attempt to argue before Foster that when the patterns had been passed from Perry's to the other founding companies, more essential work had been laid aside in at least one of the foundries. See *Perry Engineering case*, Melbourne, 16.1.1945, transcript, p. 12.

possibilities and, perceiving a potential threat to their relative positions, both were keen to hold their ground. The Moulders' Union wanted to protect the working conditions of its members: the company—with the support of the wider metal manufacturing industry—wanted to weaken the Union's control over those working conditions. The South Australian branch of the Union had been consistent to this position throughout the war, not only in relation to women but in regard to the dilution agreement as well. In fact, Yelland complained to O'Mara that the company had experienced more trouble from the Moulders' Union than from all the other metal trades unions put together. Thus, the dispute, though clearly precipitated by a gender issue, was not a patriarchy matter *per se*, but was symptomatic of a far more widespread insecurity in the workplace where men and women were all tools of the production scheme, even though the subordinate position of women made them especially vulnerable to workplace manipulation.

Before Judge O'Mara, Munday, the union's spokesperson, clearly reiterated his union's stance against women being installed in the foundry. He saw it as an issue of social and economic security for his members:

I want to make it perfectly clear that the attitude of the union in South Australia to the question of females is one that is based on a long experience with regard to the security of members under pre-war conditions. On this experience we must be guided in our legislation for the future. We are promised any number of things in the court of legislation but ...they cannot be taken for granted and we have not got the security.<sup>111</sup>

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<sup>111</sup> MUNDAY, Perry Engineering case, Sydney, 30.1.1945, transcript, p. 17.

When O'Mara asked him what security he wanted, he replied, "continuity of employment for our members in South Australia and if females are put on core-making we will never get that." The Judge suggested that war-time adjustments of women's wages were a protection for the men but Munday rejected that, saying there was no guarantee that judges in the future might not make less favourable terms.<sup>112</sup> The fact that the dispute under jurisdiction had arisen from contested use of the regulations was evidence that Munday was right to be wary.

War-time rectitude dictated that temporary employment of women was a patriotic act at a time of intense labour shortage. Munday consciously defended his position against that argument by asserting that contemporary conditions in the metal trades were not severe enough to justify short-term, war-time employment of women. He mentioned three contradictions: Perry's could have introduced labour-saving improvements into their foundry but had not done so; war need for foundry workers was diminishing and there were tradesmen available in Adelaide to fill the jobs at Perry's, and there was a severe shortage of female labour in South Australia. He indicated that newspapers were advertising for women to fill what he called "important jobs, such as hospital work, domestic work, fruit picking, etc.", and reminded the Court that 350 women from New South Wales had moved to South Australia (with the assistance of the Ministry of Munitions) to do priority work.<sup>113</sup> The introduction of Female Minimum Rates Regulations discussed above supports Munday's contention. The metal trades were no longer the highest priority employers of women. In addition, Munday told the court, several

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<sup>112</sup> *ibid.*, p. 18.

<sup>113</sup> *ibid.*, p. 20.

South Australian moulding companies had introduced new machines into their foundries, "yet no foundry in that State has ever given any consideration at all to labour saving devices for the machines in order to get the production out of them".<sup>114</sup> He instanced the Metters Company where, although 13 machines had been installed, no corresponding increase in output had occurred because, he said, the "handling of the boxes and such things as that has never been improved at all".<sup>115</sup> The effect of this was a log-jam in the foundry where the shortage was of labourers not of tradesmen. That is, implied Munday, the shortage was of strong men not women. This argument is consistent with the policy of the Manpower Directorate, which decreed that where a firm did not engage in labour-conserving tactics, especially overtime, the Directorate's allocation committee would not send workers to it. Munday's argument is part of a much wider debate involving the Moulders' Union and the dilution of tradesmen's skills, the details of which are irrelevant to this case study.

Supporting his second contention, Munday described a request he had received from the foundry foreman at Perry's to find a jobbing core-maker for the company. He had secured the release of a suitable man from the Hercus Manufacturing Company at Southwark in South Australia on 18 November 1944 (three weeks before the commencement of the dispute and about a month after the initial application to the Women's Employment Board) but when he sent the man to the company, the foreman at Perry's told him there was "not enough work in the foundry for the core-makers he had then" and the man was transferred to another shop.<sup>116</sup>

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<sup>114</sup> *ibid.*, p. 18.

<sup>115</sup> *ibid.*, p.19.

<sup>116</sup> *ibid.*, p. 20.

Yelland admitted to the Court that the women were not employed because the firm could not get men. In fact, he said, two men had started work in the foundry on 11 December, the day Perry's moulders stopped work.<sup>117</sup>

Munday's argument is plausible but it was side-stepped and ignored by his opponents. Yelland's response showed that the company's major concern was not with whether males were available but with its own post-war plans. When asked outright by O'Mara whether the company would employ males as jobbing core-makers if they were available, Yelland replied:

Not on this particular class of work on which we have females ... we say that females are more suitable. The mere finding of one or two male core makers does not solve the problem, because this is a general thing.<sup>118</sup>

Yelland's response is particularly interesting. It calls into question the whole idea that arbitration can be institutionalised in a court whose jurisdiction is largely the realm of wages and similar conditions. There is a clear indication in this interchange between the two men that the type of social change under way could not be modified or mediated satisfactorily by the court. The Judge asked Yelland directly, whether the firm had decided "to adopt the policy of getting females into your foundries irrespective of the state of the labour market, irrespective of whether males are or are not available?" Yelland replied, "That is so." Again he appealed to the justice of the regulations: "that was the purpose of that regulation [paying 90 per cent wages to females engaged on men's work], to encourage the employment of females during the war." The exchange continued:

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<sup>117</sup> YELLAND, Perry Engineering case, Sydney, 30.1.1945, transcript, p. 21.

<sup>118</sup> *ibid.*

O'MARA: I do not know that it was to encourage them to take the place of men who were looking for work. I had an idea it was to encourage them to fill positions for which no men were available.

YELLAND: And to release men for other work which men are capable of doing and which females are not.

O'MARA: What work have you in mind?

YELLAND: In this particular case the company has no intention of reducing the number of male employees. Those will be taken off this particular job of core making and put on the floor where their skill will be more fully available.<sup>119</sup>

Judge O'Mara challenged Yelland with the implications of this exchange: "That is the immediate set-up, but what is going to happen when you are shortening hands? Will these men come back into the core room and the women go out?" Yelland did not answer and the question was not pressed.

### SUMMARY

Taken at face value this is a simple story of resistance to change—of patriarchal stubbornness on the part of a group of workers well-known for their entrenched and militant conservatism. There are, however, some interesting features that complicate that reading. The reports of inquiry officer Palmer indicate his belief that the Perry Engineering Company had, by insensitive management, provoked extension of the

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<sup>119</sup> O'MARA and YELLAND Perry Engineering case, Sydney, 30.1.1945, transcript, p. 22.

initial dispute. Judge O'Mara's comments indicate that he too believed Perry's actions had been confrontational in the known circumstances but that the Government's ill-defined policy had inflamed the situation. In summing up the evidence he reminded those present that the limited jurisdiction of the Arbitration Court confined his action:

I am not here to get everyone out of their difficulties that the National Security Regulations place them in. It is a misunderstanding of the Court's position. The Court is here to settle interstate industrial disputes, not disputes about the wisdom of the policy of the executive.<sup>120</sup>

The industrial Peace Regulations had been introduced to avoid the problem of an institutionalised industrial arbitration system that moved slowly and along well-worn tracks. Regulation 10 was intended to make the system faster and more flexible by applying conciliation assistance to a workplace flash point as soon as it appeared rather than waiting for an open dispute that would require arbitration and the consequent long wait to get the matter into an industrial court. In this case regulation 10 failed but it failed primarily because the company was not interested in conciliation. The Perry Engineering Company was determined to get into court where, previous experience had shown, they were likely to get what they wanted because the structure of the arbitration system determined the type of evidence that would be allowed.

Conciliation between the parties at the time the regulation 10 notice was lodged would probably have prevented the two women from being placed in the core room before the concerns of all sides had

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<sup>120</sup> O'MARA, Perry Engineering case, Sydney, 30.1.1945, transcript, p. 24.

been heard. If not stopped at that, Palmer's report indicates that the conciliation inspector would have recommended that the contract be turned in rather than being used to inflame the moulders at another ten foundries. By the time the disputants spoke to O'Mara the battle had gone too far for conciliation. All that remained to be decided was whether the Court could order the moulders back to work. The obvious unfairness in this situation is communicated in O'Mara's response to Yelland:

I may have authority to direct them to work but why should I use that authority when I have no authority to hear their complaints about the subject matter of the dispute. It would be one-sided. The position is that I can give you everything [you] want but I cannot give them anything they want; that is not my idea of arbitration or the functions of this Court.<sup>121</sup>

The contested use of Employment of Women Regulation 11 confounded the application of Industrial Peace Regulation 10. Once the Director-General of Munitions had given the firm his permission to employ the women there was no legal arena for further discussion. It was effectively closed by the regulation and its closure was officially endorsed by the Commonwealth officials involved. Philosophical differences in attitude to the law divided the opponents, ensuring no common ground from which they could reasonably debate the issue. Leaving aside the specific actions of the disputants and the many ways they could be measured as right or wrong, the representatives of Perry's argued that the National Security Regulations were the "law of the

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<sup>121</sup> *ibid.*, p. 6.

land"<sup>122</sup> and, therefore, any action that disputed them was illegal, while the representatives of the moulders sought a morality or fairness in the law and felt competent to dispute a law which lacked it. The latter were supported in their interpretation by O'Mara personally but not O'Mara as Judge. His final decision, as expected, went against them. When Yelland reiterated his dependence on the letter of the law: "I would respectfully point out", he said to the Judge, "That that [decision against the union without a hearing] has only been done in accordance with the regulations; there is a provision in the regulations for that to be done", O'Mara replied, "that is so and I am very loath to do anything in aid of a regulation which tends towards denial of natural justice".<sup>123</sup>

Reluctant as he was to be used in such a way, O'Mara ordered the moulders to return to work. The war was nearly over and Perry's had struck a damaging blow to Adelaide metal workers. The Women's Employment Board had proved very difficult to maintain but this case shows the Board's antagonists were willing to similarly undermine the Arbitration Court. The arbitration system had been forced, against the will of Judge O'Mara, to support the employer—assisted by the Director-General of Munitions—in finding a loophole through which to avoid compliance with the spirit of the regulations and of established work practices.

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<sup>122</sup> YELLAND, Perry Engineering case, Sydney, 30.1.1945, transcript, p. 13.

<sup>123</sup> O'MARA and YELLAND Perry Engineering case, Sydney, 30.1.1945, transcript, p. 8.

# 10

## **The Commonwealth Employment Service**

Unlike its partner, the Women's Employment Board, the Manpower Directorate was guaranteed continued existence in some form or another by its association with the Labor Government's commitment to post-war full employment and the social security arrangements that accompanied it. This chapter shows how these political imperatives—afoot long before the war ended—were institutionalised in the Commonwealth Employment Service.

The preceding chapters show that two features of Australia's employment culture hindered full mobilisation of the workforce throughout the war. These same features fostered the return to politically significant unemployment a year before the war ended. First, the labour-market was marked by inflexibility. Major obstacles such as shortage of transferable industrial skills, inadequate housing, low wages and poor working conditions in rural industries, customs that precluded women from various occupations, and an arbitration system that Menzies' Cabinet had considered to be inadequate even before the war, all contributed to an unresponsive immobility in Australia's employment environment. To these, and similar

hindrances, could be added the sheer size of Australia. Without economic and transportation help, many workers simply could not afford to move from one region to another. The second stumbling-block in Australia's employment culture had proved to be in the relationship between business and government. Commercial and government employers, including the Services, had competed for workers to the detriment of the war effort and when the Government had developed employment policies designed to redress the consequent imbalance, had resisted compliance. This chapter argues that, although the Government relied on it to investigate claims and pay benefits, the Commonwealth Employment Service was not instituted to administer welfare services but as an agent which would implement some of the economic and social reforms needed to realise the Commonwealth's planned high-employment schemes.

#### MASS UNEMPLOYMENT RESURRECTED

The great paradox of the Manpower Release Programme discussed in chapter eight was that it raised the dreaded spectre of mass unemployment, a seeming impossibility when severe labour shortage continued to dog war industry as a whole. By April 1944, Cabinet members were becoming alarmed and ordered a temporary halt in releases but the problem was more complex than it appeared. On April 14, Cabinet asked R.V. Keane, Minister for Trade and Customs, to review the labour implications of reciprocal lend-lease. His findings were discussed in chapter eight above. At the same time, Cabinet asked him to develop a means of making:

adjustment of manpower transfers to meet unemployment resulting from depression of certain types of munitions.<sup>1</sup>

This indicates Cabinet's willingness to continue some parts of the munitions programme in order to maintain high employment, at least in the short-term. Unfortunately, lurking unemployment mired Keane's scrutiny of munitions producers' reciprocal lend-lease activities. Even though he was convinced that producers were accepting orders for export in contravention of Cabinet's instructions, Cabinet was reluctant to insist on their obedience if releases were going to result in escalating unemployment. The major obstruction was that the release programme's effective transfer of men from low-priority work in military forces and munitions into high priority work in food production, for example, was predicated on manpower authorities *selecting* the men to be released. Army and munitions bloc employers would have cheerfully dispensed with people of their own choosing and claimed that reduction of intake and "normal" wastage through routine demobilisation or closing down of production projects was an effective way of liberating the required labour. However, War Cabinet had been clear from the start of negotiations that releases should be additional to normal labour movement and that the Manpower Directorate should choose for release people who possessed specific skills and experience.

#### HIGH PRIORITY JOBS UNFILLED

Keane's survey found a significant anomaly. Despite the evident unemployment, the Munitions Department reported between 30,000

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<sup>1</sup> Cabinet Papers, Agendum 633A/1944 report of meeting held 13.4.1944.

and 34,000 jobs in high priority munitions and aircraft work were unfilled. His investigations discovered four factors that seemed to account for the discrepancy. First, while thousands of people had already been displaced from the munitions bloc, they had not been assessed by the Manpower Directorate. Between 1 April 1943 and 29 February 1944, government armaments projects had laid-off 16,000 men and 9,000 women, but only 8,000 men and 5,000 women had gone to the Manpower Directorate for re-allocation.<sup>2</sup> Private contractors and sub-contractors in the munitions bloc immediately absorbed the remainder: they never existed as "unemployed". Their new employers had hired them gladly, happy to avoid the inconvenience of being priority-assessed by the Manpower Directorate, a process likely to have diverted the workers to rural industry in accordance with Cabinet's instructions. The unregulated transfer had been facilitated by government employers and contractors. Secondly, Keane pointed to the "low calibre" of the displaced labour. The high priority jobs mentioned above required either physically fit or highly skilled workers, sometimes both. Keane's survey discovered that those targeted by the Munitions Department for early dismissal were largely unskilled, physically unfit and aged men, and elderly or married women. Once laid-off, many of them stayed out of employment altogether.<sup>3</sup> These were not the people the Directorate would have selected. Third, unemployment was, as ever, a substantial problem in rural districts. Keane found that most of the unemployed had been displaced from country factories where alternative local employment was unavailable but the housing dilemma and other social factors

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<sup>2</sup> Cabinet Agendum 633A KEANE to Cabinet paragraph 25 (a) 4.5.1944, p. 10.

<sup>3</sup> *ibid.*

precluded their move into metropolitan areas.<sup>4</sup> Finally, movement of labour was restricted by structural inflexibility such as non-transferable skills and differences in pay and other conditions. In Keane's own words:

Fluidity of labour has been affected to a large extent by wage variations and various skills required, e.g., process workers from munitions are unsuitable for food factories; dilutees from munitions transferred to agricultural machinery manufacture suffer a reduction in wages.<sup>5</sup>

This rigidity in the labour-market was an important factor in convincing Government to set up a public labour exchange which could "become a permanent means of improving the mobility of labour".<sup>6</sup> It also emphasised the benefits of treating employment as a national issue rather than a regional or state matter.

Keane's investigation convincingly showed that social and economic dangers attended large-scale depression of industry (especially in country centres) undertaken without forward planning to overcome factors such as inflexible training methods, restricted accommodation, and wage variations. The Department of Munitions had always believed that these considerations lay outside its purview and resented advice on these topics, while private industry was not equipped to incorporate social planning into its production schemes without coordination and supervision.

The attempt, described above, to induce redundant workers from Port Pirie to move to Adelaide showed a specific instance of the regional inflexibility in Australia. Because of housing and other economic and social difficulties, people did not want to leave Port Pirie

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<sup>4</sup> *ibid.*

<sup>5</sup> *ibid.*

<sup>6</sup> Cabinet Papers, Agendum 821/1945 "Full Employment in Australia", p. 25.

to take on an unstable job several miles from their homes. Port Pirie is a good example of the employment problems associated with reduced munitions production in regional Australia. Before the war Port Pirie was a one-industry town. The Broken Hill Associated Smelter, the major employer, enjoyed an influx of government orders and expanded in war conditions. Towards the end of 1944 the smelting company slowed its production and Port Pirie was left in an invidious position. While the smelter continued to employ married women, it retrenched a significant number of men, many of whom the Manpower Directorate sent to work in other parts of the state. The local Trades and Labour Council complained to their federal member, E.D. Russel, requesting that surplus labour be retained in the town and used to displace married women whose husbands were in full-time work. Of course, war-time logic dictated that women who were willing to work in a smelter should be encouraged precisely because they would release men for work elsewhere. Married women could not be directed away from home but single men could. This foretold social and economic disaster for Port Pirie.

Some of the retrenched workers had been directed, by a regulation 15 order, to work in salt-harvesting some miles further down Yorke Peninsula. When he heard of the union's complaint, Hunkin told E.J. Holloway, Ward's replacement as Minister for Labour and National Service, that getting men for salt-harvesting, hay-cutting and fertiliser production—urgently required by the food programme—would be impossible if the union's requests were granted.<sup>7</sup> After its next meeting, the Trades and Labor Council wrote directly to Holloway complaining that the men, widows and single women were being dismissed from the smelter (remaining

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<sup>7</sup> NAA(Vic) MP39/1;1944/337 DD-G of Manpower, SA to Holloway 2.11.1944.

unemployed in some cases) while married women were retained. This contravened the union's understanding that men would be employed in preference to women, especially married women whose husbands were in full employment.<sup>8</sup> The Director-General of Manpower approached the Department of Munitions, which admitted the retrenchment notices were not issued in accord with the Department's own policy. Its Adelaide business manager ordered them to be withdrawn.<sup>9</sup>

This episode, which occurred late in 1944, was typical of what Keane found in his April survey. Because the Munitions Department was keen to get rid of some of its less profitable workers, its early dismissals were predominantly of difficult-to-place labour in country towns. The process seemed to presage the dreaded return to high unemployment that coloured so much thinking about the post-war world and accounts for the union's distress when the Port Pirie factory dismissed men and retained married women.

Similarly, when the Department introduced a rating system into its factories in 1944, the munitions workforce reacted with alarm. Ostensibly a guide to promotions and training, workers suspected rating was a prelude to dismissal. They were not far wrong. In a confidential report, the Director-General of Munitions remarked:

We did not think the rating would be required so much for the purposes of promotion ... but rather the reverse.<sup>10</sup>

When Cabinet asked the Munitions Department to suspend dismissals, the Department refused. Its representatives told Keane that

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<sup>8</sup> Loc. cit. H.L. Blucher, Secretary of Port Pirie Trades and Labour Council to Holloway 2.11.1944.

<sup>9</sup> Loc. cit. DD-G of Manpower, SA to Holloway 4.1.1945.

<sup>10</sup> NAA(SA) AP262/1;3143/2/1 "Rating Systems in Government Munition Establishments" no date.

about 900 men and 700 women who were presently "an embarrassment" were already marked for discharge. Organising their release had, the Department claimed, taken weeks of re-organisation and to fit them in again would take similar effort.<sup>11</sup>

Keane was not moved. He believed discontinued overtime and reduced shift-work would easily reabsorb the redundant workers. Compulsory overtime of about ten hours a week was customary for munitions workers. In Keane's opinion, it should have been necessary only if the 20,000 earmarked by Cabinet had actually been released.

High unemployment was not a universal problem. Certainly, severe labour shortage and sufficiently diverse industry continued to make overtime and shift-work necessary in Adelaide. For example, when assessing labour requisitions from A. Simpson and Sons, a local engineering firm, the Departmental Allocation Committee recommended the firm to institute *more* overtime in its factory.<sup>12</sup> Simpson's exhibited another common problem. The company was not engaged full-time on war contracts, a circumstance that made its priority difficult to determine.

Keane's main conclusion was that unemployment could have been controlled if the Department of Munitions had liaised with other departments, particularly the Manpower Directorate, when deciding details of large-scale labour movement. Manpower authorities, he recommended, should have some influence over which factories were closed and so alleviate unemployment:

If some prior discussion could be arranged with all departments needing labour, it might be possible to avoid depression in a country centre (where displaced labour

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<sup>11</sup> Cabinet Agendum 633A KEANE to Cabinet 4.5.1944, p. 11.

<sup>12</sup> NAA(Vic) MP392/36;239/360/2 Minutes of meeting of the SA Departmental Allocation Committee, 18.2.1944.

cannot be readily absorbed) and to depress a metropolitan factory, where all labour, male and female, could be immediately absorbed in such tasks as malt and tobacco production or the staffing of hospitals.<sup>13</sup>

Most significantly, Keane's investigations convinced him that unemployment would inevitably accompany the relaxing war programme unless "some plan for ensuring greater fluidity" in the labour-market was instituted. He suggested liaison between the Departments of Munitions and Post-War Reconstruction so that the men and machines abandoned by munitions could go immediately to urgent civil work such as housing. However, the Department was not responsive to social policy. "The Department of Munitions", Keane concluded, "carefully examines the question from its own point of view before reaching a decision".<sup>14</sup>

#### FULL EMPLOYMENT: AN INTERNATIONAL AGENDA

Predisposing factors had been building up for many years, but the work of Keane and his survey team was an important precipitating factor in the development of the Australian Government's full employment policy and its determination to develop a national labour exchange. In July 1944, soon after his return from Britain, Prime Minister Curtin tabled the United Kingdom Government's employment White Paper in the Australian Parliament. Drawing attention to the paper's discussion of the post-war labour-market, Curtin announced that full employment was an essential ideal informing his own government's

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<sup>13</sup> Cabinet Agendum 633A KEANE to Cabinet 4.5.1944, p. 12.

<sup>14</sup> *ibid.*

post-war reconstruction plans, and that his policy advisers were busy preparing a similar document to the one tabled. H.C. Coombs, writing in 1994, remembered that the Australian full employment policy was Curtin's own idea but the task of drawing up a draft was given to the Department of Post-War Reconstruction of which at that time Coombs was Director-General.<sup>15</sup>

Full employment was not solely a Labor Party policy nor even a British idea, but grew from the belief in all belligerent nations that the anticipated peace was an opportunity for business and its employees to build into their economic policies, political and social protection against the vagaries of the capitalist system. Adequate employment opportunities were considered by many to be among the most basic steps towards social security for a generation that had lived through both depression and total war. Full employment was also believed important in strengthening national economies and political systems. It is important to remember, that war governments had observed both fascist and communist revolution in response to these events and were anxious to avoid similar political outcomes. The writers of Australia's Full Employment policy document put the bewildered thoughts of many into words when they wrote:

In the worst period of the depression well over twenty-five per cent [of Australians] were left in unproductive idleness. By contrast, during the war no financial or other obstacles have been allowed to prevent the need for extra production being satisfied to the limit of our resources ... it has shown up the wastes of unemployment in pre-war years, and it has taught us valuable lessons which we can

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<sup>15</sup> H.C. COOMBS *From Curtin to Keating. The 1945 and 1994 White Papers on Employment* (1994) North Australia Research Unit, Australian National University, Darwin, Northern Territory, p. 1.

apply to the problem of peacetime, when full employment must be achieved in ways consistent with a free society.<sup>16</sup>

Historians and political thinkers know that by the time Britain's White Paper was presented, all over the world governments of every stripe were planning deliberate intervention in both the local and international post-war economy. These plans, many and varied and hotly debated, will not be discussed here. Suffice it to say that, central to these plans was development of institutions empowered and authorised to protect the collective economic and social well-being, against the destabilising shocks and pressures of the capitalist market. Coombs later described the British and United States economists who led the movement as "people who were professionally visionary, who saw the economic system as having a social function".<sup>17</sup> The small group of people responsible for drafting Australia's White Paper included Gerald Firth, subsequently Professor of Economic at the University of Tasmania; Lloyd Ross, a Trade union official in charge of public relations in the Department for Post-War Reconstruction; and Fin Crisp, subsequently Professor of Politics at the Australian National University.<sup>18</sup> Their work drew heavily on the example of the English paper and on a careful study of John Maynard Keynes' *The General Theory of Employment, Interest and Money* published in 1936.<sup>19</sup>

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<sup>16</sup> Cabinet Papers, Agendum 821A/1945 "Full Employment in Australia", Introduction, p. 1. This contrast was remarked on by several of the contemporary observers I have interviewed.

<sup>17</sup> COOMBS quoted in the *Canberra Times* 2.5.1994, cited in COOMBS op. cit., p. 9.

<sup>18</sup> COOMBS op. cit., p. 2.

<sup>19</sup> *ibid.*

## The International Labour Organisation and government employment services

Further to this project, the International Labour Organisation met in Philadelphia on 20 April 1944. Provision of institutionalised employment services was item three on its agenda. As a result of its deliberations, on 12 May 1944 it adopted the Employment Service Recommendation, 1944.<sup>20</sup> Known as Recommendation 72, it incorporated two earlier International Labour Organisation proposals which had not been realised. The first had been made at the Unemployment Convention of 1919, held in Washington, where, according to Antony Alcock:

Unable to tackle the whole phenomenon of unemployment, including the economic causes, the ILO had soon learnt that it had to restrict itself to the limiting of its social effects.<sup>21</sup>

Part of this limitation was to be accomplished by the establishment of a "system of free public employment agencies under the control of a central authority".<sup>22</sup> Further, Alcock records that the Convention recommended member states to prohibit fee-charging employment agencies; where they did exist they should operate only under government license and "be abolished as soon as possible".<sup>23</sup>

The second major precursor of recommendation 72 was the Transition from War to Peace Recommendation of 1944, which maintained that politically and economically successful transition

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<sup>20</sup> Cabinet Papers, Agendum 821A/1945 Annexure E: "recommendation 72 concerning the employment service". The following discussion of the recommendation is based on information from the same annexure.

<sup>21</sup> ANTONY ALCOCK *History of the International Labour Organisation* (1971) Macmillan, London, p. 45.

<sup>22</sup> Quoted in ALCOCK op. cit. and Cabinet Papers, Agendum 821A/1945 Annexure E: Recommendation 72.

<sup>23</sup> ALCOCK op. cit., p. 46.

depended on the existence of an efficient employment service. According to a submission to Australia's Cabinet, these details were all part of the "broader conception ... in the formulation and application of a long-term full employment policy".<sup>24</sup>

The Australian Government held high hopes that the Philadelphia conference might formally agree to fundamental labour-market restructuring. It wanted the International Labour Organisation to consider international agreement on national policies of employment and unemployment.<sup>25</sup> The United States opposed the idea. Its advisers apparently feared, according to Alcock, that such action might mean that the Organisation would adopt a dominant position in the broad, general, economic debates still under way internationally.<sup>26</sup> Mindful that international collaboration involved the Soviet Union, the United States, supported by other governments, would not institute employment policies until "decisions on the future international system were made".<sup>27</sup> In addition, fearing post-war recession, the United States Government would not legislate a plan for national high employment. Its Congress preferred to approach the problem through international trade agreements.<sup>28</sup> In the July following the Philadelphia Conference, the Bretton Woods Conference founded the International Bank for Reconstruction and Development and the International Monetary Fund, and a month later, the Economic and Social Council was established at Dumbarton Oaks. The International Labour Organisation was represented at neither of these conferences and thus, although the Bank and Fund refer to full

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<sup>24</sup> Cabinet Papers, Agendum 821A/1945 Annexure E: Recommendation 72.

<sup>25</sup> ALCOCK *op. cit.*, p. 187.

<sup>26</sup> *ibid.*, p. 186.

<sup>27</sup> *ibid.*, p. 187.

<sup>28</sup> JIM TOMLINSON *Employment Policy: the Crucial Years 1939-1955* (1987) Clarendon Press, Oxford, p. 124.

employment and higher standards of living in their aims, the Organisation and its agenda was not formally taken into the United Nations.

### **Recommendation 72**

Recommendation 72's preamble is reminiscent of the introduction to the Australian National Security (Manpower) Regulations of January 1942:

The essential duty of the employment service should be to ensure, in co-operation with other public and private bodies concerned, the best possible organisation of industrial, agricultural and other employment as an integral part of the national programme for the full use of productive resources.<sup>29</sup>

Recommendation 72 advised participating nations to give effect to its principles by strengthening employment service bodies and related authorities so that they could effectively fulfil a range of duties directed towards achieving full employment. Suggested duties included collection of statistics concerning labour supply, employment opportunities and the skills required to do particular jobs, all of which could be used to predict employment trends before they became damaging. Suggestions also included assisting workers to find suitable employment and employers to find suitable workers, developing machinery to facilitate transference of workers from one industry to another if that proved necessary, helping to distribute workers to each industry, and assisting in development of training and re-training

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<sup>29</sup> Cabinet Papers, Agendum 821A/1945 Annexure E: Recommendation 72, Section 1. See NS (Man Power) R 3, chapter five, pp. 150-1.

courses. These were precisely the fields in which the Manpower Directorate had gained so much valuable experience.

Two further recommended duties indicated the extent to which the Organisation believed government provision of employment services was an integral part of a holistic approach to economic and social security. First, Recommendation 72 suggested that the employment service be required to administer unemployment insurance and other forms of financial assistance to the working class and, secondly, it recommended:

The closest co-operation between the employment service and other authorities whose activities affect the employment situation, including authorities charged with responsibility for accelerating or slowing down public works in accordance with the current state of employment and unemployment, should be established at the national, regional and local levels.<sup>30</sup>

These recommendations imply that a government labour exchange would be part of a package of economic reforms that had important humanitarian as well as economic motivations and expectations. In particular, agreeing with basic Keynesian tenets, they imply that governments should manipulate the amount of work available in cooperation with other economic agents. Interestingly, the notion of government and non-government agencies cooperating to create a milieu in which full employment might be possible still remains an ideal of some sections of the post-Keynesian international economy. A recent Organisation for Economic Co-operation and Development editorial concluded:

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<sup>30</sup> Cabinet Papers, Agendum 821A/1945 Annexure E: Recommendation 72, Section 3.

While governments have direct responsibility for ensuring that individuals have the foundation skills ... comprehensive strategies to foster high-productivity and high-wage paths will only come to fruition through the support of governments, with greatly expanded co-ordination across Ministries, the private sector and, where appropriate, concertation among the social partners.<sup>31</sup>

Thus, while some national governments claim that the forces of globalisation make effective high employment strategies impossible, significant development opinion expects national coordination policies to contribute to high employment—or “high-productivity and high-wage paths”.

#### THE COMMONWEALTH EMPLOYMENT SERVICE

On 31 October 1944 Prime Minister Curtin sent a circular letter to all state premiers. In it he restated, in standard written form, information he had given at a recent Premiers' Conference regarding the administration of the Commonwealth Unemployment and Sickness Benefits Act.<sup>32</sup> In a nutshell, he wanted to emphasise the Commonwealth's intention to administer the provisions of the Act itself and to use the “decentralised commonwealth-wide organisation of the Manpower Directorate as the only existing practicable agent for the purpose”.<sup>33</sup> This was a specific rejection of the states' governmental services. The administrative details, he told them, would be left to the new Department of Social Services, but the actual work of investigating claims and paying benefits would be done in the

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<sup>31</sup> OECD *Employment Outlook* (July 1997) OECD, Paris, p. x.

<sup>32</sup> Cabinet Papers, Agendum 790/1944 Prime Minister to all state premiers 31.10.1944.

<sup>33</sup> *ibid.*

National Service Offices created under the Manpower Regulations: "the administration of Unemployment Benefits ... and ... Sickness Benefits, cannot be divorced from an employment organisation". That being so, he continued, "it is necessary to maintain the present Manpower organisations and controls".

Continuation of the existing manpower controls was, according to the Prime Minister, essential in managing the still-problematic war-time labour supply and in repatriating ex-service personnel. Both needed the experienced manpower machinery in operation and, in the near future, the Directorate would help tens of thousands of civilian workers who needed material assistance to re-establish themselves in a peace-time economy. According to Curtin, these obligations, together with international commitments, fixed in the Government the responsibility to create a system that could give effect to its pledges.<sup>34</sup>

In writing to the premiers, the Prime Minister wanted two things. First, their *de facto* agreement that the Commonwealth Government should continue its intervention in the labour-market rather than retreat at the end of the war and return its labour powers to the states. Second, he wanted the states to contribute by allowing some of the state public servants who had moved into the Manpower Directorate for the duration of the war to transfer permanently to the Commonwealth Public Service, and by allowing state officers in remote areas to act as agents for the Department of Social Services (with appropriate reimbursement). The Prime Minister wanted an early (and favourable) response to his circular because without state co-operation along the lines described, the Commonwealth would not be able to put the unemployment and sickness benefits legislation into action.<sup>35</sup>

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<sup>34</sup> *ibid.*

<sup>35</sup> *ibid.*

Establishment of separate facilities would be prohibitively expensive of money and staff at that stage of the war.

In the main, the response of South Australia's Premier, Playford, was typical. Only New South Wales offered more than qualified support. Only New South Wales and Victoria managed to reply before the end of the year. Playford's response was posted on 4 January 1945 and was congruent with his office's response to the initial establishment of the Commonwealth labour organisation in 1940. Expressing the view of all state premiers, Playford wrote: "This government is of the opinion that the State could administer the Act more efficiently and economically than by the methods proposed by your Government".<sup>36</sup> He gave a "promise of assistance in principle" to allow country police officers to perform Commonwealth duties where they could be conveniently fitted in with their ordinary routines. As for transfer of state public servants, Playford could not approve. These were potentially valuable, experienced officers and the Premier made it quite clear that when the Manpower Directorate wound down its war work, the State Government expected them to return to their previous positions.

In his circular, Curtin enumerated the reasons why the Commonwealth felt itself obliged to provide the employment service, but there were other reasons why the Commonwealth did not want to hand over arrangements to the states. Some of these were mechanical. The states did not have the necessary experience; the states would deliver services of uneven quality; there would be difficulties associated with divided loyalties for state staff performing Commonwealth work and, likewise, there would be employer rights and responsibilities that the Commonwealth could not adequately

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<sup>36</sup> Cabinet Papers, Agendum 790/1944 Playford to Prime Minister 4.1.1945.

demand or fulfil if their employees were working in state instrumentalities.<sup>37</sup> All were very real obstacles to the efficient running of centralised policy. But the compelling barrier was that belief in extensive government intervention in the *national* economy and the right of individuals to social security were philosophical principles not shared by all the state governments. Cabinet's employment services sub-committee advised:

There is grave doubt whether State administrations could be relied upon to give undeviating effect to Commonwealth policy, especially as employment, repatriation and social service policies contain many essentially political elements. There is real danger that differing political philosophies among Commonwealth and State Governments could produce a reluctance or a slowness to implement a policy of which the State Government concerned disapproved.<sup>38</sup>

War administration had taught the Commonwealth that in a field of conflicting values, only purpose-designed, centrally-organised and funded institutions could be expected to experience even partial success in implementing federal government policy.

Agendum 790 of 1944 sought Cabinet approval for two inter-related but separate suggestions. One was the establishment of the Commonwealth Employment Service and the other was the administrative arrangements in relation to the payment of unemployment and sickness benefits. The second matter was discussed in Cabinet on 19 February and approved, but not the first.<sup>39</sup> A few days later, the Minister for Labour and National Service, E.J.

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<sup>37</sup> Loc. cit., Annexure C, undated but attached to Holloway to Cabinet 31.1.1945.

<sup>38</sup> *ibid.*

<sup>39</sup> Cabinet Papers, Agendum 790/1944 Cabinet Secretary to Holloway 19.2.1945.

Holloway, wrote to remind Cabinet that if the first suggestion were not approved it would be very hard to fulfil the requirements of the second.<sup>40</sup>

Correspondence between the Commonwealth and the states was unsettling to the National Service Office organisation. Cabinet had already approved the setting up of a decentralised employment service in Agendum number 758, but Holloway advised it to move quickly as the Manpower Directorate was suffering staff losses, including key personnel, at an increasing rate.<sup>41</sup> Cabinet took his advice and appointed an inter-departmental committee to recommend amendments to the Public Service Act that would facilitate the transfer of trained staff who volunteered to remain in Commonwealth service after the war. This was an essential first step in establishing the service. In June 1945, Chifley and Holloway recommended Cabinet to put the suggested Public Service Bill to parliament without delay and publish the details of the transfer arrangements so that Manpower Officers could make sensible decisions about their futures:

Having regard to the importance of constituting the Commonwealth Employment Service as soon as possible so that it will be ready to tackle the employment problems of demobilisation and play the part mentioned in the White Paper on Full Employment, and so as to give effect to the decision of Cabinet on Agenda 790 and 790A.<sup>42</sup>

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<sup>40</sup> Loc. cit., HOLLOWAY to Cabinet, 24.2.1945.

<sup>41</sup> Cabinet Agendum 790A HOLLOWAY "Commonwealth Employment Service" 24.2.1945, p. 1.

<sup>42</sup> Loc. cit., CHIFLEY and HOLLOWAY "CES—Transfer of State Officers" 29.6.1945.

### **Full Employment and the Commonwealth Employment Service**

A draft version of a document, "Full Employment in Australia" was discussed by Cabinet at its meeting on 20 March 1945. Cabinet charged a sub-committee consisting of the Treasurer, and the Ministers for Labour and National Service, Post-War Reconstruction, and Information, and their advisers, with gathering Cabinet's suggestions and incorporating them into a projected revised version.<sup>43</sup> Altogether, eight successive drafts of the White Paper were produced.<sup>44</sup> At each stage, compromise instilled disappointment as the drafting group attempted to reconcile differences and conflicts in the effort to achieve the unified report that Chifley, Minister for Post-War Reconstruction, demanded. Nevertheless, as Coombs later remarked of the final result:

A lot of the optimism and revolutionary fervour of early drafts was gone .... Looking with hindsight, it seems more exciting.<sup>45</sup>

It is important to note that even staunch advocates of full employment policies usually acknowledge that every employment system carries a certain amount of "normal" or "inevitable" unemployment. Thus, the term "high employment" frequently replaces the term "full employment". Although they are not entirely interchangeable, the major difference in use is probably in the mind of the user. The Manpower Directorate in densely industrialised regions like Adelaide had discovered the existence of this natural level during the war. For example, by May 1945, high priority employers found themselves offered only "women ... who for one reason or another, are

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<sup>43</sup> Cabinet Papers, Agendum 821/1945 Strahan, Secretary to Cabinet, to Calwell, Minister for Information 21.3.1945.

<sup>44</sup> ROB WATTS "War and other Catastrophes" p. 94.

<sup>45</sup> COOMBS op. cit., p. 3.

continually changing employment and have poor industrial records".<sup>46</sup> One other feature of full employment should be specified. In Australia and elsewhere, the term full employment implied full male employment.

Although full employment was a long-accepted plank of Labor politics, there was considerable disagreement about the wisdom of announcing the policy before the end of the war. Dedman resisted his more cautious colleagues, believing it was "desirable, and indeed urgent, that a comprehensive statement of the Government's policy on full employment should be made available to parliament and to the public".<sup>47</sup> First of all, he pointed to its importance as a political measure. The preference provisions of the Re-establishment Bill had already caused dissension. Many reserved workers had been refused enlistment in the armed forces but had spent the war in equally loyal service. They had gained valuable experience of modern working methods but might lose their jobs to returned servicemen. A strong statement about full employment for all rather than further discussion on controversial legislation that guaranteed employment for returned servicemen and women over other sections of the work force might settle the public's fears. Second, the statement would guide industry, state governments and the community generally, when they were making their own post-war plans. Third, but associated with the first, he disagreed with Cabinet members who feared that announcing full employment plans would encourage slackness at work. Dedman was sure that if Australian workers were given evidence that the government was working towards ensuring steady work for them all after the war, they would be more likely to persevere in their war-time

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<sup>46</sup> NAA(Vic) MP392/36;239/360/2 Minutes of meeting of the SA Departmental Allocation Committee 22.5.1945.

<sup>47</sup> Cabinet Papers, Agendum 821/1945 DEDMAN 15.3.1945.

efforts and sacrifices. Fourthly, he pointed to the international discussion in which Australia was taking a prominent position and where pressure for an International Employment Agreement was mounting. He suggested, too, that the British practice of releasing White Papers for discussion had sometimes been valuable in airing public opinion before specific legislation was prepared.<sup>48</sup>

Critics claimed "full employment" was a policy of making work for work's sake and was specific to the Australian Labor Party's socialist ideals. Dedman felt the public should be told that it was but "one essential element of an economic system which will be efficient in producing the things Australians want, and which will work in accordance with Australian ideas of fairness and democracy"<sup>49</sup>. His statement concluded:

The paper does not raise the issue of the kind of economic system to which Labour policy is ultimately directed. It is obvious that, whatever the ultimate goal, a policy of full employment is vital to the progress and welfare of Australia, and that no Government could survive if it permitted unemployment to develop on any substantial scale.<sup>50</sup>

There are many problems, proved and assumed, associated with a high, or full employment economy. They include things like excess spending, immobility of resources, inefficiency, wage and price instability, imbalance of payments, inadequate investment and rapid inflation. Curtin's Government were well aware of the potential dangers, but the "Full Employment" document shows that they

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<sup>48</sup> *ibid.*

<sup>49</sup> *ibid.*

<sup>50</sup> *ibid.*

believed the risk was outweighed by the potential benefit. "The Government believes", the document stated, "that the people prefer to face these problems, rather than revert to the wastes and bitterness of unemployment". Furthermore, "If we value full employment and high living standards sufficiently," it continued, "we need not fear that solutions will be impossible to find".<sup>51</sup>

"Full Employment in Australia" began with a courageous mission statement:

Full employment is a fundamental aim of the Commonwealth Government. The Government believes that the people of Australia will demand, and are entitled to expect, full employment".<sup>52</sup>

This bold beginning is reminiscent of the opening of the United Kingdom's 1944 Full Employment White Paper, which reads: "The Government accept as one of their primary aims and responsibilities the maintenance of a high and stable level of employment after the war".<sup>53</sup> Of this introduction, Jim Tomlinson, an economic historian of the period wrote, "In many ways, this sentence is the most revolutionary in the paper, for never before had such a responsibility been accepted by government".<sup>54</sup> His judgment points to a significant change in government philosophy during the late-war and immediate post-war period: the acceptance of the idea that national economies can be regulated by governments and that governments should accept the role as a matter of policy.

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<sup>51</sup> Cabinet Papers, Agendum 821/1945 "Full Employment in Australia" no date, circulated April 1945, p. 23.

<sup>52</sup> *ibid.*, p. 1.

<sup>53</sup> United Kingdom Government Paper "Employment Policy", command 6404 (1942) quoted in JIM TOMLINSON *op. cit.*, p. 160.

<sup>54</sup> *ibid.*

Similar government philosophy is evident in Australia's White Paper, which remarked:

The essence of the employment policy outlined in this paper is the willingness and ability of governments and governmental authorities to undertake sufficient capital expenditure of the right kind at the right time and in the right places.<sup>55</sup>

In effect, this idea made government expenditure the key to full employment. Although labour-market inflexibility had been deemed a major contributor to high unemployment conditions, there was no suggestion that it be loosened by reducing government intervention—through the now-familiar adjustments of union laws, taxation arrangements, and regulatory machinery, for example. Instead, the Government shouldered the responsibility for creating the economic conditions it deemed essential to support full employment. The quotation above indicates the Government's belief that the major economic concern was not growth but balance. There was no suggestion that a growing economy would prevent high unemployment. The war-time Government knew that even the huge state expenditure of 1944 had not prevented unemployment. Knowing that, the Government planned to combat the political issue of unemployment, rather than prevent it. This policy acknowledged an economic tendency towards unemployment that could be manipulated by a determined government. The "full employment" document was the manifesto of such a government.

Accomplishing the level of coordination necessary for government regulation of the national economy would require constant monitoring of all sections of the economy. It would also

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<sup>55</sup> Cabinet Papers, Agendum 821A/1945 "Full Employment in Australia", p. 54.

depend on extensive collaboration between the Commonwealth and the states and the Government and commercial enterprise, as well as means of ensuring cooperation. The War Commitments Committee was identified in the paper as the body which had directed coordination of the Governments various commitments during the war and, the paper noted, "The Government intends to ensure that this work will be continued".<sup>56</sup> The War Commitments Committee had depended on the Manpower Directorate to implement its coordinating policies and the white paper assumed the Commonwealth Employment Service would continue that role into the peace.

Labour-market inflexibility was to be loosened by government policy. Keane's review of munitions-related unemployment had discovered that high priority jobs were vacant while men who wished to work were idle. "Full Employment in Australia" took up this point: "For these reasons, an efficient Australia-wide employment service is an essential instrument of a full employment policy", it argued, and predicted that after it had finished helping returned service men and women and others seeking new jobs, to find peace-time employment, the employment service would "become a permanent means of improving the mobility of labour".<sup>57</sup>

At its meeting of 25 April, the sub-committee that had been examining the Full Employment paper unanimously agreed that "in general, the scope and content of the revised document made it a satisfactory statement of Government policy in relation to full employment".<sup>58</sup> Development of the Commonwealth Employment Service became inevitable.

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<sup>56</sup> *ibid.*, p. 55.

<sup>57</sup> *ibid.*, p. 25.

<sup>58</sup> Cabinet Agendum 821/1945 report of Cabinet sub-committee, no date.

## SUMMARY

"Full Employment in Australia" is a fascinating document, speaking as it does of the economic and political ideas and even (if such is possible) the national psyche of its time. But its significance here is that the Government linked fulfilment of the document's ambitions with centralised employment organisation. Australia's full employment policy was supported on the belief that high national employment can be achieved because demand can be boosted by government involvement in things like public works and immigration, and supply can be sustained and coordinated through a multi-faceted public employment service.

The Ministry of Post-War Reconstruction prepared tentative estimates of the employment conditions likely to arise in the early post-war years. Some were released in draft form in December 1944. The estimates predicted that, within a year of the war ending, approximately 250,000 men would be seeking work in secondary industry. This number included about 120,000 men who were working in war-related industries at the time and between 130,000 and 150,000 demobilised Servicemen. These figures worried the Treasurer. In the same submission he warned Cabinet, saying: "It is further estimated that the number of new positions available is unlikely appreciably to exceed 100,000".<sup>59</sup> Approximately 240,000 women were employed in factories but the number was expected to fall within six months of war's end. Mass unemployment was on the political horizon. The Government was already committed to reforming its economy so that, in line with the International Labour Organisation recommendations already entrenched in its own White Paper, it could create in Australia

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<sup>59</sup> Cabinet Agendum 765/1944 CHIFLEY for Cabinet 29.12.1944.

the pre-requisites for post-war full employment. The Treasurer suggested "immediate action to plan the conversion and expansion of factory capacity in order to ensure the maximum absorption of labour in the early post-war period". Further impetus to planning the post-war economy came as the overall war took a brighter turn. The liberation of the islands recently occupied by the Japanese and the predicted defeat of Germany in Europe meant that, while goods would be needed to assist the newly liberated, overseas industrialists would be in better position to meet the need than Australian. The United Kingdom and the United States had announced their intention to effect "considerable demobilisation" as soon as Germany asked for armistice, and the latter had announced that it proposed to cut war production immediately by at least 30 per cent.<sup>60</sup>

As events turned out, the defeat of Japan was relatively speedy. However, during the planning phase it had been assumed that after the defeat of Germany, the assault on Japan would begin in earnest with Allied troops amassing in Australia and moving north. Consequently, Australia would be the last of the Allies to effect Service and civilian demobilisation—a recipe for large-scale unemployment. Accordingly, Cabinet decided that, in addition to the releases already ordered from the Services and munitions bloc, it would recommend further releases based on the need for a rapid change-over to civilian industry.<sup>61</sup> Because many factories would need time to accomplish transfer from war to civilian production, the releases, made at the request of private manufacturers with the approval of the Manpower Directorate, were to be immediate.

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<sup>60</sup> *ibid.*

<sup>61</sup> Cabinet Papers, Agendum 765/1944 Cabinet Secretary to Minister for War Organisation of Industry 19.1.1945.

This meant that, in addition to its already extensive demobilisation duties, the Directorate assumed an important role in adjusting industrial employment from as early as January 1945. At the beginning of the new financial year the work of investigating claims and paying benefits on behalf of the Department of Social Services was added to its duties. The Treasurer and Minister for Labour and National Service alerted Cabinet to the :

importance of constituting the Commonwealth Employment Service as soon as possible so that it will be ready to tackle the employment problems of demobilisation and play the part mentioned in the White Paper on Full Employment.<sup>62</sup>

By August it was clear the war was nearly over. The Manpower Directorate was an experienced, efficient instrument that had already demonstrated loyalty to the Government's post-war employment policies. Unlike other stakeholders in the labour-market, it had no conflicting interests of its own to pursue and transformed with little fuss into the Commonwealth Employment Service.

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<sup>62</sup> Cabinet Agendum 790B/1945 CHIFLEY and HOLLOWAY to Cabinet 29.6.1945.

# 11

## Conclusion

Wallace Wurth, then Director-General of Manpower, wrote in his 1944 review that the Manpower Directorate was:

called upon to superintend the manpower of a nation whose population was, when all is said and done, far too small to meet all the military and industrial requirements of its threatened situation.<sup>1</sup>

This factor was at the heart of all war-time employment policy. The scarce labour supply provoked employers to compete with each other for the services of the workers available. Convinced that this competition did not always serve the relative importance of the employing projects, the Commonwealth Government devised policies designed to mediate in the competition, expand the labour supply, and allocate available workers according to centrally-determined war effort priorities. Its efforts were met with resistance. Not only was the labour-market a site of fierce conflict, but even during a major war manufacturers clung determinedly to their independence.

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<sup>1</sup> W.C. WURTH *Control of Manpower in Australia* (1944) Australian Government Printer, Canberra, p. 6.

Pre-war debates showed irreconcilable differences between people's hopes and fears of war industry. Early war-time regulation carefully emphasised the protection of workers against industrial conscription, and the Government followed a policy of fiscal restraint concerning rearmament. "Business as usual" was its philosophy. Influential industrialists pressed the Government: here was a not-to-be-missed opportunity.

Hitler's *blitzkrieg* of Western Europe proved to be the key. Following the fall of France and the loss of equipment at Dunkirk, Australian arms manufacture began in earnest. Essington Lewis, managing director of the huge mining and steel-making company Broken Hill Proprietary Limited, was appointed Director-General of Munitions and told that his "mandate" was to: "Go ahead and achieve these [production] objectives in the shortest possible time".<sup>2</sup> His appointment gave the job of arming a nation for war to a commercial manufacturer. Answerable only to Prime Minister Menzies, the person who had appointed him, Lewis embraced the task. Insightful and talented, Lewis, his assistants and associates performed magnificently. Metaphorically speaking, Menzies had let the genie out of the bottle. Unfortunately, he lost control of it almost immediately.

The Commonwealth had entered a partnership with commercial enterprise and the new business-state relationship was symbolised in its appointment of Lewis. The arrangement was made *in extremis*; a product of world war. Compelling evidence indicates that Lewis and his associates used the opportunity, as might be expected, to further their own interests. According to Australia's official economic historians, munitions contracts were entered into "too readily" and manufacturers created a surplus of capacity—and

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<sup>2</sup> See chapter two, p. 50.

even of supply—of relatively easily manufactured goods, while expensive but impotent development of items such as torpedos, never went into war production.<sup>3</sup>

As soon as Essington Lewis was appointed Director-General of Munitions, he disagreed with his advisers about how to decide which articles should be manufactured. In August 1940 he argued, against other directors on the Munitions Department's Board, that preliminary lists from the Services could be treated as firm orders before they had been ranked in order of priority.<sup>4</sup> The argument continued while Lewis jockeyed himself into a position from which he could ignore the protests of influential Board directors like J.P. Brigden (a highly respected economist and secretary of the Department of Supply and then of the Department of Munitions) and Sir Philip Goldfinch (General Manager of the Colonial Sugar Refining Company and Chairman of the New South Wales Board of Area Management).<sup>5</sup> Later that same year, War Cabinet gave Lewis permission to *anticipate* orders, to organise the manufacture of materials he deemed the Services *would* require.<sup>6</sup> This power was augmented a few months later when War Cabinet authorised the Department of Munitions to maintain items in production when it judged the Services would need them in the future.<sup>7</sup> This led to the eager over-supply mentioned above.

Cabinet was in a quandary. Capitalist logic dictated that business would work only when its commercial interests were being served: arithmetical logic insisted that Australia's population was too small to

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<sup>3</sup> See chapter seven, p. 237.

<sup>4</sup> NAA(Vic) MP392/181 Bundle 1; M36 Notes of meeting of directors of Munitions Department. See chapter two, p. 64.

<sup>5</sup> See meeting notes 3.2.1941 and 3.3.1941, for example. See chapter two, pp. 64-5.

<sup>6</sup> War Cabinet Minute 1425, 23.10.1943, cited in BUTLIN and SCHEDVIN *op. cit.*, p. 50.

<sup>7</sup> War Cabinet Minute 1904, 18.2.1942, *loc. cit.*

provide workers for the projected war programme, maintain the armed forces, and support the essential home front. The normal competitive nature of business could not distribute available workers among contending employers and, as Sir Carl Jess, Chairman of the Manpower Committee, had said, workers could not allocate themselves.<sup>8</sup>

By 1942, evidence of wasteful workforce management and impending crisis of labour shortage had mounted to the point where the Government decided to intervene. Cabinet needed to find a way to insist that all workers were:

Organised and applied in the best possible way to meet the requirements of the Defence Forces and the needs of industry in the production of munitions and the maintenance of supplies and services essential to the life of the community.<sup>9</sup>

It created the Manpower Directorate to implement this plan. Needing a means of promptly fixing the wages and other working conditions of women who would expand the workforce by working in non-customary work places, the Government created the Women's Employment Board with the "purpose of aiding the prosecution of the present war".<sup>10</sup> Together, the Directorate and the Board were the institutional form chosen by the Government to implement its centrally determined labour supply and employment policies.

Unfortunately, the intense military crisis that helped the Government to adopt the politically risky course of regulating employment and women's wages, also helped the direct war industries to maintain (and even improve) their ascendancy. The terrifying first

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<sup>8</sup> See chapter three, p. 117.

<sup>9</sup> NS (Manpower) Rs. See chapter five, pp. 150-1.

<sup>10</sup> See the long title of the *Women's Employment Act, 1942*.

weeks of the Pacific War supported growth of the armed forces and armament plans that Butlin and Schedvin described as "too readily adopted" and "mutually self defeating".<sup>11</sup> Reining in the escalating production proved almost impossible. By April 1942, war fortunes had turned but the Defence Committee was still planning expansion of both Services and war industries. Fearing this expansion would siphon further resources from the general labour pool, Cabinet ordered an inter-Departmental Committee to investigate the labour-market and develop strategies that would employ Australians according to the war effort as decided in Cabinet rather than in commercial board rooms. The Committee found endeavours such as food and clothing supply, for example, desperately short of labour.

When Cabinet decided to make its "major policy decision", described in chapter eight, it found itself blocked by the very structure of the war production departments. Defence Committee reviews were found to have omitted huge export orders from their reckoning and production capacity was found to be expanding without proper priority evaluation. Government factories were constantly hampered by difficulties experienced in obtaining raw materials, machinery, and other necessary resources, while they flowed into commercial establishments. The munitions and aircraft bloc employers continued to expect their labour needs to be met while other essential industries, especially those engaged in textile and food production, begged for labour. Cabinet issued several instructions with the aim of containing direct war employment to the workers already engaged. War producers wriggled. They insisted that increased regimentation of the workforce would produce enough "labour units" for the expansion they deemed essential.

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<sup>11</sup> See chapter seven, p. 237.

Their opponents, led by Wallace Wurth, Director-General of Manpower and Chairman of the War Commitments Committee, disagreed. Wurth believed that only Cabinet assessment of all projects that employed labour would permit the nation's workforce to become a war-winning resource. This disagreement caused acrimony between the Manpower Directorate and the Department of Munitions. Whenever munitions employers were denied extra employees they railed, not against Commonwealth employment policy, which they tended to ignore, but against the Directorate. This despite the fact that, according to Wurth, the Department had brought on many of its own staffing woes by establishing its factories without liaison with manpower authorities; even in the teeth of Wurth's advice.

The Department of Munitions, itself a vanguard employer of women, had also resisted the work of the Women's Employment Board. The Department's involvement in significant industrial disputes, before and after the Board's disbandment, encouraged its commercial associates in their attacks on the Board and against the unionists who believed they were protected by the Board. The state of Victoria's High Court challenge to the Women's Employment Board was part of a much wider battle between the states and the Commonwealth: a battle visible also in the barmaids' case described in chapter six, and in Playford's criticism, supported by state public servants, of what he sarcastically described as managing labour "by correspondence from Canberra".<sup>12</sup>

The vagaries of war administration had taught the Commonwealth that if it wanted to develop a federal government employment policy in the post-war period, only a purpose-designed, centrally-administered and funded institution could be expected to

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<sup>12</sup> See chapter four, p. 132.

foster even partial success. Both state governments and business had shown they would not implement Commonwealth policy unless it accorded with their own wishes. The return of unemployment in 1944 galvanised the Government and hardened its commitment to post-war full employment policies and other social security measures. These combined with the enormous demobilisation and economic reconstruction demanded by the end of the war to convince the Government that it needed a public labour exchange that could operate independently of commercial enterprise and state governments to implement its new economic policies. It established the Commonwealth Employment Service.

#### CONTINUITY OR CHANGE?

The Commonwealth Employment Service was not subject to comprehensive review until 1977. By that time, unemployment was once again a persistent feature of the labour-market. The Service's reviewers, ignorant of the conditions from which it arose, described it as "a 1946-model organisation trying to cope with 1977-style problems"<sup>13</sup> The "1977-style problems" identified are familiar to readers of this thesis. First, the reviewers wrote, the Commonwealth Employment Service was structurally weakened because it did "not receive sufficient attention from the top management of the Department of Employment and Industrial Relations". Second, the Service suffered from its "dole office" image. Both employers and clients considered it to be an unemployment service rather than an employment service. Third, the Service had "been a Cinderella too

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<sup>13</sup> *Review of the Commonwealth Employment Service* (June 1977) Parliamentary Paper 177/1978, p. 5.

long".<sup>14</sup> The survey found it under-resourced in every way and further hampered by the consequent low staff morale. Most important, the survey reported, without recognition that the Service "must provide an improved service" and the "political will ...to make up for years of neglect", enhanced efficiency could neither be "expected [n]or achieved".<sup>15</sup>

Most significantly, the survey team, led by J.D. Norgard, found "the employment situation of the mid-nineteen seventies appears to present a paradox".<sup>16</sup> Like Keane's survey, described in chapter ten above, they found that while companies complained that they were unable to hire even the unskilled labour they required, "well over 300,000 people" were registered with the Commonwealth Employment Service as unemployed.<sup>17</sup> The 1977 survey offered explanations familiar to Keane's readers. Geographical separation, transport difficulties, unsuitable accommodation, inefficient spread of training and experience and a tendency to blame the employment service for labour-market imbalance, are common to both surveys. "Government policies, local investment and consumption decisions, demographic factors and world economic conditions", were the factors the survey identified as causing the labour-market imbalance.<sup>18</sup> These are precisely the features identified by the war-time government's "Full Employment" White Paper. Clearly governmental attitudes changed in the intervening years. The exact nature of that change invites further research. It is sufficient here to remark on the similarity between the Australian labour-market difficulties that marred war-

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<sup>14</sup> *ibid.*, p. 6.

<sup>15</sup> *ibid.*

<sup>16</sup> *ibid.*

<sup>17</sup> *ibid.*, p. 7. Bearing in mind that the CES did not count people seeking only part-time work or people whose partners were employed.

<sup>18</sup> *ibid.*, p. 8.

time opportunities for full employment and those found during the first comprehensive review of the Commonwealth Employment Service in 1977.

Considering the option of disbanding the Service, Norgard's team's conclusion was strikingly similar to Curtin's. "Fragmentation of the national service", they reported, "would at best hinder and at worst stultify the development of an adequate employment service for all Australians".<sup>19</sup> The survey listed several suggestions for improving the service but claimed:

What the service needs more than any of the improvements suggested ... is the political will and the support of the government ... so that it can function as a modern manpower service.<sup>20</sup>

The political changes that fostered the degeneration of the Commonwealth Employment Service between its "brave new world" beginning and the rather pessimistic 1977 review, call for further research. They seem to revolve around a change in political philosophy and its economic and administrative companions that cannot be analysed here. However, I think that one extremely significant (whilst seemingly superficial) feature of Australia's historical experience, tended to obscure the shift as it happened and release politicians from feeling responsibility for it. That feature was luck, and the pervasive "lucky country" ideology. The Curtin Government's Full Employment paper had stressed the importance of vigilant preparedness if the system were to remain flexible enough to combat unemployment,<sup>21</sup> but, above all else, many in the post-war

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<sup>19</sup> *ibid.*, p.10.

<sup>20</sup> *ibid.*, p. 11.

<sup>21</sup> Cabinet Papers, Agendum 821/1945 "Full Employment in Australia", p. 20.

generation saw Australia as a lucky country. In 1967, the then Minister for Labour, Leslie Bury, felt confident to say:

Australia is one of those countries which does not engage in manpower planning. We are fortunate in possessing vigorous product and resource markets in which demand and supply forces can operate freely.<sup>22</sup>

Ian Yates, Secretary of the Australian Council of Social Science, wrote in 1977: "It is very doubtful that Mr Bury's pleasure ... was justified then. A decade later we can most certainly no longer feel so fortunate".<sup>23</sup> Given Bury's attitude, it is hardly surprising that Tony Street, then Minister for Employment and Industrial Relations, told the 47th ANZAAS Conference in 1976:

We [Australians] are virtually the last amongst advanced Western economics [sic] in responding to the now widely recognized need for manpower adjustment measures.<sup>24</sup>

This was a reversal of the position in 1944 when Australia was vigorously and visibly among the first.<sup>25</sup> The identified lack of political will and appropriate policy explains how the Commonwealth Employment Service drifted back towards the pre-war unemployment-fixated labour exchange. It does not adequately explain why.

### SUMMARY

Historical analysis of World War II's effect on employment is complicated by its juxtaposition in time. War emerged from depression and fell away into post-war years of long boom. In the

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<sup>22</sup> Quoted in AUSTRALIAN COUNCIL OF SOCIAL SERVICE *Whatever Happened to Full Employment?* (February 1977) ACOSS, p. v.

<sup>23</sup> *ibid.*

<sup>24</sup> quoted in ACOSS *op. cit.*, p. vi.

<sup>25</sup> See chapter ten, p. 346.

minds of the generations that have matured in the west since 1945, the three are firmly entwined as causes and effects and as shapers of the political, social, economic, and spiritual institutions of nations. They loom in the popular memory, heavy and potent, armed with explanatory power and a sense of completeness. The return of mass unemployment, and particularly of the scourge of long-term unemployment, in the 1970s seemed to confirm the interpretation that something inevitably cyclical was powering the fluctuations but that nothing was really changing. That Norgard's 1977 survey of the Commonwealth Employment Service identified the same obstacles in the labour market as Keane had done in 1944 would seem to support such a view and imply that the intervening period of full employment was a "natural" consequence of war.

This thesis throws light on another aspect of the progression. Government regulation was a necessary precursor to full employment, both during and after the war. As Treasurer Fadden pointed out in November 1940, even though most of "the normal labour force" was employed, those "still unemployed cannot be easily or quickly brought into productive activity".<sup>26</sup> This situation showed itself again in 1944 as the munitions programme retreated. Even in conditions of total war and intense labour shortage, full employment was not possible without government regulation. This was true of the post-war period too. War conditions fostered acknowledgment that the population's work potential was a significant national resource and its struggle with war-time employment policy nurtured two ideas in the Government. First, that the national economy was a political concept and a proper field of political activity, and second, that the labour-market was a significant sector within it.

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<sup>26</sup> CAPD:HR FADDEN volume 165, 21.11.1940, p. 84. See chapter two, pp. 67-8.

Alfred Neal, who served for twenty years—including World War II—as President of the United States Committee for Economic Development, emphasised the extent of this government planning:

Probably the most comprehensive short-term national planning effort of U.S. business, *now generally forgotten*, was that for post-war reconversion and full employment carried out in the closing years of World War II under the auspices of the Committee for Economic Development.<sup>27</sup>

The significant part of Neal's statement is that the extent of government planning is now generally forgotten. Neal's judgment of the United States is true of Australia too. The importance of reconstruction employment planning was formally presaged as early as October 1941 when the reconstruction section was part of the original structure of the new Department of Labour and National Service. Through the course of the war, influential Australian thought recognised government economic intervention as the prime prerequisite for post-war full employment.<sup>28</sup>

In 1942, government intervention had taken the form of structural change. The Manpower Directorate, the Women's Employment Board and the ideas that generated them, changed the structure of the labour-market. Together, they implemented an employment programme that was directed towards adjusting the balance of labour supply and demand in two ways. Government policy aimed to expand the total numbers engaged in the workforce and to

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<sup>27</sup> ALFRED C. NEAL *Business Power and Public Policy* (1981) Praeger, New York, p. 14. Italics added.

<sup>28</sup> See for example, D.A.S. CAMPBELL (ed) *Post-war Reconstruction in Australia* (1944) Sydney; H.C. COOMBS "The economic aftermath of war" in CAMPBELL p. 85; D.B. COPLAND "The change-over to peace" in CAMPBELL pp. 124-5; H.C. COOMBS *Problems of a High Employment Economy* (1944) The Joseph Fisher Lecture in Commerce, Adelaide; HERBERT GEPP *When Peace Comes* (1943) Robertson and Mullens Ltd., Melbourne; D.B. COPLAND *The Australian Economy* (1946) Angus and Robertson, Sydney.

distribute them according to centrally determined priorities. The new institutions and their regulations made this sweeping reform legally possible but, nevertheless, the Australian Government found full implementation impossible.

This thesis argues that the major obstacle to fully effective workforce mobilisation was the corporatist structure of Australian war production. The close relationship between government and business amounted to a form of captured étatism in which the commercial manufacturers who both managed and performed the procurement and production of war materials functioned, under the Director-General of Munitions, as an arm of government making employment decisions that frequently undermined decisions made in Cabinet. Consequent conflicts of interest hindered rational employment policy. Temporary government officers such as Lewis, Perry, and Holden, among many others, occupied positions that required them to make policy decisions with direct effects on their own business interests and the interests of the commercial shareholders they were paid to protect. Although most of them appear to have performed their government duties vigorously and honourably, their production decisions sometimes frustrated wider government policy. War projects were proposed, approved, and performed, sometimes by the same people and frequently by people with shared interests. This weakened national coordination of the workforce as a whole and excluded Cabinet from full control over the allocation of available labour. Through its analysis of the development of employment policy, this thesis shows that asking interest groups to generate public policy—as when Lewis was asked to both supply munitions of war and manage the rearmament programme—may result in government losing control over that public policy. Indeed, some aspects of the interest

groups' activity may cease to be *public* at all. This is a conundrum for the state and its citizens.

Contractors had detailed—if restricted—knowledge about how government policies were being implemented but, owing to the dispersed nature of munitions production and the privacy of contract which protected their interests, their knowledge was not available to Cabinet. Commercial enterprises consequently found it hard to contribute to public policy development. They were concerned with success in their own terms, rather than with the success of a national project. This is how contractors were able to engage in the over-supply, described by Butlin and Schedvin as “self-defeating”, during the most dangerous months of Australia’s war. To the contractors, the over-supply might not have been apparent. Their own performance indicators would have measured production and profit, which would have indicated success. These local performance indicators were irrelevant to national labour policy, which repeatedly called for more scrutiny, balance, and coordination. The workers engaged on over-supply in one endeavour were desperately needed in others, but the system encourage competition rather than coordination. Contracts were not self-executing or self-evaluating but the government lost access to the knowledge essential to evaluation and adaptation. Thus when the government incorporated non-government interest groups in its public policy development without establishing transparent mechanisms of policy evaluation, it created an arm of the state that was unresponsive to policy goals, changing circumstances and national priorities. Furthermore, the Government was impeded in its own efforts to check what service it was actually getting from the bargain.

Hasluck wrote disparagingly of what he called the “departmental view”, which he claimed obstructed Australia’s war effort:

Whenever one sinks a shaft into the administration one forms the impression of a number of able but limited men doing their own tasks with enthusiasm and devotion in their own tunnels.<sup>29</sup>

While I appreciate Hasluck’s frustration, this thesis shows that in significant parts of the administration “a number of able ...men” were vigorously bent to the tasks of coordinating war-time labour use as well as planning the comprehensive economic reform that would support post-war full employment policies. At the same time, others seemed to be devoted, not to “their own tunnels” but to their own interests, which cast obfuscation across a broader field.

Complaining that the war effort was blown and pulled by the fortunes of events, Hasluck questioned the quality of Australia’s leadership. There is no doubt that this thesis identifies several instances where significant members of Australia’s leadership, from the Prime Minister down, avoided strong support of even their own policies. Stronger government could have made firmer decisions about employment and insisted on general compliance. However, it is important to remember that resistance of authoritarian government was one of the justifications for Australia’s belligerent engagement in World War II. Perhaps the leadership should be praised for resisting the temptation to rule by government fiat and praised too, for meeting the fluctuating demands of war and home conditions with the development of appropriately changing policies.

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<sup>29</sup> HASLUCK *The Government and the People 1942-45*, p. 372.

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- 1942/1/1867 Administrative arrangements with commonwealth departments.
- 1942/2/1382 AWC liaison with manpower authorities.
- 42/16/2562 Employment of married women with children—principles.  
1.Provision of child care centre, registration of personnel and financial assistance. 2.Control of day nursery workers and assistants in kindergartens.
- 1942/17A/7 NS(M)R transition to Manpower Organisation.
- 1943/17A/3865 Advice to unions of terms of all applications for dismissal under Reg. 14 (i)—procedure.
- 1942/19B/968 Commonwealth and State Committees of Advice. Establishment of, appointments to, and disbandment of 1942-1945.
- 1942/19B/1437 Commonwealth Committee of Advice. 1.Reports 2.Representation, appointments and resignation 3.Minutes of meetings.
- 1942/19B/1534 Report of parliamentary committee appointed to investigate the set-up of the whole labour organisation and its workings in the various states.
- 1942/19B/2405 State (manpower) Committee of Advice.
- 1942/19B/3385 Recommendations of departmental manpower committee in the regulation of the use of labour 1.Manpowering of women and recruitment of women for auxiliary services (including the decision not to recruit from SA) 2.Temporary release of men from the Army 3.Call-up for CCC.
- 42/19B/3386 Women for war work publicity campaign.
- 1942/19B/3389 5th and 6th interim reports of Manpower and Resources Survey Committee.
- 1944/19/9222 Relations between Minister of Munitions and Deputy Director of Manpower on manpower requirements of aircraft-munitions bloc.
- 1944/19B/10071 Reports of Regulations Advisory Committee in relation to manpower regulations.
- 1942/20/1453 Conferences (manpower) held in Melbourne June 1942 and February 1943.
- 1942/20/1939 Report of convention of federal unions held 19, 20 and 21 June 1942 in response to invitations sent by Minister for LNS.
- 1942/20/2086 Review of activities of Manpower Directorate in relation to manpower problems in rural industries.
- 1943/20/6921 Decision given at conference of deputies held in Melbourne 26/29.11.43.
- 1944/20/8506 Conference of Deputy-Directors-General held in Melbourne between 28th of April and 1st of May 1944—Agenda, discussion papers, minutes of meetings etc.
- 1943/23/4029 Part 1. Powers of direction—policy—Reg. 15 NS(M)Rs.
- 1944/23/8716 Co-operation with D of WOI to prevent conflicting instruction on manpower matters eg. withdrawal of labour.
- 1945/23/12868 Diversion of labour from diluted trades.
- 42/27C/47 Employment of females in bars.
- 1942/27B/175 Recruitment and allocation of manpower to the services.
- 1942/27C/277 Reports on employment and registration of women.
- 1942/27C/277 Part 2 AWLA—general policy.
- 1944/27B/8864 Planning of manpower rationing 1.Recruitment of persons for services and Allied Works Council and Women's Auxiliaries 2.Surveys of manpower resources 3.Establishment of state quotas.
- 1942/29AD/62 Shortage of manpower in the dairying industry.

- 1942/33/1715 Allocation of munition contracts to garages: investigation re. manpower.  
 1942/40/3948 Women's Auxiliary Services—advertising and recruitment.  
 1942/48/1830 Item 6 Industrial disputes in relation to manpower regulations.  
 43/48/5621 Manpower figures June 1943.  
 1942/55A/426 Labour for munitions factories and housing needs.  
 1942/57/1046 Services Manpower Committee.  
 44/57/9344 Approval of reciprocal lend/lease orders for US forces—co-operation  
 between Treasury and Manpower Directorate.
- 1942/61/2866 Conference of commonwealth and state ministers and officials re.  
 manpower problems.
- 42/68/2532 Costing in munition factories and its relation to manpower  
 requirements.
- 1942/69/1339 Discipline in Department of Munitions—application of manpower  
 regulations,
- 1942/69/2561 Conference with unions who are parties to the munitions agreement.  
 1943/69/4556 Employment control—suspensions, stand-downs and termination.  
 Application in NS(M)Rs in relation to industrial awards—principles.  
 1943/69/5490 Temporary suspension of employees for misconduct not warranting  
 dismissal.
- 1943/75/5549 Part-time male labour.  
 42/79/37 Munition establishments declared as protected undertakings.  
 1942/79A/181 Declarations of protected undertakings under NS(M)Rs.  
 1942/79/184 Part 1 Utilisation of POW and internee labour.  
 1942/79/184 Part 2 Utilisation of POW and internee labour.  
 42/79AL/228 Declarations of protected undertakings (various organisations).  
 1942/79AM/299 Department of Munitions: declared a protected undertaking.  
 1942/79AL/611 Protection of undertakings.  
 42/79AE/960 Employment Policy in Munitions and Aircraft Establishments.  
 1942/79/1586 Publicity arrangements for recruitment of females for munitions  
 annexes and textile factories.
- 1942/79/2379 Broadcasting of manpower publicity on commercial radio stations.  
 1943/79/6791 Public relations—procedure.  
 1942/81/1813 Employment of women by Railways: decisions of WEB.  
 1942/82BL/40 Schedule of reserved occupations.  
 1942/82A/159 Engagement of labour.  
 1942/82A/519 Breaches of National Security (Manpower) and (Economic  
 Organisation) Regulations—procedure.
- 1942/82/2083 Confidential review of liaison with other departments.  
 1943/82A/6883 WEB: jurisdiction, related regulations, procedures.  
 1945/82A/12744 Relaxation of manpower controls on cessation of Pacific War.  
 1942/86/3004 Conference held in Brisbane 19.8.1942. Reference manpower  
 requirements in rural industries including management for use of AWLA.
- 1942/94C/945 Employment of now returned soldiers in South Australian Manpower  
 Directorate.
- 1942/97/1020 Prosecutions under NSRs.  
 42/101/208 Utilisation of unemployed—delegation of powers of direction under  
 Reg. 15 NS(M)Rs.
- 42/110/1621 The part-time employment of women.  
 1942/110/2033 Discouragement of employment of married women with children.  
 1942/110/2069 Decisions of the WEB and of the Commonwealth Court of Conciliation  
 and Arbitration on applications made under the Women's  
 Employment Act, 1942.
- 42/110/2488 Reports on women's section including statistics of placement of women.  
 1942/110/2906 Employment of women—reports of women's employment section, SA.  
 1942/110/2920/1 Part-time employment of women.  
 1942/110/2922 Dispute re. female employees of metal trades: judgment by O'Mara J.  
 1943/110/2476 AWLA—SA—General.  
 1943/110/5245 Details of women gainfully employed in Australia.

- 1943/110/5820 Employment of women: establishment of WEB etc.  
 1945/110/12360 Control of female labour—policy: 1. War Cabinet directive that could be re-examined by Ministerial Committee 2. Appointment of Interdepartmental Committee and their report to Ministerial Committee 3. Report of Ministerial Committee to War Committee.

**Series number:** MP39/1 Department of Labour and National Service, Deputy Director General of Manpower Adelaide, South Australia.

Items:

- 1942/1 Various correspondence.  
 1942/2 South Australian Railways.  
 1942/26 Relationship of Manpower Directorate and Ministry of Munitions.  
 1942/39 Procedure with regard to breaches of regulations (manpower) prosecution.  
 1942/40 Amendments of regulations (manpower).  
 1942/41 Magistrates acting as chairman—Local Appeal Boards.  
 1942/43 Use of internees, Prisoners of War for civilian purposes.  
 1942/44 Co-operation with Amalgamated Engineering Union (Dilution Committees).  
 1942/51 Schedule of Reserved Occupations.  
 1942/53 Liaison with District Contracts Board.  
 1942/56 Exemption of machinist trainees, Finsbury.  
 1942/58 Labour for essential works—Regulation 13.  
 1942/66 Recruitment of labour at Port Pirie—railways, Commonwealth.  
 1942/69 Women—employment, diversion of labour etc. (including monthly reports).  
 1942/78 Labour shortage and exemptions—vegetable production.  
 1942/95 Exemption on grounds of hardship.  
 1942/119 Constitution—State Board of Advice and Local Appeal Committee.  
 1942/120 Protected undertakings and change of employment—Regulation 14.  
 1942/127 Exemption—working principles.  
 1942/134 Protected undertakings—employees and labour requirements.  
 1942/137 Employment of women—hotel bars.  
 1942/144 Conference of Deputy Directors-General.  
 1942/181 Tramways Trust—labour for, also employment of women.  
 1942/187 Representations by MPs and Departments.  
 1942/192 women workers—publicity drive for.  
 1942/228 Appeal—refusal of DD-G to release from SA Railways.  
 1942/229 Appeal—dismissal from Perry Engineering.  
 1942/230 Appeal—refusal of D D-G to release from GM-H.  
 1942/241 Appeal—termination of employment with laundries and dry cleaners.  
 1942/282 Officers Manpower Directorate—liability for military service.  
 1942/283 Proposed amendment Regulation 14.  
 1942/286 WEB—decisions re. employment in various industries.  
 1942/288 Exemption—foundry workers.  
 1942/386 Local Appeal Boards.  
 1942/394 Regulation 16A—suspensions from protected undertakings.  
 1942/447 Transfers from Hendon and Finsbury to Salisbury.  
 1942/462 Munitions factories—release of employees for military service.  
 1942/469 Representations by Ministers and MPs.  
 1942/490 Absorption of unemployed women.  
 1942/520 Complaint re. call-up of daughter—C Petchell.  
 1942/527 Departmental labour allocation committees.  
 1943/56 Powers of direction of labour.  
 1943/60 New Factories.  
 1943/92 Pool of employees, etc—retail trade.  
 1943/277 Vacational work.  
 1943/286 Commonwealth railways—release of employees for military service.  
 1943/361 Release of manpower from Army.  
 1943/367 Release of manpower from RAAF, CCC and Protected Undertakings.  
 1943/378 Essential civilian requirements.

- 1943/404 Closed industries.  
 1943/412 Manpower for contractors to Department of Supply.  
 1944/66 Correspondence with Minister for Labour and National Service.  
 1944/144 NS(Reinstatement in Civil Employment)Rs.  
 1944/245 Field, FH—appeal against decision of DD-G of Manpower.  
 1944/337 Retrenchment of labour at Port Pirie.  
 1945/151 Ministry of Post-war Reconstruction.  
 1945/173 Proposed regional Re-establishment Committees.  
 1945/222 Closing of National Service Offices.

**Series number:** B4934/1 Correspondence files relating to manpower, Directorate of Manpower, Central Office

- Items: 2.08 Committees of Advice—a note on membership and functioning.  
 2/09 Control of manpower in Australia during 1942 (copy no.2).  
 2/10A Manpower Programme (Reviews) March-December 1942.

**Series number:** B5385/1 Folders of Miscellaneous papers relating to Manpower Committees

- Items: 2 Departmental committee reports, submissions, correspondence 1942.  
 4 Manpower Priorities Board.

**Series number:** MP574/1 General correspondence of the secretariat, administrative, and industrial relations divisions of the DoLNS.

- Items: 36/4/3 Conference re manpower problems in SA.  
 200/2/6 Employment Division, National Employment Offices, SA.  
 420/1/4 Disputes and grievances general. Miscellaneous disputes.  
 420/1/5 Disputes and grievances general. Summary of strikes up to 30.6.1943.  
 420/1/9 Disputes. Papers returned to the department by HE Holt on termination of term of office.  
 420/1/18 Summary of strikes in wartime from 1.7.1943-31.12.44, part 2.  
 420/2/1 Disputes and grievances process notification.  
 420/14/20 SA Railways re. enforcement of discipline.  
 420/16/1 Disputes and grievances munition works— Salisbury and Smithfield.  
 420/16/18 Munitions general.  
 420/21/16 Perry Engineering Co, Mile End, SA.  
 420/21/121 Richards Industry Ltd.  
 420/21/140 Time study system disputes—SA.

**Series number:** MP1153/10 Correspondence files relating to manpower, Directorate of Manpower, Central Office

- Items: 42/110/64 Employment of women in industry in engineering trades 1942-43.  
 42/45/3273 Hours of work and extension of 1942-45.  
 42/99/901 Engineering Industry (Manpower) Committee. Resolutions (7) and (8) hours and dilution in government departments.  
 43/104/4681 Munitions, skilled labour requirements 1942-43.  
 43/27/6472 Resolutions requiring that government should meet 1943-44.  
 43/27/6845 Survey of engineering and allied trades SA, 1943-44.  
 44/27/6470 Engineering Industry Manpower Advisory Committee 1942-46.

## Department of War Organisation of Industry

**Series number:** MP1/1 General correspondence of Department of War Organisation of Industry and Post-war Reconstruction

- Items: 1/1/10 Employment of women in industry.  
 1/4/12 Employment of female labour in factories.

- 1/4/18 Unemployment of barmaids in Victoria and SA.  
 1/4/167 Restriction of employment retail trade, SA.  
 2/79/151 Concern at large firms taking advantage of war to consolidate and extend their position.

## Department of Munitions

**Series number:** MP287/1 General correspondence files, Department of Aircraft Production  
**Item:** 1272 Labour and National Service—Manpower Priorities Board.

**Series number:** MP392/18 Memoranda of meetings  
**Item:** BUNDLE 1/M36 Notes on meetings of Board of Directors.

**Series number:** MP392/34 Correspondence relating to munitions production  
**Items:** NN a)List of annexes b)Explanation of defence purchasing and costing systems c)Sample questionnaire form d)Functions and terms of reference of committee.

101/15/30 Munitions manufacture—control—profit in industry.  
 122/10/352 Shortage of tradesmen—engineers etc.  
 122/10/971 National Security (employment) Regulations.  
 133/10/183 Financial assistance to contractors.

**Series number:** MP392/36 Department of Munitions, general correspondence  
**Items:** 222/10/302 Conditions re. women in munitions factories.  
 222/15/317 Conference re. terms of engineering, boilermaking, blacksmithing dilution regulations.  
 224/13/617 Labour recruitment for factories—government.  
 230/20/28 Report on Salisbury factory.  
 232/10/409 Financing of munition factories.  
 239/360/2 Department of Labour allocation committee, South Australia.  
 239/390/118 Manpower—commercial industry employed in munitions production.  
 244/10/887 Employment statistics in government munitions factories.  
 245/390/24 Part time employment of women in government factories.  
 258/10/16 Folder containing papers relating to “industrial stoppages”.  
 266/14/16 Employment of women—extension of scheme.  
 283/10/657 “Code of working conditions for women war workers in industry”.

**Series number:** MP438/3 Draft histories and supporting papers relating to munitions production in war-time

**Items:** S42 Ammunition factory: Port Pirie.  
 S51 Explosives factory, Salisbury. History 1940-45.  
 S107 GM-H Ltd: war record.

**Series number:** MP438/6 Dossier on the organisation and functions of the Departments of Munitions and Supply and Development

**Items:** 1 Mr Essington Lewis, Eastern Group Conference—supplementary notes.  
 2 Mr JL Knott, Eastern Group Conference—supplementary notes.  
 3 Mr Essington Lewis, Eastern Group Conference—Australian brief.

**Series number:** MP438/7 Australian brief for the Eastern Group Supply Conference.  
 one item only

**Series number:** MP438/12 Australian munitions production—index to source material 1887-1946.  
 one item only

**Series number:** MP959/24 General correspondence '500' series

Item: 583/10/2 Liaison with principal Supply Officers Committee (India).

**Series number:** MP959/37 General correspondence '245' series. Factory Board

Items: 245/542/21 Monthly Reports—Explosives Factory Salisbury 1943-48.

### **Services Man Power Committee**

**Series number:** MP1153/1 Papers of RJ Murphy relating to the Manpower Committee

Items: F81A Manpower Committee (Defence) October 1934-42 (preceding formation of the Manpower Directorate) 1939-42.

- 2/31 The influence of female labour on employment in industry 1939.
- 2/05 Manpower organisation. Committee of Inquiry appointed by ALP 1942.
- 2/10 Reports on organisation and function of Manpower Directorate.
- 2/11 Manpower programme 1943.
- 2/12 Manpower programme 1943-44.
- 2/13 Manpower programme 1944-45.
- 2/20 Manpower rationing and allocation.

### **ADELAIDE**

#### **Australian Industrial Registry, SA.**

**series number:** AP14/1 Notifications and subsequent documents concerning industrial disputes, Australian Industrial Registry, SA

Items:

- NS(SA)3/1942 ASE and others v. Perry Engineering Co Ltd re. radical drillers.
- NS(SA)5/1942 Boot trades unions v. Rossiters re. employment of foreman.
- NS(SA)6/1942 Vehicle Building Employees Union v. Aircraft Production Commission, Islington re. claim for 5 day week.
- NS(SA)11/1942 Perry Engineering Co. Ltd. v. AEU and another (Regulation 10).
- NS(SA)12/1942 Vehicle Builders' Employees Federation of Australia v. GM-H (Reg 10).
- NS(SA)13/1942 Boot trade unions v. Rossiter Ltd. re. dispute employment of foreman.
- NS(SA)14/1942 GM-H Ltd and Richards Industries Ltd v. employees under Motor Body and Coachbuilding award—re. rates for females and decision of WEB.
- NS(SA)16/1942 A Simpsons and Sons Ltd. Various sheet metal industries Unions re: women grinding sheets for food containers.

#### **Department of Labour and National Service, Branch Office/Regional Administration, South Australia**

**Series number:** AP262/1 Correspondence records (extracted from central registry)

- Items: 3000/05/2 Reports and Surveys of absenteeism in government factories.
- 3112/1/2 Factory Welfare Branch. Conferences and Meetings — Adelaide Welfare Officers 1942-1945.
- 3112/1/3 Factory Welfare Branch. Conferences and Meetings— Penfield Welfare Officers 1942-1945.
- 3143/2/1 Rating Systems. Employee rating systems—general 1944-1947.
- 3147/1/1 Women in Industry (research on) 1943-52.

**Series number:** AP1188/1 Women's Employment Act and Regulations

Series number: AP1188/2 Women's Employment Board decisions

Series number: AP1188/3 Women's Employment—Committee of Reference under R 5C

Series number: AP1188/6 Added Tradesmen—statistical returns for central committee

Series number: AP1188/7 National statistics, trade scheme

## Department of Munitions

Series number: D2077/0 Correspondence files, No. 2 Explosives and Filling, Salisbury

- Items: EX120 Contracts procedure.  
 EX130 Treasury regulations and instructions.  
 EX162 WE Act No. 55, 1942 — decision No. 9 (circular correspondence).  
 EX183 General interest reports.  
 EX246 Goods manufactured for sale by government munitions factories.

Series number: D2712/0 Ammunition Factory Accident Records

NN 2 folders

Series number: D3613/1 Correspondence files, SA

- Items: NN SAA factory Hendon, plans etc 1944.  
 NN Department of Munitions and Department of Supply and Development—relationships 1940.

## South Australian Railways — Beaufort Division

Series number: D1743/18 Correspondence files, Chief Mechanical Engineer,  
 South Australian Railways

- Items: 1939/2 Aircraft—organisation.  
 1939/4 Aircraft—conference minutes.  
 1939/6 Aircraft—agreements.  
 1939/14 Aircraft—approved manufacturers for sub-contracting work.  
 1940/198 Aircraft—conference minutes No. 2.  
 1940/321 Aircraft—NS Employment Regulations  
 1941/3710 Aircraft—labour requirements.  
 1942/3966 Aircraft—dispute regarding rates of pay of female welders from  
 Vehicle Builders' Union.  
 1943/3815 Aircraft—reports from welfare officers.

Series number: D1743/23 Correspondence files, Chief Mechanical Engineer,  
 South Australian Railways

- Items: 1942/3686 Aircraft—analysis of concessions and production permits  
 issued during 1941.  
 1942/3771 Aircraft—organisation—Holdens and Richards.  
 1942/3897 Aircraft—Report on work performed by females in the area.  
 1942/3938 Aircraft—posters for aircraft shops.

## Commonwealth Investigation Branch, SA

Series number: D1918/0 Investigation case files (S prefix)

- Item: S1157 Industrial strikes—Smithfield.

**Series number:** D1919/0 Case files (censorship etc), Investigation Branch, SA. (SS pref)  
 Items: SS964 National Security (Manpower) Regulations.  
 SS972 Manpower authorities—information from.  
 SS979 Monthly return of persons prosecuted under NSRs.

## II. STATE RECORDS OF SOUTH AUSTRALIA

### GRG24/6 Correspondence files of Premier's Office

Docket number: 1009/40 site for munitions factory, Adelaide  
 1081/40 Allocation of Labour  
 1141/40 Munitions Employment  
 1479/40 Salisbury and Cheltenham munitions workers  
 1534/40 Maintaining Industrial Peace  
 138/42 Resolutions adopted at meeting of War Cabinet and advisory committee  
 175/43 Manpower shortage—rural

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Folders of Cabinet Minutes and Agenda, including submissions and related papers, of the Menzies and Fadden Ministries, 2.5.1939 - 1.10.1941. (Microform NAA CRSA2700)  
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